H.R. 14269. A bill to provide additional financial assistance for educational, biological, technological, and other research programs pertaining to U.S. fisheries; to the Committee on Merchant Marine and Fisheries.

By Mr. WAGGONNER:

H.R. 14270. A bill to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of professional standards review organizations to review services covered under the medicare and medicaid programs; to the Committee on Ways and Means.

By Mr. WALDIE:

H.R. 14271. A bill to amend title 5, United States Code, to reduce from 12 to 5 years the creditable service requirements under the Federal employees group life and accidental death and dismemberment insurance and health benefits programs, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WINN (for himself and Mr. CLEVELAND):

H.R. 14272. A bill to authorize the Administrator of the National Aeronautics and Space Administration to conduct research and development programs to increase knowledge of tornadoes, hurricanes, large thunderstorms, and other types of short-term weather phenomena, and to develop methods for predicting, detecting, and monitoring such atmospheric behavior; to the Committee on Science and Astronautics.

By Mr. ANDERSON of California:

H.J. Res. 978. Joint resolution to prohibit the Bureau of Labor Statistics from instituting any revision in the method of calculating the Consumer Price Index until such revision has been approved by resolution by either the Senate or the House of Representatives of the United States of America; to the Committee on Education and Labor.

By Mr. BAUMAN (for himself, Mr. BYRON, Mr. GUDE, Mr. HOGAN, Mrs. HOLT, Mr. MITCHELL of Maryland, Mr. BUTLER, Mr. BROYHILL of Virginia, Mr. ROBERT W. DANIEL, JR., Mr. DAN DANIEL, Mr. DOWNING, Mr. PARRIS, Mr. ROBINSON of Virginia, Mr. SATTERFIELD, Mr. WAMPLER, Mr. WHITEHURST, and Mr. DU PONT):

H.J. Res. 979. Joint resolution granting consent of the Congress that the State of Maryland, the State of Delaware, and the Commonwealth of Virginia, and other States, negotiate and enter into a compact providing for joint participation in the more efficient use of the waters of the Chesapeake Bay and its tributaries; to the Committee on the Judiciary.

By Mr. WALDIE:

H.J. Res. 980. Joint resolution to authorize the President to issue a proclamation designating the month of May 1974, as National Arthritis Month; to the Committee on the Judiciary.

By Mr. RANDALL:

H. Con. Res. 478. Concurrent resolution to express the sense of Congress that legislation be enacted to control and reverse inflationary trends and that an effective agency be created to administer such controls; to the Committee on Banking and Currency.

By Mr. BROWN of Michigan:

H. Res. 1034. Resolution amending rule XIII of the rules of the House to require reports accompanying each bill or joint resolution of a public character (except revenue measures) reported by a committee to contain estimates of the costs, to both public and nonpublic sectors, of carrying out the measure reported; to the Committee on Rules.

By Mr. DUNCAN:

H. Res. 1035. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. OWENS:

H. Res. 1036. Resolution providing for television, radio, and still photography coverage of open meetings of the House Committee on the Judiciary regarding impeachment of the current President of the United States; to the Committee on Rules.

By Mr. QUIE (for himself and Mr. TREEN):

H. Res. 1037. Resolution creating a select committee to study the impact and ramifications of the Supreme Court decisions on abortion; to the Committee on Rules.

By Mr. WAGGONNER (for himself, Mr. FLOOD, Mr. CRANE, Mr. BLACKBURN, and Mr. YATRON):

H. Res. 1038. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. WALSH:

H. Res. 1039. Resolution requiring the administration of an oath to each Member of the House prior to the consideration of any resolution of impeachment; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BURTON:

H.R. 14273. A bill for the relief of Salomon Liebermann; to the Committee on the Judiciary.

By Mrs. MINK:

H.R. 14274. A bill for the relief of Angelina R. Aying; to the Committee on the Judiciary.

SENATE—*Thursday, April 11, 1974*

The Senate met at 9:30 a.m. and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

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

Almighty God who has brought us to this holy season, set the eyes of our faith upon the cross that we may see its meaning in history, its meaning for our world, and its meaning for our own lives. May the spirit of the self-giving Saviour enter our homes, our cities, our Nation with forgiveness and healing. Bless us in our work that we may further Thy coming kingdom of truth and justice and holiness. Bring us to the day of resurrection with a new heart and mind and soul, ready to serve Thee more perfectly and walk in the way of Thy law.

We pray in His name who is the resurrection and the life. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, April 10, 1974, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendars Nos. 747 and 749.

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

ADVISORY NEIGHBORHOOD COUNCILS IN THE DISTRICT OF COLUMBIA

The bill (H.R. 12109) to amend the District of Columbia Self-Government and Governmental Reorganization Act to clarify the provision relating to the referendum on the issue of the advisory neighborhood councils, was considered, ordered to a third reading, read the third time, and passed.

ENVIRONMENTAL EDUCATION AMENDMENTS OF 1974

The Senate proceeded to consider the bill (S. 1647) to extend the Environmental Education Act for 3 years, which had been reported from the Committee on Labor and Public Welfare with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Environmental Education Amendments of 1974".

SEC. 2. Section 3(c)(1) of the Environmental Education Act (20 U.S.C. 1532) is amended by adding at the end thereof the following new sentence: "Notwithstanding section 448(b) of the General Education Provisions Act, the Advisory Council shall continue to exist until July 1, 1977.".

SEC. 3. Section 7 of such Act is amended by striking out "and" after "1972," and by inserting after "1973" a comma and the following: "$5,000,000 for the fiscal year ending June 30, 1975, $10,000,000 for the fiscal year ending June 30, 1976, and $15,000,000 for the fiscal year ending June 30, 1977.".

SEC. 4. Section 2(b) of such Act is amended by inserting after "maintain ecological balance" the following: "while giving due consideration to the economic considerations related thereto".

SEC. 5. Section 3(b)(2) of such Act is amended by inserting after "technology," the following: "economic impact,".

SEC. 6. Section 3(c)(1) of such Act is further amended by inserting "economic," after "medical,".

The amendment was agreed to.

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

FIFTIETH WEDDING ANNIVERSARY OF SENATOR AND MRS. HUGH SCOTT

Mr. MANSFIELD. Mr. President, tomorrow is the 50th wedding anniversary of the distinguished Republican leader, the Senator from Pennsylvania, Mr. HUGH SCOTT, and Mrs. Scott. Fifty years is a long time to live together, but I think they are one of the finest couples I have ever known, I think that they are good partners, and I want to take this occasion to extend to them, on behalf of the Mansfields—and I am sure the Senate as a whole—our best wishes for reaching their objective in a 50th wedding anniversary and to express the hope that this is just the first half of a happily married career.

U.S. TROOPS STATIONED ABROAD

Mr. MANSFIELD. Mr. President, in the Billings Gazette of Sunday, April 7, there is a commentary by an old friend and a former student of mine at the University of Montana, Duane W. Bowler. Mr. Bowler is now chief of the editorial page of the Billings Gazette, and his commentary, which is headed "It's Our Problem," reads in part as follows:

BONN, WEST GERMANY.—They don't like Mike here.

By Mike they mean the U.S. Senate Majority Leader Mike Mansfield, the Montana Democrat who wants to make sizable cuts in the American troops stationed in the Federal Republic of Germany.

Officials and the man on the street in the Federal Republic of Germany, that's the long way of saying West Germany, don't think our Montana senator understands the problem.

Well, I certainly do understand the problem, and I understand it from the U.S. point of view. I think that almost 30 years after the end of the Second War it is high time to bring about a sizable reduction, on a graduated basis, of U.S. military personnel numbering 325,000 in Western Europe today, and dependents numbering another 215,000.

I think it is high time to recognize the fact that the time has come to reduce significantly these American forces in Europe and around the world. Secretary of Defense Schlesinger has stated recently that there will be a reduction of U.S. support troops in Europe. Slowly the wheel turns.

Last January, a year ago, according to an official statement by the Department of Defense, the cost to the United States of its commitment to the European defense amounted to $17 billion. Because of the inflation since that time—and that, incidentally, has been 10 percent in the 12-month period from February 1973 to February 1974, and it is still going up—the cost of maintaining those forces has increased, in my opinion, to somewhere between $18.2 billion and $19 billion.

What I want to see over a period of time is a gradual reduction of military personnel and dependents, and when they are brought back to this country, as they will be, I want to see them discharged, because I think we have more than enough in the way of military personnel, we have spent more than enough time in Western Europe, and I think it is long overdue on the part of this country to bring about a substantial reduction of troops and dependents in that part of the world.

We have almost 2,000 military bases and installations scattered in every part of the world almost 30 years after the end of the Second War. We are not the world's policeman. We have neither the manpower nor the resources to maintain a Pax Americana on every continent on the face of the globe. We should have the wisdom not to try.

So I think I would just say again, as I have said again and again previously, and as I will say again and again in the future, that, just like the old, old 19th century Chinese water treatment which eventually achieves its goal, I am going to continue to offer amendments to bring about a gradual reduction of U.S. forces and dependents in Western Europe. And I would hope that not only do those people in Western Germany who "don't like MIKE" hear this, but that they hear it, downtown—in the executive branch of our Government.

I ask unanimous consent that the entire commentary be incorporated at this point in the RECORD.

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

IT IS OUR PROBLEM

(By Duane W. Bowler)

BONN, WEST GERMANY.—They don't like Mike here.

By Mike they mean the U.S. Senate Majority Leader Mike Mansfield, the Montana Democrat who wants to make sizeable cuts in the American troops stationed in the Federal Republic of Germany.

Officials and the man on the street in the Federal Republic of Germany, that's the long way of saying West Germany, don't think our Montana senator understands the problem.

The problem, they say, is one of security, not a matter of dollars, a subject that is of much concern to Mike Mansfield.

They fear that without the presence of American troops in their land of the free that it won't remain that way long.

The West Germans point to the hundreds of thousands of Soviet troops stationed next door in the German Democratic Republic, that's East Germany, the Soviet satellite. They tell you about the vast army of red star troops that encircle West Berlin, a symbolic city to German freedom.

When you try to explain to them that Mike Mansfield doesn't want to feed West Germany and Western Europe to the Russian wolves, you get a smile which can be interpreted as one of his not understanding the problem.

When you say that Mansfield doesn't think the U.S. taxpayer should continue to support hundreds of thousands of American troops in comparatively high style in Germany after all these years since World War II, you still get a smile.

A West German foreign office spokesman says should the Americans withdraw sizeable numbers of their troops it would cause severe problems and diminish the credibility of the North Atlantic Alliance to defend itself.

Then how about the bloated ratio of high officers to troops in the American forces in Germany? They don't make those decisions and would not maintain that posture themselves.

What about the large number of dependents accompanying the American troops to Germany? The presence of families means the U.S. is serious to its commitment to defend the West. After all, the U.S. is a super power and all that stands between free Europe and the ever-present threat of the Russian army.

When you try another tack, say as to why doesn't the Federal Republic of Germany have its own troops instead of American, you get the answer that the foreign presence is better. Germany would rather the Americans did it for international political relationships. Russia has expressed fears of another German invasion.

The Germans don't want another war and would prefer not to present a posture indicative of one. They want peace and prosperity for the entire world—and they mean it. That's why their never-ending efforts for the European Economic Community is now under fire from Britain, its newest member.

Officials here also say that the Federal Republic of Germany is doing its part to offset the cost of the United States of keeping armed forces in West Germany.

The defeated nation paid all the occupation expenses up until the early 1950s. Negotiations then brought about different terms with the American taxpayer footing the bill and the Federal Republic making offsetting arrangements.

It is these arrangements that may present a fuzzy picture. Economists, especially those familiar with international balances and money flows, probably understand them.

Bonn officials say they do pay in ways acceptable to the U.S. government. Their bank buys U.S. Treasury notes, just like you can if you have the money. They also bear interest.

The Germans also spend considerable sums fixing up old bases and barracks now occupied by the American forces. Officials say they are doing more than their agreements with the U.S. government require.

They also made a sizable contribution in technical advice to the American military.

They also make quite sizable purchases, such as fighter planes (some of them quite useless in Germany) from U.S. firms. This, they explain not only helps bring about a better balance of payments for the U.S. but also aids the U.S. taxpayers by making his cost for warplanes cheaper. (That we'd have to see.)

The improved balance of payments picture puts our floating dollar in a better position in the international markets. This makes the U.S. taxpayers' dollars worth more than if the purchases were not made.

(With what happened since last summer and for that matter in just two weeks during a visit to Germany, we could use more favorable floatation of the U.S. dollar.)

As you listen to the Germans explain their reasons, you can sympathize with their viewpoint on keeping friendly troops of Uncle Supersam on hand.

The only ones that don't make much sense to those of us unfamiliar with international financial gymnastics are those involved in who is paying the bills.

If Mike Mansfield has a difficult time understanding how buying U.S. Treasury notes and planes from U.S. arms makers helps the average American taxpayer, we can share his state of perplexity.

His desire to take the bloat out of the U.S. military isn't a problem for the Federal Republic of Germany. That's ours.

ORDER OF BUSINESS—AMENDMENTS QUALIFIED

The ACTING PRESIDENT pro tempore. Does the Senator from Michigan seek recognition?

Mr. GRIFFIN. Mr. President, I understand that the Dean of the Senate, the Senator from Vermont (Mr. AIKEN), has several amendments to the bill on

campaign spending which he may or may not offer, but which, because of an oversight, were not technically qualified, and I ask unanimous consent that they be considered as having been read and qualified.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object—and I will not object—as I understand, the subject is germane, however,

Mr. GRIFFIN. They are germane.

Mr. ROBERT C. BYRD. Mr. President, I have no objection.

The ACTING PRESIDENT pro tempore. No objection is heard. Without objection, the amendments will qualify.

Mr. MANSFIELD. The Senator, of course, realizes this is a most unusual procedure.

Mr. GRIFFIN. I agree with the majority leader, and I do not think it should be done very often.

ORDER OF BUSINESS

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may have control of Mr. BIDEN's time and that it be added to my order which will occur later.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered, and the Chair will now recognize the other Senator from Delaware (Mr. ROTH), who is also recognized for not to exceed 15 minutes.

The Senator from Delaware.

Mr. ROTH. I thank the Chair.

(The remarks Senator ROTH made at this point when he introduced S. 3646, the Energy Resources Expansion Act, are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

ORDER OF BUSINESS

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

Mr. MUSKIE. Mr. President, I ask unanimous consent that Beverly Lindsey of my staff have the privilege of the floor during the colloquy on this matter.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may yield 5 minutes of the time under my control to the Senator from Maine.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Maine is recognized.

TAX REFORM

Mr. MUSKIE. Mr. President, I am delighted that so many of my colleagues are joining on the Senate floor this morning to discuss the need for tax reform. Last year we held a similar colloquy and I am gratified that today we will hear from an even larger bipartisan group of Senators.

But I hope, Mr. President, that we do not have to repeat this exercise next year. I hope that this Congress will pass comprehensive tax reform legislation this year to make our tax system truly fair.

For the need for tax reform is clear and compelling. Many wealthy individuals and corporations escape paying their fair share of taxes, but average Americans continue to bear a heavy tax burden. For instance, the Treasury Department reported last month that 402 individuals with incomes over $100,000 paid no taxes last year. Some corporations also escaped significant tax—such as the oil companies which paid taxes of only a few percent of their income.

Wealthy individuals and corporations can avoid tax in large part because of special treatment—such as tax code provisions which allow special deductions and exclusions, deferral of tax liability, and other sophisticated tax shelters. For many of these special tax provisions there is no justification. Yet they cost the Federal Government about $60 billion in lost taxes in 1972. And estimates for what they will cost in fiscal year 1975 range as high as $78 billion.

These special provisions violate the principle of taxation according to ability to pay. They have created a tax system that is inequitable. Citizens see the inequity of the present system, and are beginning to rebel against it. But Congress has not yet responded to their protests.

In 1972, all the Presidential candidates talked about tax reform. But no comprehensive tax reform legislation has yet been passed.

In 1973, the House Ways and Means Committee held extensive hearings on the subject. But no tax reform legislation has yet been passed.

And today, in April 1974, we are again talking tax reform—but not yet legislating it. This year, I hope we can finally follow up our concern with action. I hope we will pass comprehensive tax reform legislation before the 93d Congress adjourns.

The comprehensive tax reform we need now is of two kinds—relief from high tax burdens for the ordinary American, and a strengthening of the tax code to eliminate unjustified tax advantages.

Tax relief would not only ease the burden on average Americans, but it would also provide a much needed stimulus to the economy—to help ease the economy—to help ease the recessionary slowdown we are now experiencing. Giving taxpayers extra spending power through tax relief would not likely contribute to our current inflation, which is being caused mostly by price rises in food and petroleum, rather than by general excess demand. The stimulus of moderate tax relief could, however, keep our Nation's production and employment at acceptable levels.

A number of Senators have made worthwhile proposals for shaping this tax relief. For instance, Senator KENNEDY has proposed to increase the personal exemption from $750 to $850, retroactive to the 1973 tax year. This proposal would provide about $4 billion of tax relief. Other Senators, including Senator HARTKE, have made similar proposals. Senator MONDALE has proposed an alternative approach: to allow individuals the option of taking a $200 tax credit instead of the $750 personal exemption. This proposal would yield approximately $6.5 billion in tax reductions.

Other proposals have been made to give relief from the social security payroll tax, including legislation I have introduced in the past to provide relief through exemptions and a low-income allowance.

Tax relief measures such as these would bolster the economy, and would alleviate some of the tax burden under which average Americans now suffer. They should receive prompt attention by Congress.

But comprehensive tax reform should also correct the inequities which allow some wealthy individuals and corporations to pay less than their fair share.

Last year, I introduced S. 1439, a comprehensive tax reform act, cosponsored by Senators BAYH, HASKELL, HUGHES, PASTORE, and TUNNEY. It would correct some of these inequities and raise approximately $18 billion in new Federal revenue in fiscal year 1975. This proposal would not increase the tax burden on low- or middle-income individuals. But it would regain $8.1 billion in tax revenues now lost because of tax shelters and tax preferences by reforming long-term capital gains rates, the minimum tax, tax treatment of farm losses, percentage depletion, intangible drilling and development expenses, and interest deductions for large investments. My bill also includes provisions to raise $1.5 billion by restricting the preferential treatment now given to foreign income and investments.

Other provisions of my bill would raise $2.5 billion by reforming the investment tax credit, $200 million by disallowing excessive deductions by banks of bad debt reserves, $5.3 billion by reforming tax treatment of depreciation, and $4.9 billion through reform of the estate and gift tax system. Finally, my bill would give States and local governments the option of issuing taxable bonds with a compensatory Federal subsidy, so that such bonds would no longer be available to investors as a source of tax-free income.

The tax reform bill I have introduced represents what I believe to be a moderate, yet comprehensive, tax reform program. Such a comprehensive program is essential if we are to transform our tax code into a system that is truly fair. And it is needed to insure that the tax system continues to generate the revenue necessary to allow the Federal Government to meet the needs of the American people.

Preserving this revenue-raising capacity, while giving tax relief to average citizens and a stimulus to the economy, is only possible if we match the revenue lost through tax relief with reform which will recapture the revenue now lost through unjustified tax shelters.

Mr. President, Congress does not need more study to know that our tax system needs changing. Proposals for reform of that system are before us. The time has come for affirmative action on those proposals.

Mr. President, may I, at this point, express my appreciation to my distinguished colleague from Massachusetts (Mr. KENNEDY), my distinguished col-

league from Maine (Mr. HATHAWAY), and the other Senators who will join us in this discussion this morning.

Mr. KENNEDY. Mr. President, at the outset I want to indicate how much I, as a Senator speaking for the people of Massachusetts, appreciate the effort and leadership provided by the distinguished Senator from Maine in focusing the attention of the Senate and the American people on tax reform. He has been very much in a leadership position in the Senate in improving and eliminating many of the inequities in our Federal tax structure.

Second, Mr. President, I personally feel that there are some steps that we in Congress should be taking in order to provide a greater degree of tax equity for the people of this Nation.

I am also pleased to join in this important colloquy this morning as a timely symbol and demonstration of our commitment in the Senate to tax relief and tax reform.

Across the Nation next Monday, April 15, millions of taxpayers will file their Federal income tax returns to meet the annual deadline of the Internal Revenue Service. It is entirely appropriate, therefore, for the Senate to take the occasion this morning to deal with tax relief and tax reform, subjects that are of growing interest to every taxpayer in the Nation.

We have a crisis over taxation today because countless ordinary men and women now realize that their taxes are too high because others are too low.

Year after year, Congress after Congress, we have allowed the loopholes and special benefits in the tax laws to accumulate virtually without end. As a result, we allow tens of billions of dollars of income and profits to escape taxation every year. Those "loophole losses" have to be made up somehow, and we know the way they are made up—by higher taxes for every ordinary citizen.

In fact, the Internal Revenue Code is America's biggest welfare bill of all. But it is the sort of welfare that only Alice in Wonderland can understand, because the greatest benefits of tax welfare go entirely to the richest individuals and the Nation's largest corporations.

Only the rich are able to play the loopholes well. Middle- and lower-income Americans simply cannot afford the substantial sums that are necessary to take advantage of the tax shelters that now exist. According to most estimates, the threshold level of income for effective use of tax shelters is in the neighborhood of $50,000 a year, far beyond the reach of any ordinary citizen.

To paraphrase a famous aphorism, our tax laws in their majestic equality allow the poor as well as the rich to invest in State and local bonds, to reap long-term capital gains, to search for oil, to enjoy the fantastic benefits of accelerated depreciation, and to hire tax lawyers and accountants to advise them on the latest methods of tax avoidance.

Wherever we look, we find the tax base being eroded by unjustified deductions and exemptions, by windfall subsidies, by questionable incentives for various industries, by benefits that have long since outlived whatever justification they had when first enacted, and even by sinister loopholes quietly written into law for the benefit of particular individuals or corporations—"tax fingerprints" that dot the Revenue Code in silent tribute to the political muscle of the wealthy and the powerful in the Nation. And meanwhile, the taxes paid by ordinary citizens are always on the rise.

The time has come to end all that. The time has come for Congress to take the lead. We can act this session. There is still enough time to guarantee that one of the major landmarks of the 93d Congress is legislation on comprehensive tax reform.

IMMEDIATE TAX RELIEF

I see a three-part strategy:

First, we need to act now to provide immediate across-the-board tax relief for every citizen. Through such relief, we can provide a much needed fiscal stimulus for the Nation, a shot in the arm capable of rescuing the economy from the serious recession and unemployment into which we now are sinking.

Such tax relief would also provide a welcome and well-deserved respite from the continuing burden that inflation now imposes on every citizen.

Last January, on the Senate floor, I offered a proposal to achieve immediate tax relief by raising the personal income tax exemption to $850 from its present level of $750. That proposal passed the Senate by a vote of 53 to 27, but the bill to which it had been added was sent back to committee, and no further action has been taken.

To me, our highest tax priority is to get final action now on this sort of tax relief, and I am hopeful that the Senate will be able to take such action as soon as we return from the Easter recess.

COMPREHENSIVE TAX REFORM

Second, we should work for action in this session on comprehensive tax reform. A vehicle is in sight—the pending energy tax bill now nearing final action by the Ways and Means Committee in the House. This bill may well be able to serve as the vehicle for comprehensive tax reform legislation in the Senate. Clearly, the goal of enacting such reform before adjournment is within our reach.

My own view is that Congress ought to be able to enact loophole-closing tax reforms amounting to net revenue savings of at least $10 billion each year. The list of areas that need reform is long, but there is broad agreement on what some of the major elements should be:

For many of us in the Senate, the place to begin is with the minimum tax, which has become the symbol of tax reform in recent years. The minimum tax is the imaginative measure adopted by Congress in 1969 as a modest tax on income that would otherwise slip through a variety of tax loopholes and escape tax altogether. As experience has shown, however, the minimum tax is itself a loophole-ridden tax, because of four major defects in its operation:

It fails to cover income from some of the most notorious tax loopholes, such as interest on State and local government bonds;

It allows an unduly large exemption of the first $30,000 of income from tax loopholes;

It allows a deduction for regular income taxes paid, thereby creating an "executive suite" loophole that allows high-salaried individuals to shelter large amounts of loophole income from the operation of the minimum tax;

The rate of the minimum tax is set so low—10 percent—that it operates as little more than a slap on the wrist to those enjoying the benefits of income subect to the tax.

Last January, by a vote of 47–32, the Senate adopted an amendment I proposed to close some of these loopholes in the minimum tax. But, as in the case of the tax relief proposal, the amendment was later recommitted, and no further action has been taken.

We also need substantial changes in the tax treatment of capital gains, the largest single tax preference in the Revenue Code. I do not support efforts to close the gap altogether between the tax on ordinary income and the tax on capital gains, but we can go part way—currently, only 50 percent of capital gains is included in taxable income; in addition, the favored capital gains treatment is available for assets held 6 months or longer. I believe that we ought to include 60 percent of capital gains in taxable income, and that we also ought to increase the holding period to 1 year.

Substantial changes in the tax treatment of the oil industry have been overdue for many years. The need is especially acute today, because of the windfall profits currently available through the combination of the energy crisis and existing tax preferences such as the oil depletion allowance, the deduction for intangible drilling and development costs and the foreign tax credit. The bill now nearing final action in the Ways and Means Committe demonstrates that Congress is on its way to substantial reforms in this area. Such action is a hopeful sign that Congress is also ready to close the many tax loopholes that now exist in other areas.

We also need to overhaul the relationship between tax credits and tax deductions in the Internal Revenue Code. In the past, as part of overall tax reform, I have urged Congress to allow credits instead of deductions in a number of major areas, including the personal exemption, the homeowner's mortgage interest deduction, the deduction for medical expenses, and the deductions for State and local income and property taxes. Our tax laws are clearly out of joint today, and nowhere is the disparity clearer than in the case of some of the most popular tax deductions:

It makes no sense to me that, because of the rate structure of our revenue laws, a child in a wealthy family is worth a tax saving of $525 to his parents while a ghetto child is worth only $105 in tax relief.

It makes no sense to me that the tax law saves the wealthy family 70 cents on every dollar in mortgage interest payments on its Scarsdale home, but only 14 cents on the dollar for the family home in Harlem.

It makes no sense to me that, through the tax laws, the U.S. Treasury pays 70

percent of the cost of a wealthy citizen's visit to his Beverly Hills physician, but only 14 percent of the medical bills for the family in East Los Angeles.

By allowing the use of credits instead of deductions in these and other areas of the tax laws, we can make the income tax system far more progressive, and provide a substantial new measure of tax equity for millions of our taxpayers.

There are a number of other aspects of the Internal Revenue Code that also demand reform. In our comprehensive tax legislation, we must also achieve reform in areas such as the dividend exclusion, the State gasoline tax deduction capital gains at death, accelerated depreciation, foreign taxes, the DISC provision, the Federal interest subsidy for State and local government bonds, stock options, tax "farms," and, above all, the notorious current proliferation of "tax shelter packages" being merchandised around the country for the benefit of wealthy taxpayers seeking to pyramid their loopholes.

One other subject must also receive attention in the drive for income tax reform—the subject of tax simplification. Above and beyond the effort to close unjustified loopholes, we must also endeavor to reduce the needless complexity and paperwork that now plague the ordinary taxpayer. Too often, tax reform bills become a type of public service employment for lawyers and accountants, as valid reforms become lost in the fog of contortions and complexities in the code, beyond the comprehension of the average citizen.

PAYROLL TAX REFORM

The third major area where Congress has the obligation to act if we are serious about tax reform is the payroll tax.

For too long, the payroll tax has been the forgotten cousin in the movement for tax reform. Yet, as we know, the recent increases in the payroll tax have had a heavy and regressive impact on those who can least afford it—the tens of millions of ordinary American working men and women at the bottom and middle of the wage scale.

In part, the long neglect of the payroll tax in the drive for tax reform is the product of the suddenness of the growth in the payroll tax. From a relatively modest and unassuming tax in its early and middle years, the payroll tax has mushroomed dramatically in recent years, to the point where it now has a heavy and unfair impact on the vast majority of those who bear its burden. The figures tell the story:

For the first 13 years of social security, 1937–49, the payroll tax rate on the employee was only 1 percent, applied only to the first $3,000 of earnings.

By 1960, the rate had climbed to 3 percent, and the wage base had risen to $4,800.

During the decade of the sixties, the growth in both the tax rate and wage base rose in more rapid steps. By 1970, the rate was 4.8 percent and the base was $7,800.

But in the past 3 years, the acceleration in the rate and wage base have been even more substantial. Today, in 1974, the rate is now a sizable 5.85 percent, the base is $13,200, and further increases are scheduled in the future.

These increases in rate and base have been matched by enormous increases in the revenue yield of the payroll tax. As recently as 1960, the payroll tax was a relatively sleepy tax, generating Federal revenues of "only" $22 billion a year, or 20 percent of all Federal revenues. Today, the payroll tax is generating about $80 billion a year, or about one-third of all Federal revenues—a 50 percent increase in the percentage share and an absolute increase of nearly $60 billion a year in the short span of a single decade.

The steady upward march in the rate and base of the payroll tax reflects the pressure of many factors in recent years—principally our soaring inflation, which has required substantial increases in social security benefits to enable our senior citizens to maintain a decent standard of living. But there has also been the historic expansion of the payroll tax to include medicare and to pay for the continuously rising costs of health care for the elderly.

Because of its flat rate and the relatively low cutoff on earnings subject to the tax, the payroll tax today is heavily regressive in its impact. The truly surprising thing about the payroll tax is the absence of substantial efforts for reform in recent years as its burden has accelerated.

This year, for the first time, more than half the Nation's taxpayers are paying more social security tax than Federal income tax. Never has the need for tax reform been more obvious.

Now, however, the "sleeping giant" phase of payroll tax reform seems to be nearly over. The effort for reform must now begin in earnest, so that we can make the payroll tax fairer and more progressive.

The two principal reforms I support would do the following:

Provide a $750 personal exemption and a $1,300 minimum standard deduction under the payroll tax—the same exemption and deduction now allowed under the income tax:

Remove the ceiling on the wage base.

These reforms would be a balanced package in the sense that they would involve little or no revenue gain or loss to the Federal Treasury in the early years. But the benefits to low- and middle-income working men and women would be substantial, because the changes would bring welcome, obvious, and immediate payroll tax relief to all those earning $20,000 a year or less, including the overwhelming majority of American workers.

My hope is that in the coming weeks Congress will make its intention clear to give payroll tax reform the same high priority already reserved for income tax reform. Only in this way can we bring real tax justice to every citizen, and end the unjust reign of the payroll tax.

In closing, let me say also that whatever the final outcome of the debate over President Nixon's tax returns, the most important lesson of the disclosure of the President's tax data is that tax reform must move back to center stage as an issue for Congress and the American people.

The picture that emerges from the voluminous recent disclosures is not a pretty one, because it demonstrates the extraordinary ease with which wealthy individuals maneuver their financial affairs to avoid their fair share of taxes under our loophole-ridden revenue laws.

Just as Watergate helped to generate important new legislative momentum in Congress for comprehensive reform of the Nation's election laws, including the landmark bill for public financing of elections now nearing final passage in the Senate, so the President's tax disclosures should generate a similar momentum in Congress for comprehensive reform of the Nation's tax laws.

Tax reform belongs at the top of our congressional agenda for 1974. The country needed a spark to ignite the fire of tax reform, and these new disclosures have now provided it. It is up to us in Congress to meet the challenge, and to take the action that is required if we are to meet our obligation as representatives of all the people.

The PRESIDING OFFICER. Under the previous order the distinguished Senator from Maine (Mr. HATHAWAY) is now recognized for not to exceed 15 minutes.

Mr. HATHAWAY. Mr. President, first of all, I want to commend my colleague (Mr. MUSKIE) for playing the leading role he has played in bringing the many inequities in our tax code to the attention not only of the Members of the House and Senate, but of the general public as well. I appreciate his inviting me here this morning to participate with him in this discussion of the many shortcomings we have in our Internal Revenue Code.

The tax code is thought of by the general public as an aggregate whole, and since the purpose of that whole is thought of as the raising of revenues once the sections of the code which mandate the raising of revenue have been properly scrutinized, the public's attention is diverted away from the code to other matters.

The tax code should not be thought of as an aggregate whole, for it is not. It can be divided into two parts, a revenue raising part and a revenue expenditure part. The expenditures are the many deductions and considerations which cause the Government to suffer a loss in tax dollars.

The deductions and other expenditures that I am discussing here this morning are not those that a businessman takes for the cost of operating his business, such as the cost of salaries to his employees and his rent and other items of expense which he has to incur in order to earn the dollars that come into his firms. I am talking about the deductions and other exemptions which are in the tax code for social or economic purposes.

Both the revenue raising and revenue expenditure aspects of the tax law may be used to achieve these social or economic ends rather than simply to provide the Government with operating revenues. But because it is on the revenue raising side that the public's attention is focused, it is in the expenditures area that the code is more frequently abused.

Without the public being entirely

aware of what is going on, the revenues raised in one part of the code may have been spent in another part before they ever reach the Treasury. The public is left with a sense of gross inequity, but without a clear perception of when it occurred.

I feel that as legislators we must realize, and it is our duty to make the public realize, that these expenditures by way of the loopholes in the tax code are just like any other Government expenditures for economic or social programs. And like other Government programs, they should be periodically and critically reviewed. Those worth keeping should be fixed up to do what they are supposed to do; the others ought to be thrown out.

An example of those that should be thrown out is the tax program provided for the oil industry. In the early part of this century, when the oil industry was a fledgling industry, a tax program was thought necessary in order to help it develop. It was a program that was justified as benefiting the overall public good.

Whether that was true at the time, or whether these tax subsidies—the oil depletion allowances, the intangible drilling expenses, and the foreign tax credit—were the most effective means even then of using Federal tax dollars to expand an industry, they certainly are not appropriate now. The industry is huge, the profits are huge, and these expenditures of Federal tax dollars to help support this industry are no longer necessary. The oil programs should be stopped. Those loopholes should all be thrown out. They are a tax program that no longer benefits the public good.

An example of a loophole which should be kept is the exemption allowed for dependents. The purpose of this expenditure is to leave the wage earner who needs it some extra money to take care of his children, and this purpose is as valid now as it was when the exemption was first allowed. But this exemption is also an example of an expenditure which should be scrutinized, because in its present form, it benefits people who do not need it more than people who do. This happens because it is a deduction. A deduction saves the people in higher brackets more in tax dollars than it does the people in lower brackets.

For this reason, this, and most of the other exemptions—those worth keeping—should be reevaluated, and reinstated as credits, and not as deductions. Credits allow for a more discerning analysis of what is actually being spent on the taxpayer, because the amount being spent is the amount of the credit. It is there for all to see. The deduction may seem larger, but in order to determine its actual cost, the taxpayer's taxable income must be related back to the tax table to determine at what rate the income included in that deduction would have been taxed, and what then is the cost of that deduction to the Federal Government. It is all very hard to see, and you wind up with situations like that involved in the tax deduction for dependents. It is $750 for everyone, so that seems fair; but when you look at the tax tables, you find that it is worth $525 to someone whose taxable income is $100,000 and nothing to the person whose taxable income is $500. That is the reverse of what we intended when we passed the law allowing the deduction for dependents.

It does not make any sense if the whole purpose of the deduction is to provide the taxpayer with the money to take care of his kids and the ones getting the larger benefits are those in the higher brackets, who do not need anything extra, because they have got more money to begin with.

Here it seems clear to me that the people who need the special advantage are not the ones getting it. If this deduction were a credit, that misappropriation would be seen more clearly, and the tax expenditure could be directed more accurately to achieve the desired social and economic policy.

The examples I have cited—ending the oil industry's tax programs and revising the program of tax support for dependents to make it more functional—are only two examples of what I believe should be a continuing program for review of Federal programs hidden away in our tax laws. The purpose of this review should be to bring these programs out into the light and to expose them, both the good and the bad, for what they are. Substituting credits, which could be evaluated at their worth, for deductions, which can be very deceptive in application, is one of the ways, to accomplish this task of exposure.

Mr. President, I have introduced a bill to take away all the tax breaks for the oil industry that I have mentioned in the course of my remarks. I am in the process of introducing another bill to change the deduction for dependents to make it more equitable I have already introduced a third bill—in fact, I have introduced it both here in the Senate and, when I was a Congressman, in the House of Representatives—that would call for a periodic review of our entire tax code.

Most of the measures we pass in Congress do have a limited life. The Elementary and Secondary Education Act and the Higher Education Act and most of the legislation we pass has to be reauthorized in 2 to 4 years. But, unfortunately, the tax code goes on forever. It is subject to periodic review only when there is a clamor by the general public or a clamor by Members of Congress to do so.

If the tax code were to come to an end at the end of a 2-year or a 4-year period, or if certain sections of the code were automatically to terminate periodically, then Congress would be forced to review the code on a periodic basis. In that way, we could call in the representatives of those interests who benefit from some of the loopholes that are in our code to justify the continuation of those loopholes. In that way, I think, we would much better serve the general public. It has been estimated that as much as $80 billion a year is expended through the back door, through the Internal Revenue Code—meaning that about $80 billion a year is not collected in taxes because of the various deductions we allow. These do not include the deductions for business purposes.

Without question, part of the $80 billion would have to be spent anyway, but in many cases, we could drop many of these deductions and increase the revenue into the Federal Treasury; and in nearly all the other cases, we could reshape the expenditure to make it more equitable and more effective in serving the purpose that we originally intended to have served.

Mr. President, I yield at this time to the distinguished Senator from Colorado (Mr. HASKELL). I know that he would like to make some remarks on this important issue, also.

Mr. HASKELL. I thank the distinguished junior Senator from Maine.

THE NECESSITY OF TAX REFORM

Mr. President, I would like to take this opportunity to extend my thanks and admiration to the very distinguished Senator from Maine (Mr. MUSKIE) for the determination and the care with which he continues to press the issue of tax reform in the Senate of the United States.

Senator MUSKIE has diligently and, in my judgment, very responsibly, brought and kept before the Congress an issue—tax fairness—which I believe to be of overriding national importance today. I commend his efforts to all of our colleagues and express to him the gratitude of the literally thousands of my constituents who have written me in the last year calling out for a bit of fairness and straight talk from their Government.

I attach overriding importance to the issue of tax reform because I am more convinced every day that it rests at the heart of a sense of disillusionment on the part of the American people which, in recent months, has crystallized into a seemingly irreparable distrust of the institutions and leaders of Government. For so many Americans, the turmoil in which the executive branch finds itself is merely the natural end product of a political system which they believe allows the special interests a special access to the seat of power and the Treasury dollar. That special access works what many feel is a cruel hoax on the taxpayer—a hoax in which the Internal Revenue Code takes center stage.

The cruel hoax of our tax system is the coexistence of a theoretically progressive tax rate that literally gouges an inflation beset people and a complex network of tax exceptions, credits, deductions, exemptions and special rates that sharply erode the principle of progessivity and leave the very wealthiest individuals and corporations with the opportunity to avoid carrying their fair share of the fiscal burden of Government. For all its complexity and confusion, the Federal Income Tax Code really boils down to a very simple reality for the average American taxpayer: he or she will pay taxes regardless of the ever-tightening vise of inflation and shrinking real wages. And every time someone is afforded the opportunity not to pay, everyone else must take up the slack. In the end, the plethora of tax shortcuts means that progressivity is thwarted and tax rate reduction of meaningful proportions remains an elusive dream.

Over and over, the American people

have heard the stories about their fellow citizens who are paupers on their 1040 forms, but millionaries in reality. Thus, the very year in which the so-called minimum tax became effective—a tax provision in theory designed to assure that everyone pays at least some taxes—three families, each with dividend income of about $2.5 million, paid no taxes. Some 500 families with incomes of over $100,000 managed the same feat that same year.

Is it any wonder, then, that the American people have reached the breaking point in their faith and trust in the integrity of their Federal Government and its leaders? The people are weary, Mr. President.

They are tired of the exaggerated promises of reform.

They are tired of the half-truths and lack of responsiveness which, justified or not, they sense.

They are tired of being heavily taxed for the privilege of experiencing shortage after shortage, crisis after crisis, crime on the streets and crime in the Government.

What are we to do? If we want to do something to restore popular confidence, we shall have to insist on legislating on behalf of the people. More far-reaching and meaningful than anything else that we, the people's branch, might do in that regard is to seek fair tax reform and do so without unnecessary delay. No one is asking the impossible—just a little fairness and straight talking. No one is suggesting a repeal of all tax deductions—just those that are unfair to the many and designed solely for the few.

Senator MUSKIE's Tax Reform Act of 1973 (S. 1439), of which I am very pleased to cosponsor, will, upon enactment, take a long-overdue and dramatic stride toward the concept of tax equity. S. 1439 is aimed at many of the most blatantly unfair and unjustifiable tax escapes; it is well thought out and drafted; above all, it is straightforward and fair. And, while I am convinced that yet further steps can and should be taken by the Congress in the area of tax reform, I regard Senator MUSKIE's bill as a vital measure which I shall endeavor with all my energies to see enacted in this Congress.

S. 1439 has been outlined in detail already; I would like, however, to mention just a few of its highlights.

Perhaps the most important feature of the bill is the reform of the tax treatment of capital gains. S. 1439 would repeal the provision of the tax code which limits the tax on the first $50,000 of capital gains; the amount of gain to be included in taxable income would be 60 percent, rather than just 50 percent; the corporate capital gains rate would be increased from 30 to 35 percent; and, no longer will capital gains taxation be avoided entirely because of transfers at death. In all, these changes alone will mean a gain in revenues of $6.1 billion—a gain which should ultimately be returned to all taxpayers in the form of a sorely needed rate reduction.

Reform of the capital gains provisions is essential to any meaningful tax reform, Mr. President. Money made by money should not be treated by our tax laws more favorably than money made by men. S. 1439 will go a long way toward equalizing the income tax burdens of those Americans who earn their living on the stock market and those who earn their living on the assembly line.

Taxation of capital gains at death, along with appropriate exemptions of certain property left to a spouse, is itself an essential step in the right direction. This provision alone, when fully implemented by S. 1439 will raise $4 billion in new revenues—revenues that presently represent a Federal Government giveaway to those fortunate enough to inherit capital assets. Under our bill, no longer will the inevitability of death assure the avoidability of income taxes for the wealthiest of Americans.

Another important feature of S. 1439 is its modification or repeal of many of the narrow economic subsidies which are inefficient from an economic and social standpoint, inequitable from the standpoint of a progressive tax system and unfair because they are designed to benefit only a handful of American taxpayers. Falling into this category are revision of the percentage-depletion allowance, of the provisions allowing the expensing of intangible drilling, exploration, and development costs, of the asset-depreciation range system, of the favorable treatment accorded real estate investment, of tax shelter farm losses, and of the deductions and credits for certain investment transactions.

These amendments to the Internal Revenue Code will yield more than $9.3 billion—again, Mr. President, funds which can and should be used in the interest of all American taxpayers by a general tax rate reduction.

We should also note the repeal, provided by S. 1439, of the DISC—Domestic International Sales Corporation—provision of the Code, of the provisions affording lower tax rates to Western Hemisphere Trade Corporations, and of those provisions which allow certain income earned outside of the United States to escape taxation entirely. S. 1439 promises an additional $1.3 billion in Treasury revenues through these changes affecting the income derived from foreign business operations.

In all, Mr. President, this bill would increase the tax liability of certain special interests by nearly $19 billion. It is, in my judgment, a sound and much-needed measure.

It follows a philosophy, not of tax confiscation, but of tax fairness. It puts faith in the concept of competitive free enterprise; but it does not allow favored enterprise to stand on the crutches of the Federal Treasury. It expresses confidence that American business and individual investors can prosper in a fair system of Federal taxation.

Tax reform, Mr. President, cannot and should not be delayed. Nor can we afford to pay the matter only passing attention or provide only a cosmetic solution: tax inequity is more than a mere blemish on the American tax system; it is a national tragedy that guts the very concept embodied in our fundamental commitment to equal treatment of all citizens under the laws.

In my opinion, Mr. President, we must give thorough review to the principles and premises behind the many provisions of our tax code which have the effect of substantially distorting the overall progressivity and fairness of our tax system. At present, the Federal income tax system, by departing frequently and at times unnecessarily from commonly accepted concepts of "income," operates to affect the private economy in the same way that it is affected when the Government makes a direct appropriation to subsidize a given economic endeavor. The only difference is that, under the tax code, we call this subsidization by the name of "incentive" or "credit," or "exemption," rather than simply labeling the item a budget expenditure. And, again, the effect of these tax expenditures on the average taxpayer is the same as that which occurs when the Government makes a direct appropriation, namely, the taxpayer pays for it through tax rates which cannot be reduced.

Now, let me emphasize that I do not believe that all tax credits, deductions, exemptions, and the like are inherently repugnant to the concept of tax fairness. Indeed, some are, in a practical sense, essential to a meaningful definition of one's "ability to pay," a measurement that is integral to any system of taxation. Thus, for example, the exclusion from adjusted gross income of such items as public assistance benefits, workmen's compensation payments, the benefits derived from social security, and so on; all may be categorized as provisions necessary to accurately measure the ability to pay taxes.

And, a great many tax deductions and credits and exclusions are available to all taxpayers, not just to a few. Deductions for charitable contributions, mortgage interest, medical expenses, and the like are of assistance to the vast majority of taxpaying Americans. In some cases, however, the mechanism utilized, a deduction, works precisely in the opposite direction as it ought to—as when the Government subsidizes 70 percent of the home mortgage interest of the wealthiest taxpayers, but just 14 percent of that required of the lowest income taxpayers; nevertheless, progressivity is not substantially threatened and income tax recognition of the consumer expenditure is often appropriate.

It is a certain category of narrow tax breaks that is responsible for the fact that the theoretical tax rates which run from 14 to 70 percent in practice are limited to a maximum average effective rate of 32 percent. I am convinced that we must take decisive action to get the Federal Government out of the business of providing back-door subsidies of special economic interests. At the same time, the revenue gain that we derive from such action would allow us to reduce tax rates for all taxpayers—rich, poor, and middle class—and, in the end, our effective tax rate would far more closely parallel the theory of tax progression that the instruction book espouses.

It is time to require those who need subsidies to come to the Congress and ask for them directly, rather than to use the back door approach of a tax break. At the very least, such a method of providing Government assistance would assure the American people that the Government's assistance programs will be an-

nually reviewed in the appropriate process, rather than etched forever in the granite of the Internal Revenue Code.

Additionally, reconsideration of the inefficient system of tax subsidization should serve the taxpayers by cutting much of the fat out of the $65 billion tax expenditure budget—the budget through which various interests are supported by funds that would otherwise be collected through the tax system for the benefit of all of the people.

Fair play and straight talk are all the American people ask of their Government, Mr. President. Let us act promptly to end the system of assessing taxes of all the people in the bold print of the tax return form while giving some of those taxes back to a few in the fine print of the Internal Revenue Code. Let us hasten the day when all of us in this body can look each of our constituents in the eye and say "you are paying your fair share—no more, no less." We can begin by giving attention to the very solid proposals that are embodied in S. 1439. Favorable consideration of that legislation will put the people's branch far along on the path of tax fairness.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time yielded back by the senior Senator from Maine (Mr. MUSKIE) be placed under my control.

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

Mr. HATHAWAY. Mr. President, I thank the distinguished Senator from Colorado for participating in this colloquy this morning. Unless someone would like me to yield for the purpose of participating in the colloquy, I yield back the remainder of my time.

Mr. CLARK. Mr. President, the Senator from Maine (Mr. MUSKIE) certainly deserves the highest commendation of this body for his outstanding work in the field of tax reform and particularly the compliments of the Senate for arranging this colloquy this morning.

TAX REFORM—LONG OVERDUE

Mr. President, for 50 years, the citizens of this country have paid income taxes, sharing part of their earnings to keep government going. As Justice Holmes once said, "Taxes are the price we pay for civilization." Few people would disagree with his statement, but the manner in which we pay this price must be changed because the American tax system is no longer fair.

There are two standards—simplicity and fairness—which be the hallmark of any income tax system. The present system fails on both counts, and this is where reform must begin.

The tax code is now so incredibly complex that it is almost impossible for most people to understand. It creates artificial distinctions between people with similar incomes, and every attempt to remedy the inequities has resulted in even more complexities—and even more confusion—for most taxpayers.

As the law becomes more complex, it becomes more expensive to administer and more difficult to enforce equitably. The complexity of the tax code alone leads to the suspicion that it is unjust, that it does not provide equal treatment for all taxpayers, that the tax burden is not shared fairly.

The question of what is a fair income tax has been argued for ages, and it is not likely to be resolved as long as there is an income tax. Certain principles of equity have been established though that most people can support:

First, people in the same financial situation should pay the same or at least similar income tax. This simple principle should be a cornerstone of the tax system, but right now, people with equal incomes and equal financial responsibilities in this country do not pay equal taxes. For example, in 1970, 106 people with an annual income of more than $200,000 paid no income tax at all, but the "average" person in this income bracket paid 30 percent of that amount in income taxes. At every income level there are similar examples. On an income of $50,000, the average tax is $10,000, but many, many people pay much less than this. The average income tax on $20,000 is $2,000, but the amount actually paid can vary from nothing at all to $3,500.

LOOPHOLES

What is behind this? An almost endless variety of deductions, exemptions, credits and loopholes—some justified, many unjustified—that lower taxable income. Congress can eliminate many of them and, in the process, help restore equity and simplicity to the tax code.

The second, well-established principle of taxation holds that people should be taxed according to their ability to pay. It is the basis for a progressive tax—where the amount and percentage of taxable income and tax increase as income increases. The tax code theoretically reflects that principle, providing income tax rates that vary from 14 percent on the first $1,000 of taxable income to 70 percent on increments over $200,000. There have been proposals to change these rates, but there is general agreement that they should be progressive—that tax rates should increase as income increases. But despite the theoretical progressiveness of the income tax, the reality is something different.

The reason? Once again—loopholes. Altogether, they take $78 billion a year out of the Federal Treasury, and most of the $78 billion goes to those with high incomes. That is more than one-fourth of the entire Federal budget, and it is equivalent to mandatory Government expenditures of $78 billion. Yet, those expenditures do not receive the congressional or administrative scrutiny that other items in the budget receive. Now that the Senate had passed the Congressional Budget Act of 1974, it is especially ironic that we do not insist on reviewing these tax expenditures to insure that they, too, are consistent with national priorities.

Would Congress approve a $2.6 billion grant to oil companies or a $4.9 billion grant to corporations to help them buy new equipment if the grants were offered in an appropriation bill?

Some of these expenditures might withstand congressional scrutiny, but surely not all of them would, and very few would survive in their present form. Yet the tax laws demand that these expenditures be made.

It is time to reexamine these tax expenditure loopholes and repeal those not in the national interest.

INFLATION

As inflation has attacked the value of the dollar, increased wages have put many people in higher tax brackets despite their loss of real buying power. But for those families with high incomes already, it does not mean higher tax rates. So, as inflation continues, the income tax becomes even less progressive. And the problem is aggravated by the increased reliance on payroll taxes. Under the current system, the payroll tax is not proportional because of the limit on taxable earnings. For incomes above $13,000, the payroll tax is regressive because the percentage of income paid falls as income rises.

This might not be so bad if payroll taxes were an insignificant source of revenue, but that is hardly the case. Ten years ago, payroll taxes accounted for 16 percent of Federal revenue. Today, they account for 30 percent.

With all of this, the desperate need for tax reform should be obvious. The tax system must be rebalanced and simplified so that everyone pays a fair share—no more and no less—and so that no one has to shoulder an unfair tax burden. This can be accomplished in a number of ways: by increasing the personal exemption from $750 to $850, by providing an optional personal tax credit of $200 in place of the personal exemption, or by decreasing the payroll tax, perhaps accompanied by an elimination of the ceiling on taxable earnings.

There is a complementary need to strengthen the minimum tax provision—a tax designed to insure that those with high incomes will pay some taxes even though they can find enough exemptions and deductions to avoid paying any tax at all. Decreasing the amount of exempt income from the present $30,000 to $10,000 would be a step in the right direction.

But Congress could do all of this and still miss the central point: the tax code is not equitable and not simple, and the primary reason is the myriad of tax loopholes.

Many of the exemptions in the tax code are simply not consistent with national priorities or with the principles of equitable taxation. They may have been necessary at one time, but they should be recognized as the loopholes they are and be repealed or phased out.

At the head of the list is the oil depletion allowance. It costs $2.6 billion annually and has little, if any, impact on the rate of exploration for oil. I concur wholeheartedly with the recent vote by the Ways and Means Committee to phase it out by 1979. This loophole is symbolic of what is wrong with the tax system. It costs a great deal of money, but it benefits only a few wealthy people and corporations. To many people, it is the epitome of special interest legislation. No one act could do more to convince the American taxpayer that Congress is serious about tax reform than the abolition of this loophole.

There is another notorious tax device—the asset depreciation range—ADR. Enacted in 1971, ostensibly as a temporary tax deferral to help stimulate investment, it actually generated a $4

billion annual revenue loss. And it has done little to increase the industrial capacity of the Nation. It should be repealed.

The current tax laws permit—in fact, they encourage—those people with high incomes to seek a tax loss in farming, real estate, or some other tax shelter to reduce their tax bill. They do not really lose money, but these "tax shelters"—through leverage, rapid depreciation, and capital gains—permit people to defer or avoid taxes or to convert ordinary income into capital gains and paying lower taxes in the process. The ill effects of this practice are not limited to tax injustice, but frequently cause serious problems in the very industry which provides the shelter. For example, the "Wall Street cowboys" who avoid taxes by owning cattle they never see have contributed to the current havoc in the cattle feeding industry.

Several steps could be taken to eliminate these tax shelters. One would be to restrict the amount of loss from one activity which can be used to offset income from a nonrelated activity. Another step would be to revise the laws covering capital gains. The list of tax preferences which can and should be eliminated is long—foreign oil royalties, untaxed earnings on foreign investments, earnings on exports which escape taxation due to the Domestic International Sales Corporation—DISC—to name a few.

TAX REDUCTION

The tax saving which can be achieved by serious tax reform is substantial. Tax reform can mean tax reduction for millions of Americans. In testimony last year before the Ways and Means Committee, Dr. Joseph Pechman, one of the Nation's leading authorities on tax reform, outlined the revenue gains associated with various tax reform proposals. One proposal would yield a revenue increase of $77 billion a year, permitting a significant reduction in tax rates without sacrificing a single dollar in Federal revenue. Other proposals would permit more modest, but still impressive, decreases in the tax rates. But none of this will happen unless Congress is willing to close the loopholes.

There can be no doubt about the feelings of the American people. However, much grumbling there might be about the concept of taxation, the way we pay our taxes—voluntarily and honestly—is an indication of the people's trust in the system and the system's trust in people. But I think that might be changing.

The furor over the President's taxes certainly has reminded everyone that this country's income tax system is not equitable, that it does not treat everyone alike, that a worker who earns less than $15,000 a year can pay more in income tax than a President who makes $200,000 a year. Some people say that there is a taxpayer's revolt brewing. I hope that is true, because it might just take that to convince Congress to move on tax reform.

With the income tax deadline less than a week away, it is a good time to think about all of this.

And it is a good time to begin doing something about it.

Mr. HUDDLESTON. Mr. President, I thank the distinguished Senator from West Virginia.

Mr. President, I want to commend the distinguished Senator from Maine (Mr. MUSKIE) and others who have initiated and participated in this discussion on the Federal income tax structure. There is probably nothing more basic to a free and democratic society than a fair and equitable sharing of the costs of government and confidence by each citizen that he is paying his fair share and no more. This assurance is absolutely fundamental to the success of a voluntary compliance system.

Long before I came to the U.S. Senate, I recognized the need to reform the present tax system and one of my great disappointments after my first year here has been the almost total lack of effort by the Congress to make our income tax system more equitable, more fair for our people.

I find it discouraging that some members of the tax-writing committee of the House apparently look upon tax reform as only a means to increase or decrease Federal revenues. The fair and equitable distribution of the tax burden does not seem to be enough incentive to provoke action, and only sporadic and piecemeal attempts have been made in this body toward significant improvements. Hopefully, this colloquy today will lead to a more positive and productive effort.

I am sure much will be said during these discussions about the importance of easing the tax load of the average working American—and much should be said. For too long he has carried more than his share with practically no generous loopholes available to him while the more affluent can often make substantially more and pay less.

This objective of helping the low- and middle-income citizen is basic to any modification of the present system.

But there is another element of our present income tax system that I want to focus attention on today. That is its incredible complexity which in itself produces an inherent unfairness. The laws, the codes, the regulations, the rulings, and the interpretations are being so inconsistently applied throughout the land that the average citizen simply cannot cope with them.

I think it is a national disgrace that we have created an income tax system so confusing that a virtual industry has come into being just to help the hapless taxpayer decipher the laws under which he is expected to voluntarily pay his taxes. This service is adding millions of dollars to the taxpayer's costs—but even with this professional help there is no assurance that his return will be in compliance. For no matter how expert the accountant, how astute the attorney, there is no way he can be sure that his interpretation will be the same as an agent of the Internal Revenue Service or of a tax court in his particular part of the country.

I hope that Senators will pardon me if I recite a recent personal experience. On 2 successive days I contacted the IRS. I received different opinions each day. In one conversation the representative of the IRS said:

Well, it just depends on the agent who checks your return.

Imagine that: A tax structure so complex, so confusing that it is subject to a different interpretation by each of the thousands of agents of IRS throughout the Nation. No wonder pending cases in the U.S. Tax Court have jumped 30 percent during the past 5 years. No wonder Federal judges are concerned about a possible flood of tax litigation, and no wonder Mr. Citizen approaches April 15 with such dread and apprehension.

This monstrosity of a system lends itself to exploitation by some while it victimizes others. Those in high brackets with a variety of sources of income are frequently able to avoid sizable tax liability. Many with limited resources and income who have tried to comply with the law often find themselves assessed for additional tax after a check by an IRS agent and are constrained to pay without further adjudication out of fear or from an unwillingness to risk the legal fee and the additional penalty and interest. Thus an agency of the Government that is supposed to serve the people frequently becomes an instrument of intimidation extracting in many cases unwarranted tax payments.

We have heard allegations this week in testimony before a Senate subcommittee that the Internal Revenue Service has a de facto "quota system" that rewards agents for harsh treatment of taxpayers and penalizes them for leniency. These allegations by the head of the IRS employees union may or may not be true. But it certainly raises very serious questions about the fairness of our tax system.

The complexity and confusion surrounding our tax laws certainly provides a basis under which such a quota system could operate, and contributes to an erosion of confidence on the part of the public.

Also, in recent months, the specter of the use of IRS for political purposes has been raised—the use of tax audits and individual tax information to punish political enemies and favor friends. The consequences of this kind of abuse of a sensitive Federal agency are too grotesque to contemplate, so I would urge the appropriate committees of the House and Senate—when they hopefully begin deliberations on tax reform this year—to give a great deal of attention to the need for tax law simplification, and fair and even application of the law.

The law that is not understandable, that is subject to many interpretations, that cannot be administered equally to all, can only ill serve the citizens of our country.

Mr. BIDEN. Mr. President, a country's tax structure is a good indication of the fairness with which that government treats its citizens. It was with good intentions, then, that the progressive income tax was the system chosen by the United States to raise revenue to run the Government.

Embodied in this special type of taxation was the "ability to pay" concept. In short, the wealthier the person, the more he would pay. Like many other programs and policies that began with

good intentions, however, our tax system has grown into an uncontrollable monster. It has gotten bigger, more complex, and worst of all, can no longer accurately gauge income levels in order to effect the "ability to pay" principle. Since its inception in 1913, there have been so many loopholes and preferences written into the law that favor the wealthy and corporate interests, that its original intent of equitable apportionment of the tax burden has been significantly altered.

It is imperative that current tax provisions be reviewed thoroughly so that a meaningful tax reform can be initiated to replace a system full of subsidies for the wealthy and for big business with a fair tax system. The revenue saved can be used to cut taxes for the average American and to fund vitally needed programs that benefit the many rather than the few.

It is the moderate income taxpayer working to earn a living who bears more of the burden of paying taxes than he should. Working taxpayers earning between $8,000 and $15,000 make up only 26 percent of the population and earn only 20 percent of the Nation's personal income, but pay an extraordinary 36 percent of individual income taxes. Most individuals are unable to use the tax subsidies which are available to the wealthy and the corporate giants.

The existence of these subsidies severely erodes the tax base and hampers the progressivity of the income tax. It must be remembered that when the Federal income tax is considered in the context of the total tax burden in the United States. Federal, State, and local. It is only this tax which offsets regressive property, sales, social security, and other taxes to prevent the total tax system from being regressive.

The statutory rates in the income tax range from 14 percent to 70 percent. However, studies by tax experts have shown that the effective rate for those with real income over $1 million was 32 percent for 1972. IRS data show that for 1971, in spite of the minimum tax and other reforms enacted in the tax reform act of 1969, that over 80 taxpayers with adjusted gross incomes of over $200,000 paid no income tax. This figure does not even take into account taxpayers who avoid income taxes through tax shelters in real estate, farming, oil, and gas drilling, and other areas, or who receive tax exempt income such as State and local bond interest.

Studies allege as well that some of the largest corporations pay taxes at unbelievably low rates. According to a study by Representative VANIK based on reports to the Securities and Exchange Commission, which attempts to measure effective tax rates on actual profit, the overall rate for a sample of corporations from the Fortune 500 list of the largest corporations was 29 percent, in the face of a statutory rate of 48 percent. Particular corporations had even lower rates. Consider: Mobil paid at an effective rate of 2.9 percent, ITT at a rate of 1 percent. Bethlehem Steel at 8.2 percent, Honeywell at 8.5 percent, and Uniroyal at 9.1 percent. The list goes on.

I am referring only to the Vanik report; I cannot substantiate these figures on my own.

A taxpayer earning $9,000 to $10,000 paid tax on adjusted gross income, likely to correspond closely to real income, at 10.2 percent according to IRS data.

Assuming that the estimates are built up 100 or 200 percent, and that the oil companies pay at the rate of 36 percent, just consider how that stacks up against what the average income taxpayer is paying—the man who makes between $8,000 and $15,000—and then wonder why the average American taxpayer has little faith in the system.

What kind of income tax system do we have when a moderate income taxpayer pays at a higher rate than the average oil company; which paid around 8.7 percent?

Many of the most expensive tax subsidies are enjoyed by corporations. The investment tax credit resulted in a revenue loss of 3.8 billion in 1972, according to Treasury figures, with over $3 billion benefiting corporations.

Some argue that this credit has in fact inured to the benefit of the body politic as a whole because it stimulated increased production, and so on.

That may be true, but just keep in mind the figures we are talking about here.

The asset depreciation range lost $860 million, with most of it going to corporations. Excess percentage depletion resulted in a revenue loss of $1.7 billion, with a $1.4 billion attributable to corporations. Wealthy individuals enjoyed numerous subsidies as well—the cost of individual capital gains other than those in farming and timber was a whopping $7 billion in 1972. The exemption for State and local bond interest costs $3.3 billion, with $800 million solely benefiting wealthy investors.

Even more revealing than the revenue loss from these subsidies is the average tax savings per return for various income classes, since many of these subsidies benefit a relatively small group of taxpayers for example, according to computations by "taxation with representation," based on Treasury estimates of 1971 revenue loss by income class, the average preferential treatment of capital gains was worth $1.66 for returns with adjusted gross income of zero to $3,000, $16.31 for returns in the $10,000 to $15,000 class, $37.90 for returns in the $15,000 to $20,000 class and $38,126.29 for returns in the $100,000 and over class. The exemption of interest on State and local bonds was worth $0.71 for returns in the $10,000 to $15,000 class; $3.61 for returns in the $15,000 to $20,000 class, and $4,621.31 for returns in the over $100,000 class.

The reason I mention these figures is that those who say that capital gains are not particularly beneficial go on to point out that everyone benefits from capital gains. That is true. Everyone does receive some kind of benefits. The man or woman who makes between $0 and $3,000 benefited $16.31 from our capital gains structure, no doubt about it. But the persons who made over $100,000 benefited $38,000, on the average. And guess who paid for that $38,000 benefit. The guy who makes between $10 and $15,000.

The effect of all these subsidies on the progressiveness of our Federal income tax structure is particularly disturbing to all of us here, and that is why the senior Senator from Maine put this whole colloquy together, and he is to be complimented for it.

It is essential that we move toward a type of modified gross income tax which—except for a very few limited provisions—treats earned income and invested income more similarly, and treats persons to all income levels equitably. But also disturbing is the complexity of the tax law for all taxpayers. The tax system can be made simpler and at the same time more equitable by repealing and reforming many of the subsidies under the tax system—subsidies which have been shown to not only hamper the progressivity of the tax system, but also to be inefficient in accomplishing their objectives.

Therefore, I am today introducing four pieces of legislation which will curtail some of these inequities and shift the burden of taxation somewhat farther up the scale where it belongs. In so doing, this will provide a needed measure of relief to the moderate income taxpayer. To briefly describe the overall effects and purposes of this legislation, more complete explanations will accompany each bill, and I ask unanimous consent, at the time I introduce the bills, that the accompanying explanation of each bill be printed in the RECORD at this point.

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

(The statements and text of bills introduced by Senator BIDEN are printed in the morning business section of the RECORD under Statements on Introduced Bills and Joint Resolutions.)

Mr. BIDEN. The first proposal amends the so-called minimum tax. If you will recall, there was a great deal of ballyhoo about how we were going to see to it, through the minimum tax structure, that everyone pays something. I think it has been a dismal failure.

The minimum tax is a 10-percent levy on certain items of "loophole" income which largely escapes substantive taxation. Capital gains is one of the major items in this category. Although the statutory rate of this tax is 10 percent, the effective rate for individuals is only 2 percent. This happens mainly because regular income taxes may be deducted from preference income before the minimum tax is applied. Also, there is currently a $30,000 exemption before any of the income is subject to the minimum tax. I propose that the deduction for regular income taxes be eliminated, and the $30,000 exemption be lowered to $10,000. This would still allow a person with a modest amount of capital gains, for example, to be exempt from the tax, and at the same time compel large investors to pay something closer to the 10-percent statutory rate.

Also, I propose to add tax-exempt State and local government bonds—I might add, I suspect to the chagrin of Governors and mayors around the Nation—and the cost of intangible drilling expenses of gas and oil to the minimum tax base tax-exempt bonds are very expen-

sive and interest rates are usually low. They are bought primarily by wealthy investors who use them as a shelter to shield their income taxation. Also, this method of raising revenue for the States and localities is very inefficient because the interest subsidy to the States is estimated by some to be less than the revenue lost by the Treasury. This means that the difference, approximately $800 million, is merely as in other types of businesses. This is a great advantage because as long as more wells are drilled, these overinflated deductions produce large but unwarranted tax benefits.

These changes in the minimum tax would raise revenue of approximately $1½ billion.

Mr. President, how much time remains of my 15 minutes?

The PRESIDING OFFICER. The Senator's time has just expired.

Mr. ROBERT C. BYRD. I yield the Senator 5 minutes.

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

Mr. BIDEN. The second bill which I introduce today would provide for the gradual phaseout—and, I might add, to the chagrin of the oil companies—percentage depletion for oil and gas over a 3-year period. Percentage depletion allows oil companies to deduct 22 percent of gross income before any taxes can be assessed. It usually results in a faster recovery of costs and often the cost of investment may be recovered many times over, since the total deduction is not limited to the cost of the property. This uncalled for bonus to the oil industry amounts to approximately $1 billion, which should instead be going to the Treasury.

The third measure basically would prohibit multinational oil companies from using royalty payments as dollar-for-dollar credits against U.S. income taxes.

Royalties, money paid to the landowner for drilling rites, are fixed costs of production and should be deducted as a normal business expense from income, not used as a tax credit. At a time when we are trying to be energy independent, this loophole promotes overseas oil exploration at the expense of domestic exploration.

This measure would take away this unfair advantage to the major petroleum companies by treating them in the same manner as other U.S. corporations operating abroad who, except for very limited reasons, are allowed to credit only legitimate income taxes. Also, this measure would put them in the same position as our domestic oil companies which also must pay royalties to the landowner, but are permitted to deduct them only as a business expense. Approximately $1 billion is lost to the Treasury by treating royalties as creditable taxes.

When I say "creditable" I mean credited against taxes, not "credible" or "believable."

One of our biggest tax loopholes today stems from the preferential treatment of capital gains. Generally, capital gains are gains on the sale of property, other than property held for sale to customers. Capital gain subject to tax is, with certain exceptions, the difference between the cost of the property and the sales price.

Short-term capital gains—property held less than 6 months—are treated as ordinary income, but one-half of long-term gains may be excluded from regular income taxes. If capital gains were taxed as ordinary income, it would produce revenue amounting to $7 billion.

I propose to tax capital gains over $50,000 at regular rates, while keeping the present method of taxation for gains under this amount. This may be viewed as an interim step which moves in the direction of more equal treatment of earned and invested income, while still allowing for a more thorough investigation to determine whether further modification is warranted. This bill would produce about $3½ billion.

I should add, the reason why I kept it under $50,000 is that I do not want to see the elderly man and woman who sell their homes after 30 years and get a capital gains of over $30,000, having to pay that as regular income. I do not want to cut that out.

Taken together, these four measures would raise approximately $7 billion.

We have reached the point where the old adage "nothing is certain except death and taxes," is no longer true. Because of our loophole ridden tax structure, it is fairly easy for wealthy individuals and large corporations to evade paying their proper share of taxes. We must begin immediately to reverse this unfair process.

Our system of taxation is basically one of self-assessment.

As long as people have faith that everyone is being treated similarly, the system works well. Once this faith is lost—and we are now approaching that point—the once solid foundations begin to get a little shakey. Hopefully, these measures will move in the direction of restoring some of this lost faith in order to shore up these foundations.

Not only would more revenue then be available for Government expenses or reduced taxes, but the entire system will have been made somewhat fairer and simpler with relation to the middle income person, now bearing the brunt of our heavy taxload.

It is that middle-income person who has been forgotten for such a long time.

Thank you, Mr. President, for extending the period of time for me to make this statement.

Mr. STEVENS. Mr. President, as the April 15 deadline for filing our tax returns quickly approaches we are sorely reminded that yet another year has passed with the Congress failing to enact needed tax reform legislation.

As we know, and indeed thousands of taxpayers throughout the Nation have come to know, especially as they fill out their tax forms, that we have an antiquated tax system—a system that perhaps at one time met the needs of our country but today is not only inefficient in meeting national needs but at the same time is unfair to the person who pays the Federal bill—the individual taxpayer.

Certainly, severe inequities can be found throughout the broad spectrum of our tax laws, which I am sure my colleagues will be addressing themselves to in detail.

For many years we have recognized the unfairness of the graduated tax system when applied to individuals whose income varies from year to year. We have special rules for capital gains, which are often realized by the taxpayer in a lump sum in 1 year and may represent income actually earned over several years. We provide special treatment for lump sum distributions of retirement funds built up over many years. We have rules which allow a taxpayer to average his income over several years when income in a gievn year is substantially above his previous earnings.

But for some reason our tax laws do not take into consideration provisions for adjustments in situations where the real buying power of a taxpayers income is substantially less where it was earned than it would be if it had been earned elsewhere. This is the case in Alaska, where the cost of living is about 50 percent higher than it is in most parts of the United States, and where inflation is felt more severely than in any other part of the Nation.

This increased cost of living and higher inflationary impact is compounded by the present tax laws which in effect require that a family in Alaska must make a substantially greater income, endure greater inflationary atrophy of income and pay a greater income tax than a similar family in the lower 48.

Even though the present tax laws are severely and unduly unfair for Alaskans, they will be even more so as construction of the trans-Alaska pipeline begins. Goods and services in Alaska will become even more expensive which after income compensation, means that Alaskans who already find themselves paying an inordinate tax will be asked to pay even more income tax—this while their buying power decreases and the rate of inflation increases.

Mr. President, it is most important that we eradicate this severe inequity and not penalize Alaskans simply because of the geographical location in which they live.

I believe that fixed exemptions and deductions now permitted under the income tax law should be adjusted to reflect the geographic differences in buying power and the unique problems that are special to Alaska and place an extra burden on the Alaska taxpayer, such as the construction of the trans-Alaska pipeline.

Private industry provides for cost-of-living adjustments for transferred employees, as do many Government programs. Why then can we not extend this concept into the area of Federal income taxation?

The urgent necessity for changes in our tax laws is of paramount necessity. Not only is it important to simplify the procedures for paying taxes so that our tax system will be more efficient, but as I have stated earlier it is time that we take into consideration the unfair treat-

ment that is accorded many taxpayers because of the geographic location in which they reside.

Mr. ROBERT C. BYRD. Mr. President, what Senator is next on the list?

The PRESIDING OFFICER. The distinguished Senator from Wisconsin (Mr. NELSON).

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that 4 minutes of my time may be allotted to the distinguished Senator from Minnesota (Mr. MONDALE), without prejudice to Senator NELSON.

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

Mr. MONDALE. Mr. President, I thank the distinguished assistant majority leader. I commend the Senator from Maine (Mr. MUSKIE) for organizing this colloquy on tax reform. I cannot think of any issue in this country today more important than that. The record being made today will make an excellent document for Americans and for students of tax reform in this country to develop the case for a long overdue change in American tax laws and the way in which we enforce them, so that we will have a system based in the ability to pay and not one riddled with preferences, deductions, and exemptions, which permit many who are rich and who are powerful either to escape taxes entirely or to pay such a modest amount in taxes as to virtually contribute nothing to the cost of Government.

Justice Holmes once said, "Taxes are the price we pay for civilization." I think that all Americans should pay a fair share based on the ability to pay toward our civilization.

Mr. President, about 1 month ago, I learned that there were 402 Americans with 1972 incomes of over $100,000 who paid no Federal income tax at all for that year.

Ninety-nine of the 402 had incomes over $200,000, and four had incomes of over $1 million.

More recently, Americans have been provided with a good short course in the theory and practice of tax avoidance by the Joint Tax Committee's Report on President Nixon's taxes.

The centerpiece of this, of course, was the President's deduction of $482,000 for the gift of his papers, including such historically valuable items as 56 boxes of "correspondence regarding invitations and turndowns" and three boxes of old newspaper clippings.

Coming at a time when millions of ordinary Americans are struggling with their tax forms, revelations such as these make it clear that our tax system has departed substantially from the old idea of taxation based on ability to pay.

It is possible under our system, by the artful manipulation of deductions, exclusions, exemptions, and special rules, to end up paying little or no taxes—but only if you are rich enough.

For the average American, there are no loopholes, and taxes are withheld on every penny that is earned. The average wage earner in this country could hire the best tax lawyer or accountant in the country, but he could not find a penny's worth of loopholes, because there are none.

We need tax reform that will restore the principle of ability to pay to our tax system. Those with great wealth, who have enjoyed the bounty of American life more fully than their fellow citizens, are able to pay a greater percentage of their income in taxes, and they should do so.

At the same time, those Americans with lower incomes, who must spend a greater percentage of their income simply to take care of their families and meet the necessities of life, ought to pay a lesser percentage in taxes.

Real tax reform, therefore, should mean not only closing the loopholes that enable the well-to-do to escape paying their fair share. Equally, those low- and middle-income Americans who are paying more than their share should be given some relief.

That is why I have proposed legislation (S. 2906) that would cut nearly $200 a year from the average family's tax bill by allowing taxpayers the option of taking a $200 credit for themselves and each of their dependents instead of the existing $750 exemption.

That exemption itself is interesting. What it means is that the richer you are, the higher the tax bracket you are in, the more your actual taxes are reduced—as much as $525 for someone in the highest bracket. But if you are a person trying to raise a family on an average income there may be only $110 or $125 in reduced taxes per exemption for the full year to defray the cost of raising a child.

The bill which I propose tries to bring some equity to this situation. It is cosponsored by the Senator from Minnesota (Mr. HUMPHREY), the Senators from Iowa (Mr. CLARK and Mr. HUGHES), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Utah (Mr. MOSS), and the Senator from Nevada (Mr. CANNON). I hope that other Senators will join later on.

I am pleased that the Finance Committee has reported out a bill (H.R. 8217) which can serve as the vehicle for a tax relief amendment along the lines of the $200 optional tax credit I have proposed. This bill should be coming to the floor shortly after the Easter recess.

From all indications, real growth in the economy in the first quarter of this year has declined by more than 5 percent, and unemployment is expected to hit 6 percent or more by midyear.

The $200 optional tax credit proposal would increase the purchasing power of low- and middle-income Americans by nearly $6.5 billion, and help to head off this growing threat of recession.

At the same time, it would be a significant step toward greater tax equity.

The $750 exemption for dependents is much more valuable for the wealthy than it is for average Americans. It provides the most help to those who need it least, and the least help to those who need it most.

For those in the highest 70 percent bracket—making $200,000 a year or more—each $750 exemption is worth $525 in reduced taxes. But for someone in the lowest 14 percent bracket making around $5,000 a year, each $750 exemption is worth only $105 in reduced taxes.

A $200 tax credit, however, would be worth the same amount in reduced taxes—$200—to everyone who used it, and would be more beneficial than the $750 exemption to almost every family making $20,000 a year or less.

Nearly 80 percent of the relief from this proposal would go to those making between $5,000 and $15,000 a year, who have suffered most from the inflation and higher taxes of this past year.

It is not often that sound fiscal policy, economic justice, and tax equity coincide. In this case they do. I hope the Senate will act promptly on this proposal.

TAX EQUITY THROUGH SIMPLIFICATION

Mr. HATFIELD. Mr. President, I would like to thank the Senator from Maine (Mr. MUSKIE) for extending an invitation to me and other Senators to speak on the subject of Federal taxes this morning. With April 15 just 4 days away, we are all more aware of the vagaries of our tax system—the procedures used to enforce it, and the burden it places on the average American.

Obviously there is a great deal that can and should be said about taxes. Our 2-hour colloquy this morning will not even begin to exhaust the subject. I would like to comment briefly on one important aspect of the Federal tax structure that causes numerous problems for compliance and equity; namely, the tax code's complexity.

Beginning this next Tuesday morning, the Senate Appropriations Subcommittee on Treasury, Postal Service, and General Government has been conducting hearings on the Internal Revenue Service, with particular emphasis on its taxpayers' assistance programs. In his opening statement, the subcommittee chairman, Senator MONTOYA, observed that "our tax laws are complex and difficult for even specialists in tax law to understand fully. The average citizen finds himself unsure or unaware of his rights in any controversy over his taxes."

Certainly Senator MONTOYA's claim has been well substantiated so far in the hearings. We have heard how IRS supervisors encourage revenue officers to close their cases quickly and avoid the costs of more careful investigation, thus either losing legitimate tax revenues written off as uncollectable, or subjecting taxpayers to the summary action of levy and seizure proceedings. Despite official IRS denials to the contrary, it is alleged that production quotas for tax liabilities assessed continue as a basis for promotion. IRS auditing procedures and settlements are at best erratic, as is the advice given curious taxpayers inquiring at IRS service centers. Tax procedures are veiled in a shroud of secrecy that violates at least the spirit if not the letter of the Freedom of Information Act and frustrates taxpayers' attempts to determine how the IRS arrives at its judgments. And finally, as we are all painfully aware, the Internal Revenue Service has often been used for political purposes.

In the face of this confusing array of regulations, forms, inconsistencies, and questionable practices, it is little wonder that many Americans are both fearful of the Internal Revenue Service and angry with it to the point of revolt. I submit that the complexity of the tax code is at the root of all these problems, and this is the issue we must address if we are to effect meaningful tax reform.

As a first step, Congress must move to insure the taxpayer's rights in all his dealings with the IRS. We must remember that the Internal Revenue Service not only collects taxes for the Federal Government, but it also serves the citizens. Indeed, that should be its primary task. So we need to enact a taxpayer's bill of rights, so that the taxpayer will be fully aware of his rights from the outset of any interaction with the IRS, protected from assessment until a contested case is proved against him, shielded from destitution if he is in tax debt, and able to obtain precise information on the IRS procedures being followed in any action against him.

The Congress might also act to provide better training for IRS personnel, particularly taxpayer service representatives, so that their advice will more likely be consistent and trustworthy.

But both of these suggestions, though deserving of our attention and that of the IRS, somehow miss the point. A taxpayer's bill of rights would not be necessary if the Internal Revenue Code were simple to understand and comply with. We would not need to spend tax dollars to train tax specialists to resolve complex matters if we would devote ourselves to simplification and eliminate the complexities. Several times in the Appropriations Subcommittee hearings, witnesses have asserted, "short of simplification, I would suggest * * *," seeming to say that simplification is what they would really like to achieve. Yet when I suggested this as the best approach, one witness dismissed it as "pie in the sky."

I do not believe simplification to be an unattainable goal, and I suggest it is dangerous for Congress to regard it as such. Last week, I introduced my simpliform proposal, S. 3284, "to reform and simplify the Federal individual income tax." I believe this is a new departure in tax reform measures, for too often our attempts at tax reform to provide greater equity have only given us more loopholes accessible to the knowledgeable few, or those who can afford expert advice. Simpliform gives us equity simply by eliminating all the loopholes that have created inequity, and by substituting a $250 tax credit for the present $750 personal exemption. And by eliminating all personal deductions, simpliform achieves the goal of simplification with a proposed tax form of four lines instead of 64, with just nine tax brackets, and only one tax rate table.

While I am not absolutely wedded to all the specifics of simpliform, I am committed to its basic thrust of equity through simplification. I hope that any action for tax reform spurred by this colloquy today will address the concepts embraced by simpliform, and not merely result in yet another flurry of reform measures that further complicate the tax laws with which the bewildered and angry taxpayer must comply.

TAX REFORM AND GOVERNMENT DEFICITS

Mr. JAVITS. Mr. President, I consider the arrangement by which there is a succession of speakers respecting tax reform to be an extremely valuable and important one today, because I believe that we are not actively discussing the proposition of how Government deficits affect inflation. We are discussing lots of other things about commodity prices, controls, et cetera, but the particular problem of endemic deficits remains a very serious problem, heavily contributing to inflation, because it relates to the confidence of people in the ability of the United States to operate fiscally, and therefore relates to the interest rates and other expressions of confidence that people have in the stability of our money and our economy.

There are a number of points in which each of us have been separately concerned which it is important to consider. The first one I would like to consider is the fact that tax reform does not mean a tax cut. It may mean reallocation of the tax burden. It unquestionably means that taxation sources based on the capacity to pay which are traditional in this country, and which, for one reason or another, may have avoided their share of the tax burden will be required to pay their share due to changed conditions or excesses which have crept into the system or means of avoidance which we now consider unacceptable.

But I think the first posture that must be laid down is that tax reform does not mean tax cutting so that we have a reduction in the overall tax receipts. I voted against the last tax bill in 1969 precisely because it was advertised as a tax reform bill, but which really resulted in cutting taxes by around $12 billion, which was an absolute fatal mistake considering the inflationary situation we then faced attributable to the fact that we had swept the consequences, in terms of Government fiscal policy and monetary policy, under the rug in respect to the Vietnam war, and we are paying for it right now, today, cumulatively, indefinitely more than we would have, had we faced the issue when it was before us at that time.

So the first thing I want to say is that I am against tax cuts and against using a tax reform bill for the purpose of bringing about tax cuts. A redistribution of the tax burden, however, is extremely urgent, and, in my judgment, long overdue.

I suggested in a bill I proposed, S. 1642, a commission on the reform of the Federal income tax, which, had it gone through when it was put in, which is over a year ago, would have now produced for us an expert report on just exactly what we ought to do about readjusting the tax burden; but we did not choose to do that, though probably, even if we did it now, it would still be in time, considering the likelihood of progress without it.

So, Mr. President, I ask unanimous consent that a copy of the text of S. 1642 may be inserted at this point in the RECORD.

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

S. 1642

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there is established a Commission on the Reform of Federal Income Tax Laws (hereinafter referred to as the "Commission"). The Commission shall study the Federal income tax laws in order to determine the best means of reforming those laws in a manner which—

(1) will not have a significant effect on the distribution of the income of individuals before taxes, but will provide income tax relief to individuals with lower incomes;

(2) will provide simplicity of administration and reporting (including, but not limited to, consideration of a gross income tax); and

(3) will result in a strong, flexible tax base. The Commission shall also study the social and economic implications of specific changes in the tax laws developed under the preceding sentence and recommend means of keeping to a minimum any adverse social or economic effects of such changes.

(b) The Commission shall be composed of—

(1) Three Members of the Senate, no more than two of whom shall be members of the same political party, appointed by the President of the Senate;

(2) Three Members of the House of Representatives, no more than two of whom shall be members of the same political party, appointed by the Speaker of the House of Representatives;

(3) Four individuals not otherwise employed by the Federal Government, no more than two of whom shall be members of the same political party, appointed by the President;

(4) the Director of the Office of Management and Budget; and

(5) the Secretary of the Treasury.

(c) The Commission shall elect a Chairman from among its members by majority vote. Seven members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(d) Members of the Commission who are Members of Congress or full-time officers or employees of the United States shall serve without additional compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Commission. Other members of the Commission shall receive $125 per day (including traveltime) while engaged in the performance of their duties as members of the Commission, and shall, in addition, be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Commission.

(e) The Commission shall meet at the call of the Chairman or at the call of a majority of its members, and may meet, hold hearings, and act at such times and places as it deems appropriate.

(f) (1) The Commission is authorized to appoint an Executive Director, a Deputy Director, and a General Counsel. The Executive Director shall be compensated at an annual rate of pay equal to the annual rate of basic pay paid to an individual occupying a position at level III of the Executive Schedule under section 5314 of title 5, United States Code. The Deputy Director and General Counsel shall each be compensated at an

annual rate of pay equal to the annual rate of basic pay paid to an individual occupying a position of level IV of the Executive Schedule under section 5315 of title 5, United States Code. The Executive Director, with the consent of the Commission, may appoint and fix the compensation of such other employees as may be necessary to carry out the duties of the Commission.

(2) The Commission may procure the temporary or intermittent services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code. Persons so employed shall receive compensation at a rate to be fixed by the Commission, but not in excess of the maximum amount payable under such section. While away from his home or regular place of business and engaged in the performance of services for the Commission, any such person may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.

(g) The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out its duties under this Act. Upon request of the Chairman of the Commission, each such department or agency shall furnish such information to the Commission.

(h) The Commission shall submit an interim report to the Congress not later than six months after the date of enactment of this Act containing legislative proposals recommended for enactment in 1974. The Commission shall submit a final report to the Congress not later than twelve months after the date of enactment of this Act, containing recommendations for comprehensive tax reform. The Commission shall terminate thirty days after the date on which it submits its final report.

(i) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Mr. JAVITS. Mr. President, this colloquy on tax reform comes at a time when Americans are not only burdened with the April 15 tax deadline, but also when the tax benefits available to higher income taxpayers have been in the news. Consider what low income taxpayers must feel when they see their income eroded by higher prices and then learn that important people can deduct the market value of paper they have autographed from their tax returns if these papers are properly given away. Consider how they must feel as they eat their sandwich lunches at work to learn that the high-income taxpayer can deduct the cost of his two-martini luncheon while entertaining a client. How do people feel when they learn that real estate speculators have tax benefits available to them because of their land investments, while the only "benefit" a low-income taxpayer gets from the increase in land values is having to pay higher rents?

Now we have heard a lot in recent weeks about tax cuts. People say that tax cuts would give the low income wage earner some relief against inflation. Well, tax cuts would also help the wealthy—furthermore, they would set an even worse inflation in motion. No, tax cuts are not what we need but tax reform is. Tax reform for the purpose of redistributing the tax burden can be aimed at the people being hurt the most, and tax reform can do the job without damaging the rest of the economy.

It is interesting to note, for example, that leading economists from totally different ends of the ideological spectrum have opposed the idea of a tax cut—I refer specifically to John Kenneth Galbraith on the one hand and the Secretary of the Treasury George Shultz on the other.

I proposed a solution to the tax reform problem in the last Congress and again approximately 1 year ago. My proposal was to set up a tax reform commission to report within a year on specific steps which would be taken to reform the tax code, make it simpler, aid middle and low income taxpayers, and preserve the tax base of the Treasury. Had that proposal been adopted when it was first introduced, we could have had our tax reform now. I continue to believe that the problems of tax reform must be adopted on a comprehensive basis, and thus I still believe that the tax reform commission approach is a sound one. However, we must deal with reality, and thus I welcome the opportunity today to talk about some specific proposals which I think we must work on.

Perhaps one of the most inequitable aspects of our tax system today is social security tax. The problem is that the burden of the tax itself falls most heavily on those at the lowest end of the income scale. At 5.8 percent of gross salary, the social security tax is the second largest tax that most people pay, and in many cases is the largest; a median family of four with earnings of about $12,000 in 1973 paid more in payroll taxes than income taxes. Add to this the fact that the employer share of the tax is, for all practical purposes, partly paid for out of reduced income benefits to employees, and these figures are even more dramatic.

Although I am not now proposing a comprehensive plan for social security reform this morning, it is clear that we must extend low income relief to the social security tax system. This could be done, for example, by eliminating the payroll tax on very low incomes, instituting a progressive rate for the social security tax, or adjusting income tax rates to take account of the high social security tax rate paid by middle and low income taxpayers.

The minimum tax was introduced as part of the Tax Reform Act of 1969 in an effort to make sure that all Americans with a substantial income would pay some tax on that income; and to insure that wealthy taxpayers could not use tax loopholes to avoid completely paying any and all taxes. While this tax has been described as "a bucket under a sieve" in its efforts to make sure that wealthy taxpayers contribute a fair share of their incomes, it is fair to say that the bucket itself is full of holes.

In the present form of the minimum tax, a person is taxed at the rate of 10 percent on the sum of his income from tax preferences, less a $30,000 exemption and less the amount of taxes owed on regular income.

In January I supported Senator KENNEDY's amendment to the debt ceiling bill which alters the minimum tax by removing the deduction for other taxes paid, and by reducing the exemption from $30,000 to $20,000.

The net effect of this legislation is to remove a giant loophole for those individuals who have large tax preferences and may currently deduct the taxes which they pay on large salaries from these tax preferences. The legislation makes their situation more equitable vis-a-vis the taxpaper with large tax preferences who pay little or no regular taxes.

Congressman REUSS has introduced comparable legislation in the House which would also adjust the minimum tax to make it more equitable. I have assured the Congressman of my support for his legislation.

I do not believe that one can discuss tax reform in the year 1974 without focusing attention on the need for reform of certain tax preferences now enjoyed by oil companies. The House Ways and Means Committee is now completing action on a bill that would phase out the depletion allowance for oil, impose a temporary excise tax on higher-priced crude oil and somewhat toughen the tax treatment of petroleum companies' foreign source income.

In addition, the minority members of the Joint Economic Committee, of which I am ranking member, stated in a recent committee report, A Reapprisal of U.S. Energy Policy:

> It is unquestionably clear that reexamination of the Federal tax structure as it applies to the petroleum industry is long overdue.

It is my belief that all special tax benefits granted the oil industry should be carefully scrutinized with a view to eliminating all benefits that do not provide substantial incentives to domestic exploration and production. For this reason, I would agree with a finding such as that of the House Ways and Means Committee which would obviate the need for a continued oil depletion allowance.

I am hopeful that when the Ways and Means Committee sends the legislation to the Senate Finance Committee, that the committee and the Senate as a whole will give prompt consideration to the issue of the oil companies tax treatment.

Mr. President, there are other tax reforms that we can make, and before I outline those I would like to call the Senate's attention to the fact that we have already a body of documentation which is extremely useful on that score. It is a body of documentation which I had the honor to get included in the 1969 tax bill, and which is in the new bill relating to budget control in an even more precise form.

In the 1969 bill we got a provision that tax expenditures were defined to mean the amount of tax benefits which different parts of the population receive, especially designed for that either by way of inducing some economic action or reward for some economic action. That report had to be made every year by the

Treasury Department to the Committee on Ways and Means, the Committee on Finance, and to the Joint Committee on Internal Revenue Taxation.

Mr. President, I placed in the RECORD on March 21 last a report for the year 1973. It shows that the aggregate of these tax expenditures, as they are technically called, for the covered period was something in the area of $60 billion. This does not say that all of this was unjustified. It simply relates to the areas in which special treatment for tax purposes has been given.

Then, in the measure which is now in conference, out of the Government Operations Committee, as to the budget process again, there are a number of sections resulting from amendments which I proposed in that committee, and which relate these tax expenditures to our overall budgetary view and what we ought to do about the tax in order to bring about a better relation between the expenditures overall and tax receipts when we face that problem in the annual budget measure.

So the tool with which to work, with respect to tax reform, is available to Congress. That is a big step forward, and is in precise tabular form at page 1408 and the pages which follow in the CONGRESSIONAL RECORD.

To sum up, I am against a tax cut. I am against utilizing a tax reform bill to perpetuate a tax cut, as that will cost us infinitely more in any event than it will save the taxpayers, and will generally benefit the taxpayers who least need it.

Second, I am for reform which will redistribute the tax burden. The critical elements I have pointed out, and the equitable treatment which will be of greater benefit to all income tax payers, especially those who have high salaries, and the tax preference which has been given to the oil industry for purposes of, allegedly, exploration, but which is now working in exactly the other way, and would simply benefit the oil industry tremendously through windfall profits.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I hope very much that our collective action will result in a successful revision of the tax structure.

The PRESIDING OFFICER. Under the previous order, the distinguished Senator from Wisconsin (Mr. NELSON) is recognized for 15 minutes.

Mr. NELSON. Mr. President, on February 4, President Nixon submitted to Congress a 346-page budget proposing that $220.6 billion be spent for fiscal year 1975. This budget, the result of careful analysis and studies throughout the administration, will be subject to lengthy hearings and debate before any of it is enacted into law.

THE INVISIBLE BUDGET

The $78.2 billion of additional Federal revenues—35.4 percent of the budget—will be spent in the coming year without being analyzed either by the administration or by Congress. These expenditures, made through tax provisions, departing from generally accepted tax principles, have the same effect on Federal revenues and the general public as direct expenditures. Both are Federal subsidies to various groups or segments of our society financed by taxes levied on the general public.

Mr. President, I ask unanimous consent that a table showing the estimated budget outlays and tax expenditures by functions for fiscal year 1975 be inserted in the RECORD at this time.

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

ESTIMATED BUDGET OUTLAYS AND TAX EXPENDITURES, CLASSIFIED BY FUNCTION, FISCAL YEAR 1975

[Dollar amounts in billions]

	Budget outlays	Tax expenditures	Total	Tax expenditures as percentage of total
National defense	$87.7	$0.7	$88.4	0.8
International affairs and finance	4.1	.9	5.0	18.0
Space research and technology	3.3	0	3.3	0
Agricultural and rural development	2.7	1.1	3.8	28.9
Natural resources and environment	3.1	3.6	6.7	53.7
Commerce and transportation	13.4	24.4	37.8	64.6
Community development and housing	5.7	13.2	18.9	69.8
Education and manpower	11.5	1.0	12.5	8.0
Health	26.3	6.9	33.2	20.8
Income security	100.1	11.7	111.8	10.5
Veterans benefits and services	13.6	.5	14.1	3.6
Interest	29.1	0	29.1	0
General government	6.8	.1	6.9	1.4
Aid to foundations and charities	0	3.7	3.7	100.0
General revenue sharing aid to State and local governments	6.2	10.4	16.6	62.6
Allowances	1.6	0	1.6	0
Undistributed intragovernmental transactions	−10.7	0	−10.7	0
Total	304.4	78.2	382.7	20.4

Source: The 1974 Joint Economic Report on 1974 Economic Report of the President.

Mr. NELSON. For certain budgetary categories, such as natural resources, housing, commerce, and transportation, the tax expenditure programs constitute more than 50 percent of Federal expenditures. Tax expenditures increase from year to year just like direct expenditures. For example, tax expenditures for the oil and gas industry will increase from $1.6 billion in calendar year 1972 to $2.9 billion in fiscal year 1975—an 81-percent increase. Perhaps, the most shocking fact about tax expenditures budget is not that some of the provisions are expensive and unjustified loopholes, but that it is never comprehensively reviewed by the administration or by Congress.

It is obvious that they should be subject to the same cost-benefit analysis and rigid scrutiny as the administration and Congress currently conducts for direct expenditure programs. Congress has an obligation to determine if particular tax preferences do, in fact, achieve their stated goals. Further, Congress must ask if there are less costly and more efficient ways of achieving these objectives and, finally, are the tax preferences consistent with tax equity and sound tax policy.

If the tax expenditure budget was subject to such review, many would be found to be costly failures, inefficient, or grant unnecessary tax advantages to wealthy individuals and corporations. There is not time today to mention all the questionable tax provisions, but I would like to discuss three examples of the kinds of failures contained in the tax expenditure budget.

1. A WORTHY GOAL, BADLY ACHIEVED

Permitting the interest on State and local bonds to be tax exempt enables municipalities and State to compete in the bond market. Achieving this objective through the tax code, however, results in banks and high-income individuals being paid $3 billion so that they will turn over $2 billion to State and local governments. A direct subsidy program would provide the same $2 billion to States and localities, while eliminating the $1 billion waste and tax inequity of the present system.

2. AN UNDESIRABLE TAX PROVISION BY ANY STANDARD

Domestic International Sales Corporation—DISC—enacted as part of the Revenue Act of 1971, is just a dismal tax loophole for corporations. It allows them, just by establishing a paper corporation and without increasing their exports, to defer indefinitely one-half of their taxes on those exports. This loophole gets bigger with every passing day. Everytime the U.S. Government negotiates a new trade or wheat arrangement with Russia, or our currency is devalued, which with a floating exchange rate happens daily, the value of this loophole for large exporters increases.

DISC should be repealed immediately. As C. Fred Bergsten, senior fellow at the Brookings Institution, recently testified before the Senate Finance Committee:

> The DISC legislation has apparently done little to spur exports and has significantly reduced government revenues. In addition, there is no need for such selective export subsidies in a world of flexible exchange rates. And, even had it worked as planned, it would have no place in the current inflationary environment.

DISC adds to domestic inflation by draining resources away from our economy.

3. A DESIRABLE TAX PROGRAM RESULTING IN UNNECESSARY TAX BENEFIT TO WEALTHY INDIVIDUALS

The tax code offers an effective incentive to provide for the retirement income for many Americans. A tax approach has particular advantages that could be matched only by a massive Federal program—such as social security—financed through general revenues.

While there are distinct advantages of using the tax code, the present law results in extraordinary tax savings for high-paid executives. For example, a randum selection from the 1972 Securities and Exchange Commission files showed some executives were to receive annual pensions in excess of $100,000 a year.

Overall, there is a serious misallocation of the benefits received from the $4 billion of Federal revenues lost each year. A relatively small portion of the tax benefits goes to workers at the lowest income levels, and a relatively large portion goes to workers at the top income levels. According to Treasury figures, the upper 8 percent of covered earners receive 50 percent of the tax benefits and the lower 50 percent of earners receive 6 percent of the tax benefits.

Mr. President, I ask unanimous consent to insert in the CONGRESSIONAL RECORD at this point a table showing the revenue losses and the number of employees in private pension plans.

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

NUMBER OF COVERED EMPLOYEES AND REVENUE LOSS FROM PRIVATE PENSION AND PROFIT-SHARING PLANS, CALENDAR YEAR 1972

Wage and salary class	Number of employees covered (thousands)	Cumulative percentage	Revenue loss (millions)	Cumulative percentage
0 to $5,000	2,730	11.9	$43	1.1
$5,000 to $10,000	10,700	58.4	802	21.1
$10,000 to $15,000	6,380	86.1	1,129	49.3
$15,000 to $20,000	2,050	95.0	630	65.1
$20,000 to $25,000	460	97.0	246	71.3
$25,000 and over	680	100.0	1,150	100.0
Total	23,000		4,000	

Note: Top 8 percent $15,000 and over. All workers—median wage $6,600. Workers under this average will receive $250,000,000 of the revenue loss. Excludes plans for self-employed. Loss shown is from exclusion of employer contributions and investment earnings, net of tax on pensions.

The law must be revised limiting excessive benefits presently received by the wealthy and expanding the benefits provided the average American worker. The pension bill passed by the Senate last year will insure that many more American workers will receive pension benefits and my amendment, placing a $75,000 annual limit on pensions, is the first step to reducing the tax windfall provided wealthy individuals. The present law cannot be justified and it is ludicrous to argue that it is necessary to provide unlimited amounts of deferred compensation to high-paid executives in order to provide some retirement benefits for low-income workers.

WELFARE SYSTEM FOR THE RICH

These are only three of the many tax provisions benefiting wealthy individuals, paid by the average American taxpayer who receives little or no benefit. In fact, it has been estimated that if all the special deductions, credits, and other provisions departing from normal tax principles were eliminated, the average tax burden would fall for all families with incomes of $25,000 or below. Our tax system is a transfer system from those least able to pay to those less in need. This is why, in the words of Prof. Stanley Surrey:

Tax reform is really a moral issue. It is not just a technical exercise to be engaged in by skilled experts. It is an effort to restore fundamental morality to a tax system by ending both its unfairness and the cynical immoral way the tax game is played today by those with money and knowledgeable advisors.

Congress will not be able to achieve this year the massive and comprehensive revision of our tax law so clearly necessary. This should, however, not deter Congress from making a downpayment on its obligation to achieve real reform. Given the will, Congress can achieve substantial tax reform this year by strengthening the minimum tax and placing the taxation of the petroleum industry on a more equitable basis.

MINIMUM TAX

Congress in 1969 established a minimum tax providing for a flat 10-percent tax rate on income that had escaped entirely being subject to tax. Congress enacted the minimum tax preference income because, regardless of the individual merit of the provision which established such preferences, we did not want them to be pyramided by wealthy individuals to allow them to escape liability entirely. The minimum tax, however, has not achieved its stated purpose. For example, 402 Americans with 1972 incomes in excess of $100,000 paid no Federal income tax for that year. Of the 402, there were 99 with incomes over $200,000, and 4 with incomes of more than $1 million.

The number of wealthy tax avoiders rose in 1972. The number had been declining in recent years—from 394 with incomes over $100,000 for 1970, to 276 for 1971—but now we are apparently back on the way to grand-scale tax avoidance. The 402 who paid no taxes at all are "only the tip of the iceberg." Thousands of other wealthy Americans end up—like the President—paying just a few hundred dollars in taxes on their huge incomes.

I have repeatedly offered in the Senate Finance Committee and on the Senate floor amendments strengthening the minimum tax. This amendment is not perfect; it would not close all the loopholes, but in the absence of a better proposal there is no excuse for not passing this amendment this year.

TAXATION OF OIL INDUSTRY

Dramatic price rises for fuel compels Congress to take a new look at the special tax treatment, such as percentage depletion, expensing of intangible drilling costs, and the foreign tax credit for royalties, provided the petroleum industry.

I have introduced a bill to completely repeal the percentage depletion allowance. If we do not change percentage depletion, the public is going to be astonished if not outraged to discover that oil companies have received huge increased tax deductions because of increased prices. Since the percentage depletion is calculated at 22 percent of the price of crude oil, increases in price automatically result in a rise in the deduction. In other words, the higher the price, the higher the tax writeoff. If percentage depletion is left unchanged, it will increase, for domestic oil alone to $2.2 billion this year from about $1.5 billion in 1972.

There have been numerous economic studies questioning its effectiveness. The most comprehensive study on it commissioned by the Treasury Department found that, although $1.4 billion Federal revenues were being lost at that time, this resulted in additional oil reserves of only $150 million. Defenders of percentage depletion should be asked to explain why, since it has existed from 1926 to the present, domestic exploration peaked in 1956 and present domestic supply is inadequate to meet our needs. Also, it would be helpful if they explained how a provision which was necessary when oil was selling for $3.50 or less a barrel is just as necessary when oil is selling for at least $5.25 a barrel and in some cases, around $10.

Congress must also end the singular abuse of the foreign tax credit by international oil companies. The foreign tax credit is a reasonable means of preventing double taxation, but oil companies have been allowed to treat foreign royalties as taxes—unlike domestic royalties—and then to use alleged tax payments to shelter their foreign income in other countries. Treasury statistics indicate that in 1971, because of the foreign tax credit, U.S. oil companies were able to reduce their tax bill from $3.2 billion to $788 million, or more than 75 percent. Congress must end this abuse before it adjourns this year.

During the last Presidential campaign, public concern compelled every major candidate to talk about tax reform. With such public interest, it was generally assumed that the 93d Congress, which began January 3, 1973, would make substantial progress in achieving tax justice. We are now in the second session of this Congress and nothing has been done and the few administrative proposals merely scratch the surface of the problem.

From personal experience, I fully appreciate the difficulty of achieving any tax reform. Tax laws are complex and difficult to understand. Specific tax reform attempts are met with general public indifference and claims by affected groups that such attempts would have totally undesirable consequences, not just for them, but for the whole country. With such confusion and complexity, the easy course is to give up. However, I believe that the present inequitable tax system is one of the forces eating away at the social cohesiveness and basic fabric of our society Tax reform is as necessary for this country's health and welfare as education and medical legislation. Congressmen and Senators, as the selected guardians of the Nation's welfare, have a moral obligation to reform the tax structure so that we can achieve tax justice.

Mr. NELSON. I am happy to yield that time to the Senator from Maine (Mr. MUSKIE).

Mr. MUSKIE. I thank my distinguished friend and colleague from Wisconsin for yielding me this time. I thank him for his participation in this colloquy. I know of his long-standing interest in tax reform and am delighted that he was able to join in this discussion this morning.

Mr. President, I should like to talk briefly on another subject.

(The remarks Senator MUSKIE made at this point on the introduction of S. 3352, the Cost of Living Act of 1974, and the ensuing discussion are printed later in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

The PRESIDING OFFICER. The Senator from Indiana (Mr. HARTKE) is recognized for not to exceed 15 minutes.

Mr. HARTKE. Mr. President, I should like to speak on three facets of the question of tax reform.

I am delighted to join in this colloquy today, because I believe that the need for tax reform is clear and the time to act is now. The public opinion of Congress is now at a low point, and it is so low—in part—because we have failed to act in an important area such as tax reform.

There are three areas upon which I would like to touch. They include those tax loopholes which benefit international oil companies, an increase in the personal tax exemption, and reform of our social security payroll tax structure.

TAX LOOPHOLES, THE INTERNATIONAL OIL MONOPOLY, AND U.S. DEPENDENCE ON ARAB OIL

The United States is now dependent upon the Arab world for its supplies of oil and gas, because our present tax structure provides an economic incentive for gigantic U.S.-based multinational petroleum companies to go abroad rather than to produce more oil at home.

The single most direct tax loophole available to corporations which move abroad is the foreign tax credit. Our tax laws provide that foreign tax subsidiaries of U.S. corporations may credit their foreign taxes paid against the foreign source income tax liability of the parent corporation.

The multinational oil companies earned $1.85 billion on mining and oil operations abroad in 1970, but because of their use of the foreign tax credit loophole, these firms paid not 1 cent in U.S. taxes on that income.

The Arabian American Oil Co.—Aramco—which is a huge oil-producing consortium consisting of Exxon, Texaco, Mobil, Standard Oil of California, and the Saudi Arabian Government, is the world's biggest petroleum producer and the world's largest moneymaker. In 1973, the company had profits after taxes of $3.25 billion. How much did the United States get from them in taxes? Not 1 penny of income tax and a meager $2.7 million in payroll taxes.

Mr. President, Aramco is no exception. I ask unanimous consent to have printed in the RECORD at this point as exhibit 1, a table which contains information to show how little U.S.-based oil companies paid in taxes to the United States.

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

EXHIBIT NO. 1

U.S. TAXES PAID BY U.S.-BASED MAJOR OIL COMPANIES IN 1972 (1962–71)

[Dollar amounts in billions]

Company	Net income before taxes, 1972	Percent paid in U.S. taxes, 1972	Net income before taxes, 1962–71	Percent paid in U.S. taxes, 1962–71
Exxon	$3.700	6.5	$19.653	7.3
Texaco	1.376	1.7	8.702	2.6
Mobil	1.344	1.3	6.388	6.1
Gulf	1.009	1.2	7.856	4.7
SoCal	.941	2.05	5.186	2.7

Source: Senate Subcommittee on Multinational Corporations, Committee on Foreign Relations, U.S. Senate.

Mr. HARTKE. Mr. President, I also ask unanimous consent that a table which depicts an example of how three major international oil firms significantly reduced their tax burdens in 1970 via the important mechanism of the foreign tax credit be printed in the RECORD at this point as exhibit 2.

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

EXHIBIT NO. 2

NET TAX BEFORE AND AFTER FOREIGN TAX CREDIT IN 3 MAJOR OIL COMPANIES IN 1970

[In millions]

Oil corporation	Total income	Net tax before FTC	Foreign tax credit	Net tax after FTC
A	$2,798	$168	$133	$35
B	2,651	231	213	18
C	2,135	114	101	13

Mr. HARTKE. Mr. President, I might point out that a recent poll taken by Mr. Roper shows that one of the most astonishing facts developed was the situation that the American people were terribly upset about the loophole that was given to multinational corporations and oil multinationals in particular. I ask unanimous consent to have printed in the RECORD a summary of that finding by the Roper organization.

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

ROPER REPORTS

[Issued First of April, 1973]

LOYALTIES OF MULTINATIONALS CHALLENGED

66%, in damning indictment, say U.S. companies operating abroad put own interests above those of U.S.

NO TAX CREDITS FOR U.S. COMPANIES ABROAD

67% think U.S. multinationals should not be allowed to deduct foreign taxes from U.S. taxes owed. Full U.S. taxes should be paid.

PUBLIC COOLISH TOWARD FOREIGN TRADE

Only one-fifth want more foreign trade, 3 in 10 want less. Greatest resistance to more trade among union members.

MOST WANT EXPORT-IMPORT BALANCE

65% want exports to equal imports.

FOREIGN COMPANIES HERE?

By modest margin, public favors foreign companies operating in U.S. 50% think government should encourage them, 39% would discourage them.

MORE JOBS FOR AMERICANS

60% say foreign firms here would mean more jobs.

On another subject, would you like to see more trade between the United States and foreign countries than we now have, less trade than we now have, or about the same amount of trade we now have? More trade, 21 percent; Less trade, 30 percent; Same amount, 33 percent; and Don't know, 15 percent.

What do you think the long range goal of the United States should be when it comes to foreign trade—to export more than we import, or to import more than we export, or to have exports just about equal imports? Export more, 18 percent; Import more, 4 percent; Have exports about equal imports, 65 percent; and Don't know, 13 percent.

When American companies have operations in another country they usually have to pay taxes on their profits to that country. Do you think they should be allowed to deduct the amount of those taxes from what they are required to pay in United States taxes, or that they should be required to pay full taxes on their profits to the United States? Should be allowed to deduct foreign taxes, 19 percent; Should pay full taxes to the U.S., 67 percent; and Don't know, 14 percent.

Consonant with other signs of a national drawing inward noted in recent surveys, public sentiment is coolish toward increased foreign trade. Three out of ten favor less trade between the U.S. and other countries, while only two in ten want more foreign trade. One-third would keep trade at current levels. Greatest support for increased foreign trade is among executives/professionals (37%), the college educated (34%), the affluent (33%), and the politically and socially active (32%). Greatest resistance to foreign trade is found among union members and blue collar workers (37%), probably because they see job threats.

EXPORTS VS. IMPORTS

Two-thirds of the public think exports and imports should be in balance. However, higher than average support for an export surplus comes from the affluent (31%), the college educated (28%), executives/professionals (27%), and the politically and socially active (26%).

OVERSEAS COMPANIES PAY FULL U.S. TAXES?

Perhaps influenced by recent reports on high oil company profits, and general suspicions about U.S. companies operating abroad (see I), two-thirds of the public thinks that American companies operating overseas should not be allowed to deduct foreign taxes from their U.S. tax bill, but rather pay full taxes on their profits to the U.S. Government. Again, the affluent, the better educated, and executives/professional are most likely to concede the point of subtracting foreign taxes, but even these groups favor full U.S. tax payments by two to one.

The tax credit feature of Burke-Hartke has strong public support.

AMERICAN COMPANIES ABROAD

The legend of "the ugly American" abroad extends in many minds to the American corporation. Two-thirds of the public believes it likely that American companies operating abroad put their own interests above those of the United States. This is a damning indictment indeed, and only two out of ten would defend overseas companies from it. Most convinced that companies abroad place corporate above national interest are Westerners (77%), political and social activists (76%), executives/professionals (74%), the college educated (74%), and the affluent (72%).

FOREIGN COMPANIES: AMERICAN OPERATIONS

By contrast, foreign companies should be encouraged to establish operations in the United States, say half the public. Another two-fifths thinks such operations should be discouraged. This is rather lukewarm acceptance, and in tune with general lack of enthusiasm about increasing foreign trade and relations.

Last October the public expressed itself as against encouraging U.S. companies to operate overseas (50% to 26%). If the public's wishes were carried out, it would mean all multinational companies would be *foreign*, a conclusion not all who answered may have thought their way through to. Some education on international trade seems to be needed.

How widespread fears are of foreign "takeovers" was not measured; but another probable effect of foreign companies building plants here was: impact on American jobs. By a margin of six to one, Americans see foreign companies operating here as bringing more jobs to Americans, undoubtedly the main reason for favoring such operations.

There has been speculation to the effect that when large American companies have operations abroad they sometimes make agreements with other countries that are in conflict with U.S. foreign policy and not always in the best interests of the United States. Most of these large companies have denied this, and say they do not do anything that conflicts with U.S. foreign policy. What do you think is likely to be true—that American companies operating abroad put their own interests above those of the United States, or that they place the interest of the United States first? Put their interests above those of the U.S., 66 percent; Place interests of U.S. first, 20 percent; and Don't know, 14 percent.

There has been interest expressed recently by some foreign companies in building plants here in the United States. For example, a German automobile company might want to build a plant here to make its cars here instead of making them in Germany and shipping them here for sale. Generally speaking, do you think it should be our government's policy to encourage foreign companies having operations in the United States or to discourage them? Encourage, 50 percent; Discourage, 39 percent; and Don't know, 10 percent.

If more foreign companies *did* have operations in this country, do you think it would mean more jobs for Americans than there now are, or fewer jobs, or don't you think it would have any effect on the number of jobs for Americans? More, 60 percent; Fewer, 10 percent; No effect, 20 percent; and Don't know, 10 percent.

Mr. HARTKE. Mr. President, the data presented in exhibit No. 1 is based upon information supplied to my staff by the Senate Subcommittee on Multinational Corporations. That table makes very clear that the petroleum industry paid very little in U.S. taxes. Exxon paid the most with an effective rate of 6.5 percent. The other giant multinational firms paid less than 2 percent. Most taxpayers in this country are taxed at least at 5 times that rate.

The data presented in exhibit No. 2 is based on information supplied to my staff from the public tax records of the petroleum industry. This table shows just how much the foreign tax credit reduces the domestic taxes of these giant corporations. A company with almost $3 billion in profits would pay $168 million in taxes if it made those profits here at home, but winds up paying only $35 million—about one-fifth the taxes—after use of the foreign tax credit.

The operation of the foreign tax credit aids a privileged few multinational firms. Its termination would put domestic production in a more competitive position with foreign development. And this is exactly what my legislation—S. 3060—would do. It would terminate the foreign tax credit for taxes paid with respect to income attributable to oil and gas operations.

PERSONAL TAX EXEMPTION

Mr. President, on March 3d, I introduced S. 3189 which would increase the personal exemption on Federal income tax returns from $750 to $1,000. This is a renewal of a proposal I have made in the last five Congresses. This is a proposal which I first made in January of 1961; I believe that it is all the more necessary today.

There is every indication that our economy is headed for a recession. Unemployment insurance claims rose from 251,000 in November to 303,000 in December. It is now at a 5.4-percent level and even administration economists are predicting a 6-percent rate later this year.

The Government's composite index of business statistics virtually stood still in December, growing only one-tenth of 1 percent in December.

While this slowdown is taking place, inflation is on the march. Consumer prices as a whole went up 8.8 percent last year, with food increasing 20 percent, gasoline 19 percent, and coal and fuel oil 45 percent. Workers cannot keep pace with this steady increase in prices. What wage increases have taken place have only meant increased taxes, thus further limiting the ability of workers to spend money to stimulate the economy.

In fact, in 1973, real average weekly earnings—the amount of money workers actually get—was down 1.5 percent. That means that a worker who increased his salary by 7.2 percent—the national wage increase average—actually wound up in worse condition at the end of the year than at its beginning.

The most effective response we can make to this approaching inflationary recession is to provide tax relief which will put more money into use so that our economy can grow. An increase in the personal exemption will provide that relief. Raising the exemption level from $750 to $1,000 will provide $8.58 billion in new consumer purchasing power. Most of the benefits of this relief will be to the families who will spend the money provided by my proposal rather than saving it.

Mr. President. I have a table prepared from data supplied by the Treasury Department which estimates the additional revenue which my proposal will pump into the economy at various levels of income, and I ask unanimous consent that the table be printed in the RECORD at this point as exhibit No. 3.

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

REVENUE COST IF PERSONAL EXEMPTION IS RAISED FROM $750 TO $1,000

[Based on 1972 income levels]

Adjusted gross income	Decrease in tax liability (millions)	Distribution of tax decrease	
		Percent	Cumulative percent
0 to $3,000	$95	1.1	1.1
$3,000 to $5,000	418	4.8	5.9
$5,000 to $7,000	717	8.3	14.2
$7,000 to $10,000	1,485	17.3	31.5
$10,000 to $15,000	2,608	30.4	61.9
$15,000 to $20,000	1,541	17.9	79.8
$20,000 to $50,000	1,440	16.8	96.6
$50,000 to $100,000	220	2.5	99.1
$100,000 and over	56	.7	99.8
Total	8,580	99.8	99.8

Mr. HARTKE. The table makes it clear that 60 percent of the dollar benefits which will accrue from my proposal go to those with less than $15,000 income. Much of this benefit will go into areas of the economy which are suffering from a slowdown caused by reduced consumer purchasing power.

It is the working man and woman in this country who are on the short end of the administration's economic stick. It is the worker who has to pay the grocery bills, the mortgage and the college tuition bill with less money in 1974 than he had in 1973.

These people need tax relief now, and our economy needs a tax stimulus now.

Mr. President, the cost of living has risen 13 percent since the $750 exemption level was established. If we increase that level to $1,000—as I propose—we will be doing nothing more than barely keeping pace with inflation and the cost of living, and probably not even that.

REFORM OF THE SOCIAL SECURITY TAX

Mr. President, no discussion of tax reform would be complete without mentioning the important subject of reform of the social security payroll tax. That tax is the fastest growing tax in the United States. In 1971, payroll tax collections reached $44 billion—27 times the level of 1949. This increase is equal to a compound growth rate of more than 16 percent per year. In terms of total Federal revenues, the payroll tax now brings in 23 percent of all Federal revenues: whereas, in 1949, it brought in just 4 percent.

At least one-half of all workers who file tax returns pay more social security tax than they do Federal income tax. For the worker with a small family and an income hovering near the poverty line, his effective social security tax rate is about 11.4 percent. The same worker with a $24,000 income has an effective rate of only 2.1 percent. Study after study has cited the regressive nature of the payroll tax. It hits the low- and moderate-income worker the hardest.

For the past several years, I have proposed two major reforms in this area. They are contained in S. 1838, and I believe that it is time that Congress acted in this area.

My first proposal for reform of the social security payroll tax is to finance a portion of social security retirement and health benefits with general reve-

nues. Under my proposal, one-fifth of retirement benefits and one-third of health benefits would be financed with general revenues. That would mix funds raised from the progressive income tax with the funds derived from the highly regressive payroll tax.

My second proposal would establish a progressive type of payroll tax for lower-income workers. It is designed to assure that no worker pays more in payroll taxes than he does in income taxes.

For instance, a worker with less than $50 in income tax liability pays only 15 percent of the normal payroll tax. This increases by 5 percent for every additional $50 of income tax liability until $850—at which point the worker pays the full social security tax.

Mr. President, I ask unanimous consent that a series of tables which show the actual impact of my proposal be printed in the RECORD at this point as exhibit No. 4.

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

EXHIBIT NO. 4

TABLE I.—SINGLE WORKER, NO DEPENDENTS

Gross wages	Income tax liability	Full social security tax	Percent social security [1]	Hartke social security save [2]
$1,000	(3)	$58.50	10	$52.65
$1,050	(3)	61.43	10	55.28
$1,100	(3)	64.35	10	57.91
$1,150	(3)	67.28	10	60.54
$1,200	(3)	70.20	10	63.18
$1,250	(3)	73.13	10	65.82
$1,300	(3)	76.05	10	68.44
$1,350	(3)	78.98	10	71.08
$1,400	(3)	81.90	10	73.71
$1,450	(3)	84.83	10	76.35
$1,500	(3)	87.75	10	78.97
$1,550	(3)	90.68	10	81.61
$1,600	(3)	93.60	10	84.24
$1,650	(3)	96.53	10	86.86
$1,700	(3)	99.45	10	90.50
$1,750	(3)	102.38	10	92.14
$1,800	(3)	105.30	10	94.57
$1,850	(3)	107.43	10	96.69
$1,900	(3)	111.15	10	100.03
$1,950	(3)	114.08	10	102.67
$2,000	(3)	117.00	10	105.30
$2,050	0	119.93	15	101.94
$2,100	$50	122.85	20	98.28
$2,150	100	125.78	25	94.44
$2,200	150	128.70	30	90.09
$2,250	200	131.63	35	85.56
$2,300	250	134.55	40	80.73
$2,350	300	138.48	45	76.16
$2,400	350	140.40	50	70.20
$2,450	400	143.37	55	64.52
$2,500	450	146.25	60	58.50
$2,550	500	149.22	65	52.23
$2,600	550	152.20	70	45.66
$2,650	600	155.17	75	38.79
$2,700	650	158.15	80	31.63
$2,750	700	161.12	85	24.17
$2,800	750	163.80	90	16.38
$2,850	800	166.77	95	8.34
$2,899	849	169.69	95	8.48
$2,900	850	169.65	100	0

[1] Indicates percent of full social security tax for which employee is liable.
[2] Indicates total annual amount which employee would save under Hartke proposal
[3] Less than zero.

TABLE II.—MARRIED WORKER, SPOUSE NOT WORKING, 2 CHILDREN

Gross wages	Income tax liability	Full social security tax	Percent social security [1]	Hartke social security save [2]
$1,000	(3)	$58.50	10	$52.65
$1,050	(3)	61.43	10	55.28
$1,100	(3)	64.35	10	57.91
$1,150	(3)	67.28	10	60.54
$1,200	(3)	70.20	10	63.18
$1,250	(3)	73.13	10	65.82
$1,300	(3)	76.05	10	68.44
$1,350	(3)	78.98	10	71.08
$1,400	(3)	81.90	10	73.71
$1,450	(3)	84.83	10	76.35
$1,500	(3)	87.75	10	78.97
$1,550	(3)	90.68	10	81.61
$1,600	(3)	93.60	10	84.24
$1,650	(3)	96.53	10	86.86
$1,700	(3)	99.45	10	90.50
$1,750	(3)	102.38	10	92.14
$1,800	(3)	105.30	10	94.57
$1,850	(3)	107.43	10	96.69
$1,900	(3)	111.15	10	100.03
$1,950	(3)	114.08	10	102.67
$2,000	(3)	117.00	10	105.30
$2,050	(3)	119.93	10	107.94
$2,100	(3)	122.85	10	110.58
$2,150	(3)	125.78	10	113.22
$2,200	(3)	128.70	10	115.86
$2,250	(3)	131.63	10	118.47
$2,300	(3)	134.55	10	121.09
$2,350	(3)	138.48	10	124.63
$2,400	(3)	140.40	10	126.36
$2,450	(3)	143.37	10	129.03
$2,500	(3)	146.25	10	131.62
$2,550	(3)	149.92	10	134.93
$2,600	(3)	152.20	10	136.98
$2,650	(3)	155.17	10	139.65
$2,700	(3)	158.15	10	142.33
$2,750	(3)	161.12	10	145.01
$2,800	(3)	163.80	10	147.42
$2,850	(3)	167.77	10	150.99
$2,900	(3)	169.65	10	152.68
$2,950	(3)	172.58	10	155.32
$3,000	(3)	175.50	10	157.94
$3,050	(3)	178.43	10	160.59
$3,100	(3)	181.35	10	163.21
$3,150	(3)	184.28	10	165.85
$3,200	(3)	187.20	10	168.48
$3,250	(3)	190.13	10	171.12
$3,300	(3)	193.05	10	173.74
$3,350	(3)	195.98	10	176.38
$3,400	(3)	198.90	10	179.01
$3,450	(3)	201.83	10	181.65
$3,500	(3)	204.75	10	184.27
$3,550	(3)	207.68	10	186.91
$3,600	(3)	209.60	10	188.64
$3,650	(3)	213.52	10	192.17
$3,700	(3)	216.45	10	194.80
$3,750	(3)	219.38	10	197.44
$3,800	(3)	222.30	10	200.07
$3,850	(3)	224.23	10	201.81
$3,900	(3)	228.15	10	205.33
$3,950	(3)	231.08	10	207.97
$4,000	(3)	234.00	10	210.60
$4,050	(3)	236.93	10	213.24
$4,100	(3)	239.85	10	215.86
$4,150	(3)	242.78	10	218.50
$4,200	(3)	245.70	10	221.13
$4,250	(3)	248.63	10	223.77
$4,300	0	251.55	15	213.82
$4,350	$50	254.48	20	203.58
$4,400	100	257.40	25	193.05
$4,450	150	260.33	30	182.23
$4,500	200	263.25	35	171.11
$4,550	250	266.17	40	159.60
$4,600	300	269.10	45	148.01
$4,650	350	272.03	50	136.02
$4,700	400	274.95	55	123.73
$4,750	450	277.88	60	111.15
$4,800	500	280.80	65	98.28
$4,850	550	283.73	70	85.12
$4,900	600	286.65	75	71.66
$4,950	650	289.58	80	57.92
$5,000	700	292.50	85	43.88
$5,050	750	295.43	90	26.59
$5,100	800	298.35	95	14.92
$5,149	849	301.22	95	15.06
$5,150	850	301.27	100	0

[1] Indicates percent of full socia security tax for which employee is liable.
[2] Indicates total annual amount which employee would save under Hartke proposal.
[3] Less than zero.

TABLE III.—MARRIED WORKER, SPOUSE WORKING, 2 CHILDREN

Gross wages	Income tax liability	Full social security tax	Percent social security [1]	Hartke social security save [2]
$1,000	(3)	$58.50	10	$52.65
$1,050	(3)	61.43	10	55.28
$1,100	(3)	64.35	10	57.91
$1,150	(3)	67.28	10	60.54
$1,200	(3)	70.20	10	63.18
$1,250	(3)	73.13	10	$65.82
$1,300	(3)	76.05	10	68.44
$1,350	(3)	78.98	10	71.08
$1,400	(3)	81.90	10	73.71
$1,450	(3)	84.83	10	76.35
$1,500	(3)	87.75	10	78.97
$1,550	(3)	90.68	10	81.61
$1,600	(3)	93.60	10	84.24
$1,650	(3)	96.53	10	86.66
$1,700	(3)	99.45	10	90.50
$1,750	(3)	102.38	10	92.14
$1,800	(3)	105.30	10	94.57
$1,850	(3)	107.43	10	96.69
$1,900	(3)	111.15	10	100.03
$1,950	(3)	114.08	10	102.67
$2,000	(3)	117.00	10	105.30
$2,050	0	119.93	15	101.94
$2,100	$50	122.85	20	98.28
$2,150	100	125.78	25	94.44
$2,200	150	128.70	30	90.09
$2,250	200	131.63	35	85.56
$2,300	250	134.55	40	80.73
$2,350	300	138.48	45	76.16
$2,400	350	140.40	50	70.20
$2,450	400	143.37	55	64.52
$2,500	450	146.25	60	58.50
$2,550	500	149.22	65	52.23
$2,600	550	152.20	70	45.66
$2,650	600	155.17	75	38.79
$2,700	650	158.15	80	31.63
$2,750	700	161.12	85	24.17
$2,800	750	163.80	90	16.38
$2,850	800	166.77	95	8.34
$2,899	849	169.59	95	8.48
$2,900	850	169.65	100	0

[1] Indicates percent of full social security tax for which employee is liable.
[2] Indicates total annual amount which employee would save under Hartke proposal.
[3] Less than zero.

CONCLUSION

Mr. HARTKE. Mr. President, the American people deserve tax equity and we can provide them with that equity if we act to eliminate the tax advantages provided to large American corporations by the foreign tax credit, if we give immediate tax relief in the form of an increase in the personal exemption, which would increase revenues, and if we give additional relief by reforming the social security payroll tax.

This is an important issue which will be on the minds of voters as they go to the polls this November. They have seen two of the highest elected officials of this country misuse the present tax structure, but they know that our tax laws too often benefit the rich at the expense of the middle- and lower-income wage earner. I urge my colleagues to press for effective tax reforms this year.

Mr. CANNON. Mr. President, it is with a deep sense of urgency and grave concern that I join my colleagues today to urge substantial revision of our present income tax structure. The patience of middle and lower income taxpayers is exhausted with the tax loopholes for the rich and with a tax burden in 1974 that will eat away 2½ hours of wages every working day for the average family. Smoldering discontent breaks into anger over revelations of the Nixon tax dodges and disgraceful statistics that last year some 402 wealthy Americans were able to earn over $100,000 and not pay 1 penny in income tax. Congress cannot remain mute in the face of evergrowing and justified public cries for positive action. Tax reform in 1974 should have an indispensable place on the legislative calendar of Congress.

Today I would like to address my remarks to one of the most flagrant loopholes in the present system, minimum tax assessed against tax preference items. Mr. President, this is the worst of all situations: Not only does it deceive the public into believing the rich are being forced to pay their fair share but it is preserving some of the most unfair loopholes in the tax code.

The minimum tax, enacted into law in 1969, has failed to insure the wealthy pay at least some minimum amount of tax on their earnings applied against the nine tax preference items, such as accelerated depreciation of property and percentage depletion of oil and gas wells, and capital gains it assesses a flat 10-percent tax against deduction well below even the 14-percent threshold rate applied to less fortunate taxpayers earning below the poverty level.

In addition to this exceptionally low, flat rate of 10 percent, there is also an automatic $30,000 exclusion and a deduction of regular taxes paid. Subtracting these two deductions means that an individual with $130,000 of preference income will pay no minimum tax if he pays tax on regular income of $100,000. It should be no surprise that the minimum tax generates little revenue—about $164 million in calendar year 1972.

The income between $100,000 and $130,000 under the Internal Revenue Code should be taxed at the regular progressive rates, but since the code sidepasses income from tax preference items, and the extremely lax minimum tax provision has no effect, the $30,000 will go untaxed.

Mr. President, there are viable remedies to this inequity. As a consistent supporter of the Kennedy-Reuss proposal, I believe the most productive avenue to pursue is a tightening of the present minimum tax law rather than its repeal and replacement with other concepts such as minimum tax income and limitation on artificial accounting losses proposed by the administration. The Kennedy-Reuss proposal reduces the $30,000 automatic exclusion to $10,000; eliminates the deductability of regular income taxes paid, and assesses a more reasonable progressive rate—from 7 to 35 percent—on tax preference items.

A revealing study by the Joint Committee on Internal Revenue Taxation indicates that an additional 71,000 tax returns of individuals earning over $50,000 would be affected by the adoption of the Kennedy-Reuss minimum tax proposal. The additional tax collected under this legislation would amount to $1.3 billion to those taxpayers who earn over $100,000 per year, having little effect on the middle and lower income taxpayer.

I would also urge priority congressional consideration in the area of tax free bonds. This $2.5 billion annual treasury drain is noteworthy in its concept to encourage investment into municipal and State bonds, but amounts to more than tax savings for corporations and wealthy individuals, and an extremely costly method of financing public projects. The top one-tenth of 1 percent of the Nation's wealthiest individuals own 70 percent of municipal bonds. The Bank of America, the Nation's largest bank, owns about $3 billion in bonds, which generates $150 million of tax free income annually. Translated another way, it means the average taxpayer has to offset the $72 million tax break given the Bank of America.

It is clear the Treasury loses far more in revenues than local governments have in lower borrowing costs through the tax free bond concept. The Federal Government taxing these bonds could give local governments up to a 50 percent subsidy interest and still break even on revenue. In operation this means the State could issue an 8 percent bond, receive a 4-percent subsidy from the Federal Government, and end up paying only 4 percent, less than their borrowing costs are at the present. The vast improvement in the equity of the tax structure is obvious.

Making the wealthy pay their fair share is only half the story. The additional revenue gained from closing the loopholes must go to offset the tax burden of the wage earner who bears the brunt of uncontrollable inflation. I have cosponsored with Senator MONDALE a bill to provide a $200 credit in lieu of the $750 personal exemption. This will provide an average tax savings of $200 to the middle and lower income families. I hope the House and Senate will act quickly so we can undercut the effects of a pending recession by pumping this more than $6.5 billion into the economy.

Mr. President, as April 15 approaches and the corporations and the wealthy skate through loopholes in the tax laws and the less fortunate pay up, I hope my distinguished colleagues will take a critical look at the present income tax laws, and effect these long overdue reforms.

TAX COMPLEXITY

Mr. SYMINGTON. Mr. President, the Internal Revenue Code has become so complex that the denominated tax rates of 14 to 70 percent serve more to disguise than to reveal the actual rate of taxation.

Some 10 or 12 years ago, Joseph Pechman of the Brookings Institution, found that after allowing for all special provisions the maximum average effective rate for any class is less than 30 percent and that the supposed progressive tax becomes slightly regressive above $200,000 of income.

More recently, based on an analysis of individual tax estimates at calendar year 1972 income levels, Mr. Pechman and Benjamin A. Okner have concluded that there has been little change in that conclusion. Their new study shows that when account is taken of specific special tax preference items as well as for income splitting features of the present law and the incidence of transfer payments, the effective tax rate is less than 2 percent on income below $5,000 to 9 percent at $10,000, and to a maximum of 32 percent at income levels of $1 million and above.

They also conclude that the average effective rate does not exceed 25 percent until income levels of $100,000 and over are reached. Still others show that a 14-percent tax rate across the board would raise virtually the same amount in revenues as is produced now under existing law.

It is relatively easy to advocate tax reform and to suggest changes. For several reasons, however, it is true that achieving tax reform is a more formidable goal.

One reason lies in the actuality that as beauty lies in the eye of the beholder so one man's "loophole" is another's bedrock principle of equity.

Consider also that in some aspects, the Internal Revenue Code shares the same concepts as the trading stamp industry—just as some customers insist on the stamp as a "free" currency for acquiring other goods, so taxpayers who are contributors to important institutions of our society naturally are inspired toward the object of their bounty by a discount on income taxes.

In some cases, customers and contributors are alike in their insistence on the stamp or the tax break and are undaunted by an assured alternative of lower prices or less costly means of financing government, and therefore ultimate tax savings.

Once written into the code, tax preferences are difficult to dislodge for the practical reason that originally, or at least in relation to some other provision of the tax law, the purpose was entirely justifiable. No doubt vestiges of worthy purposes still remain.

The variety of principles on which the large numbers of preferred items of income from the tax standpoint are based make it difficult for the most conscientious legislator to fail to recognize objectively the "merit" of almost any further tax avoidance proposal when comparison is made with preferentials in existing law.

I believe there is merit in several proposals that have been offered in recent years with regard to tax reform: One is a recommendation by Senator MANSFIELD to provide for the expiration of tax preferences at staggered times in the future. By this method, the Congress and the public could focus on particular tax preferences and consider whether they are achieving their intended purposes and should be continued or phased out. That route would be one good approach to tax reform.

Still another possibility is a bill offered recently by Senator HATFIELD, of Oregon, which is relevant to the aforementioned findings of Pechman and Okner. This reform called Simpliform concentrates on actual tax rates, and would eliminate virtually all deductions and exemptions. Under this legislation, tax rates would range from 10 percent to 50 percent. On first impression, the proposal of Senator HATFIELD reaches several desirable objectives: First, an uncomplicated means of calculating income taxes; and second, the virtue of visibility on the distribution of the tax burden. The lack of influence that such tax laws might have on reaching social and economic goals is a matter for further consideration.

The complexity of tax laws leave many Americans with the feeling that if reform would achieve only simplification,

that in itself would be a worthy achievement.

It is a view I have come to share. More importantly, I believe that by seeking simplicity, greater equity may be achieved.

The Senate already has demonstrated a willingness to consider reform of tax provisions—as example, the minimum tax refinement. I would urge that important efforts be made now in this session of Congress to bring about a simpler and more equitable tax code.

Mr. McINTYRE. Mr. President, there may not be time to consider tax reform this year, but if other Senators are hearing from their constituents what I am hearing from New Hampshire then tax reform is on a lot of people's minds.

We are all aware of the various loopholes which enable so many who earn so much to pay so little in taxes. And since Congress writes the tax laws, we have only ourselves to blame if we do not enact reforms. A good start would be to pass the minimum tax amendments which were passed earlier this year but returned to committee.

Further, Mr. President, any discussion of tax reform in these times of energy shortages and special privileges should inevitably consider the problem of the oil industry's special advantages. It is time that we look at the oil industry and decide whether or not it should be allowed to continue to retain its tax incentives, or what I call its goodies.

Should the major oil companies, for instance, be allowed to beg us for more incentives when they got $2.2 billion through the depletion allowance last year? Or should they be required to pay their fair share in the costs of running this country?

It is obvious that our system of incentives has not provided the fuels we need. Since it has not, perhaps it is time to decide that the companies should pay to run the country like everyone else rather than paying a minimal amount and then governing it through special arrangements with every administration that happens to be in the executive branch.

What we need to do is find out exactly what segments of the oil industry are using their incentives wisely. Which parts, for instance, do produce more oil because they are allowed to expense their intangible drilling costs? Which parts find the depletion allowance a necessity to continue business? What parts need a foreign tax credit to operate in the national interest?

Under due examination I think we might find that there are some independent producers that might need the right to expense their drilling costs to continue to operate. But do major oil companies? I doubt it.

Under due examination, we might find that a few companies have provided the fuels we need because of the depletion allowance and have used the funds to find more oil. But have all the companies used the allowance that way? I doubt it.

And lastly, under due examination, I think we might find that no company should be allowed the benefits of the foreign tax credit for payments to foreign governments that are not taxes at all, but royalty payments.

It is high time that we stopped letting the largest companies in this country get away with low taxes because they happen to be part of an industry where some users might need incentives. Those companies should pay the taxes that now fall heavily on the homeowner, the consumer, and the small businessman who support this country through our unreformed tax structure.

THE NEED FOR TAX REFORM

Mr. MATHIAS. Mr. President, I am pleased to have the opportunity to join this colloquy on the need for tax reform. We have addressed this issue in speeches before, but unfortunately we have not yet taken the decisive action which is needed.

It is my understanding that the House Ways and Means Committee is actively considering tax reform measures and proposes sending such a measure to the floor of the House in the near future. This is as it should be—the Constitution envisions that all revenue measures should originate with the House of Representatives, which was the only one of the two Chambers of the Congress which was popularly elected under the original terms of the Constitution.

Should a revenue measure be reported to the Senate, however, it is subject to amendment by this body. I would expect to consider any such measure and all such amendments carefully. I have long advocated a number of reforms, dealing with tax credits for higher education, the minimum tax, a reform of withholding rates, and many other measures of relief and fairness for taxpayers who are unduly hard pressed under the current law. In addition there is a need to be sure that our tax code encourages enlightened leadership and development within the private business sector of the economy. For all these reasons, I am hopeful that this Congress will give tax reform the high priority which it deserves.

I am aware that to many people, tax reform is equated with tax cuts—and tax cuts with higher deficits and higher inflation. This is not what I have in mind, however. We can raise the revenues we need—to meet our social needs in a fiscally responsible manner—through a tax code which is more just, fairer and more responsible than at present. That is the goal which I seek, and which this Congress should attend to.

Mr. MOSS. Mr. President, I am pleased to join with my colleagues in today's colloquy on the subject of tax reform.

A year ago, we engaged in a similar colloquy as the deadline for payment of Federal incomes taxes approached. This year, as the April 15 deadline again approaches, we are again engaged in colloquy but unfortunately, no action has yet been taken to reform our unfair tax structure. I think it is high time for Congress itself to meet a deadline. We cannot afford to let another year pass without removing the glaring inequities in the American tax system.

The need for basic reform has not diminished one iota in the past year. Indeed, because of rising prices, there is now an even greater need for reform. In the past year, inflation has extracted a large additional tax from the incomes of working Americans. In the past year, the earning power of the average American worker has declined by 4 percent. It is no secret that inflation has the most severe consequences for families in the middle and lower income range. It is these same families that receive unfair treatment under our tax system.

The present Federal income tax structure is riddled with loopholes, and it is mainly the rich who are in a position to take advantage of these loopholes.

To a taxpayer earning $10,000 to $15,000, the various tax preferences are worth an average of $651 per year. But to a taxpayer earning $50,000 to $100,000, these tax preferences are worth an average of $11,911 per year.

The removal of the loopholes that benefit mainly the wealthy can be an important weapon in the battle against inflation. By now, it is almost universally acknowledged that large Federal deficits are one of the primary causes of inflation. In discussing ways to reduce budgetary deficits, the focus is almost always on Government expenditures. While I agree that it is imperative that expenditures be brought under control, we must also recognize that tax loopholes are simply another type of expenditure.

Tax breaks granted to the moneyed interests are nothing less than vast Government subsidies. When persons with income in the hundred of thousands of dollars pay no income tax, they do so at great Government expense. At a time when inflation is rising at the rate of 10 percent a year, we can ill afford to make Government handouts to the very rich. According to the estimates of Tax Analysts and Advocates, tax subsidies now cost the Federal Government $78.3 billion a year. This is more than one-fourth the proposed fiscal 1975 budget, and more than twice as much as Congress appropriated last year in the area of health, education, and welfare.

In sum, Mr. President, the rampant inflation of the past year has only made the case for tax reform more compelling.

In my remarks last year, I described some of the specific loopholes that might be closed. This year, I would like to briefly mention two other aspects of the tax structure that deserve attention in any comprehensive reform effort.

The first is the social security. At the present time, social security is financed through a flat 5.85 percent tax on wages and salaries up to $13,200. This tax is, quite simply, regressive. It is contrary to what should be the guiding principle of our tax system; namely, that the greatest burden should fall on those who are in the best position to bear it. But the main burden of social security falls on those who are least able to bear it. As Walter Heller has said concerning the social security tax:

> There is no logical reason why the tax used to support the pension system should impose hardship on the poor.

In my view, any comprehensive tax reform should give top priority to replacing the present with a progressive struc-

ture. I believe that 5.85 percent is too high for moderate income workers.

Second, I believe it is essential that we provide some immediate tax relief to those who have been hardest hit by inflation. I would urge my colleagues to enact as soon as possible the tax credit proposal of Senator MONDALE. This bill would give taxpayers the choice of using either a $200 credit on the Federal income tax or the $750 personal exemption.

Since this $200 would be deducted directly from taxes owed rather than from taxable income, it would mean a substantial savings for those with moderate incomes. It would provide $6.5 billion in tax relief at a time when low and middle incomes are being squeezed to the limit.

Mr. President, several bills were introduced in this session of Congress that point to a number of areas in the tax structure where reform is long overdue. It is now time to act on these proposals. We must do so in the name of both fairness and economy. We should view tax subsidies, such as those granted to capital gains or to foreign investment, in the same critical light that we view Government social programs or defense projects. Reform can be an important weapon against inflation. It can also provide relief for those who suffer most from the heavy toll of inflation.

REFORMS NEEDED TO RESTORE TAXPAYER CONFIDENCE

Mr. HUMPHREY. Mr. President, the present administration has repeatedly emphasized its support for responsible Government spending. Fiscal responsibility was its justification for last year's budget cutting and illegal impoundment efforts. Yet the same Nixon administration continues to neglect the very part of the budget that is ripest for reappraisal and reform—the Federal Government's tax expenditures.

When the budget document is published in February, it provides a seriously incomplete accounting of the Federal Government's fiscal policy. In fiscal 1975, budget outlays are expected to total $304 billion. But the budget outlays ignore more than 20 percent of actual expenditures. For in addition to $304 billion in budget outlays the Government will incur $78 billion in tax expenditures. These tax expenditures are in the form of tax forgiveness to individuals, to corporations, to State and local governments. The impact of these tax expenditures is as important as outlays aimed at these groups. For example, in the budget categories of natural resources, housing, commerce and transportation, tax expenditures constitute more than 50 percent of the Federal Government's fiscal impact, yet these tax preferences are ignored during the annual budget process. The following table illustrates just how important tax expenditures have become:

ESTIMATED BUDGET OUTLAYS AND TAX EXPENDITURES, CLASSIFIED BY FUNCTION, FISCAL YEAR 1975

[Dollar amounts in billions]

	Budget outlays	Tax expenditures	Total	Tax expenditures as percentage of total
National defense	$87.7	$0.7	$88.4	0.8
International affairs and finance	4.1	.9	5.0	18.0
Space research and technology	3.3	0	3.3	0
Agriculture and rural development	2.7	1.1	3.8	28.9
Natural resources and environment	3.1	3.6	6.7	53.7
Commerce and transportation	13.4	24.4	37.8	64.6
Community development and housing	5.7	13.2	18.9	69.8
Education and manpower	11.5	1.0	12.5	8.0
Health	26.3	6.9	33.2	20.8
Income security	100.1	11.7	111.8	10.5
Veterans benefits and services	13.6	.5	14.1	3.6
Interest	$29.1		29.1	0
General government	6.8	$0.1	$6.9	1.4
Aid to foundations and charities	0	3.7	3.7	100.0
General revenue sharing aid to State and local governments	6.2	10.4	16.6	62.6
Allowances	1.6	0	1.6	0
Undistributed intragovernmental transactions	−10.7	0	−10.7	0
Total	304.4	78.2	382.7	20.4

Source: Tax Analysts and Advocates and Ben Okner, Senior Fellow, the Brookings Institution.

In spite of their growing importance, the administration ignores tax preferences in this year's Budget and Economic Report. Fiscal responsibility is a two-sided coin. Critical examination of budget outlays should be accompanied by an equally rigorous review of tax preferences, many of which were originally introduced for what seemed at the time to be legitimate reasons. A number of these preferences today benefit individuals or corporations but yield little or no public benefit.

Skillful manipulation of these tax preferences has enabled a number of individuals to largely escape taxation. In 1971 we were all shocked to find that more than 250 persons who made more than $100,000 during that year paid no Federal income tax at all. The tax irregularities which have recently surfaced have only added to a growing taxpayer revolt. IRS officials have made it clear in recent weeks that they expect an erosion of tax base as more and more taxpayers attempt to take questionable or marginal deductions.

Mr. President, the efficiency and revenue-raising ability of the U.S. personal income tax system has been the envy of the world. But taxpayer confidence in the fairness of the system has been shaken to its foundation in the past few years because the rich have avoided paying their fair share and in some cases have paid fewer tax dollars than a family earning $10,000 or $15,000 a year. We in the Congress must take the lead in immediately addressing the most glaring tax inequities and then commit ourselves to serious study and reform of the tax code. Today I want to address two of the most pressing reforms which Congress should consider during this session—strengthening the minimum income tax, and introducing a tax credit to improve the progressivity of the personal income tax rate structure.

No matter how legitimate certain deductions may be, no individual ought to be able to so arrange his financial affairs so as to escape taxation entirely. Congress passed the minimum income tax in 1969 to end this flagrant abuse of the tax system. Our experience in the last 4 years has shown, however, that a significant number of individuals have been able to continue to avoid taxation.

The fact that the current minimum tax raises only $200 million annually attests to its ineffectiveness. To restore taxpayer confidence and improve equity, the minimum tax must be strengthened to levy a progressive tax rate on at least half of a taxpayer's preference income. At the present time individuals with large tax preferences are taxed on a portion of these deductions and exemptions at a flat 10-percent rate. The average taxpayer asks, and rightly so, why should the rich pay a 10-percent tax rate while I am taxed at a 25- or 30-percent rate. The very foundation of the personal tax system is its progressive rate structure and letting rich individuals pay a flat 10 percent has to affect the system's credibility. Congress should pass a minimum tax which applies the same rate structure to all taxpayers and which insures that wealthy individuals share a fair amount of the tax burden.

The other change in the tax system which deserves the highest priority would provide relief to low and lower middle income families. These people have been the hardest hit by inflation in the last 2 years. Their dollar income has risen, but prices have risen faster, so that their higher income buys fewer goods. On top of this, higher nominal incomes have pushed these families into higher tax brackets so that their real disposable income after taxes has been reduced even further. As chairman of the Subcommittee on Consumer Economics of the Joint Economic Committee, I have studied the erosion of the real incomes of American working people during the past year. By any measure, the average family is worse off today than it was a year ago. Furthermore, a recent staff study by the Joint Economic Committee concluded that lower income consumers suffered 25 percent more inflation in 1973 than other consumers.

For these compelling reasons, any tax cut should be aimed at low and middle income taxpayers. Among the various

proposals, Senator MONDALE's bill, S. 2906, providing for a $200 optional tax credit, is the most equitable and most progressive. My colleague from Minnesota proposes that the taxpayer, at his option, be allowed to substitute a $200 tax credit for each $750 exemption. The present tax system has become roughly proportional, concludes a recent study prepared by Joseph Pechman and Ben Okner at the Brookings Institution. Senator MONDALE's bill would restore some progressivity to the tax system by reducing the effective tax rate on lower income taxpayers. In addition, Senator MONDALE's proposal would provide the right amount of stimulus to a sagging economy. It would reduce taxes to those families who are most likely to return it quickly into the spending stream, thus bolstering personal consumption expenditures, which have been particularly weak in the past 6 months.

Mr. President, these two reforms, Senator MONDALE's tax credit proposal and a strengthened minimum tax, would improve tax equity, increase the progressivity of the tax rate structure and help restore taxpayer confidence in the tax system.

TAX REFORM AND THE ENERGY CRISIS

Mr. HANSEN. Mr. President, I am happy to join with my distinguished colleagues in this colloquy on the need for prompt congressional action on tax reform.

However, I believe my recommendation may differ somewhat as to the need for prompt congressional action. In fact, I would suggest that my colleagues might wish to heed the advice of tax experts such as former Assistant Secretary of the Treasury, Edwin S. Cohen or a Brookings Institution report by Charles L. Shultze who was Budget Director under President Johnson.

A couple of years ago, I made some remarks here on tax reform which I believe are worth repeating now.

There are, of course a number of loopholes in the tax laws by means of which people are able to avoid paying significant amounts of income taxes.

I repeat the remarks here:

But most of these tax avoidance possibilities were written into the tax laws not as loopholes but to encourage those with substantial capital holdings to invest that capital in ways which Congress thought would be helpful to a particular cause of the Nation as a whole.

For example, a homeowner is subsidized by allowance as a tax deduction the amounts paid for property taxes and mortgage interest.

And one of the best-known tax avoidance techniques is the purpose of municipal bonds the interest on which is exempt from Federal income tax and generally from State income tax as well.

But, if the tax exemption for municipal bond interest were to be eliminated, only about a third of the revenue increase to the Federal Government would come from the investor while the other two-thirds would be added on to the already crushing local tax burdens.

The same would be true of other so-called loopholes. The investment tax credit is a good example. It is intended to stimulate business and industrial activity—more jobs. Evidence indicates it serves that purpose well.

The oil depletion allowance intended to stimulate exploration and development of new oil and gas reserves has worked well for almost 50 years. Now that the Nation's insatiable appetite for energy is devouring oil and gas faster than it is being discovered, incentive for discovery of new supplies is needed more than ever.

The prospects of the billions of dollars which will flow out in trade deficits for imported oil and the hazards of dependence on unstable foreign sources are added reasons for retaining the oil depletion allowance. But the compelling reason is again, that whatever is taken away from the oil companies in tax deduction will, as surely as the sun rises, be added to the consumer price of gasoline, home heating oil and other petroleum products just as the added cost of the interest on tax exempt bonds would be paid by the average taxpayer.

Removal of the tax and interest deduction for homeowners would eliminate the incentive to own a home. Why not rent and let someone else pay the expenses?

Mr. President, the real answer to the overburdened taxpayer's problems is not tax reform but Government spending reform. I am in favor of a new awareness and, in fact, a militancy on the part of the American taxpayer toward the big spenders in Government—those who would cure all of our ills with money. During the past decade, Federal spending has doubled and there is no end in sight.

Mr. President, it should by now be obvious to the average taxpayer that someone keeps turning the screw as his taxes go up year after year. And that someone is the Congress of the United States, over which only he has control. When he, the average taxpayer, decides he has had enough, he can do something about it. Each 2 years he has an opportunity to vote for a Congressman or Senator. Each 4 years, a President.

But what we should do now, especially in the current stampede to do away with oil depletion allowance and other so-called reforms of the petroleum industry is to consider just what the effects would be.

An article in today's Washington Post offers a good prediction and I ask unanimous consent that the article be inserted in its entirety at the conclusion of my remarks.

I will quote a few paragraphs:

NEW YORK.—Soaring oil prices and profits have brought little investment benefit recently to the people and institutions who, through stock, own the big international oil companies.

The chances are in fact, that those who bought shares of those oil stocks a year ago, correctly anticipating the energy squeeze, lost money.

Most financial observers agree the principal reason to be political uncertainties hanging over the oil industry in almost every corner of the world, including the United States.

Robert Albrecht, an oil industry analyst for a large brokerage firm, says those political questions have been quickly translated by investors into "uncertainty over the level of future earnings."

Among the major issues cited by analysts: Pressure on the industry from Congress. A measure under study by legislators in Washington would end the oil-depletion allowance, a tax break initiated years ago to encourage development of energy resources. In addition, a "windfall profits" tax is being considered which the American Petroleum Institute estimates could amount to payments of $5 billion annually by 1979.

Mr. President, the Chase Manhattan Bank only yesterday released a study which was reported by the Washington Star-News which argues that Government activities to limit oil industry profits are only going to limit the companies' ability to raise capital to find more oil. The study says:

Government appears unmindful of the serious consequences of restricting the petroleum industry's ability to generate capital funds. And apparently there is little understanding that a worsening shortage of petroleum would be the inevitable result.

I ask unanimous consent that the article be inserted in the RECORD at the end of my remarks.

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

(See exhibit 1.)

Mr. HANSEN. I hope all Senators will heed the concluding paragraph of that article which contends that for nearly four decades Government has broken economic laws repeatedly and has compiled an appalling record of interference with the normal operations of the free enterprise system. Yet, against that background, many representatives of Government are currently exhibiting an incredible determination to take further actions that are certain to prove highly detrimental to the Nation.

Mr. President, there is much confusion regarding the causes of the energy shortage and rising prices of oil and gasoline.

Let us keep in mind that most of the experts in the energy field who have tried to indicate that much money will be required in order to come anywhere near meeting the goals of Project Independence by 1980 say that within the 10-year period that we are looking at, we will probably need to invest in this country upwards of $1 trillion. The estimates range as high as $1.5 trillion—an estimate made by a very reliable major bank, which I think we have reason to believe knows what it is talking about.

Earlier in the discussion, the Senator from New York (Mr. JAVITS) talked about the profits of the oil companies. He stated why he thought it was necessary that we do something to tax those profits. He talked about the rising price of gasoline, and, although I did not hear all of his speech, many other speakers have pointed out we find ourselves today in a precarious situation because of the instability of supply; the uncertainty that we can get enough energy from foreign countries.

It is a popular thing these days to criticize the oil companies, because we are acutely aware of the precariousness of our energy situation in this country. But I would point out that the oil companies for some several years have been calling attention to the fact that our reserves were declining, that we were developing an increasing dependency upon the Arab countries and other countries around the world for energy, and that despite the fact that America is an energy intensive country, we seem to be pursuing a course that made us even more dependent upon foreign sources of supply.

I can understand the concern of people with rising costs, but I would point out that in America today gasoline and oil of all kinds has been, and despite re-

cent price rises is, cheaper than it is about anywhere else in the world.

So let us keep in mind that the people who criticize the foreign operations of American oil companies are the same ones who, just a few years ago, were saying, "Let's shut down stripper wells, they're costing consumers too much for energy; let's forget the small independents; let's abandon our exploratory program and buy the oil where it is cheap," which meant going to the Middle East.

They were assuming, as was evident in the Arceda Commission report, that we could buy abroad for a fraction of the cost here, and we did not need to be uncertain about the inadequacy of supply, that it would always be there, and they would always want to sell it to us.

Now, today, when the very things that were predicted several years ago have come into being, the Members of this body get up and shout "windfall profits, blackmail," and say, "Let us change the whole operation around."

I want to say a word about the depletion allowance. What it has done is make available to Americans oil and gas at a cheaper price than we could possibly have had it otherwise. If we want to have a viable domestic industry going here, there are certain things we must do. We are either going to continue the depletion allowance, which has attracted capital into the very risky business of drilling for oil in this country, an increasingly costly venture, or we are going to have to let the price of oil and gas and of petroleum products rise much higher than they are now, or there will not be the incentive to invest in America. That is exactly the long and short of it, Mr. President. We can have it whichever way we want to.

If we want to do away with the depletion allowance, as many people are recommending we do, if we want to do away other tax provisions which encourage the formation of risk capital as many people are recommending, then let us be prepared to pay substantially more for the oil and gas we have here, because without the incentive that comes from the higher price, there will be no increase in domestic production.

I would point out that the Bureau of Land Management rejected several bids for leases on the Outer Continental Shelf. When queried on that point, they said the prices that the companies were bidding on, projected on the basis of what they thought they could sell natural gas for were not realistic.

The drilling companies, or those who proposed to drill, made the bids on the basis of the price the Federal Power Commission presently authorizes national gas to be sold for, about 27 cents per MCF. But the Bureau of Land Management was contending, in rejecting the bids, that that price was going to be at least double, or more than double what it is now, from 45 to 55 and 65 cents per MCF.

So that, too, is a fact that should be considered in trying to get a handle on what all the facts are, and what the economic realities are, as we consider trying to assure ourselves of an adequate domestic supply.

Mr. President, I appreciate very much the courtesy of the distinguished majority leader and yield back the remainder of my time.

EXHIBIT 1

[From the Washington Post, Apr. 11, 1974]

OIL STOCKS SLIDE AS PROFITS BOOM

(By Chet Currier)

NEW YORK.—Soaring oil prices and profits have brought little investment benefit recently to the people and institutions who, through stock, own the big international oil companies.

The chances are in fact, that those who bought shares of those oil stocks a year ago, correctly anticipating the energy squeeze, lost money.

For example, stock in Exxon Corp., the world's biggest oil company, sold for as much as $103.25 a share late last spring. Early this week it was going for about $80 on the New York Stock Exchange.

The next two largest companies suffer the same fate: Mobil is down to about $45 from a 1973 high of $75.50, a 40 per cent drop; and Texaco is between $27 and $28 after selling for as much as $43.12 last year.

A particularly sharp decline in the stocks of the big oil firms came, ironically, in January, just as the companies were reporting profit gains of from 45 to 60 per cent for 1973.

An index of 24 oil stocks kept by Moody's Investors Service shows a decline of 10.3 per cent from the end of September—just before the oil squeeze intensified with the start of the Arab oil embargo—to the end of March.

That figure is just slightly better than the 13.3 per cent drop registered over the period by Moody's overall industrial index.

Why has it worked out this way? Certainly not because of immediate earnings prospects. Wall Street analysts expect the oil companies' first quarter financial reports, which are due late this month, to be, in the words of one broker, "embarrassingly good."

Most financial observers agree the principal reason to be political uncertainties hanging over the oil industry in almost every corner of the world, including the United States.

Robert Albrecht, an oil industry analyst for a large brokerage firm, says those political questions have been quickly translated by investors into "uncertainty over the level of future earnings."

Among the major issues cited by analysts:

Pressure on the industry from Congress. A measure under study by legislators in Washington would end the oil-depletion allowance, a tax break initiated years ago to encourage development of energy resources. In addition, a "windfall profits" tax is being considered which the American Petroleum Institute estimates could amount to payments of $5 billion annually by 1979.

"The recurrent bugaboo of what the governments of the oil producing countries will allow," as Albrecht puts it.

Doubts that international oil firms can maintain their 1973 profit pace in Europe and Japan, in part because of the economic problems brought on by the energy crisis.

OIL PROFITS DEFENDED IN CHASE STUDY

(By Stephen M. Aug)

A special report by the Chase Manhattan Bank's oil industry study group concluded today that a huge chunk of the petroleum industry's profit rise last year resulted solely from devaluation of the dollar.

The Chase study also argues that government activities to limit oil industry profits are only going to limit the companies' abilities to raise capital to find more oil.

"Government appears unmindful of the serious consequences of restricting the petroleum industry's ability to generate capital funds," the study says, and "apparently there is little understanding that a worsening shortage of petroleum would be the inevitable outcome."

The study prepared by Chase's energy economics division, is based on an examination of 30 companies that the bank's energy specialists have been following since 1936.

Among the key findings in the report:

Nearly one-quarter of the worldwide increase in oil company profits last year could be attributed to dollar devaluation. When the dollar was devalued early last year, the report says, dollars held by the international companies were automatically increased on their books during the monetary conversion process.

The strong worldwide growth in demand for petroleum last year resulted in soaring charter rates for oil tankers. "Consequently, the transportation operations of many of the petroleum companies became substantially more profitable than they had been," the report says.

About one-sixth of the profit gain "was brought about by the increase in the value of inventories" following higher prices. The price changes were the result "of both economic and political forces," the report says.

The report is extremely critical of government and of a general lack of understanding of economics. It contends that typically oil company capital expenditures range about two-thirds greater than profits. And capital expenditures generally rise and fall with profits.

It contends that worldwide demand for oil between 1970 and 1985 will be nearly three times greater than in the preceding 15 years. If these needs are to be satisfied "the petroleum industry will have to find twice as much oil between 1970 and 1985 as it discovered in the preceding 15 years," the report says, and the estimated cost will be "well over $1 trillion."

The report contends that "for nearly four decades government has broken economic laws repeatedly and has compiled an appalling record of interference with the normal operations of the free enterprise system. Yet, against that background, many representatives of government are currently exhibiting an incredible determination to take further actions that are certain to prove highly detrimental to the nation."

Mr. MAGNUSON. Mr. President, there is always the temptation to substitute speeches for action whenever we are confronted with a large and complex problem. Therefore, I will begin by promising to keep my remarks brief and by urging the House Ways and Means Committee as well as the Senate Finance Committee to act soon on tax reform legislation so the Congress can pass it before the year's end.

In setting out to "reform" Federal taxes one can quickly become convinced of the impossibility of the task. Suggest a change, any change, and you will immediately be assailed by one group or another warning that your proposal will bring about economic collapse. We must recognize that inevitably and gird ourselves against it right now if we seriously hope to get legislation passed. Additionally, we must establish a basic goal toward which to direct our "reform" efforts. I believe that objective should be to carry through on the original intent of the 16th amendment to the U.S. Constitution and to make our Federal tax structure truly progressive. In other words, we should shift the tax burden so that it sits the heaviest upon the wealthiest.

At this juncture, I would offer three

specific thoughts. First, I would suggest that the Congress reevaluate the role of the regressive social security payroll tax which has grown by leaps and bounds in recent years and has had the effect of making our overall tax structure less progressive. Second, I urge that the personal income tax exemption be raised from $750 to $850 as has been advocated by so many of us here in the Senate. Third, I would call for very serious consideration of a one-time reduction in personal Federal income taxes in 1974.

Mr. President, there are, I believe, three very good reasons why we should give the highest priority to tax reform this year. There is, first of all, the plain and simple need to make our tax structure fairer—to assure that the working family is not paying the Government's bills while the wealthy get wealthier off Federal subsidies. Second, there is a crying need in this country today to give back to low- and middle-income people the purchasing power that inflation has robbed from them over the past several months. Third, there is a very real need to assure that there will be sufficient purchasing power in the economy in the months ahead to stave off what is at present a very real threat of recession.

In closing, I would urge again that we all resist the temptation to substitute words for action on this serious issue.

WHAT SENATOR ERVIN SAID ABOUT PRESIDENT NIXON AND IMPEACHABLE OFFENSES

Mr. ERVIN. Mr. President, I am compelled to make this statement by events for which I was not responsible.

During recent days, some of the news media have erroneously asserted, in substance, that I stated in remarks made to the students in a meeting at Case Western University in Cleveland, Ohio, on March 10, 1974, that no evidence had been produced in the Senate Watergate hearings to support impeachment of President Nixon. These assertions were undoubtedly made in good faith on the basis of some honest misunderstanding of a reporter who covered the meeting.

To prevent or minimize the repetition of assertions of this nature, I hereby categorically state that I did not make any such statement at Case Western University or any other place. For reasons hereinafter set forth I have steadfastly refrained from forming or expressing any opinion on the question of whether or not President Nixon has committed any impeachable offense.

I did state to the students at Case Western University, in response to a question, that I agreed with an observation made by President Nixon at one of his recent press conferences that under the Constitution an offense to be impeachable must be a Federal crime.

Much of the confusion in discussion of constitutional questions arises out of the fact that too many men interpret a particular constitutional provision to mean what it would have said if they rather than the Founding Fathers had written it.

The Founding Fathers were determined that the President should be independent of the Congress within the sphere they allotted to him. They knew that their purpose would be thwarted if they put in the Constitution any provision which authorized the impeachment of the President for any reasons not specifically stated in that instrument.

To prevent this from happening, the Founding Fathers expressly declared in article II, section 4 that the President cannot be impeached or removed from office for anything except "treason, bribery, or other high crimes and misdemeanors."

The word "crime" has a definite meaning in law. It is an offense punishable by death, imprisonment, or fine. The word "misdemeanor" also has a definite meaning in law. A misdemeanor is any crime less than a felony.

The constitutional intent that the President can be impeached only for Federal crimes is reinforced by the provision of artcile III, section 2, which declares that "the trial of all crimes except in cases of impeachment shall be by jury."

Article II, section 4 makes it clear that a President cannot be impeached for just any Federal crime. To be an impeachable offense, a Federal crime must meet these qualifications:

First. The crime must be serious in nature.

Second. The crime must be a crime against Government rather than a crime against an individual.

Treason and bribery have always been regarded as serious crimes. The word "high" which modifies the words "crimes and misdemeanors" signifies that the President can be impeached for other crimes and misdemeanors only if they are serious in nature.

Treason and bribery are clearly crimes against the Government. The words "other high crimes and misdemeanors" must be construed to embrace other high crimes and misdemeanors against the Government rather than crimes or misdemeanors against individuals.

Since one of the primary functions of the Federal Government is to administer justice, the willful obstruction of the administration of justice is a crime against the Federal Government, and for that reason is an impeachable offense; and since the Federal Government is dependent upon taxes for its support, the fraudulent evasion of the payment of Federal income taxes by a President is a crime against the Government, and for that reason is an impeachable offense.

For 15 years of my life preceding my coming to the Senate, I occupied judicial offices. My judicial experience taught me that it is unjust as well as unwise to make any decision on the issue of the guilt or innocence of another until all available evidence is received and weighed.

Some persons have alleged that charges of bribery, an impeachable offense, might be made against the President in connection with contributions made to his campaign by the milk industry. Others have alleged that charges of fraudulent evasion of his income taxes, an impeachable offense, might be made against the President in connection with his income tax returns.

Since I am unaware of the facts surrounding the milk contributions and the preparation and filing of the President's income tax returns, I have not formed or expressed any opinion as to the merits or demerits of any of the allegations based upon these matters.

I have likewise not made any appraisal of what the evidence produced in the Senate Watergate hearings shows in respect to the conduct of the President in the coverup operations. I have refrained from so doing because the Senate Watergate Committee has not been able to obtain from the White House tapes of conversations the President allegedly had with John Dean on September 15, 1972, February 28, 1973, and March 13 and 21, 1973.

I deem tape recordings relating to these conversations crucial to the determination of the credibility of John Dean and to any possible inferences which might be drawn from the testimony of other witnesses.

The Senate Watergate Committee has been trying to obtain the taped recordings of these conversations from the White House since July 1973, and the White House has strenuously resisted all efforts of the Senate Watergate Committee to obtain them.

I am still hoping that the Senate Watergate Committee will be able to have access to these tapes before it completes its report, and thus will not be prevented by the White House from having the benefit of all available evidence in respect to the credibility of John Dean, and in respect to what inferences, if any, should be drawn from the testimony of other witnesses.

For these reasons, I have not formed or expressed any opinions at any time in respect to the question whether or not the President has or has not committed an impeachable offense.

I wish to emphasize at this point that I will never adjudge that the President has committed any impeachable offense unless and until evidence convinces me beyond a reasonable doubt that he has done so.

Nevertheless, I am constrained to say that the President's conduct has engendered these two conclusions in my mind:

First. That the President has needlessly prolonged for himself and the Nation the agony of Watergate by withholding from the Senate Select Committee, the grand jury, and the House Judiciary Committee tapes and documents relevant to the matters they are obligated to investigate.

Second. That the President could have spared himself and the Nation the agony of Watergate if he had acted at the beginning with the forthrightness which ought to characterize the occupant of his high office.

In respect to the first of these conclusions, I find wholly unsatisfactory the excuse given by the President for withholding from the congressional committees and the grand jury relevant tapes and documents. In the final analysis, this excuse amounts to an assertion that the President has the arbitrary power to withhold from the courts and authorized

congressional committees information which any one of the other 214 million Americans would have to produce unless he pleads the self-incrimination clause of the fifth amendment.

I simpy do not believe that the President is above the laws which apply to all other Americans.

As long as I have a mind to think, a tongue to speak, and a heart to love my country, I will deny that its Constitution confers upon any President arbitrary power to authorize any President to convert George Washington's America into Augustus Caesar's Rome.

With respect to the second of these conclusions, I make these observations. During the darkness of June 17, 1972, five burglars were caught in the Watergate. Within a few days thereafter, the news media made it plain that some weeks before $114,000 of the President's campaign funds had been deposited in a bank account in Miami, Fla., controlled by one of the burglars, Bernard L. Barker; that sometime before the burglars were caught in the Watergate, Barker withdrew thousands of dollars of funds from this bank account in $100 bills; and that 53 of these $100 bills were found in the possession of the burglars at the time they were caught in the Watergate.

When these facts became plain, the President ought to have called into the White House the men to whom he had entrusted the management of his campaign for reelection and his campaign funds, and put to them this crucial question: "How did it happen that when the burglars were caught in the Watergate they had some of my campaign funds in their possession?"

There is certainly reason to believe that had the President done this at that time, the truth in respect to the Watergate affair would have been forthwith revealed.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. ROBERT C. BYRD. Mr. President, I congratulate the Senator on his statement. I recognize Mr. ERVIN as one of the outstanding, if not the most outstanding constitutional scholar in this body. I may or may not agree with his construction of the impeachment clause, but I am not going to attempt to construe that clause at this point. I am going to continue to research it.

The Senator mentioned the various ways in which the White House had delayed the culmination of this whole sordid affair. He mentioned the reluctance of the White House to submit documents and tapes and other data to the Watergate Committee. He mentioned the resistance of the White House to the submission of the requested materials to the House Judiciary Committee. He mentioned the grand jury. But I do not believe he mentioned the resistance of the White House to the request of the Special Prosecutor. Perhaps I missed that in the Senator's speech.

Mr. ERVIN. The Senator is correct, but I thought that was embraced since the Special Prosecutor was acting in behalf of the grand jury and seeking information on behalf of the grand jury.

Mr. ROBERT C. BYRD. Very well, I thank the Senator.

IMPEACHMENT

Mr. STENNIS. Mr. President, the subject matter of impeachment has dominated the news for many weeks. Polls are being taken regarding the subject of possible impeachment, including polls wherein Members of Congress are being asked to express their views, and some Members of Congress have publicly given their opinion on some aspects of the subject. Many of our constituents, who have a right to be concerned, do not fully understand why their own Senator or Congressman and the vast majority of all Members of Congress are not speaking out at this time. In view of these facts, I think a word should be said about the true nature of impeachment, as provided in our Constitution.

These remarks are not intended as a criticism of any Member of the Congress who might have expressed his own views about the matter, but I do feel that each of us is interested in finding the proper method of discharging our own responsibilities.

I emphasize that my remarks today are by no means an indication that I think impeachment charges will or should be voted by the House and tried by the Senate. However, there has been much discussion of the subject. Before opinions or conclusions are formed, much less announced, I think all of us who are Members of the Congress should take a hard look at the problem in an effort to more clearly determine our course of duty, now and in the future, should positive developments occur.

This is a field in which no Member of the Senate has any previous experience since he became a Senator. In our role, we are all newcomers and beginners. Too, it is entirely a new field to most of our constituents.

The framers of our Constitution, as shown by the record and report of debates, totally rejected the suggestion that a Chief Executive should not be subject to impeachment. The framers also rejected the suggestion that questions of impeachment should be tried and disposed of by the Supreme Court of the United States. A discussion of this is found in the Federalist, No. 65, pages 424–428, and also in Story's work on the "Constitution of the United States," volume III, at pages 21–220 and 227–229.

Finally, the Members of the House of Representatives, the only branch of Congress elected by the people at that time, were deliberately chosen to investigate allegations and officially prefer charges when a majority of that body thought the facts justified such a course. This is of course very similar to the functions of a grand jury.

For the actual trial of any charges thus presented, the membership of the Senate were expressly selected by the makers of our Constitution as judges and jurors, with the safeguard of a two-thirds majority vote required for a conviction. This was after a suggestion was made in the Constitutional Convention that the courts be authorized to dispose of all impeachment charges. The Constitution also provides that a special oath for Senators shall be required, similar to the oath which jurors are required to take to try special cases in many trial colurts. The judicial concept is further proven in that the framers of the Constitution rejected the suggestion that the Vice President or a Senator be the Presiding Officer in any impeachment trial involving the President; instead, they provided that in such a case, the highest judicial officer in the Nation, the Chief Justice of the United States, shall preside.

Further, through an appeal from a ruling of the Chief Justice, and through their own interpretation of the constitutional provisions by their vote on such issues, Senators also serve as judges and make rulings while sitting as jurors. Also, Senators can rule on the admissibility of evidence in certain instances.

So, it is clear that in any impeachment proceeding involving the President, the Members of the Congress not only constitute a court; they actually constitute the most powerful court in the land.

Sitting in a special court of impeachment, the Members of the Senate are faced with the most awesome constitutional responsibility of any court of the land in this: they are vested with the power to remove from office a President of the United States who has been legally chosen by all of the people.

Mr. President, no nation, however powerful, would undertake by force of arms or in any other way to accomplish that fact. They could not do it. But still that power is vested in the membership of this body.

So, Mr. President, in considering this awesome responsibility imposed on me as a member of the special court provided by the Constitution to consider the impeachment of a President, I am convinced I must avoid weighing "evidence" or forming conclusions. Certainly, at this stage, I am under a most solemn duty to avoid predictions as to where the votes are or what the charges are or what the results will be. I am also determined to keep in mind clearly and constantly that a cardinal principle inherent in our system of justice is the presumption of innocence in all cases. This presumption of innocence is a mudsill in our system of government.

Mr. President, I still remember vividly the pride with which I studied that principle in law school, that the great common law system, in opposition to many other systems of that day, created this presumption of innocence and made it work. As I say, it is still the model of our system of jurisprudence and government in any form.

I am convinced that in order for a President to be removed from office, the sworn testimony and factual evidence presented to the Senate, excluding hearsay evidence, must prove the case beyond a reasonable doubt.

If this thing comes to a head, and I am not predicting that it will, we will learn mighty fast that things that some

writer might say or some side remark of some announcer are not worth a continental to us in trying to perform this serious duty.

This is the proper degree of proof required, in my judgment, and the standard which should be adhered to by the Senate.

I believe that I must adhere to these standards in order to faithfully execute my sworn duty under the Constitution, and I believe that each Member of the Senate will want to perform his duty to the fullest.

Members of a grand jury and trial jurors do not go around giving opinions on a case to come before them.

For emphasis, I repeat, that as a Member of the Senate, I have the most solemn constitutional duty that any official could possibly have to refrain from opinions and conclusions until all of the sworn testimony and evidence has been duly presented to the Senate.

I want to mention just one other point as to the nature of these proceedings. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. STENNIS. In my opinion, there is no appeal in impeachment cases. That is my opinion and my present reasoning after study and analysis of the cases. There can be no change of venue, as we use that term in the courts, and there should not be. A Senator cannot be ruled ineligible to vote, even if he expresses partiality before the full evidence is presented. He is a constitutional member of this court, even if he misbehaves. Following my duty, I do not believe I can be excluded from a vote in these proceedings should they come to pass. I could be excluded under a procedure directed against me, perhaps, but just on the grounds of having expressed partiality before the evidence was presented, although it is totally out of order, I do not think I could be declared ineligible.

These points emphasize, underscore over and over again, our obligation to remain impartial, to avoid premature opinions, and to make up our minds only when all the sworn evidence—the sworn evidence—is presented.

I emphasize the sworn evidence; it is one of the safeguards taught us by hundreds of years of experience under the common law system and many other systems as well.

In reading there rigid obligations, every Senator needs the understanding and help of each of his colleagues—for my part, I solicit that help—and all of us need an understanding by the people of the Nation. That is one reason why I concluded that I would make some remarks along these lines. I think that more should be said in explaining to the people of the country at large the true nature of these proceedings, if they develop, our obligation under the Constitution, and our position.

These remarks are made solely in a spirit of counsel and understanding with my colleagues. In this I am certainly by no means "my brother's keeper." I do firmly believe we must meet these minimum requirements if we are to live up to the position of trust placed on us by our Constitution. In this, all of us need the assistance of each other, and we need the understanding of our constituents throughout the Nation.

In my opinion—and this is partly repetitious—there is no appeal in impeachment cases. There can be no change of venue. There is no way to challenge a Senator for cause and have him disqualified if he is not found to be impartial. These points, therefore, greatly emphasize our obligation to remain impartial, not to form premature opinions, and to make up our minds only when all the sworn evidence is presented.

I also concluded that a Member here could make a statement on the procedural subjects only, without prejudging or without expressing an opinion.

Thus, it is in that spirit, and with that feeling, I present this matter to the Senate and to the people of the Nation.

Mr. President, I thank the Senator for giving me this time. I assume it is in order for me to yield back the time I have not used, unless someone wishes to speak.

Mr. President, I yield the floor.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries, and he announced that on April 9, 1974, the President had approved and signed the act (S. 2174) to amend certain provisions of law defining widow and widower under the civil service retirement system, and for other purposes.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. HUDDLESTON) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 9492) to amend the Wild and Scenic Rivers Act by designating the Chattooga River, North Carolina, South Carolina, and Georgia as a component of the National Wild and Scenic Rivers System, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H.R. 14013) making supplemental appropriations for the fiscal year ending June 30, 1974, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 1745) to provide financial assistance for research activities for the study of sudden infant death syndrome, and for other purposes.

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

HOUSE BILL REFERRED

The bill (H.R. 14013) making supplemental appropriations for the fiscal year ending June 30, 1974, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

AUTHORIZATION FOR SECRETARY OF THE SENATE TO RECEIVE MESSAGES DURING THE HOLIDAY RECESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to receive messages from the President of the United States and the House of Representatives during the adjournment of the Senate until Monday, April 22.

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

Mr. JAVITS. Mr. President, before the Chair rules, may it be clear that "messages" includes also nominations for offices in the Government which need confirmation from the Senate?

Mr. ROBERT C. BYRD. It is my understanding that they are included.

The PRESIDING OFFICER. They are included.

Mr. JAVITS. I thank the Chair.

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

AUTHORIZATION TO SIGN DULY ENROLLED MEASURES DURING THE RECESS OF THE SENATE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Vice President, the President pro tempore of the Senate, and the Acting President pro tempore be authorized to sign duly enrolled bills and joint resolutions during the recess of the Senate over until Monday, April 22.

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

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS DURING THE RECESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees be authorized to file reports on Friday, April 19, until the hour of 4 p.m.

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

Mr. ROBERT C. BYRD. I thank the Senator from New York.

SALT NEGOTIATIONS

Mr. MONDALE. Mr. President, tomorrow Foreign Minister Gromyko will come

to Washington to meet with the Secretary of State. In these discussions, the strategic arms limitation talks will be high on the agenda.

During the last meeting between the Secretary of State and Soviet leaders in Moscow, there were disturbing reports that the Soviet Union was trying to take advantage of internal U.S. difficulties in the strategic arms negotiations. These reports suggested that the Soviet Union was taking a particularly tough line because of Watergate and pressing a position that would have put the United States at a disadvantage.

At the same time, there are commentators in the United States who suggest that SALT be abandoned because of Watergate and the threat of impeachment. The argument is that the President is so weakened that either he cannot negotiate a good agreement, or that he will be tempted to negotiate a poor one.

I believe the view that the Soviets can now take advantage of us and the idea of a moratorium on SALT are both wrong. The control of strategic nuclear arms is above Watergate. Its purpose is to insure against nuclear war and halt the continuing and dangerous competition in strategic nuclear weaponry. As such, SALT is a national objective that transcends the difficulties of this administration.

For this reason, I believe that we must convey to the Secretary of State, and he in turn must make clear to the Soviet Union, that the American people and the Senate of the United States overwhelmingly support his efforts to achieve a fair and effective SALT agreement. At the same time, we will not be pressured. We will not accept an agreement which is unfair, which fails to take into account the differences in the forces of the two sides, or which can jeopardize our security. We will take the necessary steps to assure our security whatever the outcome of the negotiations.

I believe it is also clear that we cannot simply call off SALT while we sort out the question of impeachment. The arms race moves ahead. In particular, the Soviet Union continues to test a wide variety of strategic weapons. If all these weapons test programs are brought to a successful conclusion, and deployment begins on each of them, the problem of achieving an adequately verifiable agreement will be greatly increased.

So there is urgency to SALT. The arms race will not wait for resolution of our domestic crises. If the arms race continues unchecked, the security of the United States, and indeed all mankind, will be put in further jeopardy. Thus it is essential that SALT not fall victim to Watergate and that we not abandon our responsibility to continue to seek further limitations on strategic arms.

For this reason, I am pleased to join with the majority leader, Senator MANSFIELD, the minority leader, Senator HUGH SCOTT, the chairman of the Foreign Relations Committee, Senator FULBRIGHT, and Senator MATHIAS in conveying our concern in a letter to the Secretary of State and expressing our strong support for his continued efforts to control strategic arms.

Mr. MATHIAS. Mr. President, the SALT negotiations—the strategic arms limitation talks—are the most important negotiations that are now being undertaken by the United States. It has been and continues to be a national goal of the United States to negotiate with the Soviet Union strategic nuclear arms limitation and reduction treaties and agreements with the purpose of reducing the danger of nuclear holocaust that would certainly result if war between the Soviet Union and the United States should take place. This national goal is supported, in my view, by the majority of the Congress and the people of the United States. The Soviet Union or any other nation should not make the mistake of believing that this clear and unmistakable national goal is in any way affected by any present domestic difficulties.

The great task of statesmanship and diplomacy which lies before both the United States and the Soviet Union, is to translate into fair, equitable and enforceable treaties and agreements the physical reality that there is nothing now or in the foreseeable future that either the United States or the Soviet Union can do through further weapons deployments to alter the parity that now exists between the two great superpowers. All scientific experts agree, and all military analysts agree that both the United States and the Soviet Union have the capability in being of destroying the other side totally, even after absorbing a first strike. While there is some argument about the exact number of times the United States can destroy the Soviet Union, the rough figure is 50 times over. The Soviet Union's capability is estimated to be somewhat less, but no one disagrees that it is more than enough. The present discussions about weapons inadequacies or new targeting policies are largely theological in nature and not fundamental; they are, in essence, relatively esoteric discussions which if played out to their logical conclusions are about how many times the dust of nuclear destruction can be refined by nuclear bombardment piled upon nuclear bombardment.

I have a very personal feeling about this discussion, however, Mr. President, because it was my fate to have been present in both Nagasaki and Hiroshima within 30 days of the explosion of the atomic weapons there, and so I have a very personal and very visceral reaction to my own observation of what happens in a nuclear holocaust.

It is the task of the national and international leadership to make it clear to the people of the world that there are no advantages to be gained by the deployment of additional nuclear weapons systems; that there are no essential advantages or imbalances in capabilities of the nuclear arsenals. It is the task of national and international leadership to make clear that limited nuclear war is just as dangerous to humanity as total nuclear war, because no one has devised plans or scenarios or theories which would with any degree of certainty prevent so-called limited wars from developing into total annihilation.

It is the task of national and international leadership to point out that there are no bargains at SALT—that the parity of the certainty of nuclear holocaust that hangs over the heads of all people on Earth if nuclear weapons are ever used makes efforts which somehow attempt to achieve superiority through diplomatic sleight of hand irrelevant to the physical facts of nuclear annihilation. The clear and unmistakeable national goal of the United States should be to achieve limitations and reductions of existing nuclear weapons stocks through fair and equitable agreements with the Soviet Union.

It must be recognized that the nuclear arsenals of the Soviet Union and the United States are sufficiently different in nature that limitations and reductions cannot, in many respects, be on a 1 to 1 basis. Yet, despite the asymmetries of our respective nuclear forces, fair and equitable agreements to lessen the likelihood of nuclear war can be achieved if the national purpose of both the United States and the Soviet Union remains constant to both nations' stated goals of making every effort to limit and reduce our respective nuclear weapons systems.

There is no more important diplomatic task. Dr. Kissinger and his chief associates at SALT should be confident that his efforts to achieve this national goal of nuclear arms limitations and reductions on a basis of fair and enforceable agreements will receive the support of the Congress and the people.

I would like to place into the RECORD at this point a letter sent to the Secretary of State, Dr. Henry A. Kissinger, by the majority leader, Senator MIKE MANSFIELD, the minority leader, Senator HUGH SCOTT, Senator MONDALE, and myself, affirming this support on the part of the Senate. In addition, I ask unanimous consent that the following additional cosponsors be added to Senate Resolution 283: Mr. HASKELL, Mr. HUGHES, Mr. MAGNUSON, Mr. MONTOYA, Mr. METZENBAUM, and Mr. PELL. I also ask unanimous consent that the text of Senate Resolution 283 be placed in the RECORD at this point in my remarks.

Mr. MONDALE. Mr. President, I wish to express my appreciation to the distinguished Senator from Maryland for his leadership in developing the letter to Secretary Kissinger, which I think speaks to a very crucial point and helps express the view of the Congress, and I think the country, on this particular issue.

The PRESIDING OFFICER. The Senator from Maryland has 9 minutes remaining.

Mr. MATHIAS. Mr. President, at this time I should like to submit for the RECORD a letter written by several Senators to the Secretary of State, Dr. Henry A. Kissinger. I think it is notable that the leadership has joined in signing the letter. It is signed by the majority leader, Senator MANSFIELD; by the minority leader, Senator HUGH SCOTT; and also by the Senator from Minnesota (Mr. MONDALE) and myself.

The purpose of the letter is to affirm the support within the Senate for the positions that have been taken by the Secretary of State. There are other

means of support within the Senate for this general policy.

Mr. President, I ask unanimous consent that the Senator from Colorado (Mr. HASKELL), the Senator from Iowa (Mr. HUGHES), the Senator from Washington (Mr. MAGNUSON), the Senator from New Mexico (Mr. MONTOYA), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Rhode Island (Mr. PELL) be added as additional cosponsors of Senate Resolution 283.

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

Mr. MATHIAS. Mr. President, I further ask unanimous consent that the text of Senate Resolution 283 be printed at this point in the RECORD.

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

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

U.S. SENATE,
Washington, D.C., April 10, 1974.

Hon. HENRY A. KISSINGER,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: There is concern among many of our colleagues over recent reports which assert that during your discussions upon strategic arms limitations in Moscow, the leadership of the Soviet Union may have come to believe that internal issues in the United States might somehow lead the United States to accept an unfair agreement. Such a conclusion by the Soviet Union would be unwarranted, and their leadership should be so informed.

We believe that the Senate, Congress, and people of the United States support overwhelmingly the efforts made thus far by the United States government to control the strategic nuclear arms race. We believe that the American people support a continued effort to further control strategic nuclear weapons through equitable and enforceable strategic nuclear arms limitation and reduction agreements which fairly take into account differences between strategic nuclear arsenals of the U.S. and the Soviet Union. Such agreements would contribute to our national security by enhancing stability and reducing the risks of nuclear war.

It is our view that you will continue to have the full support of the Congress in your negotiations with the Soviet Union to achieve such agreements. This is an overriding national objective and the Soviet Union should be informed that it is one which is strongly supported by the Congress and the people of the United States.

In this regard, we hope that you in your capacity as Secretary of State will communicate to the leadership of the Soviet Union the view, which we believe is held by the majority of our colleagues, that the long range importance of the strategic arms limitation negotiations for both countries should transcend any present domestic difficulties.

Thus, it remains our view that the Congress and the American people remain willing to support good faith negotiations leading to strategic arms limitations and reductions between the Soviet Union and the United Statse. However, it is also our view that you should make every effort to advise the Soviet Union that it should not miscalculate the determination of the Congress and the American people to achieve sound and equitable strategic arms limitations and reductions agreements that contribute to our vital national security interests; and that should these important and hopeful negotiations fail to reach such an agreement, the Congress and the people will take whatever steps are necessary to protect our national security.

In sum, you may be confident that the Congress will continue to support your efforts to achieve equitable treaties and agreements limiting and reducing strategic nuclear weapons within the context of a secure strategic capability to protect our national security interests.

We would like the opportunity to meet with you at your earliest convenience to discuss this very important question.

Sincerely yours,

S. RES. 283

Resolution relating to further arms limitation and reduction treaties and agreements between the United States and the Soviet Union

Whereas the treaty on the limitation of anti-ballistic-missile systems and the interim agreement on certain offensive weapons systems, concluded between the United States and the Soviet Union on May 26, 1972, strengthened the security of the United States by setting limits on particular categories of nuclear weapons systems; and

Whereas the first round of Strategic Arms Limitation Talks (SALT) began a constructive dialog between the two nations which could lead to further nuclear arms limitations through mutually agreed upon reductions of existing nuclear weapons systems; and

Whereas the nuclear arms race, despite the positive achievements of the treaty and interim agreement signed on May 26, 1972, has continued its costly and dangerous course in areas not covered by such treaty and interim agreement; and

Whereas research, development, testing, and deployment of more advanced nuclear weapons systems continue at a rising level of expenditures by both the United States and the Union of Soviet Socialist Republics; and

Whereas such further efforts and expenditures for research, development, testing, and deployment of advanced nuclear weapons systems could undermine the nuclear deterrent now possessed by both the United States and the Soviet Union and weaken the mutual confidence of both nations in their ability to prevent nuclear war; and

Whereas the negotiations now underway in Geneva in connection with the Strategic Arms Limitation Talks (SALT) still offer the best opportunity to conclude further treaties and agreements which would lessen the possibility of any nuclear war and reduce the costly and dangerous burden of armaments borne by the United States and the Soviet Union: Now, therefore, be it

Resolved, That it is hereby declared to be the sense of the Senate that—

(1) the President, the Secretary of State, the Secretary of Defense, and the Director of the Arms Control and Disarmament Agency and their advisers should (a) give the highest priority to concerted efforts to achieve treaties and agreements which will halt the nuclear arms race through reductions of existing weapons stocks on a mutually agreed upon basis of overall equality; and (b) take such additional steps as might be necessary to lessen the probability of nuclear holocaust;

(2) concerted efforts should be made to achieve restraint on the part of both the Soviet Union and the United States during the Strategic Arms Limitation Talks now in progress with regard to further expenditures for research, development, testing, and deployment of all nuclear weapons systems;

(3) inequalities that may now exist in the respective nuclear weapons systems of both the United States and the Soviet Union should be eliminated through mutually agreed upon reductions of existing nuclear weapons systems;

(4) a mutually agreed upon equality of the deterrent forces of the two countries will necessarily involve an overall balance in their respective forces taking into account the following elements, among others:

(A) quantitative factors of nuclear weapons systems such as numbers of launchers, amounts of megatonnage, and numbers of deliverable warheads;

(B) qualitative differences between nuclear weapons systems such as reliability, accuracy, reload capability, survivability, maneuverability of warheads and range; and

(C) geographical factors bearing on the effectiveness of nuclear weapons systems.

SEC. 2. It is further declared to be the sense of the Senate that the President of the United States and the Secretary of State should, and are hereby urged and requested to, (a) maintain regular and full consultation with the appropriate committees of the Congress and (b) report to the Congress and the Nation at regular intervals on the progress toward further arms limitations and reductions within the context of an assured deterrent which is the basis of our national security.

SEC. 3. The Secretary of the Senate is directed to transmit copies of this resolution to the President and the Secretary of State.

Mr. MATHIAS. Mr. President, I make the point of order that a quorum is not present.

The PRESIDING OFFICER. On whose time does the Senator request that the quorum call be had?

Mr. MATHIAS. On my time.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. MANSFIELD. Mr. President, will the distinguished Senator from Maryland yield his remaining time to me?

Mr. MATHIAS. Mr. President, I am happy to yield to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, I yield myself not to exceed 5 minutes of the time of the distinguished assistant majority leader (Mr. ROBERT C. BYRD).

Mr. President, I wish to express, once again, my gratitude to the distinguished Senator from Maryland for making the statement which he has made this morning. It was brief and to the point, and encompasses the whole concept which I should like to emphasize again. It cannot be said too often:

While there is some argument about the exact number of times the U.S. can destroy the Soviet Union, the rough figure is 50 times over. The Soviet Union's capability is estimated to be somewhat less, but no one disagrees that it is more than enough.

Mr. President, it is far more than enough; and we are steadily increasing our nuclear stockpile of atomic weapons. I would hope that that would be kept in mind, not only by Members of Congress, but by the American people and also, most important, the executive branch of the Government—the executive branch in all areas. I would hope that the success which has been achieved and the progress being made in SALT I, and the progress being made in SALT II—and progress is being made—under the leadership of Secretary of State Kissinger would be continued. I would hope that what we would see would not be

merely a limitation, but a reduction in arms in both countries, to the end that the mad momentum of appropriations and expenditures for potentially destructive purposes could be turned around, and that the appropriations and expenditures would be used for the benefit and welfare of the peoples of both countries.

So Secretary Kissinger has our good wishes.

I again commend the distinguished Senator from Maryland (Mr. MATHIAS) for taking the lead, as he has so often done, in this field as well as others, and hope that what he has said will have some effect, because, as the Senator has said, let no nation make the mistake that its national goal is affected by any present domestic difficulties.

A PROPOSAL FOR A NEW APPROACH ON ECONOMIC FORESIGHT

Mr. MANSFIELD. Mr. President, at the beginning of the year a proposal was advanced at the first meeting of Senators of the majority party on January 24, and again in the State of the Congress television address on February 1, concerning the establishment of some instrumentality to bring together representatives of the legislative and executive branches with representatives of agriculture, business, labor, and other private communities for the purpose of identifying and doing something about areas of potential national crisis.

This proposal was discussed with the Senate Minority Leader (Mr. HUGH SCOTT) on a completely nonpartisan basis and, together, we addressed a letter to the President on February 19, 1974. On March 25, the President wrote to us, responding affirmatively to our letter suggesting that several representatives of the executive branch—Secretary of the Treasury George Shultz; Director of OMB, Roy L. Ash; Director of the Cost of Living Council, John T. Dunlop; Assistant to the President, Peter M. Flanigan; and Chairman of the Council of Economic Advisers, Herbert Stein—join in an initial exploratory meeting.

On April 9, the Senate Democratic Policy Committee endorsed the idea of the proposed meeting in a formal resolution. The House and Senate leaderships of both parties subsequently discussed the matter and agreed on the desirability of pursuing the matter. An initial meeting has been called for April 30, 1974, at 10 a.m. in the office of the Senate majority leader. We expect that about a dozen persons from the two Houses and the executive branch will be in attendance.

Mr. President, just as an indication of what is ahead, I cite from a Morgan Guaranty Trust Co. survey, under date of March 1974, a list of U.S. import dependents as a percent of consumption in 1973. We depend upon imports for 84 percent of our bauxite. We do not have bauxite domestically.

Chromium, our dependence is 100 percent. Cobalt, 100 percent. Copper, 8 percent. Iron ore, 29 percent. Lead, 19 percent. Manganese, 100 percent. Mercury, 82 percent. Nickel, 92 percent. Tin, 100 percent. Tungsten, 56 percent, Zinc, 50 percent. With respect to three-quarters of these critical materials, the United States depends for more than half its needed supplies on sources outside of our country. In many case we are 100-percent dependent.

Mr. President, this is just a beginning. At the present time, for example, we import 84 percent of our bauxite needs. The bauxite-producing nations have been following the example set by the OPEC countries—the oil-producing countries—for the purpose of increasing the price of bauxite.

At about the same time, seven banana-producing nations got together for the purpose of considering an increase in the price of bananas. Certainly we do not need bananas to get by, but we do need many other commodities and materials, such as bauxite, copper, iron ore, and the like, if we are to survive. We have to recognize that we are a have-not nation in respect to many items.

If we have learned anything from the oil embargo that was placed against us during the past winter, it is that we are vulnerable in other areas, as well. So let us hope that this will mark the beginning of facing up to a situation that we cannot avoid.

The distinguished minority leader (Mr. HUGH SCOTT) and I have discussed the so-called Paley Commission Report, which was issued in 1952 and was a creature of the Truman administration. The Chairman of that Commission was Mr. William Paley, chairman of the Columbia Broadcasting System.

In that report, we find many things which were prophetic, but which no one paid any attention to at that time. The result is that we have suffered and suffered drastically.

We hope that if this proposal of the distinguished Republican leader's and mine gets under way, one of the people with whom we could establish contact for advice and counsel would be Mr. William Paley, because of his expertise and because of the validity of his report, which still stands today.

Mr. President, I ask unanimous consent that an excerpt from the Morgan Guaranty survey of March 1974 entitled "Foreign Raw Materials: How Critical Are They?" be printed in the RECORD at this point along with various correspondence, statement excerpts and the Majority Policy Committee resolution on this matter.

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

FOREIGN RAW MATERIALS: HOW CRITICAL ARE THEY?

Over the past twenty years a gradual erosion has taken place in this country's self-sufficiency in raw materials. Domestic output of a broad range of basic metals and minerals—quite aside from oil—has lagged behind the rise in consumption. The U.S., as a consequence, has entered a new era—one marked by mounting dependency on foreign resources.

The U.S., for example, for a long time has been completely dependent on imports for its cobalt, chromium, manganese, and tin. Foreign sources last year supplied 84% of the bauxite consumed in the U.S., 92% of the nickel, and 82% of the mercury. In the last decade alone, reliance on foreign-source tungsten has doubled, and imports as a percentage of consumption of many other commodities from asbestos to zinc have shown sizable increases.

In some cases—such as lead and mercury—increasing concern with industrial pollution control has resulted in curtailed domestic smelter production. In others, foreign sources have been tapped simply because it is easier and cheaper. Iron ore is one example of many. High-grade iron ore can be brought in from Venezuela, for instance, for several dollars a ton less than low-grade ore can be produced in Michigan's Mesabi Range.

The mounting dependence of the U.S. and other developed nations on imported raw materials is bringing a significant change in relations between consumers and suppliers. Particularly in the environment of the recent past—featured by a world-wide boom among industrialized nations—producer countries have found that their rich mineral endowment can be used to score gains, both economic and political.

Oil, of course, is today's most publicized example. But many other commodities have been affected in one way or another. Prices have been raised. Producer nations have insisted that raw products be processed to a greater degree at home. And in many places local ownership of production facilities has been increased—in some cases to 100%—through nationalization and other governmental actions.

Is there a possibility of new cartels similar to the one formed by foreign oil producers?

The question is not merely academic, judging by the statements of officials of some producer nations. They have heralded the dawning of a new era of "product diplomacy." Not unnoticed, too, was the meeting earlier this month in Guinea of seven major bauxite producers. Press reports told of the formation of a "bauxite club," but indicated that—for now, anyway—the governments had decided against embargo or price control moves similar to those of the Organization of Petroleum Exporting Countries.

A key consideration in all this, of course, is the degree of concentration of world mineral reserves. Providence, in sprinkling minerals around the earth's crust, has favored some areas in a lavish way while scrimping in others. A relatively few countries, thus, hold the bulk of a number of major minerals. (In the case of the U.S., even though abundantly blessed, its rapid—some would say profligate—chew-up of minerals has depleted many of its reserves.)

The pattern of concentration for a dozen key minerals is shown in the box on page 11. It lists U.S. reserves along with those of other nations which individually account for at least 8% of total world reserves.

Examples of concentration: Australia and Guinea together are found to have more than half of the world's bauxite reserves. South Africa alone has 63% of chromium reserves and, with Southern Rhodesia added, the concentration rises to 96%. Spain has just under half of world mercury reserves. Three countries—Thailand, Malaysia, Indonesia—have 60% of tin reserves. And nearly half of world reserves of nickel is held by two countries: New Caledonia and Canada.

Note, however, that the pattern of concentration shown by official reserve estimates is necessarily a qualified and limited one. Reserves are defined as known, identified deposits of mineral-bearing rock from which minerals can be extracted profitably with existing technology and under present economic conditions. New discoveries could swiftly change the picture. So, too, could new breakthroughs in extractive technology. (For example, not long ago a new chemical "flotation" method was developed to produce pellets of iron from low-grade ore. Minable crude ore reserves of the U.S., as a consequence, were increased by 750 million tons

or about 8%.) And under changed economic conditions, and with upward adjustments in prices, the size of many nations' mineral reserves would be significantly altered.

Still, for the present, concentration of reserves would appear to indicate that raw-material producing nations are in a position to determine market conditions. In actuality, however, the real story may be quite different for a variety of reasons. Among them:

Substitutes can be found and synthetics developed for many commodities if they should get too costly or scarce.

Producing countries have different cultural and historical backgrounds and diverse political and economic philosophies which would work against cohesion.

Most producers, unlike the Arab nations, lack financial reserves to squeeze back production without impairing their economic growth.

Loss of sales and reduced output in producer countries, where mining payrolls account for a large share of the work force, would quickly bring political repercussions at home.

Finally, demand for many metals and minerals can be expected to rise unevenly and in times of economic recession actually to decline. The coincidence of business-cycle exuberance among industrialized nations in the recent past, in short, may well have been a transitory phenomenon. A direct consequence could be a weakening of producers' bargaining position.

This country has buffers, too, against possible foreign moves to control prices and supplies of exportable commodities. One such buffer is the nation's stockpile of 91 assorted commodities. As one example, the U.S. has about a year's supply of bauxite squirreled away, an amount adequate to absorb any shock from market disruption in the short term.

In April of last year the national stockpile target level was lowered to $702 million by the Nixon Administration—a reduction of approximately 90%. Against a background of the energy squeeze, shortages, and rising commodity prices, the correctness of the decision to slash stockpiles seems less clear cut now than it did a year ago. Indeed, some lawmakers in Congress are beginning openly to attack the decision. An issue in the debate is whether the basic concept of a stockpile should be changed from that of a strategic store of key minerals useful in times of conflict to one of a "commodity bank" in which minerals could be released to the market in times of shortages and built up in times of reduced world-wide demand.

U.S. IMPORT DEPENDENCE

Imports as a percent of consumption in 1973

Bauxite	84
Chromium	100
Cobalt	100
Copper	8
Iron ore	29
Lead	19
Manganese	100
Mercury	82
Nickel	92
Tin	100
Tungsten	56
Zinc	50

WHO'S GOT THE MAJOR MINERAL RESERVES

Percentage of world reserves

Bauxite:	
Australia	30.3
Guinea	22.6
United States	.3
Other Free World	43.0
Communist countries	3.9
Chromium:	
Republic of South Africa	62.9
Southern Rhodesia	32.9
United States	—
Other Free World	2.8
Communist countries	1.3
Cobalt:	
Zaire	27.5
New Caledonia & Australia	27.1
Zambia	14.0
United States	1.0
Other Free World	8.5
Communist countries	21.9
Copper:	
United States	22.4
Chile	15.7
Canada	8.9
Other Free World	41.6
Communist countries	11.4
Iron Ore:	
Canada	14.5
Brazil	10.8
United States	3.6
Other Free World	24.5
Communist countries	46.6
Lead:	
United States	38.9
Canada	13.2
Australia	8.3
Other Free World	22.2
Communist countries	17.4
Manganese:	
Gabon	15.0
Republic of South Africa	8.5
United States	—
Other Free World	35.0
Communist countries	41.5
Mercury:	
Spain	49.1
Yugoslavia	8.7
United States	7.2
Other Free World	21.9
Communist countries	13.2
Nickel:	
New Caledonia	33.3
Canada	13.6
Cuba	9.1
United States	.4
Other Free World	21.9
Communist countries	21.6
Tin:	
Thailand	33.5
Malaysia	14.4
Indonesia	13.2
United States	.1
Other Free World	21.8
Communist countries	17.1
Tungsten:	
United States	6.4
Other Free World	16.1
Communist countries	77.5
Zinc:	
Canada	26.0
United States	22.9
Other Free World	35.9
Communist countries	15.3

NOTE: Reserves are defined as known, identified deposits of mineral-bearing rock from which minerals can be extracted profitably with existing technology and under present economic conditions. Aside from the U.S., nations shown are those which individually account for at least 8% of total world reserves. "Communist Countries" category excludes Yugloslavia.

RIDING A RECYCLE

Yet another buffer is the ability to reduce needs for imported commodities by recycling—"mining" trash dumps, industrial scrap piles, even farm refuse. Last year, for example, no less than 15% of domestic copper demand was met from recovered scrap. Almost half of domestic consumption of lead also came from the recycling of scrap. As commodity prices have moved up, more recycling has been taking place.

In the longer run, of course, higher prices for foreign commodities would lead to increased exploitation of domestic resources. Aluminum, for instance, is the third most abundant element in the earth's crust. Potential domestic resources of aluminum derived from ores other than bauxite are virtually inexhaustible. At present, however, the catch is cost; it is generally unprofitable at current prices to tap such sources. Tungsten is another example. The U.S. has potential independence in tungsten—but only at a price (by some estimates, $65 a ton) considerably above that at which it is now available in world markets (above $50 a ton). Manganese, available in vast quantities on the ocean floors, is another mineral in which the U.S. could be self-sufficient—but at a price considerably above the present.

More attention is now being paid to the development of domestic self-sufficiency in energy as stressed in President Nixon's "Project Independence." Such concern is bound to rub off on mineral industries besides oil. The aluminum industry, for example, uses about 4% of the nation's electricity each year, making it one of the most power-consuming sectiors in the economy. Promising new processes are being developed which not only will produce aluminum with 30% less power than before, but also will produce it without bauxite—using, instead, clays and shales which exist almost everywhere.

Substitutions—for instance, plastics for copper and zinc—can help to lessen somewhat the need for scarce commodities. (Ironically, the substitutes themselves can run short; plastics, for instance, have a petroleum base.) That's been happening, of course, in many products and industries, including the U.S. Treasury's money-making business. Silver coins have long since been replaced by copper-clad—and now the copper penny itself is an endangered specie. Rising copper prices have made it all but uneconomical to coin the penny in copper.[1] The Bureau of the Mint has asked Congress for permission to make the penny out of aluminum—at a saving to taxpayers of $40 million a year, owing to aluminum's lower price.

Despite all this, however, it seems clear that for many years to come the U.S. will need to depend to an important degree on imported minerals and metals. Foreign suppliers of such commodities, in turn, will be needing the huge U.S. market and U.S. technological know-how to make possible their own economic development and rising levels of living.

Thus, it should be abundantly evident that producers and consumers are interdependent. It is to be hoped that it will also be recognized that commodity confrontations are wasteful, highly disruptive of efficient allocation of resources, and fraught with peril for both sides.

SLIMMING THE STOCKPILE

The nation's stockpile of key minerals and metals has been shrinking slowly but steadily for more than a decade.

The government had $8.7 billion of commodities stored in the stockpile in 1962. That proved to be the peak; midway in the Kennedy Administration the decision was made to scale back the mountain of commodities. Reductions continued in the Johnson Administration, partly as a way to enhance government revenues and improve the budget picture, and in President Nixon's first term.

Last April, the Nixon Administration proposed a more drastic slimming down of the stockpile. It suggested to Congress a new target level of only $702 million—about a tenth of the $6.9 billion worth of commodities in the stockpile at that time. One objective was to combat inflation by increasing the supply of industrial commodities, some of whose prices had increased by more than 30% in the previous twelve months. Another

[1] If the price of copper should rise above $1.20 a pound (copper futures contracts in New York recently were quoted around $1.15 a pound) it would cost the Treasury more than one cent to make a penny, according to metals experts. Pennies would disappear on a mass scale, the experts predict, if the copper price should rise to $1.50 a pound.

consideration was the decision by military analysts that it was no longer necessary to store three years' supplies to tide the nation over a war emergency.

Congress, in recent months, has questioned the advisability of a drastic shrinking of the stockpile. Lawmakers on the Joint Committee on Defense Production feel that sales from the stockpile would not be of major significance in cooling inflation, and when weighted against the future possibility of foreign embargo and price control of commodities, a large stockpile would be a form of low-cost insurance against shortages.

Eight metals account for the bulk of the stockpile's value. Here are the eight, showing the quantity at the peak level reached in 1962, the current size of the stockpile, and the proposed target level put forth by the Nixon Administration in April 1973.

STOCKPILE PROFILE

	At stockpile peak (Dec. 31, 1962)		Latest (Dec. 31, 1973)		New objective	
	Thousand tons	Months' supply	Thousand tons	Months' supply	Thousand tons	Months' supply
Tin	347	77	231	50	41	8
Chromium	5,343	57	1,953	17	445	4
Aluminum	1,970	9	457	1	0	0
Tungsten	81	141	40	61	2	3
Manganese	10,028	65	3,705	23	751	5
Lead	1,386	15	829	6	65	1
Zinc	1,581	14	639	4	203	1
Copper	1,133	8	259	1	0	0

Note: Months' supply under the new objective is based on average consumption per month in 1973.

EXCERPT FROM REMARKS OF SENATOR MIKE MANSFIELD (D., MONTANA) BEFORE THE SENATE DEMOCRATIC CONFERENCE ON JANUARY 24, 1974, "JANUARY 1974—2D SESSION, 93D CONGRESS"

It would be my hope, therefore, that we will go beyond the energy crisis in the coming session of Congress. The need is to take a careful look not only at the immediate flashing of this or that danger signal but at the whole integrated switchboard of our national existence.

It may be that it is time to consider setting up some organization for coordinating our thinking as to what is more important and what is less important to the nation and its future, for delineating the durable needs of a decent national survival. Perhaps, some new and continuing machinery which brings together the Executive Branch and the Legislative Branch for this purpose and couples both with a cross-section of industry and labor and other areas of our life will enable us to see the forest and not merely the trees. Perhaps, the juxtaposition of ideas and interests from these sources might help us to learn to curb the ingrained tendencies of government to spend vast sums out of force of habit or for exotic and wasteful endeavors—whether military or civilian. Perhaps, then, the budget can be better framed to meet the over-all requirements of the nation for today and tomorrow.

EXCERPT FROM STATEMENT OF SENATOR MIKE MANSFIELD, MAJORITY LEADER, ON FEBRUARY 1, 1974, "STATE OF THE CONGRESS—1974"

It would be my hope that the concern of the Government will not stop with the energy shortage. The need is to take a careful look not only at the flashing of this single danger signal but at the whole integrated switch board of our national existence. It is not enough, for example, for the federal government to spend tens of millions of dollars in a rescue operation to keep the bankrupt Penn Central on the tracks. We need to know where an action of this kind fits into a national rail policy; where that policy, in turn, fits into a total transportation pattern; where that pattern, in turn, fits into the over-all requirements of the nation, today, and for the next decade or more. In short, we need to think ahead and begin to make the hard political choices between what is more important to the nation and what is less, between what is enduring and what is transitory. That is the full scale by which government intervention in the nation's economy, when it must take place, should be measured. Unless we begin soon to develop that scale, the right hand of government will tend more and more to undo or do over what the left hand has just done.

It seems to me that it would be helpful in this connection to bring together on a regular basis representatives of the Executive Branch and the Legislative Branch with those of industry, labor and other areas of our national life. The fusion of ideas and interests from these sources should help us to establish useful economic yardsticks. In turn, we may begin to curb in some orderly way the ingrained tendencies of government to spend vast sums out of force of habit or for exotic and wasteful endeavors—whether military or civilian. Perhaps the resources of the federal government can then be used more effectively and efficiently to promote the national welfare. Perhaps, then, the President's budget—which has now broken the $300 billion barrier—can be reduced and better framed to meet the over-all requirements of the nation for today and tomorrow.

OFFICE OF THE MAJORITY LEADER,
Washington, D.C., February 19, 1974.

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

DEAR MR. PRESIDENT: It occurs to us that there is a need to look beyond the current crisis to the way in which our economic life has come to be organized. The energy shortage is a part, not the whole of the difficulty which confronts the nation's economy. Danger signals are flashing elsewhere on the complex switchboard of our national existence.

It is our thought that there must be a better way to deal with the needs of our people than by Federal intervention and bail-outs to shore up faltering parts of the economy, on a crash-basis. The practice of waiting for the storms to strike and then, hurriedly, erecting shelters is not only wasteful and inefficient of the resources of the nation but its cumulative effect may well be devastating.

There is a need, it seems to us, to anticipate and, as far as possible, to act in an orderly fashion before the difficulties have descended on us. Unless we have some synchronized and coordinated machinery for this purpose, the nation will be subject to a plague of crises, one after another, in the years ahead. It is our suggestion, therefore, that we consider bringing together representatives of the Legislative and Executive Branches of the government on a regular basis with those of industry and labor and other areas of our national life for the purpose of thinking through our national needs, not only as they confront us, today, but as they are likely to be five, ten or more years hence and how they are best to be met. If the government is to intervene in these matters, as it is now doing, an effort ought to be made to put that intervention, as far as possible, on a rational and far-sighted basis.

We would appreciate your reactions to this suggestion and would be prepared to work with the Executive Branch in bringing about a concerted consideration of the proposal.

Sincerely,

MIKE MANSFIELD,
HUGH SCOTT.

THE WHITE HOUSE,
Washington, D.C., March 25, 1974.

HON. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR MIKE: Thank you for the thoughtful letter that you and Hugh Scott sent me on February 19, 1974 about "the way in which our economic life has come to be organized". I think that is a good way to put the question, which is not really how we solve this or that particular problem but what kind of problem-solving system we have and need.

Your letter does seem to imply a certain notion about the deficiency in the problem-solving system. It implies that the difficulty is lack of foresighted and coordinated action by Government. One could take a different, although not necessarily inconsistent, view—namely, that we have an excellent problem-solving system, the free market, which is too much interfered with by Government because people do not understand it.

However, I do not want to emphasize this possible difference now. I agree that the country needs more responsible and mature thought about the economic system. I can't tell from your letter whether you are proposing large open meetings for this purpose. I am afraid that I believe large meetings are not good for thinking through anything. Probably some more constructive procedure could be found. Use might be made of the National Commission on Productivity, which includes representatives of business, labor, agriculture, consumers, State and local government, the universities and the executive branch, and which is accustomed to quiet, cooperative work.

I think it would be desirable to follow up this suggestion and see whether progress can be made in defining the problem and finding a way to attack it. To this end I would propose that you and Hugh Scott and your House opposite numbers might meet with Secretary Shultz, Director Ash, Director Dunlop, Director Flanigan, and Chairman Stein to discuss the subject further. If this idea appeals to you will you please get in touch with Secretary Shultz to make further arrangements.

I hope that any public information about our communications will make clear that they do not assume the existence of any crisis or the need for radical changes but are only designed to explore the possibility of doing things better.

Sincerely,

RICHARD NIXON.

OFFICE OF THE MAJORITY LEADER,
Washington, D.C., April 10, 1974.

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

DEAR MR. PRESIDENT: Thank you for your letter of March 25th in response to our thoughts about establishing some instrumentality to bring together representatives of the legislative and executive branches with representatives of agriculture, business, labor and other private communities for the purpose of identifying and doing something about areas of potential national crisis.

We are pleased to have your cooperation

and appreciate the suggestion that representatives of the House and Senate meet with Secretary Shultz, Director Ash, Director Dunlop, Director Flanigan, and Chairman Stein to discuss the subject further.

The Senate Majority Policy Committee has endorsed the proposal in a resolution, a copy of which is enclosed. The House and Senate leaderships have discussed the matter and we are in agreement on the desirability of pursuing the matter. An initial meeting has been set up for April 30, 1974, at 10:00 a.m. in the office of the Senate Majority Leader. We expect that about four members of each House will be in attendance. This letter, copies of which are being sent to those representatives of the Executive whom you mentioned in your communication of March 25, will serve as our invitation to them to attend the meeting.

With best wishes, we are

Sincerely yours,

MIKE MANSFIELD,
Majority Leader.
HUGH SCOTT,
Republican Leader.

ADOPTED BY SENATE DEMOCRATIC POLICY COMMITTEE APRIL 9, 1974

Whereas, the energy shortage has kindled a national awareness of the uncertain supply of many resources, materials and commodities vital to national needs;

Whereas, the energy shortage also revealed that the nation is not equipped to provide a continuing and interrelated evaluation of the status and availability of basic resources, materials and commodities and, hence, cannot make the most effective and timely response to situations of adversity, with consequent detriment to the national well being;

Whereas, the Senate Majority Conference has approved Leadership efforts to pursue, in concert with the Senate Republican Leadership, the establishment of an appropriate forum at the highest level of national life for the purpose of assuring that national needs are fulfilled; and

Whereas, the President has indicated in a letter dated March 25, 1974, to the Leaders of the Senate his readiness to cooperate in an examination of this question;

The Democratic Policy Committee recommends:

(1) that consideration be given to constituting a national instrumentality composed of representatives of the Legislative and Executive Branches and members of the agricultural, industrial, labor and other private communities of the nation;

(2) that such instrumentality, if constituted, have the capacity both to forecast potential areas of national economic crisis and to propose to the President and the Congress such planning and policy alternatives as may be necessary to prevent or mitigate any such crisis; and

(3) that the Majority Leader, in concert with the Senate Republican Leader, engage in discussions with designees of the House Leadership and of the Administration in pursuit of the establishment of such an instrumentality.

Mr. HUGH SCOTT. Mr. President, the Senator from Montana indicated that he would yield.

I am generally familiar with the subject matter he has discussed. I have not yet read in full and complete detail the statement of the distinguished majority leader, but we have been in contact and discussion on this matter for some time.

We have called the attention of the White House to the proposal for a joint future planning effort, and we have also advised the leaders of the other body of both parties, and we are sending some additional information to all of them today.

The White House has designated to work with the joint leadership the Secretary of the Treasury, Mr. SHULTZ—and I would assume his successor when named—the Director of the Office of Management and Budget, Mr. Ash, the President's Special Counselor, Mr. Flanigan, his Chief Economic Adviser, Mr. Stein, and the head of the Price Control Council, Mr. John P. Dunlop.

So, while our proposal is a legislative-executive proposal, and should not run counter to any citizen's commission or to any actions of foundations or industry groups, all of whom we certainly encourage in their endeavors, there is a responsibility for Congress and for the Executive, and we expect to undertake it, because without future planning the problems are likely to overwhelm us, as the energy crisis threatened to do.

So I commend the distinguished majority leader most heartily for his initiative, and am very glad to be associated with his proposal.

Mr. MANSFIELD. Mr. President, if the Senator will yield, this idea has been developed on an entirely nonpartisan basis, with the full understanding and agreement of all the leadership on both sides in both Houses, and with an approach which we think exemplifies at its best an executive-legislative relationship which we would like to see more of.

Mr. HUGH SCOTT. I thank the distinguished majority leader.

Mr. KENNEDY. Mr. President, 2 months ago, we introduced a resolution to begin the debate here in the Senate on the future of strategic arms negotiations.

That resolution, introduced by Senator MATHIAS, Senator MANSFIELD, Senator JAVITS, and myself, along with 23 other Senators, sought to encourage and support the administration in its pursuit of the second stage of strategic arms control agreements with the Soviet Union.

However, the resolution also spelled out our view of the direction that should be pursued in those negotiations and it presented guidelines that both the executive and legislative branches might consider in seeking to achieve a SALT II agreement.

During the past 2 months the Secretary of State has traveled to the Soviet Union. During the past 2 months commentators have questioned whether efforts to achieve a new treaty should be brought to a halt until the issue of impeachment is finally concluded. And during the past 2 months we have heard defense spokesmen advocate not only the largest defense budget in U.S. peacetime history but also a panoply of new and expensive weapons systems.

We would say to both the Soviet negotiators and the U.S. negotiators that a Russian wheat deal in the field of arms control will not be tolerated. But we want to emphasize that we stand ready, and we believe the American people stand ready, to support an agreement that reflects the mutual interests of this Nation and the Soviet Union in halting the nuclear arms race.

We are here to state that our support has not wavered for an energetic effort to conclude a new strategic arms limitation agreement. We are here to express our continued support of Secretary of State Kissinger's efforts to negotiate a limitation agreement that is aimed at an overall balance in our respective deterrents, a balance to be achieved through a reduction of arms. And we are here to state that we do not believe that domestic political developments should be permitted to slow the process of arriving at such agreements.

I have just returned from West Germany, and after discussions with West German Chancellor Willy Brandt and with other West German leaders, I am even more convinced of the desirability of continuing on this course of mutual détente in the area of strategic arms.

In a very real sense, the West Germans blazed the trail that we are following. For it was the ostpolitik of Chancellor Brandt that helped make possible the environment in which the Soviet Union and the United States could come together to define their mutual interests with sufficient clarity to produce a halt to the deployment of ABM's and the first negotiated limitation on the numbers of offensive strategic weapons.

Yet, those agreements constituted only the first step in the journey toward an end to the nuclear arms race.

SALT I placed limits on the quantitative level of nuclear launchers. In so doing, it set boundaries to the arms race: but it did not call a full halt to the upward progression of nuclear forces by either nation.

We have seen 2 years of escalating defense expenditures both by this Nation and by the Soviet Union. We have seen 2 years of the United States expanding its nuclear overkill capabilities, through the MIRV'ing of our offensive weapons systems. And we have seen 2 years in which the Soviet Union was embarked on its own program of expanding its nuclear potency.

We stand today on the brink of a new set of decisions, decisions on further defense expenditures here at home and decisions on the course of arms control negotiations abroad.

We are therefore restating our belief that the Nation's interest and the Nation's security best reside in a course of restraint in defense expenditures, in a course of further limitations on the nuclear arms race, in a course of encouragement to the negotiation of a SALT II agreement.

We spell out in Senate Resolution 283, and which we have restated in a letter to the Secretary of State, the kind of agreement that we believe would be in the interests of preserving our own security and of preserving peace in the world.

First, we believe that it is in our interests to achieve an overall balance of deterrent forces, a balance that is defined neither solely in terms of numbers of missiles nor in terms of throwweight. We believe that equality must be understood as involving the overall balance of forces—both quality and quantity—including the number of missile launchers, the number of warheads, the accuracy of weapons, the reliability of weapons, the range of weapons, the survivability of weapons, the maneuverability of weapons, and the megatonnage of weapons.

Second, we believe that the way to reach that balance is through a reduction of existing nuclear weapons systems rather than by the expensive and self-defeating procreation of new weapons systems.

The failure to instill this principle in the SALT I treaty has led both the United States and the Soviet Union to read the treaty as if it were tax code. Each side has tried to drive the maximum number of new weapons systems through the loopholes.

Wherever the treaty was silent on a prohibition of a qualitative weapons improvement, both nations have interpreted that silence as encouragement to move forward with new research, new development, and new deployment.

Third, we believe that the approach of equality through mutual reductions can maintain the confidence each side must have in its deterrent to keep the process of arms reductions in motion toward a final end to the nuclear arms race. And as we work for that end, we urge both the United States and Soviet Governments to exercise mutual restraint in the development and deployment of nuclear weapons.

These are the goals we were seeking when we introduced this resolution. These are the goals we still support today. And these are the goals that we believe a majority of the Senate and a majority of the American people support as well.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED SUPPLEMENTAL APPROPRIATION, 1974, THE SENATE AND ARCHITECT OF THE CAPITOL, LEGISLATIVE BRANCH (S. DOC. NO. 93–73)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1974, in the amount of $3,420,915 for the Senate and the Architect of the Capitol, legislative branch (with accompanying papers). Referred to the Committee on Appropriations, and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, 1974, CIVIL SERVICE COMMISSION (S. DOC. NO. 93–74)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1974, in the amount of $25,200,000, for the Civil Service Commission (with an accompanying paper). Referred to the Committee on Appropriations, and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, 1974, DISTRICT OF COLUMBIA (S. DOC. NO. 93–75)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1974, in the amount of $20,792,400 for the District of Columbia (with accompanying papers). Referred to the Committee on Appropriations, and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, 1974, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (S. DOC. NO. 93–76)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1974, in the amount of $20,000,000 for the Department of Health, Education, and Welfare (with an accompanying paper). Referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Commerce, with amendments:

S. 707. A bill to establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and to authorize a program of grants, in order to protect and serve the interests of consumers, and for other purposes.

Mr. MAGNUSON. Mr. President, I report the bill (S. 707) to establish an independent Consumer Protection Agency to protect and serve the interests of consumers, and for other purposes, and ask unanimous consent to file the written report on the bill by April 25, 1974.

I further ask unanimous consent that the text of the bill as reported be printed in the RECORD.

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

That this Act may be cited as the "Consumer Protection Agency Act".

STATEMENT OF FINDINGS

SEC. 2. The Congress hereby finds that—

(1) Federal agencies administer many laws, programs, and activities which substantially affect the health, safety, welfare, and other interests of consumers.

(2) Federal agencies often fail to consider adequately the interests of consumers, in part because consumers lack effective representation before such agencies.

(3) Each year, as a result of this lack of effective representation before Federal agencies and courts, consumers suffer personal injury, economic harm, and other adverse consequences in the course of acquiring and using goods and services available in the marketplace.

(4) A governmental organization to represent the interests of consumers before Federal agencies and courts could help the agencies in the exercise of their statutory responsibilities in a manner consistent with the public interest and with effective and responsive government.

(5) A new independent Federal agency should therefore be established for the purpose of representing and with the authority to represent the interests of consumers before Federal agencies and courts and for related purposes.

DECLARATION OF PURPOSE

SEC. 3. The Congress hereby declares that—

(1) It is the purpose of this Act to protect and promote the interests of the people of the United States as consumers of goods and services which are made available to them through commerce or which affect commerce by establishing an independent Consumer Protection Agency.

(2) It is the purpose of the Consumer Protection Agency to represent the interests of consumers before Federal agencies and courts, receive and transmit consumer complaints, develop and disseminate information of interest to consumers, and perform other functions to protect and promote the interests of consumers. The authority of such Agency to carry out this purpose shall not be construed to supersede, supplant, or replace the jurisdiction, functions, or powers of any other agency to discharge its own statutory responsibilities according to law.

(3) It is the purpose of this Act to promote protection of consumers with respect to the—

(A) safety, quality, purity, potency, healthfulness, durability, performance, repairability, effectiveness, dependability, availability, and cost of any real or personal property or tangible or intangible goods, services, or credit;

(B) preservation of consumer choice and a competitive market;

(C) prevention of unfair or deceptive trade practices;

(D) maintenance of truthfulness and fairness in the advertising, promotion, and sale by a producer, distributor, lender, retailer, or other supplier of such property, goods, services, and credit;

(E) furnishing of full, accurate, and clear instructions, warnings, and other information by any such supplier concerning such property, goods, services, and credit; and

(F) protection of the legal rights and remedies of consumers.

(4) To achieve the foregoing purposes, this Act should be so interpreted by the executive branch and the courts as to give effect to the intent of Congress to protect and promote the interests of consumers.

DEFINITIONS

SEC. 4. As used in this Act, unless the context otherwise requires—

(1) "Administrator" means the Administrator of the Consumer Protection Agency;

(2) "Agency" means the Consumer Protection Agency;

(3) "agency action" includes the whole or part of an agency rule, order, license, sanction, relief, or the equivalent or the denial thereof, or failure to act;

(4) "agency activity" means any agency process, or any phase thereof, conducted pursuant to any authority or responsibility under law, whether such process is formal or informal;

(5) "agency proceeding" means agency "rulemaking", "adjudication", or "licensing", as defined in section 551 of title 5, United States Code;

(6) "commerce" means commerce among or between the several States and commerce with foreign nations;

(7) "consumer" means any individual who uses, purchases, acquires, attempts to purchase or acquire, or is offered or furnished any real or personal property, tangible or intangible goods, services, or credit for personal, family, or household purposes;

(8) "Federal agency" or "agency" means "agency" as defined in section 551 of title 5, United States Code. The term shall include the United States Postal Service and any wholly owned Government corporation and, unless otherwise expressly provided by law, any Federal agency established after the date of enactment of this Act, but shall not include the Consumer Protection Agency;

(9) "Federal court" means any court of the United States, including the Supreme Court of the United States, any United States court of appeals, any United States district court established under chapter 5 of title 28, United States Code, the District Court of Guam, the District Court of the Virgin Islands, and the United States Court of Claims;

(10) "individual" means a human being;

(11) "interest of consumers" means any health, safety, or economic concern of consumers involving real or personal property, tangible or intangible goods, services, or credit, or the advertising or other description thereof, which is or may become the subject of any business, trade, commercial, or marketplace offer or transaction affecting commerce, or which may be related to any term or condition of such offer or transaction. Such offer or transaction need not in-

volve the payment or promise of a consideration;

(12) "participation" includes any form of submission;

(13) "person" includes any individual, corporation, partnership, firm, association, institution, or public or private organization other than a Federal agency;

(14) "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Canal Zone, Guam, American Samoa, and the Trust Territory of the Pacific Islands; and

(15) "submission" means participation through the presentation or communication of relevant evidence, documents, arguments, or other information.

CONSUMER PROTECTION AGENCY

SEC. 5. (a) There is thereby established an independent nonregulatory agency of the United States to be known as the Consumer Protection Agency.

(b) (1) The Agency shall be directed and administered by an Administrator. The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, for a term coterminous with the term of the President, not to exceed four years. The nominee shall be an individual who, by reason of training, experience, and attainments, is especially qualified to represent independently the interests of consumers. On the expiration of his term, the Administrator shall continue in office until he is reappointed or his successor is appointed and qualifies. The Administrator may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

(2) All authorities, duties, and functions granted to the Administrator by this Act shall be exercised in accordance with the provisions of this section.

(c) (1) The functions and powers of the Agency shall be vested in the Administrator.

(2) The Administrator may from time to time delegate such of his functions as he deems appropriate.

(3) The Administrator shall exercise all executive and administrative functions of the Agency, including (A) the appointment and supervision of personnel employed by the Agency, (B) the distribution of business among such personnel and among administrative units of the Agency, and (C) the use and expenditure of funds.

(d) There shall be in the Agency a Deputy Administrator who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Administrator shall perform such functions and duties and exercise such powers as the Administrator may prescribe and shall be Acting Administrator during the absence or disability of, or in the event of a vacancy in the office of, the Administrator.

(e) There shall be in the Agency a General Counsel who shall be appointed by the Administrator. He shall, subject to the supervision and direction of the Administrator, be the chief legal officer of the Agency and shall perform such functions and duties as the Administrator may prescribe.

(f) The Administrator is authorized to appoint within the Agency not to exceed five Assistant Administrators.

(g) No officer or employee of the Agency, while serving in such position, may engage in any business, vocation, other employment, or have any other interests, inconsistent with his official responsibilities.

FUNCTIONS OF ADMINISTRATOR

SEC. 6. (a) The functions of the Administrator shall be to—

(1) represent the interests of consumers before Federal agencies and Federal courts in accordance with this Act;

(2) receive and transmit complaints from consumers in accordance with section 10 of this Act;

(3) conduct, support, and assist research and other information-gathering activities related to the interests of consumers in accordance with section 11 of this Act;

(4) disseminate to the public information of concern to consumers consistent with section 12 of this Act;

(5) publish, in language readily understandable by consumers, a consumer register which shall set forth the time, place, and subject matters of actions by Congress, Federal agencies, and Federal courts, and other information useful to consumers;

(6) encourage private enterprise in the promotion and protection of the interests of consumers;

(7) encourage the application and use of new technology, including patents and inventions, for the promotion and protection of the interests of consumers;

(8) encourage the adoption and expansion of effective consumer education programs;

(9) inform the appropriate committees and Members of Congress of the activities of the Agency and testify, when asked or on his own initiative, before the committees of Congress on matters affecting the interests of consumers;

(10) encourage meaningful participation by consumers in the activities of the Agency;

(11) encourage the development of informal dispute settlement procedures involving consumers: *Provided,* That the Administrator shall not intervene or participate in any agency or judicial proceeding or activity directly concerning a labor dispute within the meaning of section 13 of the Norris-La Guardia Act (29 U.S.C. 113) or a labor-management contract within the scope of section 301 of the Labor Management Relations Act, 1947 (29 U.S.C. 185); and

(12) perform such other related activities as he deems necessary for the effective fulfillment of his duties and functions.

(b) The Administrator shall prepare and submit simultaneously to the Congress and the President, not later than April 1 of each year beginning April 1, 1976, an annual report, which shall include—

(1) the activities of the Agency, including its representation of the interests of consumers before Federal agencies and Federal courts;

(2) the major Federal agency actions and Federal court decisions affecting the interests of consumers;

(3) the assistance given the Agency by other Federal agencies in carrying out the purposes of this Act;

(4) the performance of Federal agencies and the adequacy of their resources in enforcing consumer protection laws and in otherwise protecting the interests of consumers, and the prospective results of alternative consumer protection programs;

(5) the appropriation by Congress for the Agency, the distribution of appropriated funds for the current fiscal year, and a general estimate of the resource requirements of the Agency for each of the next three fiscal years; and

(6) the extent of participation by consumers and the effectiveness of representation of consumers before Federal agencies, together with recommendations for new legislation, new budget authority for the Agency, and administrative actions to deal with problems discussed in the report, to protect and represent the interests of consumers more effectively, and to carry out the purposes of this Act.

(c) (1) Whenever the Administrator submits any budget estimate or request to the President or the Office of Management and Budget, he shall concurrently transmit a copy of that estimate or request to the Congress.

(2) Whenever the Administrator submits any legislative recommendations, or testimony, or comments on legislation to the President or the Office of Management and Budget, he shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have any authority to require nor shall require the Administrator to submit his legislative recommendations, or testimony, or comments on legislation, to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

REPRESENTATION OF CONSUMER INTERESTS BEFORE FEDERAL AGENCIES

SEC. 7. (a) Whenever the Administrator determines that the result of any Federal agency proceeding which is subject to the provisions of section 553, 554, 556, or 557 of title 5, United States Code, relating to administrative procedure, or which involves a hearing pursuant to the administrative procedural requirements of any other statute, regulation, or practice, or which is conducted on the record after opportunity for an agency hearing, or with public notice and opportunity for comment, may substantially affect the interests of consumers, he may intervene as of right as a party or otherwise participate for the purpose of representing the interests of consumers in such proceeding. The Administrator shall comply with agency statutes and rules of procedure of general applicability governing (1) intervention or participation in such proceeding and (2) the conduct of such proceeding. In any such proceeding, the Administrator shall refrain from intervening as a party, unless he determines that such intervention is necessary to represent adequately an interest of consumers. The intervention of the Administrator in any such proceeding shall not affect the obligation of the Federal agency conducting such proceeding to assure procedural fairness to all parties thereto.

(b) With respect to any Federal agency proceeding not covered by subsection (a) of this section, or any other Federal agency activity, which the Administrator determines may substantially affect the interest of consumers, the Administrator may participate by presenting written or oral submissions, and the Federal agency shall give full consideration to such submissions of the Administrator. Such submissions shall be presented in an orderly manner and without causing undue delay.

(c) Each Federal agency shall review its rules of procedure of general applicability, and, after consultation with the Administrator, issue any additional rules which may be necessary to provide for the Administrator's orderly intervention or participation in accordance with this section, in its proceedings and activities which may substantially affect the interest of consumers. Such additional rules shall be published in proposed and final form in the Federal Register.

(d) Whenever the Administrator determines that it would be in the interest of consumers to do so, he may request or petition any Federal agency to initiate a proceeding or activity of such agency. If such agency fails so to act in any civil matter, it shall promptly notify the Administrator in writing of the reasons therefor and such notice shall be a matter of public record.

(e) In any Federal agency proceeding or activity in which he is intervening or participating, the Administrator is authorized to request the Federal agency to issue such orders as are appropriate under the agency's rules of practice and procedure consistent with subsection (c) of this section with respect to the summoning of witnesses, copying of documents, papers, and records, production of books and papers, and submission of information in writing. Such Federal

agency shall issue such orders unless it reasonably determines that any such order requested is not relevant to the matter at issue, would be unnecessarily burdensome to the person specified, or would unduly interfere with such Federal agency's discharge of its own statutory responsibilities.

(f) The Administrator is authorized to represent an interest of consumers which is presented to him for his consideration upon petition in writing by a substantial number of persons or by any organization which includes a substantial number of persons. The Administrator shall notify the principal sponsors of any such petition within a reasonable time after receipt of any such petition of the action taken or intended to be taken by him with respect to the interest of consumers presented in such petition. If the Administrator declines or is unable to represent such interest, he shall notify such sponsors and shall state his reasons therefor.

JUDICIAL REVIEW

SEC. 8. (a) The Administrator shall have standing to obtain, in the manner prescribed by law, judicial review of any Federal agency action reviewable under law. The Administrator may intervene as of right as a party or otherwise participate in any civil proceeding in a Federal court which involves the review or enforcement of a Federal agency action if he determines that such action substantially affects the interests of consumers and he intervened or participated in the Federal agency proceeding or activity out of which such court proceeding arises; or where he did not so intervene or participate, unless the court determines that intervention or participation under this subparagraph would adversely affect the interests of justice.

(b) Before instituting a proceeding in a Federal court to obtain review of any Federal agency action where he did not intervene or participate in the agency proceeding or activity out of which such action arose, the Administrator shall file, in the manner prescribed by law, a petition before such agency for rehearing or reconsideration if a petition for rehearing or reconsideration is authorized by law of any person. Such agency shall act upon such petition within 60 days, except where otherwise expressly provided by statute.

(c) The participation of the Administrator in a proceeding for judicial review of a Federal agency action shall not alter or affect the scope of review otherwise applicable to such agency action.

NOTICE

SEC. 9. (a) Each Federal agency considering any action which may substantially affect an interest of consumers shall, upon request by the Administrator, notify him of any proceeding or activity at such time as public notice is given.

(b) Each Federal agency considering any action which may substantially affect an interest of consumers shall, upon specific request by the Administrator, promptly provide him—

(1) a brief status report which shall contain a statement of the subject at issue and a summary of proposed measures concerning such subject; and

(2) such other relevant notice and information, the provision of which would not be unreasonably burdensome to the agency and which would facilitate the Administrator's timely and effective participation under section 7 of this title.

(c) Nothing in this section shall affect the authority or obligations of the Administrator or any Federal agency under section 11(c) of this Act.

CONSUMER COMPLAINTS

SEC. 10. (a) Whenever the Administrator receives from any person any signed complaint or other information which discloses—

(1) an apparent violation of law, agency rule or order, or a judgment, decree, or order of a State or Federal court relating to an interest of consumers; or

(2) a commercial, trade, or other practice which is detrimental to an interest of consumers;

he shall, unless he determines that such complaint or information is frivolous, promptly transmit such complaint or information to any Federal, State, or local agency which has the authority to enforce any relevant law or to take appropriate action. Federal agencies shall keep the Administrator informed to the greatest practicable extent of any action which they are taking on complaints transmitted by the Administrator pursuant to this section.

(b) The Agency shall promptly notify producers, distributors, retailers, lenders, or suppliers of goods and services of all complaints of any significance concerning them received or developed under this section unless the Administrator determines that to do so is likely to prejudice or impede an action, investigation, or prosecution concerning an alleged violation of law.

(c) The Agency shall maintain a public document room containing, for public inspection and copying (without charge or at a reasonable charge, not to exceed cost), an up-to-date listing of all signed consumer complaints of any significance which the Agency has received, arranged in meaningful and useful categories, together with annotations of actions taken in response thereto. Unless the Administrator, for good cause, determines not to make any specific complaint available, complaints listed shall be made available for public inspection and copying: *Provided*, That—

(1) the complainant's identity is protected when he has requested confidentiality;

(2) the party complained against has had a reasonable time to comment on such complaint and such comment, when received, is displayed together with the complaint; and

(3) the agency to which the complaint has been referred has had a reasonable time to notify the Administrator what action, if any, it intends to take with respect to the complaint.

INFORMATION GATHERING

SEC. 11. (a) The Administrator is authorized to conduct, support, and assist research, studies, plans, investigations, conferences, demonstration projects, and surveys concerning the interests of consumers.

(b)(1) In exercising the authority under subsection (a) of this section, the Administrator is authorized, to the extent required to protect the health or safety of consumers or to discover consumer fraud or other unconscionable conduct detrimental to an interest of consumers, to obtain data by requiring any person engaged in a trade, business, or industry which substantially affects interstate commerce and whose activities he determines may substantially affect an interest of consumers, by general or specific order setting forth with particularity the consumer interest involved and the purposes for which the information is sought, to file with him a report or answers in writing to specific questions concerning such activities and other related information. Nothing in this paragraph shall be construed to authorize the inspection or copying of documents, papers, books, or records, or to compel the attendance of any person. Nor shall anything in this subsection require the disclosure of information which would violate any relationship privileged according to law. Any such reports or answers shall be made under oath, or otherwise as the Administrator may prescribe, and shall be filed with him within such reasonable period as he may prescribe. Any district court of the United States within the jurisdiction of which such person is found, or has his principal place of business, shall issue an order, on conditions and with such apportionment of costs as it deems just, requiring compliance with a valid order of the Administrator, upon petition by the Administrator or on a motion to quash, upon the Administrator's carrying the burden of proving in court that such order is for information that substantially affects the health or safety of consumers or is necessary in the discovery of consumer fraud or other unconscionable conduct detrimental to an interest of consumers, and is relevant to the purposes for which the information is sought, unless the person to whom the interrogatory is addressed shows that answering such interrogatory will be unnecessarily or excessively burdensome. Where applicable, chapter 35 of title 44, United States Code, shall govern requests for reports under this subsection in the manner in which independent Federal regulatory agencies are subject to its provisions.

(2) The Administrator shall not exercise the authority under paragraph (1) of this subsection if the information sought (A) is available as a matter of public record; (B) can be obtained from another Federal agency pursuant to subsection (c) of this section; or (C) is for use in connection with his intervention in any pending agency proceeding against the person to whom the interrogatory is addressed.

(c) Upon written request by the Administrator, each Federal agency is authorized and directed to allow access to all documents, papers, and records in its possession which the Administrator deems necessary for the performance of his functions and to furnish at cost copies of specified documents, papers, and records. Notwithstanding this subsection, a Federal agency may deny the Administrator access to and copies of—

(1) information classified in the interest of national defense or national security by an individual authorized to classify such information under the terms of Executive Order 10501 of November 5, 1953, and Executive Order 11652 of March 10, 1972, or any orders amending or superseding such orders, and restricted data whose dissemination is controlled pursuant to the Atomic Energy Act (42 U.S.C. 2011 et seq.);

(2) policy and prosecutorial recommendations by agency personnel intended for internal agency use only;

(3) information concerning routine executive and administrative functions that are not otherwise a matter of public record;

(4) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

(5) information which such agency is expressly prohibited by law from disclosing to another Federal agency; and

(6) trade secrets and commercial or financial information described in subsection (b)(4) of section 552 of title 5, United States Code—

(A) obtained prior to the effective date of this Act by a Federal agency, if the agency had agreed to treat and has treated such information as privileged or confidential and states in writing to the Administrator that, taking into account the nature of the assurances given, the character of the information requested, and the stated purpose for which access is sought, to permit such access would constitute a breach of faith by the agency; or

(B) obtained subsequent to the effective date of this Act by a Federal agency, if such agency has agreed in writing as a condition of receipt to treat such information as privileged or confidential, on the basis of his reasonable determination set forth in writing that such information was not obtainable without such an agreement and that failure to obtain such information would seriously impair the carrying out of the agency's program, and access to which is likely to cause substantial competitive injury to the person who provided the information.

Before granting the Administrator access to any such trade secrets and commercial or financial information, the agency shall notify the person who provided such information of its intention to do so and the reasons therefor, and shall afford such person a reasonable opportunity, not to exceed 10 days, to comment or seek injunctive relief. Where access to information is denied to the Administrator by a Federal agency pursuant to this paragraph, the head of the agency and the Administrator shall seek to find a means of providing the information in such other form, or under such conditions, as will meet the agency's objections.

(d) Consistent with the provisions of section 7213 of title 26, United States Code, nothing in this Act shall be construed as providing for or authorizing any Federal agency to divulge or to make known in any manner whatever to the Administrator the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed solely in any income return, or to permit any Federal income tax return filed pursuant to the provisions of title 26, United States Code, or copy thereof, or any book containing any abstracts or particulars thereof, to be seen or examined by the Administrator.

INFORMATION DISCLOSURE

SEC. 12. (a) The Administrator is authorized, subject to the provisions of this section, to disclose to the public or any member thereof so much of the information subject to his control as he determines appropriate to carry out the purposes of this Act.

(b) The Administrator or any officer or employee of the Agency shall not disclose any information which has been obtained from a Federal agency or as a result of access to its records where such agency has specified that such information is exempted from disclosure under section 552 of title 5, United States Code, or any other applicable Federal statute, and should not be disclosed. If such agency has specified that information is exempted from required disclosure, but that it may be disclosed in accordance with a particular form or manner of disclosure which such agency has prescribed, the Administrator shall follow such form and manner.

(c) The Administrator or any officer or employee of the Agency shall not disclose any trade secret or other confidential business information described by section 1905 of title 18, United States Code, which it obtained other than pursuant to section 11(c) of this Act, except that such information may be disclosed (1) to the public only if the Administrator determines it necessary to protect health or safety; and (2) in a manner designed to preserve confidentially, to duly authorized committees of the Congress, to courts and Federal agencies in representing the interests of consumers, and to other officers and employees of the Agency or other Federal officials concerned with the subject matter in issue.

(d) In the release of information to the public, the Administrator shall take all reasonable measures to assure that such information is accurate and not misleading or incomplete. If such information is inaccurate, misleading, or incomplete, the Administrator shall promptly issue a retraction, take such other reasonable action to correct any error, or release significant additional information which is likely to affect the accuracy or completeness of information previously released. Where the release of information is likely to cause substantial injury to the reputation or goodwill of a person or company, or its products or services, the Administrator shall notify such person or company of the information to be released and afford an opportunity for comment or injunctive relief, unless immediate release is necessary to protect the health or safety of the public.

(e) In the release of information which discloses names of products or services, the Administrator shall—

(1) make clear that all products of a competitive nature have not been compared, if such is the case;

(2) make clear that there is no intent or purpose to rate products compared over those not compared or to imply that those compared are superior or preferable in quality to those not compared; and

(3) not indicate expressly that one product is a better buy than any other product.

(f) In any suit against the Administrator to obtain information pursuant to the provisions of section 552 of title 5, United States Code, where the sole basis for the refusal to produce the information is that another Federal agency has specified that the documents not be disclosed in accordance with the provisions of subsection (b) of this section, the other Federal agency shall be substituted as the defendant, and the Administrator shall thereafter have no duty to defend such suit.

ADMINISTRATION

SEC. 13. (a) The Administrator is authorized, in carrying out his function under this Act, to—

(1) determine the qualifications of, appoint, assign the duties of, and fix the compensation of, in accordance with civil service and classification laws, such officers and employees, including attorneys, as are necessary to perform the functions vested in him;

(2) employ experts, expert witnesses, and consultants in accordance with section 3109 of title 5, United States Code, and to compensate such persons at rates not in excess of the maximum daily rate prescribed for GS–18 under section 5332 of title 5, United States Code, for each day they are so employed;

(3) appoint advisory committees composed of such private citizens and officials of Federal, State, and local governments as he deems desirable to advise him, and to compensate such persons, other than those employed by the Federal Government, at rates not in excess of the maximum daily rate prescribed for GS–18 under section 5332 of title 5, United States Code, for each day they are engaged in the actual performance of their duties as members of a committee and to pay such persons travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code: Provided, That all meetings of such committees shall be open to the public and interested persons shall be permitted to attend, appear before, or file statements with any advisory committee, subject to such reasonable rules or regulations as the Administrator may prescribe;

(4) promulgate such rules, regulations, and procedures as may be necessary to carry out the functions vested in him and to delegate authority for the performance of any such function only to any officer or employee under his direction and supervision;

(5) utilize, with their consent, the services, personnel, and facilities of Federal, State, regional, local, and private agencies and instrumentalities, with or without reimbursement therefor, and to transfer funds made available under this Act to Federal, State, regional, local, and private agencies and instrumentalities as reimbursement for utilization of such services, personnel, and facilities;

(6) accept voluntary and uncompensated services, except where such services involve administrative proceedings, investigations, or enforcement powers, notwithstanding the provisions of section 3679 of the Revised Statutes, as amended (31 U.S.C. 665);

(7) adopt an official seal, which shall be judicially noticed. The provisions of section 709 of title 18, United States Code, shall apply to the use of the seal, after its adoption and publication in the Federal Register, except as authorized under rules or regulations issued by the Administrator;

(8) establish such regional offices as the Administrator determines to be necessary to serve the interests of consumers;

(9) conduct conferences and hearings and otherwise secure data and expressions of opinion;

(10) accept unconditional gifts or donations of services, money or property, real, personal, or mixed, tangible or intangible, except that the acceptance of donations of services shall be subject to the provisions of paragraph (6) of this section;

(11) without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), enter into contracts, leases, cooperative agreements, or other transactions with any public agency or instrumentality or with any person;

(12) designate representatives to serve or assist on such committees as he may determine to be necessary to maintain effective liaison with Federal agencies and with State and local agencies carrying out programs and activities related to the interests of consumers; and

(13) perform such other administrative activities as may be necessary for the effective fulfillment of his duties and functions.

(b) The Administrator of General Services is authorized and directed to furnish the Administrator with such offices throughout the United States as are necessary to the proper execution of the purposes of the Agency, together with such equipment, supplies, and services as are necessary, to the same extent as the Administrator of General Services is authorized to furnish to any other Federal agency.

GENERAL

SEC. 14. (a) Nothing in this Act shall be construed to prohibit the Administrator from communicating with Federal, State, and local agencies and courts at any time and in any manner consistent with the law.

(b) Nothing in this Act shall be construed to limit the discretion of any Federal agency or court, within its authority, to grant the Administrator additional participation in any proceeding or activity, to the extent that such additional participation may not be as of right, or provide additional notice to the Administrator concerning any agency proceeding or activity.

(c) Appearances by the Agency under this Act shall be in its own name and shall be made by qualified representatives pursuant to subsection (d) of this section.

(d) Except as otherwise provided in this subsection, the Administrator shall be represented by attorneys designated by him. The Department of Justice shall represent the Administrator in all court proceedings authorized by this Act or otherwise, except that in any case in which the Administrator seeks to challenge an agency action or any part thereof by intervention or by invoking judicial review, or in which the Department of Justice is representing or may represent a department, agency, officer or employee of the United States whose interests conflict with those of the Administrator, then the Administrator may be represented by attorneys he designates for such purpose. Unless the Attorney General notifies the Administrator within a reasonable time that he will represent the Administrator, such representation may be made by attorneys designated by the Administrator. In all litigation in the Supreme Court of the United States, the Solicitor General shall represent the Administrator; except that in any case in which the Solicitor General is representing a department, agency, officer, or employee of the United States whose interests conflict

with those of the Administrator, then the Administrator may be represented by attorneys he designates for such purpose. In any court proceeding in which the Department of Justice or the Solicitor General is representing the Administrator, the Attorney General or the Solicitor General, as appropriate, shall consult with the Administrator concerning the most effective means of representing the interest of consumers in such proceedings. Upon the written request of the Administrator, the Attorney General or the Solicitor General shall advise the court of any substantial policy disagreements with the Administrator concerning the interest of consumers.

(e)(1) No act or omission by the Administrator or any Federal agency relating to the Administrator's authority under sections 7, 9, 10, 11, and 12 of this Act shall affect the validity of any agency action or be subject to judicial review: *Provided*, That

(A) the Administrator may obtain judicial review to enforce his authority under sections 7, 9, and 11 of this Act: *Provided*, That he may obtain judicial review of the Federal agency determination under section 7(e) of this Act only after final agency action and only to the extent that such determination affected the validity of such action;

(B) a party to any agency proceeding or a participant in any agency activity in which the Administrator intervened or participated may, where judicial review of the final agency action is otherwise accorded by law, obtain judicial review following such final agency action on the ground that the Administrator's intervention or participation resulted in prejudicial error to such party or participant based on the record viewed as a whole; and

(C) any person who is substantially and adversely affected by the Administrator's action pursuant to section 7(e), 11(b), or 12 of this Act may obtain judicial review, unless the court determines that such judicial review would be detrimental to the interests of justice.

(2) For the purposes of this subsection, a determination by the Administrator that the result of any agency proceeding or activity may substantially affect the interests of consumers or that his intervention in any proceeding is necessary to represent adequately the interests of consumers shall be deemed not to be a final agency action.

(f) In exercising the authority of section 6(a) (2), (4), (5), 7(f), 10, 11, and 12 of this Act, the Administrator shall act in accordance with rules designed to assure fairness to affected persons, issued as soon as practicable after the effective date of this Act pursuant to section 553 of title 5, United States Code (notwithstanding the exception therein for procedural rules).

(g) Whenever the Administrator intervenes or seeks review under the provisions of section 7(a) or 8(a) of this Act, he shall explicitly and concisely set forth in a public statement the interest of consumers which he is representing. He shall also, to the extent practicable, set forth any other substantial interest of consumers which he is not representing.

TRANSFER OF CONSUMER PRODUCT INFORMATION COORDINATING CENTER

SEC. 15. (a) All officers, employees, assets, liabilities, contracts, property, and records as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with the functions of the Consumer Product Information Coordinating Center in the General Services Administration are transferred to the Agency and all functions of the Administrator of General Services administered through the Consumer Product Information Coordinating Center are transferred to the Agency.

(b)(1) Except as provided in paragraph (2) of this subsection, personnel engaged in functions transferred under this section shall be transferred in accordance with applicable laws and regulations relating to transfer of functions.

(2) The transfer of personnel pursuant to subsection (a) of this subsection shall be without reduction in classification or compensation for one year after such transfer.

PUBLIC PARTICIPATION

SEC. 16. (a) After reviewing its statutory authority and rules of procedure, relevant agency and judicial decisions, and other relevant provisions of law, each Federal agency shall issue appropriate interpretations, guidelines, standards, or criteria, and rules of procedure, to the extent that such rules are appropriate and are not already in effect, relating to the rights of individuals who may be affected by agency action to—

(1) petition the agency for action;

(2) receive notice of agency proceedings;

(3) file official complaints (if appropriate) with the agency;

(4) obtain information from the agency; and

(5) participate in agency proceedings for the purpose of representing their interests.

Such interpretations, guidelines, standards, criteria, and rules of procedure shall be published in proposed and final form in the Federal Register.

(b) Each Federal agency shall take all reasonable measures to reduce or waive, where appropriate, procedural requirements for individuals for whom such requirements would be financially burdensome, or which would impede or prevent effective participation in agency proceedings.

(c) Any rules of procedure issued by any Federal agency pursuant to this section shall be published in a form and disseminated in a manner designed to inform and able to be understood by the general public.

SAVINGS PROVISIONS AND EXEMPTIONS

SEC. 17. (a) Nothing in this Act shall be construed to affect the duty of the Administrator of General Services to represent the interests of the Federal Government as a consumer pursuant to section 201(a)(4) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481(a)(4)).

(b) Nothing in this Act shall be construed to relieve any Federal agency of any responsibility to protect and promote the interests of consumers.

(c) Nothing in this Act shall be construed to limit the right of any consumer or group or class of consumers to initiate, intervene in, or otherwise participate in any Federal agency or court proceeding or activity, nor to require any petition or notification to the Administrator as a condition precedent to the exercise of such right, nor to relieve any Federal agency or court of any obligation, or affect its discretion, to permit intervention or participation by a consumer or group or class of consumers in any proceeding or activity.

(d) This Act shall not apply to the Central Intelligence Agency, the Federal Bureau of Investigation, or the National Security Agency, or the national security or intelligence functions of the Department of Defense (including the Departments of the Army, Navy, and Air Force).

(e) This Act shall not apply to any agency action in the Federal Communications Commission with respect to the renewal of any radio or television broadcasting license.

COMPENSATION

SEC. 18. (a) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(59) Administrator, Consumer Protection Agency."

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(97) Deputy Administrator, Consumer Protection Agency."

(c) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraphs:

"(132) General Counsel, Consumer Protection Agency.

"(133) Assistant Administrators, Consumer Protection Agency (5)."

SEPARABILITY

SEC. 19. If any provision of this Act is declared unconstitutional, or the applicability thereof to any person or circumstance is held invalid, the constitutionality and effectiveness of the remainder of this Act and the applicability thereof to any persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 20. There are authorized to be appropriated to carry out the provisions of this Act not to exceed $15,000,000 for the fiscal year ending June 30, 1975, not to exceed $20,000,000 for the fiscal year ending June 30, 1976, and not to exceed $25,000,000 for the fiscal year ending June 30, 1977.

EFFECTIVE DATE

SEC. 21. (a) Except as provided in subsection (b) of this section, this Act shall take effect when the Administrator first takes office, or on such earlier date as the President may prescribe, but no later than 90 calendar days after the date of enactment of this Act. The Administrator may not intervene or otherwise participate as a matter of right in any Federal agency or Federal court proceeding which is pending on the effective date of this Act if argument has concluded or the record has been closed and all that remains before completion of such agency or court proceeding is the rendering or issuance of a decision or the promulgation of a final order or rule by such agency or court.

(b) Any of the officers provided for in this Act may be appointed in the manner provided for in this Act at any time after the date of enactment of this Act. Such officers shall be compensated from the date they first take office at the rate provided for in this Act.

Amend the title so as to read: "A bill to establish an independent Consumer Protection Agency to protect and serve the interests of consumers, and for other purposes."

EXECUTIVE REPORTS OF COMMITTEES

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

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

Henry F. Trione, of California, Charles J. Urstadt, of New York, and Raymond Alexander Harris, of South Carolina, to be members of the Board of Directors of the National Corporation for Housing Partnerships.

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

By Mr. PASTORE, from the Committee on Commerce:

James H. Quello, of Michigan, to be a member of the Federal Communications Commission; and

John Eger, of Virginia, to be Deputy Director of the Office of Telecommunications Policy.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominees' com-

mitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. ROTH (for himself and Mr. HUMPHREY):

S. 3346. A bill to amend certain provisions of law relating to the leasing of oil and gas deposits of the United States, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. BIDEN:

S. 3347. A bill to amend the Internal Revenue Code of 1954 to limit capital gains treatment for individuals to $50,000 of capital gains and to repeal the alternative tax for individuals;

S. 3348. A bill to amend the Internal Revenue Code of 1954 to increase the effectiveness of the minimum tax for tax preferences;

S. 3349. A bill to amend the Internal Revenue Code of 1954 to eliminate percentage depletion for oil and gas wells over a three-year period; and

S. 3350. A bill to amend the Internal Revenue Code of 1954 relating to the application of the foreign tax credit to taxpayers engaged in the extraction, production, or refining of oil or gas in foreign countries. Referred to the Committee on Finance.

By Mr. BIDEN:

S. 3351. A bill to amend the Rail Passenger Service Act of 1970 in order to require a public hearing before the National Railroad Passenger Corporation increases any rate, fare, or charge for passenger transportation. Referred to the Committee on Finance.

By Mr. MUSKIE (for himself, Mr. MANSFIELD, Mr. ROBERT C. BYRD, Mr. STEVENSON, Mr. JOHNSTON, Mr. HATHAWAY, Mr. JAVITS, Mr. MONDALE, Mr. BIDEN, Mr. HART, Mr. HASKELL, Mr. HUMPHREY, Mr. HUDDLESTON, and Mr. STAFFORD, Mr. CANNON, Mr. SYMINGTON):

S. 3352. A bill to provide for continuing monitoring of the economy, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. FANNIN:

S. 3353. A bill to amend the Social Security Act to require employers to make an approved health care plan available to their employees, to provide a health insurance plan for low-income persons, and for other purposes. Referred to the Committee on Finance.

By Mr. BAKER:

S. 3354. A bill to amend the Highway Beautification Act of 1965, as amended. Referred to the Committee on Public Works.

By Mr. COOK (for himself and Mr. BAYH):

S. 3355. A bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Drug Enforcement Administration on a continuing basis. Referred to the Committee on the Judiciary.

By Mr. HARTKE:

S. 3356. A bill to amend the Interstate Commerce Act and other statutes to promote the financial stability of regulated carriers, and for other purposes. Referred to the Committee on Commerce.

By Mr. BURDICK (for himself, Mr. GRAVEL, Mr. HUGHES, Mr. MCGOVERN, and Mr. MONDALE):

S. 3357. A bill to restore to Federal civilian employees their rights to participate, as private citizens, in the political life of the Nation. Referred to the Committee on Post Office and Civil Service.

By Mr. BARTLETT:

S. 3358. A bill to authorize the conveyance of certain lands to the United States in trust for the absentee Shawnee Tribe of Indians of Oklahoma; and

S. 3359. A bill to authorize the conveyance of certain lands to the United States in trust for the citizen band of Potawatomi Indians of Oklahoma. Referred to the Committee on Interior and Insular Affairs.

By Mr. MONDALE:

S. 3360. A bill to provide equitable treatment of veterans enrolled in vocational education institutions. Referred to the Committee on Veterans' Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROTH (for himself and Mr. HUMPHREY):

S. 3346. A bill to amend certain provisions of law relating to the leasing of oil and gas deposits of the United States, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

ENERGY RESOURCES EXPANSION ACT

Mr. ROTH. Mr. President, today I am introducing for myself and Senator HUMPHREY a bill to amend certain provisions of our mineral leasing laws and to establish an energy resources and technology trust fund which will be used to improve energy resources research, development, and demonstration programs.

Now that the flow of Arab oil is being returned to preembargo levels, we must search for ways to prevent the reoccurrence of such a crisis and to help assure that we will never again be subject to oil blackmail. To avoid future problems of this type we must seek ways to become less reliant on foreign energy sources, develop American's full potential of renewable resources, and insure that we have sufficient energy supplies to maintain a strong national defense.

Nearly every authority agrees that energy resources on public lands will play an important part in meeting future energy needs. With the Department of the Interior as custodian, the American people own the bulk of the Nation's remaining fossil fuel resources; including an estimated 35 percent of the oil and gas, 50 percent of the coal and 85 percent of the oil shale.

The manner in which the Federal Government manages these resources over the next few decades will be critical. The pace at which Federal lands are opened, for example, can play a key role in determining the overall rate of energy growth, the mix of fuels, and the degree to which the Nation must rely on imported fuels. Whether environmental values are protected in the process can determine usefulness of coastal zones and open space to future generations. There is also a question of assuring that a fair return will be provided to the Treasury and, of course, ultimately to the public.

The legislation I am introducing today seeks to assure that the Department of the Interior carries out its multipurpose responsibilities with respect to Federal lands. It will lay a firm foundation for the Federal Government's development of energy resources on public lands.

Briefly, this measure will alter the present leasing policy for oil and gas on public lands to increase the royalties to the Federal Treasury. The bill will insure that development of these resources is carried out in a proper fashion by requiring lessees to formulate highly specific work plans. The bill allows royalties to be paid in oil and gas, and allows the Secretary of the Interior to use this oil and gas to meet domestic needs or store them for strategic purposes. The bill creates an energy resources and technology trust fund to finance expanded Federal research, development and demonstration projects, programs to encourage private energy research and development, improved knowledge of mineral resources in the public domain, and an improved energy information system. Finally, the bill authorizes 5 percent of the funds collected from Outer Continental Shelf oil and gas leases to be paid to the adjoining coastal States. A more detailed, section-by-section summary is presented in exhibit I.

The present system for management of the Nation's energy resources is not effective. The Department of the Interior has attempted to promote development of oil and gas but the Nation has witnessed a growing gap between domestic production and increasing needs. There is no assurance to the public that the acreage which is leased is actually developed and produced as fast as possible.

The Ford Foundation's energy policy project recently issued its interim report which highlights the problem. The report says:

> The government has been increasingly involved in determining when and under what conditions publicly owned resources are leased for private exploitation; but once the resources are leased, the Interior Department has had only limited success in insuring development.

The report's analysis of the Federal Government's management of energy resources is presented in exhibit II.

Mr. S. David Freeman, who is directing the Ford Foundation study, was even more specific in a recent article—exhibit III. Mr. Freeman points out that the rush to expand oil and gas drilling on the Outer Continental Shelf will likely result in ownership of petroleum simply passing from the Government to the oil industry at bargain-basement prices. This would become true if we expand the sale of leases faster than the industry can expand drilling. The present leasing system sells leases to the highest cash bidder rather than a profit-sharing system whereby the Government would receive a sizeable share of the selling price of the oil and gas discovered. See exhibits III, V, VI, and VII.

The bill I am introducing today would help rectify this problem by increasing the royalties paid to the Federal Government from competitive and noncompetitive oil and gas leases on public lands from 12½ percent to 25 percent. This amendment will insure that the Federal Government will receive an adequate return from energy resources on public lands for the longest period of time.

But increased revenues will be of little help unless development of oil and

gas on public lands is carried out in an intelligent fashion. This bill includes provisions to resolve this problem. Section 2 requires the Secretary of the Interior to promulgate regulations requiring each bid submitted to contain a work program for the geophysical exploration and exploratory drilling and the development and production of oil and gas from the leased land, and a detailed schedule as to the time period within which drilling operations shall commence.

This provision will go a long way toward improving not only the way in which resources are developed, but the information the Federal Government has available to it. A recent report on Outer Continental Shelf development, Energy Under the Oceans—exhibit IV—observed that—

> The overall effect of (a) lack of adequate data for making important decisions for Outer Continental Shelf development seems to be that (the Department of the) Interior reacts to industry initiative rather than acting on the basis of its own "systematic and efficient plan of geologic study, resource appraisal, and leasing of the Outer Continental Shelf."

The bill I am introducing will resolve this problem by providing the funds to enable the Department of the Interior to make the necessary inventory of the Federal domain.

One major problem encountered during the Arab oil embargo was the lack of a strategic reserve of oil and gas for the United States to use to cushion the impact of the embargo. Without this reserve capacity, we immediately felt the impact of the embargo and our economy was threatened. The legislation I am introducing will take a major step toward resolving this problem.

The bill authorizes the Secretary of the Interior to require royalties to be paid in oil and gas. While this provision is in the present law, this bill would also authorize the Secretary to either sell royalty oil and gas, or reserve it in the form of strategic reserves or stockpiles to be used in the national or public interest.

Another important facet of this provision is that it empowers the Secretary, upon application from a refinery, to sell royalty oil when he determines that sufficient crude oil is not available on the open market to such a refinery. The Secretary can also prorate royalty oil among such refineries in the area in which the oil is produced. The royalty oil is to be sold at not less than the market price at private sale. These provisions will enable the United States to overcome some of the crude oil supply problems encountered last summer when some refineries were forced to close because of a lack of crude oil supplies.

Nearly every authority on energy policy agrees that the United States, if it is to achieve energy self-sufficiency, must begin now to promote energy research and development in both the public and private sectors to make us less reliant on nonrenewable energy resources. While the Congress has considered energy R. & D. proposals, these bills have lacked a strong funding section to provide adequate research moneys for public and private groups. If no new source of funding is provided, other necessary Government activities will suffer or research and development itself will lag.

The bill I am introducing today would help resolve these problems. First, the bill creates a funding mechanism to insure that moneys are available to meet future energy research and development needs. The bill would establish a trust fund in the Treasury known as the "Energy Resources and Technology Trust Fund." The bill requires the Secretary of the Treasury to manage the trust fund and report to Congress each year on its financial condition, although the Secretary of the Interior or the Federal official in charge of energy research and development would recommend the amounts needed from the fund to meet anticipated expenditures.

Moneys would be withdrawn from the trust fund, as provided by appropriation acts, for expenditures to carry out an energy research and development program. This program would be submitted by the Secretary of the Interior to the Congress within 180 days of enactment and require detailed plans for carrying out over a 5-year period, the following programs:

(a) a program for conducting, assisting, and fostering energy research, development and demonstration, coordinated with other public and private energy research and development efforts, in order to provide for alternative sources of energy, with particular emphasis on renewable energy sources, and to provide new and improved technologies for the supply, use and conservation of energy;

(b) a program to encourage widespread early participation by industry in such research, development and demonstration, with particular attention to participation by smaller companies and businesses;

(c) a program to further establish the nature and extent of energy mineral resources located upon or within the public lands of the United States, including the Outer Continental Shelf, together with research and development in geological, environmental and other sciences and technologies relevant to such a program; and,

(d) a program for timely collection, analysis, and publication of information concerning the energy mineral resources of the public lands of the United States and the operations of lessees with respect to the mining thereof.

The bill requires that the trust fund will be used for up to 75 percent of the funding for programs described in (a), (b), and (c) above, and 25 percent for the program described in paragraph (d). In addition, none of these programs can be carried out until after the expiration of the 30-day period during which time, Congress can examine the plans.

In 1969, the oil spills in the Santa Barbara Channel highlighted the environmental damage that can result from oil drilling along the Outer Continental Shelf. Since that time, several reports have indicated that a major problem has been the failure of Government agencies to continually supervise the development of oil and gas leases. This bill will resolve this problem by requiring the Secretary of the Interior to report every 6 months on the compliance of lessees with their work plans and drilling schedules to Congress. These reports will have to include information on the number of wells covered, the number in production, the rate of production, the number and identity of wells not producing, reasons for failure to produce, and an assessment of the Secretary regarding the validity of the reasons for not producing. This latter provision will alert the Congress and the public to oil and gas wells that are being withheld from production. On March 12, 1974, I requested the General Accounting Office to investigate this issue to see if oil and gas reserves on public lands are being withheld from production. While their report has not been completed, it is my belief that the reporting provision in the bill I am introducing today will resolve future problems along this line. If the GAO report uncovers the need for additional legislation, I will be happy to introduce it.

Finally, the bill I am introducing today will add a new section to the Outer Continental Shelf Lands Act to provide that 5 percent of all rentals, royalties, and other sums paid to the Secretary of the Interior or the Navy under any lease shall be paid to the adjacent coastal State. At present, the States only receive income under the Submerged Lands Act. This provision in the bill I am introducing will increase revenues to the States and enable them to carry out effective programs to deal not only with the increased development that results from Outer Continental Shelf oil and gas leasing, but also to undertake studies to identify areas which should be preserved or otherwise protected.

Mr. President, the energy supply future of the United States is intimately associated with the development of energy resources on public lands. The present system is not effective. It does not return realistic revenues to the Treasury; it does not insure overview of development; it does not protect environmental values; it does not allow flexibility to avert shortages when imports are interrupted; and, the present system does not finance programs which insure future development of renewable resources. The legislation I am introducing today meets the challenges presented by each of these problems and overcomes them.

Mr. President, in order to make the text of my bill available to Senators and other interested parties, I ask unanimous consent that the full text, a section-by-section summary, and other exhibits referred to be printed in the RECORD, at this point.

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

S. 3346

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) Congress hereby finds and declares that since the energy mineral resources of the United States constitute an increasingly important resource from the use of which the public is entitled to benefit, it is the policy of Congress that the leasing of the oil and gas deposits of the United States shall be so administered as to:

(1) increase the royalties from such leases;

(2) assure orderly exploration and development of such public mineral resources;

(3) protect the environment from undesirable effects of exploration, development, and production operations;

(4) promote competition in development of oil and gas resources; and

(5) provide reserves for national security and other emergency needs.

(b) This Act may be cited as the "Energy Resources Expansion Act".

SEC. 2. (a) Subsection (b) of section 17 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920, as amended (30 U.S.C. 226 (b)), is amended (1) by designating the existing text as (b) (1); (2) by deleting "12½" and inserting in lieu thereof "25"; and (3) by adding at the end thereof the following new paragraph:

"(2) The Secretary of the Interior shall issue general regulations implementing the leasing procedure provided by this subsection and section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337). Such regulations shall define the general terms of the lease and shall contain provisions requiring each bid submitted under this subsection or such section 8, or after the effective date of this paragraph, to contain a work program for the geophysical exploration and exploratory drilling and the development and production of oil and gas with respect to lands covered by such bid, and a detailed schedule as to the time period within which drilling operations shall commence. Such regulations shall further provide for the inclusion within any lease issued hereunder a provision pursuant to which the Secretary shall have the right to require increased production under such lease for purposes of national security or other emergency needs. Such bid shall further contain a verified statement as to the minimum amount of funds intended to be expended by the bidder in carrying out such work program. Such work program, schedule, and verified statement contained in any such bid shall be included as a part of any lease issued on the basis of such bid."

(b) Section 17(c) of such Act of February 25, 1920, as amended, is amended (1) by designating the existing text as (c)(1); (2) by deleting "12½" and inserting in lieu thereof "25"; and (3) by adding at the end thereof the following new paragraph:

"(2) The Secretary of the Interior shall issue general regulations implementing the leasing procedures under this subsection. Such regulations shall define the general terms of the lease and shall contain provisions requiring each application for a lease under this subsection, submitted on or after the effective date of this paragraph, to contain a work program for the geophysical exploration and exploratory drilling and the development and production of oil and gas with respect to lands covered by such application, and a detailed schedule as to the time period within which drilling operations shall commence. Such regulations shall further provide for the inclusion within any lease issued hereunder a provision pursuant to which the Secretary shall have the right to require increased production under such lease for purposes of national security or other emergency needs. Such application shall further contain a verified statement as to the minimum amount of funds intended to be expended by the applicant in carrying out such work program. Such work program, schedule, and verified statement contained in an application shall be included as a part of any lease issued on the basis of such application.".

(c) Section 17(a) of such Act of February 25, 1920, as amended, is amended (1) by designating the existing text as (d)(1); and (2) by adding at the end thereof the following new paragraph:

"(2) Any lessee carrying out such work program and drilling schedule in accordance with the provisions of his oil or gas lease issued, on or after the date of the enactment of this paragraph, pursuant to this Act or section 8 of the Outer Continental Shelf Lands Act shall be entitled to be reimbursed in an amount not to exceed 50 per centum of the amount expended by the lessee in carrying out such program in accordance with the provisions of such lease, but not to exceed the amount set forth in the verified statement contained in such lease as to the minimum funds intended to be so expended. In providing such reimbursement, the Secretary of the Interior is authorized to credit the amount of such reimbursement to which the lessee is entitled against any royalties accruing to the United States under such lease. Notwithstanding any other provision of this Act, in any case in which the Secretary determines that there has been a substantial failure on the part of any lessee to comply with such work program or drilling schedule contained in any such lease issued on or after the date of the enactment of this paragraph, the Secretary may terminate such lease."

(d) Section 17 of such Act of February 25, 1920, as amended, is amended by adding at the end thereof the following:

"(k) Notwithstanding any other provision of this Act or the Outer Continental Shelf Lands Act, the Secretary of the Interior is authorized to include in any lease issued pursuant to this Act or the Outer Continental Shelf Lands Act, on the basis of regulations promulgated by him, provisions determined by him to be necessary to promote the maximum efficient recovery of crude oil and gas under sound conservation, economic, and engineering principles, and to provide for increased production for purposes of national security or other emergency needs.

"(l) Notwithstanding any other provision of this Act or any other law, all leases issued pursuant to this Act or the Outer Continental Shelf Lands Act shall contain a condition that in no case shall any such lease be extended beyond its primary term unless oil or gas is being produced in paying quantities."

(e) Section 36 of such Act of February 25, 1920, as amended (30 U.S.C. 192), is amended to read as follows:

"SEC. 36. (a) All royalty accruing to the United States under this Act or the Outer Continental Shelf Lands Act, on demand of the Secretary of the Interior, or when required in accordance with subsection (c) of this section, shall be paid in oil or gas.

"(b) Upon granting any such oil or gas lease, and from time to time thereafter during such lease, the Secretary of the Interior shall, except whenever in his judgment it is desirable to retain the same for the United States, including the increase strategic reserves or stockpiles in the national or public interests, offer for sale for such period as he may determine, upon notice and advertisement or sealed bids or at public auction, all royalty oil and gas accruing or reserved to the United States under such lease. Such advertisement and sale shall reserve to the Secretary of the Interior the right to reject all bids whenever, within his judgment, the interest of the United States demands. In cases where no satisfactory bid is received or where the accepted bidder fails to complete the purchase, or where the Secretary of the Interior shall determine that it is unwise in the public interest to accept the offer of the highest bidder, the Secretary of the Interior, within his discretion, may readvertise such royalty for sale, or sell at private sale at not less than the market price for such period, or accept the value thereof from the lessee.

"(c) Inasmuch as the public interest will be served by the sale of royalty oil to refineries not having their own source of supply for crude oil, the Secretary of the Interior, upon application from any such refinery and a determination by the Secretary that sufficient supplies of crude oil are not available in the open market to such refinery, shall, notwithstanding the provisions of subsection (b) of this section, make available to such refinery royalty oil under the provisions of this section for processing or use in such refinery and not for resale in kind, and in so doing may sell to such refinery at private sale at not less than the market price any royalty oil accruing or reserved to the United States under leases issued pursuant to this Act or the Outer Continental Shelf Lands Act. In selling such royalty oil, the Secretary of the Interior may, in his discretion, prorate such oil among such refineries in the area in which the oil is produced. Pending the making of a permanent contract for the sale of any royalty oil or gas as herein provided, the Secretary of the Interior may sell the current product at private sale, at not less than the market price. Any such royalty oil or gas may be sold at not less than the market price at private sale to any department or agency of the United States.

"(d) Subject to the provisions of subsection (e) of this section and section 9(b) of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) all proceeds received by the Secretary of the Interior pursuant to sales of royalty oil and gas under the foregoing provisions of this section shall be deposited by him in the trust fund established by section 4 of the Energy Resources Expansion Act for use in accordance with the provisions thereof.

"(e) Notwithstanding any other provisions of this Act, nothing in this section shall be construed as altering, modifying, or otherwise affecting any provision of law in effect on the date of the enactment of this subsection earmarking or designating certain revenues due the United States from oil or gas leases for use in connection with other specific programs or purposes.".

SEC. 3. (a) On or before the expiration of the one hundred and eighty day period following the date of enactment of this Act, the Secretary of the Interior, in consultation with the heads of other agencies of the United States whose responsibilities relate to energy research, development, or conservation, shall prepare and submit to the Congress detailed plans for carrying out, during the five-year period following the date of the submission of such plans to the Congress, the following programs:

(1) a program for conducting, assisting, and fostering energy research, development, and demonstration, coordinated with other public and private energy research and development efforts, in order to provide for alternative sources of energy, with particular emphasis on renewable energy sources, and to provide new and improved technologies for the supply, use, and conservation of energy, including conservation in production, conversion, transmission, and transportation;

(2) a program to encourage widespread early participation by industry in such research, development, and demonstration, with particular attention to participation by smaller companies and businesses;

(3) a program to further establish the nature and extent of energy mineral resources located upon or within the public lands of the United States, including the outer continental shelf, together with research and development in geological, environmental, and other sciences and technologies relevant to such program, including the environmental effects of the mining of such resources and means by which such effects might be kept within acceptable bounds; and

(4) a program for timely collection, analysis, and publication of information concerning the energy mineral resources of the public lands of the United States and the

operations of lessees with respect to the mining thereof. (b) No program contained in any plan submitted to the Congress pursuant to subsection (a) of this section shall be carried out by the Secretary of the Interior until after the expiration of the thirty-day period (excluding Saturdays, Sundays, holidays, and days on which either House of Congress is not in session) following the date on which the plan containing such program was submitted to the Congress under subsection (a) of this section.

(c) Moneys deposited in the trust fund established pursuant to section 4 of this Act shall be available, in accordance with the provisions of that section, for carrying out programs under this section.

(d) Notwithstanding any other provisions of this Act, all functions and duties imposed on the Secretary of the Interior under this section and section 4 of this Act shall, upon the subsequent establishment by the Congress of an agency for research and development in the field of energy, be deemed transferred to that agency.

SEC. 4. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the "Energy Resources and Technology Trust Fund" (referred to in this Act as the "Trust Fund"). The Trust Fund shall consist of such amounts as may be credited to it as provided in this Act or amendments made by this Act.

(b) It shall be the duty of the Secretary of the Treasury to manage the Trust Fund and (after consultation with the Secretary of the Interior) to report to the Congress not later than the first day of March of each year on the financial condition and the results of the operations of the Trust Fund during the preceding fiscal year and on its expected condition and operations during each fiscal year thereafter. Such report shall include the recommendation of the Secretary of the Interior as to the amount of revenues needed by the Trust Fund during the following fiscal year to meet expenditures from the Trust Fund during such fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(c) It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(d) Any obligation acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at part plus acquired interest.

(e) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(f) (1) Amounts in the Trust Fund shall be available, as provided by appropriation Acts, for making expenditures to carry out programs under section 3 of this Act.

(2) Of the amounts in the Trust Fund, 75 per centum thereof shall be available for carrying out programs under paragraphs (1), (2), and (3) of section 3, and 25 per centum shall be available for carrying out programs under paragraph (4) of section 3.

(g) Unless otherwise provided by law, the Trust Fund shall terminate upon the expiration of the ten-year period following the date of the enactment of this Act. Upon such termination, amounts remaining in the Trust Fund at the time of such termination shall be credited to miscellaneous receipts.

Sec. 5. The Secretary of the Interior shall, within the six-month period following the date of the enactment of this Act and each six-month period thereafter, report the compliance of lessees with their work plans and drilling schedule plans to the Congress as to the number of oil and gas wells covered by a lease issued by the Secretary of the Interior in existence during the period covered by such report, the number of such wells in production during such period, the rate of production of such wells during such period, the number and identity of such wells not producing during period period, the reasons for such failure to so produce during such period, and the assessment of the Secretary as to the validity of such reasons. Such report shall also include the results of a physical spot check of the wells covered by such report to determine the accuracy of information so reported.

Sec. 6. (a) Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) is amended by deleting "12½ per centum" wherever it appears therein and inserting in lieu thereof "25 per centum".

(b) Section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) is amended (1) by designating the existing text thereof as subsection (a); and (2) by adding at the end thereof the following new subsection:

"(b) Notwithstanding the provisions of subsection (a) of this section, 5 per centum of all rentals, royalties, and other sums paid to the Secretary or the Secretary of the Navy under any lease on the Outer Continental Shelf issued on or after the date of the enactment of this subsection, which are attributable to that portion of the Outer Continental Shelf adjacent to any State or that portion of the Outer Continental Shelf to which a State by interstate compact has limited itself, shall be paid by the Secretary of the Treasury as soon as practicable after December 31 and June 30 of each year to such State."

EXHIBIT I

SECTION-BY-SECTION SUMMARY

SECTION 1

Declares that Federal oil and gas deposits shall be administered so as to: (1) increase royalties; (2) assure orderly exploration and development; (3) protect the environment; (4) promote competition in development of resources; and, (5) provide oil and gas reserves for national security and emergency needs.

SECTION 2

Subsection (a)

Amends the Mineral Leasing Act (30 U.S.C. 226) to increase the minimum royalty for competitive oil and gas leases on public lands from 12½ percent to 25 percent. Requires the Secretary of the Interior to promulgate regulations requiring each bid submitted to contain a work program for the geophysical exploration and exploratory drilling and the development and production of oil and gas on the lands covered by the bid, and a detailed schedule as to the time period within which drilling operations shall commence. Authorizes the Secretary to increase production from such leases for purposes of national security or other emergencies.

Subsection (b)

Amends the Mineral Leasing Act of 1920 to increase the royalty for non-competitive oil and gas leases on public lands from 12½ percent to 25 percent. Requires the Secretary to issue regulations requiring each bid submitted to contain a work program for the geophysical exploration and exploratory drilling and the development and production of oil and gas on the lands covered by the bid, and a detailed schedule as to the time period within which drilling operations shall commence.

Subsection (c)

Provides that any lessee carrying out a work program and drilling schedule shall be entitled up to 50 percent reimbursement for the amount expended in carrying out the program, but not to exceed the amount set forth in the original verification statement. Authorizes the Secretary to credit these reimbursements against any royalties from the lease. Authorizes the Secretary to terminate leases if it is determined that there has been a substantial failure to comply with the work program or drilling schedule.

Subsection (d)

Adds new section authorizing the Secretary to include in any lease, provisions necessary to promote the maximum efficient recovery of crude oil and gas under sound conservation, economic and engineering principles, and to provide for increased production for purposes of national security or other emergencies. Adds new section providing that all leases issued pursuant to the Act shall contain a condition that in no case shall any such lease be extended beyond its primary term unless oil or gas is being produced in paying quantities.

Subsection (e)

Revises section 36 of the Mineral Leasing Act (30 U.S.C. 192) to provide that all royalties accruing under oil and gas leases, on demand of the Secretary, shall be paid in oil or gas. Authorizes the Secretary to offer for sale all royalty oil and gas accruing or reserved under such leases. Allows the Secretary to retain royalty oil and gas to increase strategic reserves or stockpiles in the national or public interests. Authorizes the Secretary upon application, to sell royalty oil to refineries when he determines that sufficient crude oil is not available on the open market to such refineries. Awards the Secretary discretion to prorate royalty oil among such refineries in the area in which the oil is produced. Requires royalty oil to be sold at not less than the market price at private sale. Proceeds from the sale of royalty oil shall be deposited in the Energy Resources and Technology Trust Fund created in Section 4 of this Act.

SECTION 3

Requires the Secretary of the Interior, after consultation with other energy research, development, or conservation agencies and within 180 days, to submit to Congress detailed plans for carrying out over a 5-year period, the following programs: (1) an energy research, development and demonstration program providing for alternative sources, emphasizing renewable resources, and providing for improved technologies for supply, use and conservation; (2) a program to encourage early participation by industry in such energy R&D; (3) a program improving our knowledge of energy mineral resources on public lands; and (4) a program

for timely collection, analysis and publication of information concerning energy mineral resources on public lands. Provides that none of the programs outlined shall be carried out until after 30 days following their submittal to Congress.

SECTION 4

Establishes a trust fund to be known as the "Energy Resources and Technology Trust Fund." Requires the Secretary of the Treasury to manage the Trust Fund and report to Congress each year on its financial condition. Stipulates the report shall include the recommendations of the Secretary of the Interior as to the amount of revenues needed by the Trust Fund during the next fiscal year to meet expenditures. Authorizes the Secretary of the Treasury to invest monies in the Trust Fund not required to meet current withdrawals. Makes available monies in the Trust Fund, as provided by appropriation Acts, for expenditures to carry out programs under Section 3 of this Act. Authorizes 75 percent for funding for paragraphs (1), (2) and (3) of Section 3, and 25 percent for paragraph (4). Provides that the Trust Fund shall terminate after a ten year period.

SECTION 5

Requires the Secretary of the Interior to report every six months on the compliance of lessees with their work plans and drilling schedules plans to Congress; the reports shall include information on the number of wells covered, number in production, the rate of production, the number and identity of wells not producing, reasons for failure not to produce, and an assessment of the Secretary as to the validity of such reasons.

SECTION 6

Adds clarifying language to make certain provisions of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) consistent with this Act. Provides that 5 percent of all rentals, royalties, and other sums paid to the Secretary of the Interior or the Navy under any lease on the Outer Continental Shelf shall be paid to the adjacent coastal state.

EXHIBIT II

[From: Energy Policy Project of the Ford Foundation, *Exploring Energy Choices: A Preliminary Report*, Section 5.]

As with foreign relations and environmental issues, we have singled out government policies for management of publicly-owned energy resources for separate discussion. These policy questions are of immediate importance, because of their magnitude and long-term effects, and they should become matters of widespread public concern.

The federal government is in a unique position to shape future patterns of national energy policy through control of publicly owned energy resources. With the Department of the Interior acting as custodian, the American people own the bulk of the remaining fossil fuel resources in the United States. These resources include an estimated 35 percent of the oil and gas, 50 percent of the coal, and 85 percent of the oil shale. Substantial amounts of the domestic uranium and geothermal steam resources are also under federal control. Although important energy resources are to be found under private and state-owned lands, the major portion of the nation's energy resources which are most attractive for early development under federal control, particularly offshore oil and gas on the Outer Continental Shelf, and low-sulfur coal reserves in the West.

The manner in which the government meets its obligation to the public in managing the development of publicly owned resources is critical. The Energy Policy Project has under way a staff analysis of the policies for management of these resources and their place in shaping national energy policy. This policy analysis is not yet complete, but some of the major issues are quite clear.

The pace at which the federal lands are opened can play a key role in determining the overall rate of energy growth, the mix of fuels, and the degree to which the nation must rely on imports. A policy of massive leasing of these resources would signal a future based on high rates of energy consumption. On the other hand, decisions to limit development of one or more of these resources, coupled with policies of energy conservation, could lead the nation toward lower energy growth.

The existing system for management of the public's resources works against considering such options. Each resource is subject to different laws and administrative policies, established at different times to serve varying goals and interests. But, primarily, the system for the "disposal" of most of these resources was designed through law, regulation and tradition to encourage resource development. The government has been increasingly involved in determining when and under what conditions publicly owned resources are leased for private exploitation; but once the resources are leased, the Interior Department has had only limited success in insuring development. And, until recently, there has been only the most nominal recognition of other social goals.

The Interior Department's current stated objective is to reconcile three competing social goals: insure a fair return to the public from the sale or lease of these resources, protect the environment in the process, and develop the resources in a timely and orderly manner. But the present leasing system's inherent weaknesses make this objective unachievable. Two of the major leasing programs, coal and offshore oil and gas, illustrate this problem.

While the methods vary depending on the specific resource and the laws governing its disposal, most federal resources are sold to the highest bidder through a competitive, cash-bonus bidding system. Leases for onshore resources in "unknown" areas are given without competition and bonuses. In both instances, the lessee pays a royalty to the government as the resource is produced.

Since 1954 the leasing of oil and gas on the Outer Continental Shelf (generally defined as those offshore lands owned by the federal government and lying beyond three miles) has been the highest priority energy resource program within the government. Leasing has been confined almost entirely to the Gulf of Mexico, with some production in the Santa Barbara Channel off Southern California. Consideration is now being given to opening new lease areas offshore, in the Atlantic and the Gulf of Alaska.

Since a five-year lease schedule went into effect in 1971, lease sales for offshore areas have been held at a rate of two per year. The average annual acreage leased has nearly doubled—from 556,716 acres per year during the 1960–1969 period to 929,382 during the 1972–1973 period. The average bonus paid has risen steadily since 1970, averaging about $3,000 per acre in recent sales—almost six times the average during the previous decade. The average number of bidders per tract has steadily increased during the period.

There is evidence to suggest that the goal of achieving a fair return to the public from the leasing of these resources has been reasonably well served. But serious questions arise regarding the other goals: protection of the environment and orderly and timely development of the resources.

Several major blowouts and fires have occurred at OCS platforms in the Gulf of Mexico. The effects on the marine environment of chronic, long term oil seepage from operations and pipelines continue to be poorly understood. During this period the courts have found lack of compliance with the National Environmental Policy Act because of inadequacies in the environmental evaluation of OCS activities.

In addition, no means have been created to ascertain what rate of leasing is necessary to meet the nation's energy needs. The lease schedule itself is based on a simple extrapolation of past demand trends. Supply from the OCS is seen by the Interior Department as an attempt to fill the gap between other supply sources and the assumed demand.

Early in 1974 the President ordered a ten-fold increase (to 10 million acres) by 1975 in the amount of acreage leased annually. Whether competition for the tracts will remain high with so much acreage being offered and whether a fair return to the public can be maintained under such conditions seems highly questionable. Ensuring adequate environmental controls and effective state and public participation in decision-making also appears dubious. Lack of good resource information is the most pressing issue.

Presently, all new leasing is in the Gulf of Mexico. One sale is proposed for offshore Southern California in 1975. While anticipated reserves in these areas are large, the big question marks are the areas off the Atlantic Coast and the Gulf of Alaska. Both are regarded as promising, but neither has yet been drilled. There is growing evidence to indicate the possibility of large deposits. In undeveloped offshore areas such as these the government has only limited geophysical information to aid it in its leasing decisions. Almost all of this information has been purchased from companies which have done the work for industry.

In order to properly understand anticipated production from the OCS and to ensure a fair return to the public for leased resources under an accelerated leasing schedule, it is essential for government to have the best possible understanding of potential oil and gas resources. The Interior Department's Geological Survey has attempted to expand and improve its programs related to OCS leasing; yet industry data continues to be far more extensive, as a rule, than the government's. In short, the government's understanding of what it owns is grossly inadequate.

Development of federal coal presents similar problems. Vast recoverable reserves of low-sulfur Western federal coal (estimated at 2 billion tons) are presently committed to industry. Yet in 1972 only 10 million tons of this coal was produced, amounting to a mere 2 percent of total national production. Less than 10 percent of the existing leases are presently being developed. There are no mandatory production requirements, and many leases are held in speculation of higher future fuel prices. Many of the leases already in effect contain only minimal requirements for environmental protection. Some of these are in arid or semi-arid regions where, according to a study by the National Academy of Sciences,[1] it is doubtful the land can be reclaimed after surface mining. If these leases are developed without high standards for reclamation, the government will be contributing to environmental degradation rather than serving as a model for the nation.

However, given the huge amounts of coal under lease, little of which is being mined, no apparent need exists for a major new thrust in coal leasing before 1980, and in fact leasing was virtually stopped in 1971. The government does, therefore, have time to put together a rational coal leasing program.

The critical first step in such a program is to assemble an adequate data and information base. This does not exist. Coal in the West is held in complicated, intermingled

---

[1] Thadis W. Box, National Academy of Sciences, Rehabilitation Potential of Western Coal Lands, Ballinger Publishing Company, Cambridge, May, 1974.

ownership patterns. Much of the public coal underlies private lands. The government has poor records of its ownership of most of this coal. In many regions, the government has limited knowledge of the quality and quantity of the coal reserves that it does know it owns, and must rely on data the industry has been willing to supply to do any development planning. Information is also inadequate to support environmental planning for rehabilitation of surface-mined land and for maintenance of air and water quality, as well as for protection of range land and wildlife habitat.

Availability of water is a key issue in the use of federal western coal for coal-fired electric power plants at the mine, and coal gasification and liquefication projects. To support this projected development, huge, new water storage and diversion projects will be required. There has been virtually no evaluation of how this will affect the streams and rivers of the regions or the values and uses they support. Basic water resource limitations and important legal and administrative questions must be weighed before commitments are made to massive leasing of western coal.

The potential for exploiting the vast reserves of oil shale and extensive geothermal steam resources under public control is promising but still uncertain. A limited experimental leasing program is under way to determine if oil shale and geothermal steam can be developed economically, in an environmentally acceptable manner. Unexpectedly high bids in the first sales of oil shale rights, and the considerable number of participants in the first sale of geothermal leases, indicate high industry expectation of the economic potential of these resources. But problem similar to those in coal and OCS leasing are evident.

Vastly improved planning is a necessary reform in the existing system for developing all federal energy resources. It must begin with the gathering of comprehensive information on the resources themselves. But a planning system also must include information to assess the impact of development on the environment, on other resources, and on the economy and the people of the region where development takes place.

Steps can be taken immediately to improve resource information. A program of government-funded research and exploration through contracts with private and state agencies can begin soon after it is funded. In addition, industry could be required to share its basic data with the government. But the government also needs to have a greatly enlarged capacity to assess and evaluate such data once it is obtained.

The second major step toward a revamped federal energy minerals management system is to create improved mechanisms for reconciling the different, oftentimes competing, goals of the program.

At the national level, such analysis must address the fundamental question of the role of federal resources in supplying national energy needs. For the present, the decision has been made to rapidly develop all federal energy resources simultaneously. Such a policy may make sense in some areas, but as an across-the-board proposition it represents a failure to weigh conflicting values. It will be far more difficult to ensure a fair return to the public from the leasing of its resources and to protect the environment under a program of rapid development.

Of equal importance is understanding the tradeoffs at the regional and local level. For example, any decision to permit extensive development of federal coal in the Fort Union field of Montana, Wyoming and North Dakota will significantly change the character of that part of the country.

Even under a historic trends scenario, development can be selective both by resource and by location. Where development takes place, stringent environmental protection measures can be employed. The options, of course, are greatly expanded if less development is required under lower growth assumptions. Also, through a permanent planning mechanism, the people of the development regions can be given a voice in decisions affecting their future.

In addition to reforming the existing federal resource management system, the government itself could go into the business of developing the resources. A government corporation could be formed and given the job of exploring and developing all new federally controlled resource areas. The corporation could be designed to develop a single resource such as oil shale, or to cover development of all resources in a given geographic-economic region such as the Rocky Mountain states or the OCS.

In any case—reform of the existing system, a purely private enterprise approach, or public development—government officials must start to take a hard look at how the public's energy resources are managed.

EXHIBIT III

[From the Washington Post, Feb. 10, 1974]

THE FORGOTTEN ENERGY AGENCY

(By S. David Freeman)

Now that the United States is experiencing a crisis, we find that energy policy has become too important to be left to the energy agencies. William E. Simon, the energy czar, has taken charge, and his Federal Energy Office is the focal point of public attention. Yet the Interior Department, the Atomic Energy Commission, the Federal Power Commission and the Environmental Protection Agency, to mention only a few, still carry out programs that are vital to any solution of our energy problems. While we listen to what Simon says, the nation had better take a look at what the old line agencies are doing.

A good place to start is with the Interior Department, which has custody over the federal domain. Most of the oil and gas that is economically recoverable in the next decade is public property buried in the earth, largely beneath offshore waters. The government also owns huge coal reserves in the West and most of the country's oil shale. Interior's performance can make or break our energy future; and in the process it can either destroy or protect vast regions of the nation that are still naturally beautiful.

Historically, the Interior Department has been dedicated to development of the fuels on the federal lands pretty much at the pace that the energy industry demanded. But in recent years public concern over oil spills and strip mining and growing opposition to development of unspoiled places have brought a new dimension into the decision-making at Interior, one that the department is poorly equipped to handle in the public interest. Striking an intelligent balance between development and environmental protection requires knowledge and concern for what might be lost by development, as well as what might be gained. The alarming fact is that the Interior Department knows very little about how much the public owns and what it is worth: it knows even less about the harm that may happen to marine life, wildlife, the face of the earth, or to people's cherished lifestyles if development proceeds.

A GIGANTIC GIVEAWAY

The Interior Department is now under intense pressure to throw open the remaining federal lands to the energy companies. In his Jan. 23 energy message to Congress, President Nixon directed the Secretary of the Interior to lease 10 million acres of the Outer Continental Shelf in 1975. This would be an amazing tenfold increase over the less than 1 million acres leased in 1973. On the face of it, a stepped-up program sounds like a fine response to the energy crisis. But is a massive sale of public assets really in the public interest?

In the first place, it is doubtful that the oil industry can triple its drilling capability in these offshore waters in the next few years, much less explore 10 times as much acreage. Shortages of drilling rigs and skilled manpower are already a bottleneck. A likely prospect is that ownership of the petroleum in the ground will simply pass from the government into oil industry hands. And with leases offered faster than they can be developed, they are likely to bring only bargain-basement prices.

The sale in one year of what could be a series of oil fields the size of Maryland and Delaware combined has all the ingredients of a gigantic giveaway of the public domain even if "competitive bidding procedures are followed," as the President assured. The danger of selling the vast federal domain for a fraction of its value is especially acute because the department has little or no knowledge of how much oil and gas it will be selling and thus no solid basis for appraising the bids. The problem is compounded by the system of selling the oil and gas to the highest cash bidder, rather than a profit-sharing system under which the government would receive a sizable share of the selling price of whatever quantities of oil and gas were discovered. When the government doesn't know how much it is selling and is flooding the market with sales, even a very large cash bonus could prove to be a very bad bargain.

Yet there is an even graver threat from a sudden tenfold increase in offshore drilling. Anyone familiar with the meager capability of the Interior Department for analyzing the environmental impacts of its leasing program must shudder at the prospect. Lack of knowledge can become a formula for lack of environmental protection. The department's performance in the Alaska pipeline and its offshore leasing program to date—where citizen suits were required to order compliance with environmental protection law—inspires little confidence.

The Interior Department has shown neither the ability nor the determination to withstand the pressure for development even if serious environmental concerns are present. With the Atlantic coastal zone the next target for development, the nation had better watch this leasing program very carefully:

AEC: POWER OR SAFETY?

The President's request in his Jan. 23 message for legislation to accelerate the licensing and construction of nuclear power plants reemphasizes the key role of the Atomic Energy Commission in the nation's energy policy. The speed-up campaign from the White House, coupled with President Nixon's remark of a few months ago that fears about atomic power are "old wives' tales," is not terribly comforting to people who are soberly aware of the dangers. These concerns are heightened by the AEC's failure to press for the budget initially requested for its regulatory program, and a feeling by key regulatory officials at the AEC that their efforts are not understood or supported by the agency head.

The safety record of atomic plants to date has been good in large part because the AEC has taken the time to carefully scrutinize their design and construction. Even so there are unresolved problems of safety, waste disposal and safeguarding nuclear material. In addition, there is a need to strengthen the quality controls and inspections to assure that the growing number of plants are built to operate safely and reliably.

One of the major problems with the AEC's regulatory program is that it is only a part-time job for the chairman and most of the other commissioners. Assuring that atomic plants are safe requires full-time attention by the people responsible for signing their names to the decision. The administration proposal to split the AEC's regulatory function away from its promotional activities and create a separate independent Nuclear Energy Commission is thus an urgently needed

reform. Yet in the final analysis it is people rather than organizational structures that count. Nuclear power needs regulators who put safety first and will not be carried away by concern for the current shortages in deciding issues that pose dangers to mankind for generations to come. The nation must keep the spotlight on the Atomic Energy Commission or its successor.

FPC: NONREGULATION

The Federal Power Commission is hardly in the news these days, even though it is the principal federal agency for public regulation of the electric power and natural gas industries. Despite earth tremors in the energy world, the FPC seems content to carry out routine activities that deal with a tiny fraction of the electric power industry's problems. It has made no effort yet to seek a broader mandate so it can deal with urgent issues that no public agency is now equipped to handle.

The public is concerned about the massive increases in the retail rates for electricity, the problems of where to locate power plants and transmission lines in harmony with the best use of the land, and of course the electric power industry's ability to avoid blackouts and brownouts. The FPC really plays only a small role in satisfying these public concerns.

The electric power industry is becoming steadily more important as it takes on a larger share of the entire energy supply each year. Already over 25 per cent of all fuel goes into generating electricity each year, and by the turn of the century over half our energy supply may reach the consumer as electricity. As oil and natural gas become scarcer, coal, atomic energy, geothermal steam and, in the future, solar energy will be converted to electricity to meet future energy needs.

The electric power industry has always been subject to public regulation primarily by state utility commissions. But the 3,400 separate utilities have hooked their systems together into networks in which power flows over vast regions of the country. They are really beyond the power of the states to regulate effectively. The utilities come in with rate increase requests that are a *fait accompli*. The state commissions do not control their expansion plans and are duty bound under existing rules to grant them rate increases that cover all their costs and a reasonable profit. And the Federal Power Commission has no power over the expansion plans of the electric power industries, except when they build power dams, which they seldom do these days.

The fact that the electric power industry is going to keep growing is all the more reason to limit its growth to the facilities really needed and to locate them so as not to ruin the countryside. If the Federal Power Commission can't perform that job for the public then what good is it?

A whole new mandate for the Federal Power Commission and utility regulation in general is going to be required, and perhaps some reorganization of the electric utility industry as well. Rate-making concepts in effect today are part of the promotional era—when we measured progress in kilowatt hours. They need to be turned around.

New rules for pricing electricity are needed to provide incentives for conservation to replace promotional rates and profits based solely on plant expansions. Regional regulatory agencies may be needed to develop regional plans for maximum efficiency and minimum impact on the landscape, with authority to assure that utility expansions conform to the plan. These regional agencies could assist the states in fixing retail rates. They could assure that power grids were strong enough to take full advantage of the savings in land and capital from truly integrated planning and operation.

A Federal Power Commission alert to the public need should be actively proposing such reforms. We cannot afford to drift ahead with utility expansions under ground rules and institutional arrangements that are inflating our electric bills and cluttering the landscape with more investments in facilities than are really needed. If the FPC or the executive branch show no initiative, the Congress should.

EPA: STILL VITAL

Another victim of the energy crisis is public attention to pollution abatement. The cleanup campaign so nobly begun and so widely reported in the media a few years ago is giving way to daily bulletins as to whether we will get enough energy, never mind whether it is clean or dirty. It is therefore useful to remind ourselves that the work of the Environmental Protection Agency is just as vital as ever. The medical evidence on air pollution has not changed—it is still a health hazard. The damage from strip mining, oil spills and the rest is still a clear and present danger.

The crucial test of our resolve is coming up as EPA acts in 1975 to implement the primary air quality standards to protect human health. It will require industry to use cleanup technology that is expensive and which industry claims is not yet reliable. The energy crisis will no doubt be cited as an excuse for putting off the cleanup. Yet the irony is that the actions some cities must take to comply with these clean air standards are precisely those that are needed to overcome the shortage of gasoline: creating better public transportation to substitute for private cars in getting to work. The ability of EPA to stick by its guns and withstand the pressures from inside and outside will depend on how much the public cares.

Energy policy in the government has been so fragmented and so ineffective in the past that it is good to have a czar. But paying attention to what the established agencies are doing, may be much more important.

EXHIBIT IV

ENERGY UNDER THE OCEANS: A TECHNOLOGY ASSESSMENT OF OUTER CONTINENTAL SHELF OIL AND GAS OPERATIONS

(By Don E. Kash and Irvin L. White)

EXPLORATORY INFORMATION

As the government official directly responsible for promoting and regulating the development of OCS natural resources, the Secretary of the Interior must attempt to achieve a number of policy objectives. These include conservation, the prevention of waste, and the protection of the environment. The Secretary and his deputies have limited geological and geophysical data upon which to base a number of important decisions such as tract value, land use plans, and environmental risk and safety. In particular, limited data curtail their ability to administer effectively the OCS leasing system. In this section, the problem of evaluating tract value, safety, and lease planning is defined; alternative information-acquisition procedures are analyzed and evaluated; and some desirable changes are suggested.

Information needs

In advance of a lease sale, BLM and USGS are required to make economic, engineering, and geologic evaluations of each tract being considered for sale. The quality of decisions based on these evaluations is related directly to knowledge of the area being considered. According to the Department of the Interior, "in geologically well-known areas, the resources in a province or lease area can be estimated within an order of magnitude, using previous history and projections of trend and environment." [1] (For a detailed discussion of reserve and resource information, refer to Appendix C.)

Footnotes at end of article.

As lessees, companies are required by the *Code of Federal Regulations* to furnish well logs, cores, core analyses, paleosamples, well tests, production information, and geophysical surveys to USGS.[2] But this information is available only for tracts already leased and being developed. Thus, Interior can only make relatively well-informed decisions on sales involving drainage tracts. (Drainage tracts are tracts from which oil and gas is being drained by production on adjacent tracts.) Industry is not required to share its exploratory information on unleased tracts with USGS; consequently, government data for these tracts is limited to what government has either gathered itself or purchased from industry.

Determining the value of individual tracts on the basis of inadequate data may be less a problem than evaluation of the safety risk of developing the lease. The competitive bonus bid system provides a market mechanism for pitting bidders with good exploratory data and highly refined interpretative capabilities against each other, but there is no similar built-in method for insuring safety without having adequate exploratory data. (The bonus bid system is discussed at length in Chapter IX.)

The principal vehicle for assessing whether a tract can be developed safely is now the environmental impact statement. (Most industry spokesmen do not believe there is a safety problem, but USGS lists safety as one of the reasons it needs exploration data.) As indicated previously, OCS lease sales are considered to be major federal actions with significant impact on the human environment. Consequently, every tract is evaluated to determine what effects its development might have on the environment.

At the present time, the impact statement evaluation does not include an analysis of geologic characteristics which might increase the probability of a development accident—such as Union's blowout at Santa Barbara or the collapse of a Shell platform in the Gulf. In part, this omission may be due to Interior's lack of data from other than industry sources; but it is also due to Interior's policy of treating industry data, whether obtained from lessees or purchased, as proprietary information which can only be disclosed with specific approval of the area supervisor.[3] This means that these data cannot be made public, not even to meet the environmental protection objectives of NEPA. One effect of this may well be to inhibit the effectiveness of the public review process.

The overall effect of this lack of adequate data for making important decisions for OCS development seems to be that Interior reacts to industry initiative rather than acting on the basis of its own "systematic and efficient plan of geologic study, resource appraisal and leasing of the OCS." [4] Interior itself says that "the current pattern is dependent primarily on industry preference." [5] One effect of this pattern is a conclusion on the part of some observers that Interior and the industry work too closely together. This, of course, can be costly in terms of further undermining public confidence in Interior as a vigorous promoter and protector of the public interest.

Under the present system, industry does nominate tracts to be included in the lease sales, but it nominates tracts within an area specified by BLM in its call for nominations. So long as bonus income continues to be a primary motive for holding lease sales, it will be difficult to employ a tract selection system that doesn't call for some initiative on the part of the potential bidders.

WHAT ARE THE ALTERNATIVES?

Two major variables have to be taken into account in considering alternatives to the present system: the first is the procedure for information acquisition; the second is the timetable. We will discuss four procedures that provide information before the lease sale

and one procedure that makes information available following the lease sale:

1. Having the federal government, presumably USGS, collect its own data by contract surveys or with its own ships and equipment;

2. Requiring companies to submit their exploratory data and assessments to USGS on a confidential basis;

3. Having USGS collect some of its own data and continue to purchase some data from industry as it does at the present time;

4. Requiring companies to submit all raw seismic data to USGS on a non-proprietary basis in order to be issued an exploration permit and making all data furnished by lessees non-proprietary; and

5. Following the lease sale, the lease could be retracted and the bonus bid returned if, on the basis of information submitted after the sale, it is determined that the risk of developing the tract is considered to be publicly unacceptable.

Assessment of the alternatives

Interior has reviewed the first three of these alternatives in its response to a series of questions it was asked to answer as a part of the energy policy study being conducted by the Senate Interior and Insular Affairs Committee.

Have Government Collect Its Own Data: In brief, the department saw a number of advantages in having the federal government collect its own data, including:

a. These data could be publicly disclosed in publications, impact statements, and for other public purposes;

b. The Department of the Interior could operate on the basis of a systematic and efficient plan of geologic study, resource appraisal, and leasing program; and

c. "A program of regional geologic study of all of the OCS could be planned and carried out on a systematic time basis for the preparation of geologic and resource analysis maps and topical reports." [6]

The sole disadvantage mentioned by Interior was cost. The estimate given for close-spaced seismic data purchased as a part of a small group was $50–75 per mile. Under existing procedures, however, this data could only be made public if the government were the sole purchaser, so that the cost of non-proprietary data is substantially higher.

But there might well be some adverse effect on the service companies that conduct and sell seismic data as well as on the competitive bonus bid system itself. If close-spaced raw data were publicly disclosed, there would be no reason to pay for it any more. Making the data publicly available in advance of the sale might adversely affect competition. However, at the present time most bidders have access to similar exploratory data, and it is the difference in companies' ability to enhance, display, and interpret the raw data that accounts for real competition.

Under this alternative the data available to Interior would be much improved both for safety and effective management; however, it should also be pointed out that, with the best seismic data currently available, resource estimates are still not very accurate. Holes would still have to be drilled to determine the actual value of the lease.

Have Companies Submit Data and Assessments: According to Interior's assessment, there are two major advantages to the alternative requiring companies to submit their exploratory data and assessments to the government on a confidential basis. First, the data would be available for the cost of reproducing it; second, "to the extent that individual companies surveyed and appraised the same areas, the sum of their observations and interpretations would represent a broader spectrum of expert opinion than could be provided by a single organization." [7] But these data still could not be publicly disclosed, although Interior suggests that a possible additional requirement might be to place these data in the public domain after some set time.

A Combination of Government and Industry Data: The advantage of having government supplement data acquired from industry with data it collects on its own is that some of the data could be publicly disclosed. This alternative could also give Interior an opportunity to be more systematic with at least a part of its data-acquisition program.

Have Companies Submit Their Pre-Lease Raw Data: The alternative requiring companies to submit all raw seismic data and treating it and all data subsequently furnished by lessees as non-proprietary is the most far reaching of these alternatives. The Public Information Act of 1968 requiring that government agency records be made available for public inspection might have to be amended for this to be an available alternative. Section 552(b) of the Act exempts several categories, including "geological and geophysical information and data, including maps, concerning wells." The Act does not require that these records be withheld, but present Interior policy, as stated in the *Code of Federal Regulations*, restricts their use: geological and geophysical interpretations, maps, and data required to be submitted under this part shall not be available for public inspection without the consent of the lessee so long as the lease remains in effect or until such time as the supervisor determines that release of such information is required and necessary for the proper development of the field or area.[8]

This restrictive information policy enables the leaseholder to have an information advantage over competitors when bidding on adjacent tracts and limits public disclosure of data used in evaluating tracts.

The specific effect of public disclosure in this case depends, as it does in the first alternative, on when the raw data are to be made public. If disclosure is before the lease sale, in the impact statement, it could affect the competitive bonus bid system. However, if we are accurate in our impression that interpretation rather than raw data is the real point of competition, the effect on lease sales would be minimal.

Treating information submitted to USGS by lessees as non-proprietary would be a major change in policy and surely would generate an energetic negative response from industry. In one sense, the basic question is what rights did the leaseholder purchase? It is clear that he purchased a right to find, produce, and transport oil and gas. It is not clear that he also purchased an exclusive proprietary right to the information which he obtains in the process of exercising his other rights—although it might be argued that this has become a customary right.

Have Companies Submit Data After the Lease Sale: The final alternative, requiring the submission of exploratory information by the successful bidder after the lease sale and before development, is similar to the present requirement for submission of structural interpretations of geological and geophysical data for USGS approval of permits to drill. Although this data would support a review process to assess risk, the timing of the review could introduce uncertainty and bias into the possibility of subsequently rejecting a bid. Importantly, this alternative would neither meet information needs for a public review of the lease sale and other government decisions in managing and controlling OCS development nor satisfy information needs for land use and energy planning.

Summary and policy implications

We have chosen to discuss these five alternatives either because they have been considered by Interior or they raise important issues. Many other combinations could have been discussed. However, our purpose has been to indicate that adopting any of these five alternatives (or an alternative involving combinations or variations of these same component parts) could produce numerous second-order consequences. We have noted only a few of these, such as possible effects on the seismic services industry, competitive bidding, and the level of confidence the public has in Interior and the industry. This is a complex system in which any change, such as having government collect its own data or establishing new rules concerning public disclosure, will produce changes in other parts of the system as well.

Some of the changes, such as publicly disclosing raw seismic data in advance of a lease sale, apparently should not affect the competitive bonus bid leasing system since it appears that every company can obtain raw data of comparable quality. If this is correct, logically raw data could be disclosed and competition could continue on the basis of differing capabilities to enhance, display, and interpret data. But this fails to take into account the symbolic importance which the petroleum industry attaches to this aspect of the competitive system. Decision makers, both public and private, have to be aware that this is the case. But if they are to act responsibly, they have to make their decisions on the basis of a broader set of energy-environment issues.

DESIRABLE CHANGES

It would be desirable to supplement present exploration information collection procedures in two ways:

a. In order to acquire exploratory information for regional land use planning for offshore and onshore facilities, the government should contract its own seismic survey.

(b) Before each lease sale, the government should contract for both seismic and subsoil surveys to provide adequate data for assuring that development can be carried out safely. These data should be public information, and as necessary, both the data and analyses should be included in the environmental impact statement.

* * * * *

FOOTNOTES

[1] Interior, *Questions and Policy Issues*, p. 72.

[2] Title 30, *Code of Federal Regulations*, Section 250 (30 CFR 250).

[3] OCS Order Number 12, Gulf Coast Area.

[4] Interior, *Questions and Policy Issues*, p. 73.

[5] *Ibid.*

[6] *Ibid.*, pp. 73–74.

[7] *Ibid.*, p. 74.

[8] 30 CFR 250. 97.

EXHIBIT V

[From the Washington Post, Feb. 24, 1974]

LEASING FEDERAL OIL LAND

(By Oscar Kiessling)

Responding to the need for increased oil supplies, the government recently has announced a stepped-up program for leasing federal oil lands. These are mainly in the continental shelves of the East, West and Gulf coasts. They have enormous reserves, according to the U.S. Geological Survey.

Up to the present, the economic impact of the present leasing system has received little attention. The time has come, however, to determine whether it functions adequately in the light of changing conditions and probable future needs. If modification is in order, it should be made before extensive new leases are negotiated for lands that have the bulk of the nation's total petroleum reserves.

The present leasing procedure is basically an auction in which potential developers submit cash bids for the right to explore and develop limited tracts. Developers pay hundreds of millions of dollars for this privilege without assurance of adequate return or, possibly, any at all. In addition to meeting high initial lease expense, they must finance deep-

Footnotes at end of article.

water drilling rigs which may cost up to $50 million or more each, plus large capital outlays for operating expenses.

This arrangement generates a huge front-end financial load for what is a high-risk operation. Obviously, to survive, developers confine bids to tracts where success is most likely. Less attractive areas may not be explored owing to the great financial hazard although such areas ultimately might contribute substantial production if developed.

The present procedure does produce a one-shot surge of cash for the Treasury where it disappears quickly and forever into the giant maw of the current annual budget.

The serious business of obtaining much-needed oil production is not an area where we should continue big-time roulette. The method of leasing should not be changed to reduce initial exploration costs, encourage maximum development, and produce longer-term and greater benefits for the nation. This can be done by eliminating cash-cost leases and substituting compensation on the basis of attained production. Thus, developers would pay nothing down for the right to explore and develop, but would obtain this privilege through competitive bids on the percentage of attained output they would turn over to the government.

Oil delivered to the government can be handled readily in the public interest. Part of it (received at virtually no cost) could be refined into products needed by defense agencies—a big saving in what is now a sizable factor in all annual budgets. The remainder could be sold in the open market under a program aimed at stabilizing prices and keeping them at reasonable levels, thus benefiting consumers.

It is also likely that the aggregate return to the government under the proposed change would be materially greater than under the cash-lease method. This is because production from developed fields is generally much larger than the initial estimates of geologists, which are the basis for cash-lease bids under the present system.

Since oil development is a moderately long-term operation, benefits under the changed procedure would flow annually over a long period—possibly indefinitely as new areas on public lands are developed. This, by itself, gives the government an inflation hedge with regard to compensation ultimately received from leases. With inflation expected to continue indefinitely, for example, a barrel of oil delivered to the government in 1984 or 1994 should be much more valuable than cash paid to the Treasury in 1974, even if we kept it.

Clearly, the bonus cash-lease method is archaic and no longer compatible with current realities and future national needs. Delay in making the needed change would seriously impair our ability to win the struggle to become fully self-sufficient in oil.

EXHIBIT VI

[From the Washington Star-News, Mar. 22, 1974]

COUNCIL FEARS OFFSHORE OIL SPILL

(By Roberta Hornig)

Oil spills are highly likely to hit coastal recreation areas and marshlands if and when oil and gas drilling begins off the Atlantic Coast, President Nixon's Council on Environmental Quality warned today.

Areas most vulnerable to damage from spills are the coasts of Georgia, South Carolina and Florida, said a CEQ report. The next most vulnerable area is off Long Island, N.Y., and New Jersey.

While still endangered, areas off southern New Jersey, Delaware and Maryland—including the resort areas of Atlantic City, Rehoboth Beach and Chincoteague Island—would likely fare better.

Another major council finding is that estimates by both the United States Geological Survey and private oil companies on how much oil and gas is likely to be found off the east coast have been highly overblown.

Originally, estimates were that the Outer Continental Shelf contained around 48 billion barrels of oil and about 220 trillion cubic feet of natural gas.

The new estimates, only a few weeks old, are that oil reserves are likely to be between 10 and 20 billion barrels and natural gas about 55 to 110 trillion cubic feet.

Sen. Henry M. Jackson, D-Wash., today introduced legislation designed to increase offshore oil and gas development while at the same time providing maximum environmental safeguards and ensure the receipt of a fair market price.

The bill, Jackson said, called for a federal exploration program and publication of geological and resource data, and require research and development of new technology to increase safety and eliminate or reduce environmental damage.

"Despite a year of shortages, the administration's leasing effort is still too small and too slow," Jackson said. "It appears dominated by the Office of Management and Budget's desire to release as little acreage as possible in order to generate maximum present revenues to the federal Treasury."

The 350-page report is the study the administration had promised before it would permit offshore east coast drilling.

Such drilling, however, is part of the administration's plans to increase domestic energy production.

Here are some of the major findings in the study:

While there are environmental hazards, offshore oil drilling has to be weighed in the context of what alternative energy sources would be available to the east coast if there was no drilling. The major tradeoff likely would be strip-mined coal from Appalachia.

Offshore Atlantic drilling would be under weather conditions even more serious than those in the North Sea and in the Gulf of Alaska because of the extreme severity of mid-Atlantic storms.

The study lists these probabilities of oil spills reaching the shores off various regions of the East Coast:

For the Georges Bank off Cape Cod, with drilling proposed for 100 to 150 miles out in the Atlantic—a 50 percent chance of oil spills at 50 miles out and 15 percent at 150 miles out.

The most endangered area in the Georges Bank area is off Long Island. Spills would have a 10 percent chance of coming ashore if drilling were out 25 miles. But if drilling is less than 25 miles, the probability goes up to 75 percent.

For the Baltimore Canyon area offshore, encompassing areas off Southern New Jersey, Delaware and Maryland, the probability for spills reaching the shore is 10 to 20 percent.

The area endangered most would be in the Georgia Embayment, where there is a 90 to 95 percent probability of oil spills reaching the shoreline.

The study also concludes that closer-in spills, which could be caused either by ruptured pipelines or tanker accidents, would almost certainly affect Delaware Bay, Falmouth Bay in Massachusetts, and Charleston Bay.

CEQ estimates it would take somewhere between 2 and 10 hours for the oil to come ashore, depending on the season.

While Maryland, Delaware and Southern New Jersey stand the likelihood of having fewer oil spills, the effects would last longer, the report says.

That is because much of this coastal area is composed of salt marshes and wetlands where the oil would stick to sediments. These areas would also suffer more from the initial construction of any offshore drilling rigs, the report says.

Within the next month the council is expected to make a recommendation about offshore East Coast oil drilling on the basis of its report.

EXHIBIT VII

[From the Washington Post, Mar. 24, 1974]

THE OFFSHORE OIL RUSH—RIGS' INVASION OF GULF STARTS A NEW ERA

(By George C. Wilson)

NEW ORLEANS.—Like homesteaders rushing out for virgin land, oil men, at President Nixon's urging, are sailing forth in ever growing numbers these days to work claims in the Gulf of Mexico.

They are going out for the oil and gas that lies under the unbroken land. So many rigs are out on the water that the gulf in some places today looks like the staging area for a strangely shaped invasion force—barges with steeple-like oil derricks on top.

If government and industry geologists are anywhere near right, this same invasion force will be standing off such East Coast cities as Jacksonville, Baltimore and Boston within a decade, mining under the sea for oil and gas. Yet another fleet may dig into the sea bottom under the Gulf of Alaska.

The stepped-up activity in the Gulf of Mexico is just the beginning of a whole new era in exploiting the resources of the Outer Continental Shelf of the United States. And the impact—especially for the East Coast—will confront Americans with a whole new set of difficult choices in their lifestyles and landscape.

Critics complain that the federal government is ordering this era into being without considering the consequences. One such critic—the Environmental Policy Center, a lobbying group—contends that the Nixon administration should file a formal environmental impact statement on its policy decision to lease out vast areas of the ocean to oil companies.

"No one in the federal government knows what the national interest is in the coastal zone because no attempt has been made to reconcile the multiple uses of the ocean environment with a view to the long-term productivity of the seas," complains Barbara Heller, an ocean resources specialist for the Environmental Policy Center.

"If we are really facing any kind of shortage," she contends, "this argues in favor of caution in development rather than haste while we search for the most efficient ways to develop, transport, refine, distribute and utilize oil and other energy resources for the long term."

President Nixon's Council on Environmental Quality—in theory his chief adviser for such decisions as accelerating the leasing of land offshore—was not consulted on the administration decision to increase leasing ten-fold, according to administration sources.

But such political opponents as President Nixon and Sen. Henry M. Jackson (D-Wash.) agree that offshore is the best place to go for relief of domestic oil shortages. They stress that drilling offshore, with today's technology, can and will be done with minimum risk to the environment.

Even though the argument will not be settled for years, the rush to mine the wealth of the sea is on, with the government's full blessing.

Further proof of this will come here Thursday when the Interior Department's Bureau of Land Management will offer oil companies the right to drill for oil and gas in 920,000 acres of sea bottom from 3 to 140 miles off the Louisiana coast.

This acreage is the biggest amount offered in seven years and further reverses the downward trend in offshore leasing which followed the Santa Barbara oil spill on Jan. 28, 1969. Mr. Nixon gave the rationale for the stepped-up effort in his energy message

of Jan. 23, 1974: "The undiscovered oil and gas beneath our Outer Continental Shelf can provide a significant portion of the energy to make us self-sufficient."

"Today," he continued, "I am directing the Secretary of Interior to increase the acreage leased on the Outer Continental Shelf to 10 million acres beginning in 1975, more than tripling what had originally been planned."

He added that leases for Atlantic and Gulf of Alaska sea bottom would not be offered until after the Council on Environmental Quality finished a study on what offshore drilling would do to those areas. But several geologists interviewed said those two areas would have to be opened up to achieve the stated goal of leasing 10 million acres of promising oil and gas beds offshore.

Ten million acres is almost twice the total area of Massachusetts and 1½ times the size of Maryland. Also, it is 10 times the amount of offshore territory leased last year and almost 100 times the 114,282 acres leased in 1969—the year of the Santa Barbara spill.

"The oil industry doesn't have enough equipment to work 10 million acres," warns one government geologist. "We're really not ready for this big jump."

But the Cabinet officer in charge of the program to get that much offshore territory leased, Secretary of the Interior Rogers C. B. Morton, counters that the effort must be made—but perhaps under different arrangements to reduce the risk and concentrate available equipment on the most productive oil and gas beds under the sea.

"If you really had to hang your hat on an increase in oil of something in the neighborhood of 3 million to 3½ million barrels a day." Morton said in an interview in Washington, "and I'm not talking about the Arctic now because that's a delivery problem, you're looking at the Outer Continental Shelf. There isn't any question in my mind about it."

To maximize the chance of getting the most oil offshore with a minimum of protest, Morton, under what he calls a "two-tier system," would like to do more preparation of the sharply expanded leasing program.

Besides the technical evaluations of oil companies about offshore seabeds, Morton said, "I would like to have the environmentalists try to draw some comparisons from an environmental point of view. Where is the worst place from their point of view? It might well be the Atlantic. It might be the Gulf of Alaska because of climatic problems and wave action and all those things."

With such inputs, Morton said, the government could draw the boundaries of the most desirable offshore leasing areas and then go into the "second-tier" step of letting oil companies formally request the right to drill specific tracts within the selected area.

In the bidding process itself—like the one coming up Thursday in New Orleans—oil companies agree to pay a bonus to the federal government for the right to develop specific tracts offshore and then give the government one-sixth of the oil produced.

With the high price of oil, bidding for this offshore territory has reached unprecedented heights. Last December the federal government got $1.49 billion in bid money—called bonus payments—from oil companies for the right to drill for oil and gas on 485,396 acres under the Gulf of Mexico off the shores of Mississippi, Alabama and Florida. A single tract of 5,760 acres 45 miles southeast of Fort Walton, Fla., brought $211,997,600—a record amount.

Because offshore leasing brings billions into the treasuries of federal state governments, Morton said, "a money-oriented program" has evolved rather than one designed to manage the oil and gas resources intelligently.

To move "from a money-oriented program to an oil-oriented program," Morton said, "we've got to consider the proposition of exploration as sort of a separate phase from development." He said he has not worked out the details, however, and did not want the government itself to get into the exploration business.

The oil industry does not consider it practical to separate exploration and production, and is expected to fight any such formal administration effort. But Sen. Jackson and other lawmakers are putting pressure on the administration to give the government a larger exploration role on the Outer Continental Shelf and to change the present bidding system.

Jackson does agree on the need for stepped-up mining of the sea—declaring last Monday that the Interior Department should make "available for leasing by 1985 all Outer Continental Shelf lands favorable for oil and gas development without environmental damage."

At the 1973 level of U.S. consumption of 6 billion barrels of oil and 23 trillion cubic feet of gas, Jackson said, the oil and gas believed to be under the Outer Continental Shelf could supply the United States with those fuels for 35 years.

But there is considerable disagreement over how much oil and gas are under those offshore lands. The U.S. coastline is 12,000 miles long, with a continental shelf—going from the low tide mark down to a depth of 600 feet—of 650,000 square miles. It varies in width—120 miles in the far northern part of the Atlantic down to 20 miles off Cape Hatteras—as well as in depth and richness.

The latest government estimates of the total oil and gas reserves under the sea were released Friday in a Council on Environmental Quality study on the impact of offshore drilling. Here are the U.S. Geological Survey (USGS)—including oil and gas already extracted—in the report along with those made by the oil industry's National Petroleum Council (NPC):

Offshore oil—Billions of barrels

	USGS	NPC
Gulf of Mexico	30-50	19
Pacific	10-20	17
Atlantic	10-20	6
Alaska	30-60	29
Total	80-150	71

Offshore gas—Trillions cubic feet

	USGS	NPS
Gulf of Mexico	250-425	220
Pacific	15-25	25
Atlantic	55-110	60
Alaska	170-340	185
Total	490-900	490

The Geological Survey estimates for the oil and gas potential of the Atlantic seabed are way under the survey's former estimates of 48 billion barrels of oil and 220 trillion cubic feet of gas.

Lower estimates or not, the combination of President Nixon's orders to go after whatever oil and gas does lie offshore, plus the high prices industry can now get for it, assures no slowdown in this new rush for riches under the sea.

By Mr. BIDEN:

S. 3347. A bill to amend the Internal Revenue Code of 1954 to limit capital gains treatment for individuals to $50,000 of capital gains and to repeal the alternative tax for individuals. Referred to the Committee on Finance.

CAPITAL GAINS

Mr. BIDEN. Mr. President, I introduce for appropriate reference a bill to amend the Internal Revenue Code with respect to the treatment of capital gains.

Mr. President, it is impossible to talk about substantive tax reform without considering modification of the tax treatment given to capital gains.

Capital gains are generally gains on the sale of property, both business and personal, held by the taxpayer, other than property held for sale to customers. There are two broad categories of property. The first, capital assets, are generally all property other than inventory, stock-in-trade, property held for sale to customers, and real and depreciable business property. Gain on the sale of a capital asset is considered a capital gain, and loss on a capital asset is considered a capital loss.

The second category is that of real and depreciable business property. Gains on this type of property are usually treated as capital gains, but losses are treated as ordinary losses.

Capital gain subject to tax is generally the difference between the cost, or basis, of the property and the sales price. The basis is increased if permanent improvements are made and decreased if depreciation is taken.

The tax on capital gains applies only when gains are realized, not as they accrue. There are some cases, however, when realized gains are not recognized for tax purposes. Such is the case when a personal residence is sold and another bought within a specified time period.

Capital gains are classified as short term—gains on property held 6 months or less—and long term—gains on property held for more than 6 months. Short-term gains are treated as ordinary income. Individuals may exclude one-half of long-term gains from their adjusted gross income. They may also elect an alternative tax of 25 percent on the first $50,000 of long-term gains.

Capital losses are also treated in a special manner. Long-term capital gains are reduced by long-term capital losses and short-term capital gains by short-term capital losses. Then any net long-term capital gain is reduced by any net short-term capital loss or vice versa. Individuals can then apply any net short-term capital loss or one-half of net long-term capital loss against ordinary income, up to a $1,000 reduction. There is an unlimited carryforward so that losses can be carried over to the following tax year to offset first gains and then up to $1,000 of ordinary income each year.

Although some limited type of distinction between capital gains and regular income might be retained, I believe that the current preferential treatment of capital gains is unwarranted. Capital gains, after all, constitute income to the individual which increases his economic power and are available for consumption if desired.

Preferential treatment of capital gains has caused the development of tax shelters which benefit primarily the wealthy. Our tax system, in effect, favors investment income over actual earned income, because it taxes wages and salaries at higher rates than capital gains. Since capital gains are primarily held in large amounts only by the wealthy, the current system actually discriminates against those of lower and more moderate means.

Another factor which argues for reform of capital gains treatment is that it is one more loophole that not only provides an extra bonus to the well-to-do, it makes our tax structure that much more complex. It is a hindrance to the progressive income tax with its "ability to pay" principle.

There are several other arguments that one usually hears in support of preferential treatment of capital gains. One is that this income does not completely reflect added purchasing power because it reflects inflation and therefore should not be fully taxed. I find this to be unpersuasive, however, since normal income, which also reflects inflation, is taxed at regular rates. The question of double taxation also usually comes up, but I consider this more of a problem of the integration of the corporate and individual tax system, not a reason to support preferential treatment of capital gains.

In short, an attempt must be made to reduce this special treatment to bring it more into line with regular tax rates. I am today proposing legislation which will move toward that goal. This bill would tax capital gains over $50,000 as regular income. This still fairly high level will allow for a gradual change of direction in the treatment of capital gains, without any hysterical fear that business investment would shrivel up and have disastrous effects on our economy. After we see that cries such as these have been fostered mainly by the wealthy persons who enjoy the benefits this loophole income provides, we can better determine whether or not further action is warranted.

I also propose to eliminate the 25-percent alternate tax on the first $50,000. To benefit from this provision a person must be at least in the 50-percent marginal tax bracket. I feel that the $50,000 ceiling that I have already proposed is more than adequate in order to make this added feature unnecessary.

Hopefully this measure will be a preliminary step to better assess our tax structure and its many loopholes. Currently, preferential treatment of capital gains for individuals is the cause of a huge $7 billion loss to the Treasury. This provision would return a significant portion of that loss, without any undue ill effects. It would restore a measure of fairness to our tax system and hence to our more moderate income earners who have too long labored under the burden of disproportionate taxation. This bill would raise an estimated $3½ billion annually.

Mr. President, I ask unanimous consent to have the bill printed in the RECORD.

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

S. 3347

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1202 of the Internal Revenue Code of 1954 (relating to deduction for capital gains) is amended by striking out "the amount of such excess" and inserting in lieu thereof "so much of such excess as does not exceed $50,000 ($25,000, in the case of a married individual filing a separate return)".

(b) Subsections (b) and (c) of section 1201 of such Code (relating to alternative tax in the case of taxpayers other than corporations) are repealed.

(c) The amendment and repeals made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

By Mr. BIDEN:

S. 3348. A bill to amend the Internal Revenue Code of 1954 to increase the effectiveness of the minimum tax for tax preferences. Referred to the Committee on Finance.

MINIMUM TAX

Mr. BIDEN. Mr. President, I introduce for appropriate reference, a bill to amend the Internal Revenue Code with regard to the minimum tax.

Mr. President, the minimum tax was a device enacted as part of the Tax Reform Act of 1969 to insure that everyone who was financially able would pay at least some tax on income. It aims specifically at income gained through the use of tax preferences. Many of these preferences or loopholes were originally granted as a spur to provide money to promote the growth of business. It was thought that by providing this incentive, more jobs would become available and more money paid out in wages would get into the economy, resulting in a higher standard of living for everyone. To some extent this is still a valid argument. It has been a long time, however, since many of these laws were passed, and it is imperative that they be reviewed not only to insure that they are achieving their initial objective, but also to ascertain the manner and purpose of their application.

For years it has been obvious that a large number of wealthy individuals have been able to manipulate these loopholes to shield their income in such a way as to avoid much of the tax burden for which they would otherwise be liable. Documented cases of millionaires paying little or no income taxes graphically demonstrate the inequity of our tax system.

Two major categories of income tax loopholes are preference income and exempted income. Preference income is subject to the minimum tax of 10 percent. Examples of this type are capital gains, oil depletion, accelerated depreciation on real property, accelerated depreciation on personal property subject to a net lease, amortization of railroad rolling stock, amortization of certified pollution control equipment, reserves for losses on bad debts of financial institutions, and stock options.

The minimum tax has been largely ineffective, however, for two reasons.

First, there is a $30,000 exemption for income subject to the minimum tax. This has proved to be an unreasonably high figure since virtually the only thing it accomplishes is to allow wealthy taxpayers to avoid paying any tax on the first $30,000 of preference income. I propose lowering the exemption to $10,000. This is sufficient to exempt the middle income taxpayer who has a modest amount of capital gains, et cetera and still cover larger amounts of money that are currently escaping taxation.

Second, regular income taxes can be deducted from tax preference income. This has created what is sometimes called an "executive suite" loophole. For example, this allows a company executive to shelter his preference income with the regular income tax he pays on his large salary. In such cases persons could have extremely large amounts of preference income and still not pay any minimum tax.

Obviously, some change must be made in the minimum tax if it is to achieve what was intended. As it is presently constituted, this tax is usually circumvented with little effort by people with the means to do so. Although the statutory rate is 10 percent, the effective rate for individuals is approximately 2 percent. I, therefore, think that the deduction for regular income taxes is unwarranted and should be discontinued. Although the concern has been voiced that these measures would unduly hamper business investment, studies have indicated that this would actually reduce effective overall tax rates insignificantly, while at the same time, requiring wealthy persons to pay something closer to the statutory minimum tax rate.

These two necessary modifications to the minimum tax are identical to the amendment sponsored by Senator KENNEDY and others to H.R. 8214 earlier this year. Although the amendment was passed, the bill was later recommitted. If enacted into law, it is estimated that these provisions would generate additional revenue of approximately $860 million per year.

Finally, the minimum tax has proved ineffective because it fails to include in its base certain items that are now tax exempt. This failure permits many wealthy people to escape paying taxes on income, and allows the operation of a number of tax shelters to continue untouched by the minimum tax. Interest on State and local bonds, intangible drilling costs, investment credit, interest and taxes during construction period of real estate, gain on property transferred at death, and gain on appreciated property given to charity fall into this category.

One of the most glaring omissions in the minimum tax base is interest on State and local government bonds. This tax exempt interest allows an individual with great wealth the opportunity to enjoy a virtually tax free income by investing heavily in this type of security. The provision as it stands now results in a revenue loss of approximately $3.3 billion per year, making it one of our most expensive tax subsidies. Since these bonds are usually expensive and the rate of return comparatively small, they are bought for investment purposes primarily because of their special tax status.

One may argue that the existence of tax exempt treatment provides an interest subsidy to the States and local gov-

ernments. However, the exemption is a very inefficient subsidy since the revenue loss to the Federal Government exceeds the interest savings to the States by an estimated $800 million. This difference, of course, must be borne by those who are unfortunately less affluent. In addition, the subsidy is erratic depending on the marginal tax rate of the recipient. This means that the larger the person's income, the bigger the tax break he receives.

Another item which should be added to the minimum tax base is the expensing of intangible drilling costs of oil and gas. This includes certain expenses incurred in bringing a well into production, such as labor, certain materials, supplies, and repairs. Although these expenses are of a capital nature—expenses for an asset which will produce income over a number of years—they can all be deducted in the current year, rather than being depreciated over the useful life of the asset, which is the normal procedure. In this way taxable income can be substantially lessened. Although it would seem that by doing this, the taxpayer would then have to pay a higher amount of taxes the next year, this is not the case. As long as he continues drilling, he is basically still in the same position of reducing taxable income.

This results in a revenue loss of about $325 million per year. Although it might be said that this could possibly discourage petroleum exploration, in a period of shortage I disagree. This form of accelerated depreciation, possibly valid at a time when crude oil sold for $2 or $3 per barrel, has no validity at a time when new oil sells for over $10 per barrel. The large increases in the price of oil should be sufficient incentive for continued exploration.

Mr. President, the inclusion of interest on tax exempt bonds and intangible drilling costs in the minimum tax base would raise an estimated $600 million and $75 million respectively. The bill as a whole then would gather approximately $1½ billion which is now being diverted from the Treasury into the hands of wealthy individuals who have created tax shelters for themselves by manipulation of the tax laws.

The effect of these measures on business would be negligible, and they would introduce a sorely needed measure of fairness into our tax system which still allows plenty of loopholes for those with the money to take advantage of them. I shall continue to seek changes in our present method which places the heaviest burden on the already strapped middle income taxpayer.

Mr. President, I ask unanimous consent to have the bill printed in the RECORD.

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

S. 3343

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 56 of the Internal Revenue Code of 1954 (relating to imposition of minimum tax for tax preferences) is amended by—

(1) striking out subsection (a) and inserting in lieu thereof the following:

"(a) IN GENERAL.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of every person, a tax equal to 10 percent of the amount (if any) by which the sum of the items of tax preference exceeds the excludable amount.";

(2) striking out "$30,000" in subsection (b)(1)(B) and inserting in lieu thereof "$10,000"; and

(3) amending subsection (c) to read as follows:

"(c) EXCLUDABLE AMOUNT.—For the purpose of subsection (a) of this subsection, the excludable amount shall be $10,000."

(b) Section 57 of such Code (relating to items of tax preference) is amended by inserting after paragraph (10) the following new paragraphs:

"(1) Intangible drilling and development costs.—The amount of the deduction allowable for the taxable year under section 263(c).

"(1) TAX-EXEMPT INTEREST.—The amount of any interest excluded from gross income for the taxable year under section 103.".

SEC. 2. The amendments made by the first section of this Act apply to taxable years beginning after December 31, 1974.

By Mr. BIDEN:

S. 3349. A bill to amend the Internal Revenue Code of 1954 to eliminate percentage depletion for oil and gas wells over a 3-year period. Referred to the Committee on Finance.

OIL DEPLETION

Mr. BIDEN. Mr. President, the preferential tax treatment given to the oil industry must be eliminated because it is no longer justified. Oil and other extractive industries pay far lower taxes than manufacturing companies through tax privileges in the form of percentage depletion, deduction of intangible oil drilling expenses, and the foreign tax credit.

Supporters of the continuance of the tax allowances point out that percentage depletion allowances further national security by providing an incentive to create and maintain a reserve or divertible domestic capacity for military use in time of national emergency. This allowance is also said to be a method of compensation for the unusual risks involved in oil and gas exploration. The oil industry itself claims that the special treatment of the oil industry has made possible the continuance of low gasoline prices to the consumer.

However, a Senate study has found that tax privileges granted the petroleum industry as an incentive to further exploration are inefficient in stimulating new supplies of oil. The report, "An Analysis of the Federal Tax Treatment of Oil and Gas and Some Policy Alternatives," reveals that the tax privileges cost the United States more than $1.5 billion a year in revenue. Additional revenue of about $1 billion is lost each year as a result of foreign tax credits, which allow the companies to deduct from their U.S. taxes taxes paid to other countries, thereby encouraging the refining and distribution of oil abroad at the expense of domestic operations.

The study indicates that the oil depletion tax privilege, along with the deduction of intangible drilling costs, actually discourages exploration for new sources of oil and encourages producers to rely on overdrilling in existing fields instead. Both measures appear to apply only to producing wells and not to so-called wildcat or exploratory wells which prove to be dry.

Our country is in the midst of an energy crisis because we have failed to limit an industry which controls part of our natural resources. We have justified tax privileges to encourage growth and development, but our tax incentives have misfired and resulted in a misallocation of resources. In January 1974, an editorial was printed in the New York Times which commented on the tax privilege situation:

The depletion allowance and other tax breaks are clearly no longer justified, if they ever were; with oil selling at such high prices, there is ample incentive for oil exploration and development. Oil and other extractive industries pay far lower taxes than manufacturing companies; it has been estimated if oil producers were taxed on the same basis as manufacturers, their taxes would go up by $3 billion.

For these reasons, I am introducing a bill to phase out the current percentage depletion tax over a period of 3 years; in 1975, the depletion allowance will be 15 percent; in 1976, the allowance will be 7½ percent; and after 1976, the allowance will be phased out entirely.

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

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

S. 3349

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective with respect to taxable years beginning after December 31, 1974, section 613(b)(1) of the Internal Revenue Code of 1954 is amended by striking out subparagraph (A) (relating to oil and gas wells).

SEC. 2. (a) Effective with respect to taxable years beginning in 1975, section 613(b) of the Internal Revenue Code of 1954 (relating to percentage depletion rates) is amended by inserting after paragraph (1) the following new paragraph:

"(1A) 15 percent—oil and gas wells."

(b) Effective with respect to taxable years beginning in 1976, section 613(b)(1A) of such Code (as added by subsection (a)) is amended by striking out "15 percent" and inserting in lieu thereof "7½ percent".

(c) Effective with respect to taxable years beginning after December 31, 1976, section 613(b) of such Code is amended by striking out paragraph (1A).

By Mr. BIDEN:

S. 3350. A bill to amend the Internal Revenue Code of 1954 relating to the application of the foreign tax credit to taxpayers engaged in the extraction, production, or refining of oil or gas in foreign countries. Referred to the Committee on Finance.

FOREIGN TAX CREDIT

Mr. BIDEN. Mr. President, the debate over the legitimacy of the energy crisis grinds on, but several of its side effects seem pretty well-established. First, the

prices of petroleum products have skyrocketed. Although the lines at the filling stations have diminished, it is obvious that the cost of gas is going to rise even higher. Second, as consumer costs have increased, so have major oil company profits. In fact, it seems that the only way the gigantic profits of 1973 can be put into perspective, is to compare them with the even higher estimates for 1974. The third element of this perplexing situation is the fact that the Federal Government, as a result of both its action and inaction toward the petroleum industry, bears a large responsibility for this current dilemma. Once again, the consumer is caught in the middle. The man who has to drive to work to support his family, the housewife who has to drive to the grocery store to do the weekly shopping—these are the people who are being squeezed.

Measures are now being initiated at the Federal level to provide an overall energy policy to determine present and future needs, and the best methods of attaining them. It is important, however, that we also assess past actions, to understand and improve our current plight. Because of changing times and circumstances, our laws and regulations must be periodically reviewed to ascertain their current validity to meet the present situation.

One case which is in desperate need of revision is the treatment of foreign tax credits, especially those relating to the petroleum industry.

Years ago, Congress recognized that double taxation of multi-national corporations would be unduly burdensome. Therefore, legislation was enacted which allowed foreign income taxes to be credited on a dollar-for-dollar basis against U.S. income tax liability.

This seemingly sound principle has been grossly expanded, however, to include other charges which can in no way be construed as creditable taxes. Rather than taxes on income, they are actually royalties, money paid by the concessioner for the use of the land. Royalties are fixed, per-barrel charges which are production costs and should be treated as business expenses and, when appropriate, be deducted from gross income.

The revenue rulings which allowed these production costs—normally passed on to the purchaser—to be credited were promulgated by the Treasury Department as early as 1950. Apparently this was done at the insistence of the State Department which said it was necessary for security reasons.

Although it is moot to ponder the validity of these rulings at the time they were first made 20 years ago, they definitely are not valid today. Furthermore, steps must be taken which will specifically forbid this practice.

The effect of permitting royalties and other production costs to be credited against U.S. income taxes has been to provide a back-door subsidy of billions of dollars to the oil-exporting nations. This process allows the producing countries to "tax" petroleum corporations at inordinately high levels. The oil companies don't really lose anything because they merely shift the cost to the American taxpayer as they pile up more tax credits. This practice not only robs the Treasury of revenue, leaving the rest of us to foot the bill, it encourages overseas exploration for petroleum at a time when we are supposedly trying to attain energy independence by relying on our own resources.

The legislation I am introducing today is designed to more precisely define what can and what cannot be treated as creditable income taxes regarding the oil and gas corporations. Royalties and other fixed charges will no longer be creditable, but can be deducted as business expenses. A tax on petroleum companies will be creditable only if it is imposed as part of a general income tax in that country—not one specifically tailored to oil and gas. Charges made in addition to the general income tax will not be creditable. There will be no future carryovers of tax credits because the maximum amount creditable will be the statutory U.S. corporate rate—now 48 percent. Past carryovers will be eliminated.

I am hopeful that passage of this bill will introduce a measure of fairness to both the oil companies and consumers. The oil companies will begin to pay their fair share of taxes, and in so doing relieve some of the pressure from the consumer, who is now suffering the double burden of paying higher petroleum product prices and being forced to recoup Treasury losses due to the current inequitable tax advantages of the oil companies. It will take away an unfair advantage that oil companies operating overseas now have, not only over their domestic counterparts, but also over most other types of corporations as well. It is estimated that approximately $1 billion is lost to the Treasury as a result of treating royalties as creditable taxes.

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

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

S. 3350

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

"SEC. 903. CREDITABLE TAXES.

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

"(b) Income from Oil and Gas Extraction, Production, and Refining.—In the case of income attributable to the extraction, production, or refining of oil or gas in a foreign country—

"(1) for purposes of this subpart and of sections 164(a) and 275(a), no amount paid or accrued to a foreign country as a royalty or as any other fixed per unit charge, and no amount paid or accrued to a foreign country which is normally taken into account as a trade or business expense or as a cost of goods sold, shall be treated as a payment of an income, war profits, or excess profits tax;

"(2) for purposes of this subpart, taxes paid or accrued to a foreign country with respect to such income shall not be taken into account unless such country imposes a tax generally on income derived from sources within such country;

"(3) for purposes of this subpart, that portion of the taxes paid or accrued to a foreign country with respect to such income for any taxable year which exceeds the tax imposed by this chapter with respect to such income shall not be taken into account; and

"(4) for purposes of this subpart, that portion of the taxes paid or accrued to a foreign country with respect to such income which is attributable to—

"(A) a rate of tax (including a surcharge) higher than the rate of tax generally imposed by such country on income derived from sources within such country, or

"(B) a method of computing such taxes which is different from the method of computing the tax imposed by such country on other income derived from sources within such country,

shall not be taken into account."

(b) The table of sections for subpart A of part III of subchapter N of chapter 1 of such Code is amended by striking out the item relating to section 903 and inserting in lieu thereof the following:

"Sec. 903. Creditable taxes."

SEC. 2. The amendments made by this Act shall apply to taxable years beginning after the date of the enactment of this Act.

By Mr. BIDEN:

S. 3351. A bill to amend the Rail Passenger Service Act of 1970 in order to require a public hearing before the National Railroad Passenger Corporation increases any rate, fare, or charge for passenger transportation. Referred to the Committee on Finance.

Mr. BIDEN. Mr. President, I was recently notified by Delaware's Director of Transportation, Mr. John O. Hidinger of Amtrak's intention to increase their fares by 5 percent in the near future. I would like to take this time to explain why this concerns me and the steps I would like the Congress to take before Amtrak effects these increases.

In light of the dramatically increasing cost of living, in our cities and States, many might say it is natural for these railroad fares to increase, as well. I am not arguing against a possibly justified fare increase, but, rather against the lack of due process for the citizens affected. By law, Amtrak need not conduct public hearings prior to fare increases nor discontinuation of certain trains.

Why is this so? At the time that hearings were conducted on the Amtrak creation legislation in 1970, it was decided not to burden Amtrak with many of the cumbersome ICC regulations. A judgment was made to permit Amtrak free experimentation to set and adjust fares giving them the wherewithal to encourage as many passengers as possible. There is no doubt that these intentions were positive.

However, the question now arises, would it not be better, and more equitable to require public hearings, giving the affected passengers an opportunity to testify, before enforcing increases? My position is that these public hearings are desirable and necessary.

This amendment, to the Rail Passenger Service Act of 1970, would require a 30-day notice of such hearings, as well as the hearings. I hope that the Commerce Committee will act on this amendment expeditiously.

Mr. President, in light of my interest in guaranteeing quality efficient cheap rail service on Amtrak, I was surprised and interested to find publicized a confidential memo from Amtrak Controller, Sydney S. Sterns revealing that as much as $900,000 in federally-subsidized Amtrak funds were expended for employee business travel. This is notable in view of a regulation specifying that "wherever possible rail travel should be used." In addition,

There has been widespread criticism of Amtrak on the basis that many of its supervisory personnel, . . . seldom ride Amtrak trains . . . if responsible Amtrak management officials rode the trains more often, the public would soon get better service.

I believe that the statements made in this memo must be fully investigated by the appropriate officials to ascertain whether there has been a calculated violation of the regulations.

Mr. President, I ask unanimous consent that an article from the Washington Post of April 7, 1974 be printed in the RECORD.

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

[From The Washington Post, April 7, 1974]

AMTRAK STAFFERS RUN UP HUGE BILL FOR AIR TRAVEL

(By William C. Harsh Jr.)

CHICAGO, April 5.—A confidential memo shows that Amtrak employees bought more than $600,000 in airplane tickets last year although they could have traveled free on Amtrak's intercity passenger trains.

The memo from Amtrak controller Sydney S. Sterns to Amtrak president Roger Lewis and all vice presidents and department heads, dated March 22, said that the huge air travel bill, paid for with federally-subsidized Amtrak funds, was run up despite an Amtrak regulation on employee business travel that specifies: "Whenever possible rail travel should be used."

The memo covers only airplane tickets purchased using Amtrak's air travel card account, which it said totaled "over $600,000." Sources within Amtrak said employees also bought a substantial number of air tickets—perhaps another $300,000 worth—with other credit cards or with cash.

"It appears to me that considerable traveling is incurred by our relatively small management staff," Sterns said in the memo. "In addition, as we are in the rail travel business, greater use of our facilities might be warranted, particularly at off-peak times."

Sterns' memo also admonished the department heads that when employees fly on business "the lowest class fare available should be used."

Amtrak, which had 5,384 employees on Dec. 31, operates an average of 225 passenger trains daily and serves every major city in the United States except Cleveland, Toledo and Des Moines either directly or through connections with the few remaining non-Amtrak railroads. Amtrak is due to receive a federal subsidy of $155 million in the current fiscal year.

There has been widespread criticism of Amtrak on the basis that many of its supervisory personnel, and especially Lewis and his senior lieutenants, seldom ride Amtrak trains.

"It's understandable, of course, that due to time constraints and the sketchy nature of service on many of Amtrak's routes there will have to be some flying by Amtrak employees," Anthony Haswell, chairman of the National Association of Railroad Passengers, said when told of Sterns' memo.

"But my general observation is that if responsible Amtrak management officials rode the trains more often, the public would soon get better service.

By Mr. MUSKIE (for himself, Mr. MANSFIELD, Mr. ROBERT C. BYRD, Mr. CANNON, Mr. STEVENSON, Mr. JOHNSTON, Mr. HATHAWAY, Mr. JAVITS, Mr. MONDALE, Mr. BIDEN, Mr. HASKELL, Mr. HUDDLESTON, Mr. HART, Mr. HUMPHREY, Mr. SYMINGTON, and Mr. STAFFORD):

S. 3352. A bill to provide for continued monitoring of the economy, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

THE COST OF LIVING ACT OF 1974

Mr. MUSKIE. Mr. President, I introduce today the Cost of Living Act of 1974, cosponsored by Senators MANSFIELD, ROBERT C. BYRD, JOHNSTON, HATHAWAY, JAVITS, MONDALE, BIDEN, HASKELL, HUDDLESTON, STEVENSON, HART, HUMPHREY, SYMINGTON, and STAFFORD.

This bill would provide a structure in the executive branch to monitor inflation and other critical problems in the economy. It does not extend the Economic Stabilization Act. And it allows no continuation, imposition, or reimposition of controls, except on petroleum prices under the authority of the Emergency Petroleum Allocation Act of 1973.

But it would provide a mechanism for identifying and bringing Government attention to bear on the critical problems of inflation and shortages which the Nation faces.

Our experience with mandatory controls since the abandonment of phase II has not worked. The dislocations which have developed under the administration's helter-skelter imposition of phases and freezes since 1971 have created an apparently irresistible momentum toward decontrol of the economy. Even where some control authority might still be justified, the record of the past 3 years has made the word "control" anathema to labor, business, and many consumers. And the Congress has demonstrated that it is in no mood to continue the President's authority to continue wages and prices after April 30, when the Economic Stabilization Act expires.

But even though the Economic Stabilization Act will expire, the threat of inflation will not. The Consumer Price Index in February rose 10.1 percent over its level 1 year before and 15.6 percent over the previous month on an annual basis. The Wholesale Price Index rose 1.3 percent between March and February, 15.6 percent on an annual basis. It is now 19 percent higher than 1 year ago.

This Nation faces the specter of double digit inflation—an inflation that could cripple the stability of employment, investment, production, and income. Such serious dislocations are already a numbing reality in a number of European countries.

We do not know what the current year will bring. The soothing words of the administration, that inflation will taper off later this year, are comfortable predictions. But the administration's projections have been wrong before. And we cannot take the chance that they will be wrong again.

For the post-Economic Stabilization Act picture of the American economy is a highly problematic one. Today, a large portion of the economy still remains under controls—24 percent of the Consumer Price Index, 37 percent of the Wholesale Price Index, and 27 percent of the labor force. But controls will end on April 30, when the Economic Stabilization Act expires. We saw at the end of phase II how inflation could bulge when controls were lifted—price rises were at an annual rate of 3.6 percent until phase III let prices take off so fast that a freeze was required. A similar escalation of inflation, from our current already high levels, could be a much greater disaster.

With the possibility of such drastically aggravated inflation, we have a responsibility to take some action. I believe we have a responsibility to enact standby control authority. But in view of the votes already taken by the Banking Committees of both Houses of Congress, that appears to be a dim possibility. The Cost of Living Act, which I am introducing today, would, I believe, avoid the objections of those who oppose control authority of any sort. It is the least we can do to satisfy our responsibilities to meet inflationary dangers.

The Cost of Living Act would direct the President to monitor the economy generally, with particular attention to the problems which make for inflation, shortages, and economic dislocations. It would allow him to establish an agency to carry out the functions of the act, similar to the existing Cost of Living Council. This agency would collect data on the economy, identify potential shortages, and assess the impact of Government and private policies and decisions on the economic health of the Nation. And it would require the President to present to Congress reports of its work every 3 months.

The mechanism established by this bill would provide an economic "early warning system," to alert us to special inflationary and shortage problems.

The energy crisis provides a perfect example of the necessity for such an information system. Many people in and out of Government foresaw the development of fuel shortages years ago. But since there was no central, independent agency monitoring the development of the shortage, and because of the suddenness of the Arab oil embargo, it appeared to spring from nowhere. This in turn led to the spectacle and the Government scurrying in every direction at once, searching not only for information, explanations and policies, but for scapegoats as well. That is not a course we can afford to repeat. And the mechanism of the Cost of Living Act would give us some hope to avoid a repetition in some future economic problem area.

In addition, the agency established by the act would provide us with insight into the long-run problems of inflation and shortages in America. The inflationary trend of the past few years is too serious to ignore. There are no proposals which promise to cure it instantly or entirely.

But the absence of a cure does not preclude the need for diagnosis. Continued study could give us important understanding of how to fashion our long-run economic policy.

When the Economic Stabilization Act expires on April 30, no other agency in the Federal Government will perform these functions. The Council of Economic Advisers, for instance, has a staff of 46 permanent positions. The Cost of Living Council, which has until now been charged with monitoring the economy and administering controls, has a total staff under its jurisdiction of about 900 persons. While far fewer would be needed to perform the monitoring functions under the Cost of Living Act, a separate, competently staffed office would be needed.

Finally, Mr. President, the psychology of the American economy could only be helped if a monitoring agency kept track of inflation. No one will ask for higher wages, or higher prices, merely because it exists. But its activities could help promote a responsible attitude toward inflation on the part of business, labor, and the public at large.

Mr. President, the Cost of Living Act I introduce today is a simple and straightforward proposal to give our economic problems the attention they deserve. Responsibility requires that we take this minimum step to guard against the economic dangers which face us.

Mr. President, I ask unanimous consent that a fact sheet on the Cost of Living Act, a section-by-section analysis, and the text of the bill be printed in the RECORD.

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

COST OF LIVING ACT OF 1974 *

FACT SHEET

Provides for the President to monitor inflation through COLC-type structure.

Controls

Allows no continuation, imposition or reimposition of controls. Does not affect control authority on petroleum under Emergency Petroleum Allocation Act of 1973. (See 3(b) and Sec. 12)

Basic Authority and Direction to President

Monitor economy [Sec. 3 generally, especially Sec. 3(a)(6)]

Discretion to require reports and record-keeping from private sector [Sec. 4(a)]

Discretion to hold public hearings [Sec. 3(a)(4)]

Other Authority and Direction to President

Review and recommend changes in programs and activities of federal government and private sector [Sec. 3(a)(1)]

Review and work with industry and government to encourage price restraint [Sec. 3(a)(2)]

Improve wage and price data bases [Sec. 3(a)(3)]

Focus attention on need for increased productivity [Sec. 3(a)(5)]

Review and make recommendations on economic concentration and anticompetitive practices [Sec. 3(a)(7)]

Administrative and Other Provisions (similar to existing Economic Stabilization Act)

Delegation of functions by President (Sec. 5)

Subpoena power (Sec. 6)

Personnel: employment, appointment and detail (Sec. 7)

Employment of experts and consultants (Sec. 8)

Reports by President quarterly and in annual Economic Report (Sec. 9)

Funding authorized "as may be necessary" (Sec. 10)

Severability (Sec. 14)

Expiration

April 30, 1975 (Sec. 11)

Effective Date

May 1, 1974, or upon enactment if later (Sec. 13)

Name

As in the Economic Stabilization Act, no name is given to the monitoring agency.

SECTION-BY-SECTION ANALYSIS OF THE COST OF LIVING ACT OF 1974

[Sec. 1] Short Title: Cost of Living Act of 1974

Sec. 2. Findings and Purposes.—States that inflation poses a danger to the nation, that the federal government must have continuing concern with inflation and other economic factors, that the Executive should monitor the economy, and that the President is in a position to implement the Act.

Sec. 3. Presidential Authority.—This section gives the President authority to review and recommend changes in the programs and activities of the federal government and the private sector; review industrial capacity, demand and supply, and work with government agencies and industrial groups to encourage price restraint; improve wage and price data bases; conduct public hearings; focus attention on needed increased productivity; monitor the economy; and review economic concentration and anti-competitive practices. This section specifies that this Act does *not* provide mandatory economic control authority, except with regard to petroleum under the Emergency Petroleum Allocation Act of 1973.

Sec. 4. Acquisition of Economic Information.—This section grants the President authority to obtain information and require reports and record keeping.

Sec. 5. Delegation.—This section authorizes the President to delegate functions under the Act to officers, departments, and agencies of the federal government.

Sec. 6. Subpena Power.—This section gives subpena power to the head of an agency exercising authority under the Act, with enforcement by United States District Courts.

Sec. 7. Personnel.—This section gives authority for the employment, detail and appointment of employees to carry out the Act, including the appointment of an officer at Level II of the Executive Schedule with the advice and consent of the Senate. The section also gives authority for appointment of advisory committees.

Sec. 8. Experts and Consultants.—This section gives authority for the employment and compensation of experts and consultants.

Sec. 9. Reports.—This section requires that the President report on and assess actions taken under this Act in his annual Economic Report and in quarterly reports to Congress. Reports shall include study and evaluation of relationships between excess profits, economic stabilization, and job creation, and review appraisal of federal government activities.

SEC. 10. Funding.—This section authorizes the appropriation of such sums as may be necessary to carry out the provisions of the Act, and allows the acceptance and use of gifts or other contributions.

Sec. 11. Expiration.—This section provides that authority under the Act expires on April 30, 1975, except for pending civil or criminal proceedings or actions or proceedings based upon acts committed prior to the expiration date.

Sec. 12. Effect on Petroleum Allocation Act of 1973.—This section makes clear that this Act does not infringe on the price control and other authority contained in the Emergency Petroleum Allocation Act.

Sec. 13. Effective Date.—This section provides for an effective date of May 1, 1974, or upon enactment if later.

Sec. 14. Severability.—This section provides for general severability for provisions of this Act.

S. 3352

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 "Cost of Living Act of 1974."

FINDINGS AND PURPOSES

SEC. 2. It is hereby determined that inflation poses a danger to the economic well-being of the Nation, and that the Federal Government should have a continuing concern with the rate of inflation, supply, industrial capacity and means of increasing productivity, to constrain domestic inflation. To contribute to the moderation of inflation, a body within the executive branch should monitor public and private economic activity. The President is in a position to implement the program authorized by this Act.

PRESIDENTIAL AUTHORITY

SEC. 3. (a) To carry out the purposes of this Act, the President shall—

(1) review the programs and activities of Federal departments and agencies and the private sector which may have adverse effects on supply and cause increase in prices and make recommendations for changes in such programs and activities to increase supply and restrain prices;

(2) review industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups concerned and appropriate governmental agencies to encourage price restraint;

(3) improve wage and price data basis for the various sectors of the economy to improve collective bargaining and encourage price restraint;

(4) conduct public hearings when appropriate to provide for public scrutiny of inflationary problems in various sectors of the economy;

(5) focus attention on the need to increase productivity in both the public and private sectors of the economy;

(6) monitor the economy as a whole, including such matters as wages, costs, productivity, prices, sales, profits, imports and exports; and

(7) conduct a continuing review of the effect of economic concentration and anti-competitive practices on price and wage inflation and recommend legislation and other appropriate action to reduce the impact of such concentration or practices on inflation.

(b) Nothing in this Act authorizes the continuation, imposition, or reimposition of any mandatory economic controls with respect to prices, rents, wages, salaries, corporate dividends, interest rates, or any similar transfer, except as provided under Section 13 (relating to continuation of authority under the Emergency Petroleum Allocation Act of 1973) of this Act.

ACQUISITION OF ECONOMIC INFORMATION

SEC. 4. (a) For purposes of carrying out this Act, the President may by regulation, order, or otherwise obtain such information from, require such reports and the keeping of such records by, make such inspections of the books, records and other writings, premises, or property of, and take the sworn testimony of, and administer oaths and affirmations to, any person as may be necessary or appropriate. The authority to obtain information under this subsection or section 6 of this Act does not extend to copies of dis-

* References in text are to sections of proposed Cost of Living Act.

closures to departments or agencies of the United States excepted from disclosure under subsection (b) of this section.

(b) For purposes of carrying out this Act, the President may request from any department or agency of the United States, and that department or agency shall provide him, economic information except:

(1) information, the disclosure of which to another Federal agency is expressly prohibited by law, or

(2) trade secrets, commercial, financial, or demographic information which is privileged or confidential and obtained by an agency from a person for statistical or law enforcement purposes, the disclosure of which to another Federal agency would frustrate development of accurate statistics or proper law enforcement.

(c) For purposes of carrying out this Act, the President may request economic information from State and local governments, including agencies and instrumentalities thereof.

DELEGATION

SEC. 5. The President may delegate the performance of any function under this Act to such officers, departments, and agencies of the United States as he deems appropriate.

SUBPOENA POWER

SEC. 6. The head of an agency exercising authority under this Act, or his duly authorized agent, shall have authority, for any purpose related to this Act, to sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, and to administer oaths. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served upon any person under the provisions of this section, the head of the agency authorizing the subpena, or his delegate, may request the Attorney General to seek the aid of the United States district court for any district in which such person is found to compel that person, after notice, to appear and give testimony, or to appear and produce documents before the agency.

PERSONNEL

SEC. 7. (a) Any agency or officer of the Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the purposes of this Act.

(b) The President may appoint five officers to be responsible for carrying out functions of this Act, one of whom shall be appointed by and with the advice and consent of the Senate and who shall be compensated at the rate prescribed for level II of the Executive Schedule (5 U.S.C. 5313) one of whom shall be compensated at the rate prescribed for level III of the Executive Schedule (5 U.S.C. 5314) and three of whom shall be compensated at the rate prescribed for level V of the Executive Schedule (5 U.S.C. 5316). Appropriate titles and the order of succession among such officers may be designated by the President.

(c) Any member of a board, commission, or similar entity established by the President pursuant to authority conferred by this Act who serves on less than a full-time basis shall receive compensation from the date of his appointment at the rate equal to the per diem equivalent of the rate prescribed for level IV of the Executive Schedule (5 U.S.C. 5315) when actually engaged in the performance of his duties as such member.

(d) (1) In addition to the number of positions which may be placed in GS–16, GS–17, and GS–18, under section 5108 of title 5, United States Code, not to exceed twenty positions may be placed in GS–16, GS–17, and GS–18, to carry out the functions under this Act.

(2) The authority under this subsection shall be subject to the procedures prescribed under section 5108 of title 5, United States Code, and shall continue only for the duration of the exercise of functions under this Act.

(e) The President may require the detail of employees from any executive agency to carry out the purposes of this Act.

(f) The President is authorized to appoint, without regard to the civil service laws, such advisory committees as he deems appropriate for the purpose of consultation with and advice to the President in the performance of his functions under this Act. Members of advisory committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or while otherwise serving at the request of the President may be paid compensation at rates not exceeding those authorized for individuals under section 5332 of title 5, United States Code, and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem as authorized by section 5703 of title 5, United States Code, for persons in the the Government service employed intermittently.

(g) (1) Under such regulations as the President may prescribe, officers and employees of the Government who are appointed, without a break of service of one or more workdays, to any position for carrying out functions under this Act are entitled, upon separation from such position, to reemployment in the position occupied at the time of appointment or in a position of comparable grade and salary.

(2) An officer or employee who, at the time of his appointment under paragraph (1) of this subsection, is covered by section 8336(c) of title 5, United States Code, shall continue to be covered thereunder while carrying out functions under this Act.

EXPERTS AND CONSULTANTS

SEC. 8. Experts and consultants may be employed, as authorized by section 3109 of title 5, United States Code, for the performance of functions under this Act, and individuals so employed may be compensated at rates not to exceed the per diem equivalent of the rate for grade 18 of the General Schedule established by section 5332 of title 5, United States Code. Such contracts may be renewed from time to time without limitation. Service of an individual as an expert or consultant under this section shall not be considered as employment or the holding of an office or position bringing such individual within the provisions of section 3323(a) of title 5, United States Code, section 872 of the Foreign Service Act of 1946, or any other law limiting the reemployment of retired officers or employees.

REPORTS

SEC. 9(a). In transmitting the Economic Report required under section 3(a) of the Employment Act of 1946 (15 U.S.C. 1022), the President shall include a section describing the actions taken under this Act during the preceding year and giving his assessment of the progress attained in achieving the purposes of this Act. The President shall also transmit quarterly reports to the Congress not later than thirty days after the close of each calendar quarter describing the actions taken under this Act during the preceding quarter and giving his assessment of the programs attained in achieving the purpose of this Act.

(b) In carrying out his authority under this Act, the President shall study and evaluate the relationship between excess profits, the stabilization of the economy, and the creation of new jobs. The results of such study shall be incorporated in the reports referred to in subsection (a) of this section.

(c) The President shall review and appraise the programs and activities of the departments and agencies of the United States in light of the policies set forth in section 2 of this Act for the purpose of determining the extent to which those programs and activities contribute to the achievement of those policies and shall report his conclusions to the Congress in the reports required by subsection (a) of this section.

FUNDING

SEC. 10. (a) There are authorized to be appropriated to the President to remain available until expended, such sums as may be necessary to carry out the provisions of this Act.

(b) The President may accept and use in furtherance of the purposes of this Act money, funds, property, and services of any kind made available for such purposes by gift, devise, bequest, grant, or otherwise.

EXPIRATION

SEC. 11. The authority under this Act expires at midnight April 30, 1975, but such expiration shall not affect any action or pending proceeding, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to May 1, 1975.

EFFECT ON PETROLEUM ALLOCATION ACT OF 1973

SEC. 12. For purposes of administering and enforcing the Emergency Petroleum Allocation Act of 1973, nothing in this Act alters the Economic Stabilization Act of 1970 as incorporated by reference in the Emergency Petroleum Allocation Act.

EFFECTIVE DATE

SEC. 13. This Act shall become effective May 1, 1974, or upon enactment if enacted after that date.

SEVERABILITY

SEC. 14. If any provision of this Act or the application of such provision to any person or circumstances is held invalid, the remainder of this Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

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

Mr. MUSKIE. I yield.

Mr. HARTKE. Mr. President, I commend the Senator from Maine on the statement he has just made, and I compliment him for his outstanding leadership in the field of tax reform.

I think the time for tax reform is long past due. If there is one thing we hear at this moment out in the streets of the United States it is about what can be done to close some of the tax loopholes. It is bad enough that taxes are as high as they are; but when we see people avoiding taxes and not paying their fair share, the public becomes very upset.

I again congratulate the Senator from Maine for being the leader in this field. This is not a new venture for him. It is a renewal of an old cry, and it is a renewal of a cry which should be heard throughout the United States, especially as we approach April 15, which happens to be a very significant date to the taxpayers of this country.

Mr. MUSKIE. I appreciate that compliment from one who has had a longstanding commitment to the cause of tax reform. I hope, as he does, that forces have been unleashed this year in connection with public awareness and public concern and public determination that will move us toward a clearer tax policy, and that this year, this round robin will

lead not to another round robin next year but to some meaningful tax reform this year. If we do, I know that the distinguished Senator from Indiana will make a significant contribution in the future, as he has in the past.

Mr. HARTKE. I thank the Senator from Maine.

Mr. STEVENSON. Mr. President, today I am joining the distinguished Senator from Maine, Senator MUSKIE, to introduce a bill to improve our capacity to deal with inflation. Inflation erodes earnings, robs individuals of hard-earned savings, puts planned-for homes and vacations out of reach, threatens the long-sought security of the retired, and wreaks havoc with business planning. With wage and price control authority due to expire in less than 3 weeks and prices rising at double digit rates for the first time in history—and more of the same in prospect—it is critical that we redouble our efforts to fight inflation.

As I pointed out in March, when I introduced S. 3114 along with Senator MUSKIE to provide for an orderly end to wage and price controls, Congress must take the lead in the fight against inflation. Over the last 3½ years, the economy has gone from bad to worse. In August of 1971, when wage and price controls were first imposed, consumer prices were rising at an annual rate of 4.4 percent. Today, they are rising at an annual rate of over 15 percent. They are 10 percent above their levels just a year ago and 15 percent above their level in August of 1971. In March, the wholesale price index, which is a barometer of future price increases at the consumer level, also rose at an annual rate of over 15 percent, and wholesale prices were over 19 percent above their levels a year ago. Meanwhile, real incomes, the amount individuals can effectively buy with their take-home pay, have fallen. At the end of 1973, they were 3 percent below their level at the beginning of the year, and by February of this year they had fallen still further to 4.5 percent below their levels a year ago.

All this adds up to serious economic mismanagement and demonstrated incapacity to govern. The economic stabilization program was characterized by fitful starts and stops. No sooner had price controls been imposed than Mr. Nixon let it be known that they would be dismantled at the earliest opportunity, regardless of the consequence.

And dismantled they were—abruptly—just 16 months after they had begun, despite strong inflationary pressures. Consumer prices immediately took off and quickly rose to an annual rate of 11 percent by March of 1973. A freeze ensued with inevitable confusion, disruption, and shortages.

Now the statutory authority to continue the economic stabilization program approaches its end, the administration has simply given up the fight, despite pervasive shortages and the Cost of Living Council's acknowledgement that the end of the controls program will unleash "suppressed inflation," bring substantial price boosts in the steel, copper, and health industries, and fuel inflation throughout much of the rest of the economy. It was for this very reason that Senator MUSKIE and I introduced S. 3114 to provide for orderly decontrol accompanied by price and wage restraint, increased production of commodities in short supply, expanded industrial capacity, and power to enforce industry commitments given in exchange for exemption from controls.

When this approach was rejected, I predicted that the price increases which even the Cost of Living Council now agrees will occur when the economic stabilization program is ended could lead to new pressures to reimpose controls. I fervently hope this does not happen. But there is no certainty. With the precipitous abandonment of the economic stabilization program, meaningful decontrol commitments can no longer be obtained. Those which have been given will be impossible to enforce. Prices will continue their climb; real earnings will continue their decline. All those who cannot readjust their incomes rapidly enough will continue to suffer and even more than in the past.

While our efforts to provide for orderly decontrol have been thwarted, we must not abandon the effort to fight inflation. On the contrary, because the prospects for a smooth transition to a decontrolled economy are so grim, it is all the more important that we make a renewed commitment to solve the root causes of inflation, for inflation has become pervasive, it has permeated the Nation's psychology, it is worldwide, and will be with us for a long time to come.

The bill which I am cosponsoring with Senator MUSKIE today is a first step in that direction. It expressly recognizes that inflation poses a danger to the economic well-being of the Nation and that the Federal Government should have a continuing concern with the rate of inflation, supply, industrial capacity, and means of increasing productivity.

To help in the fight against inflation, the bill gives the President the authority to review and recommend changes in the programs and activities of the Federal Government and the private sector; review industrial capacity, demand, and supply; work with Government agencies and industrial groups to encourage price restraint; improve wage and price data bases; conduct public hearings; focus attention on needed increased productivity; monitor the economy; and review economic concentration and anticompetitive practices. In addition, the bill grants the President the power to obtain necessary economic data and information and requires reports and record-keeping to assist in that effort.

This bill will not prevent the expected surge of inflation when all restraints are removed on April 30. It contains no authority to impose wage and price controls or enforce decontrol commitments. But through the creation of a monitoring agency, it will help to provide warning of special inflationary and shortage problems. It will help to provide insight into longrun inflationary and shortage problems. It will establish as a high national priority a concerted and continuing effort to work on the underlying factors which have brought us so much distress over the last 3½ years.

No other agency in the executive branch now performs this function. No other agency is equipped to perform this function. There is a glaring gap in our ability to deal with inflation effectively, and this bill will help to fill it.

All too often in the past few years we have seen a steadfast refusal to face up to the Nation's economic ills. Policy has consisted largely of hope that things will right themselves without intervention on the part of those charged with responsibility for the Nation's affairs. It may be that our current troubles are a temporary aberation. But much of the evidence is otherwise. This bill will help give us the tools for the careful analysis required for the development of effective policy.

Mr. JAVITS. Mr. President, at a time when inflation rates in this country are higher than at any period since the First World War, the House and Senate Banking Committees have decided to drop controls—current or standby—over wages and prices. I believe that the abrogation of such governmental authority at this time could prove disasterous to the Nation if no residual power is retained.

There is little doubt that labor has been held back much more than business under the present administration controls program. This is undoubtedly why organized labor has joined with business in taking a position against an extension of wage and price controls or standby controls. Says Barry Bosworth of the Brookings Institution:

> The industrial worker has, indeed, lost ground, and there is simply no way to get it back out of the hide of business but labor will try.

He then predicts that even after the economy adjusts to the current supply-shortage-generated inflation, which most economists agree will work its way through the economy by the end of the summer, that large wage increases will also ratchet their way through the economy and together promulgate a surge of inflation which just cannot be tolerated.

We know that food and fuel are still important factors in the giant monthly increases in the Consumer Price Index. In February the Consumer Price Index rose 1.3 percent, with the food component leading all other sectors in rising prices. Food and housing are the two largest monthly outlays of any American family. Even if pressure on food raw commodities eases, as is expected, in the next several months, I believe that we must be concerned about what will happen to the nondirect costs of food. Food processors and manufacturers have been held under more stringest controls than the economy as a whole under phase IV. As soon as the control program becomes defunct, I think we can expect those in the food industry to try to catch up for increased costs, such as transportation and energy, which they have been unable to pass on as yet to the consumer.

The Wholesale Price Index in March increased 1.2 percent, or at an annual

rate of 15.6 percent at seasonally adjusted rates. While prices for farm products and processed foods and feeds were down from February, industrial commodities rose 2.9 percent in this month alone, foreshadowing major increases in retail products which have been projected to take place this fall. According to a recent Wall Street Journal article:

Today's prices on the general run of goods in department and discount stores are a mere 5% to 7% higher than a year ago . . . Price Controls have kept the lid on. With controls now off, however, retail-store buyers who are ordering their inventories for fall are having to pay much higher manufacturers' prices.

These higher prices will be passed on to the consumer. Clothing prices especially were singled out as being likely to take off this fall, and this is especially onerous to the consumer who has postponed many clothing purchases as long as possible.

Another problem with allowing controls simply to die is that the Congress has given Dr. Dunlop, Director of the Cost of Living Council, no authority to enforce the decontrol commitments he has obtained from any major industries over the past several months. These commitments are the product of hard work in bargaining between Dr. Dunlop and crucial industries which account for a significant portion of the price indices. If industry was held accountable to their decontrol commitments, increased supplies of important commodities would result, with an ultimate impact of moderating the prices of final products. However, if these commitments are allowed to go by the boards, not only will Dr. Dunlop's efforts have been in vain, but the economy may suffer significantly.

In this connection I should like to call to the attention of my colleagues an article from the Wall Street Journal today, in which Dr. Dunlop expressed his fear of higher inflation if controls are lifted completely.

Before the Cost of Living Council came into existence, we had no institutional focus on the role of Government in fighting inflation. This is similar to the fact that there was no Government body which was constantly dealing with the problems of the environment prior to the establishment of the Environmental Protection Agency. I believe that it is essential, at a time when our Nation's most prominant economists are bluntly stating that the inflation we have been experiencing in the United States over the past several years is a new and unique phenomenon which to date has no real solution, that we not cut off any of our options with which to deal with this problem that afflicts every American family.

I commend Senator MUSKIE for introducing legislation today which would provide for continued monitoring by the executive branch of our inflationary problems. I am pleased to be a cosponsor of this legislation. I should also like to commend Senators STEVENSON and JOHNSTON for their efforts in the Senate Banking Committee to obtain standby control legislation and am pleased that they have also cosponsored Senator MUSKIE's legislation.

I ask unanimous consent an article from the Wall Street Journal be printed in the RECORD.

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

DUNLOP PREDICTS INFLATION-FUELING BOOSTS IN SOME WAGES, PRICES AFTER CONTROLS END

WASHINGTON.—The Cost of Living Council director, with his program of wage and price controls dying around him, sketched a gloomy inflation picture for the rest of 1974.

Although he wouldn't specifically forecast prices, John Dunlop's view of an uncontrolled economy was clearly darker than that of other Nixon administration economists. The end of the controls program, the council director said, will trigger bursts of price boosts in the steel, copper and health industries and substantial wage boosts in the construction industry. And he indicated he believes these increases in turn will fuel inflation throughout much of the rest of the economy.

The administration's economic stabilization program is scheduled to die after April 30 unless Congress unexpectedly extends the authority in certain sectors, namely health and construction, as the administration has requested. Congress so far has adamantly refused.

Mr. Dunlop has been lobbying hard for continuation of selective controls in inflation-prone areas, or at least for legislation permitting his agency to monitor inflation. The pessimism he expressed to reporters yesterday may have been a last-ditch attempt to sell his program to a reluctant Congress, despite the willingness of other administration officials to let it die.

Mr. Dunlop divorced himself from price projections such as those made recently by Herbert Stein, chairman of the President's Council of Economic Advisers, who predicted a slowing of price increases to an annual rate "in the general ballpark of half" the current 10%. Mr. Stein explained that moderate food and fuel price increases would slow inflation's rise after midyear.

But Mr. Dunlop said, "I don't want to be associated in any way with predictions for the second half of the year." He asserted that if construction and medical costs rise "as I truly believe they will, I don't know what the consequences for the general level of prices will be."

Mr. Dunlop reiterated his belief that hospital costs could soar 16% to 18% a year if controls are lifted, compared with 9% to 10% if restraints are maintained.

He also said removal of controls will unleash "suppressed inflation" for some major products, primarily copper, steel and related items, and that the impact "in May, June and July is going to be appreciable." He also said he expects further price increases on some products, including cement, steel and paper, where producers haven't yet been able to recover higher fuel costs.

However, Mr. Dunlop indicated he thinks the food-price picture is encouraging, especially if the coming harvests are as big as administration officials anticipate.

By Mr. FANNIN:

S. 3353. A bill to amend the Social Security Act to require employers to make an approved health care plan available to their employees, to provide a health insurance plan for low income persons, and for other purposes. Referred to the Committee on Finance.

NATIONAL HEALTH STANDARDS ACT

Mr. FANNIN. Mr. President, the legislation which I am introducing today is designed to provide comprehensive health insurance coverage for all Americans. It embodies a series of recommendations on health care which was developed by a special committee with the Chamber of Commerce of the United States. The special committee on the Nation's health care needs, which is composed of business and industrial leaders and members of health professions, devoted the better part of 1973 in producing the National Health Standards Act.

As the Nation's largest private purchaser of health care, business is legitimately concerned with how its dollars are spent. Last year alone business spent over $20 billion on health care. Because of this vast expenditure, and the reasons which I will enumerate below, business has a deep and abiding interest in the organization and delivery of health care in the United States.

This Nation is faced with a series of complex and interrelated problems that need to be solved if we are going to obtain better health care for the American people. These problems involve rapidly escalating costs, shortages, and maldistribution of medical manpower and facilities, lack of access to care by important segments of the population, mismanagement of medical resources, the need for innovation in the organization and delivery of medical care services and the need for improvements in health education and preventive medicine. Because of the complexity and magnitude of the American health care system, I believe that all segments of our society must accept the challenge and participate in the debate and resolution of the problem. I commend the national chamber for exercising leadership and accepting this challenge. I know that I speak for many of my colleagues when I welcome business to the debate on national health care legislation. I urge that all Senators very carefully study this legislation before deciding and voting on this very important issue.

Let me now give you a brief description of the genesis of this proposal.

In 1968, the national chamber analyzed the major health issues which would affect the Nation during the 1970's and submitted a comprehensive report. A special committee on the Nation's health care needs was appointed in 1970 to take a penetrating look at the country's growing needs and to search for ways to deal with the many complex problems. This committee was composed of leaders of industry and business and representatives of the health professions.

In 1971, the national chamber conducted a nationwide referendum among its members on the committee's analysis of the issues and problems facing the Nation's health care system and the membership voted overwhelmingly in support of major reform.

In 1972 and 1973, the special committee examined in great depth the various legislative proposals, including the pending national health insurance bills. Although many of the plans contained worthy provisions, the special committee was unable to find a single plan which business could support without qualification. Because of this, the chamber decided that it would prepare a series of

recommendations on health care which should be included in any national health insurance program. The chamber spent most of 1973 developing and improving these recommendations. The bill which I am introducing incorporates these recommendations.

As you can see, the Chamber is definitely not a johhny-come-lately to the national health care issue. This was not a spur-of-the-moment project.

As the chamber reviewed the various proposals pending before the Congress, they found them unsatisfactory for various reasons. Let me mention a couple of them.

Each would mandate a comprehensive health insurance benefit package which would represent additional areas of coverage for medium size and small businesses and would increase cost significantly. Many of these plans, for example, propose benefits which are not presently paid for under many group plans.

Because these plans contain unreasonable requirements on benefits, they would be very costly to finance. For example, the average premium cost of the administration's proposal is estimated at more than $475 per enrollee a year. Some of the other plans would cost even more.

The penalty provisions of many of these proposals are unsatisfactory; most recommend tax penalties—the loss of business expense deduction for health insurance premiums—as a way of prodding employers to take affirmative action. The national chamber believes that a tax penalty represents poor public policy because it would only apply to those employers with health insurance coverage for their employees, not to those without coverage.

"Reasonable" and "realistic" are the keystones of the legislation which I am introducing today. Let me review briefly the major provisions of this legislation. At the conclusion of my remarks I will ask that a detailed description of the bill be printed in the RECORD.

The National Health Standards Act proposes a two-part program. Part one would require all employers to make available a comprehensive health package to their employees. Part two would provide comparable protection for low-income as a replacement for the Federal/State medicaid program.

With respect to benefits, the plan calls for protection against a wide range of hospital and medical care expenses. It would provide protection for hospital care, surgery, medical treatment by a physician, X-ray and laboratory services, drugs and medicines, maternity care and to very costly illnesses—the medical catastrophy—that could spell financial ruin for almost anyone.

The plan calls for both deductibles and coinsurance. There is a $100 calendar deductible for an individual with a maximum payment of $200 a family. The enrollee would pay 25 percent coinsurance for all covered services up to a maximum out-of-pocket personal expenditure of $2,500 a year. After that, the plan pays all costs.

The national chamber, of course, recognizes that first dollar coverage is prevalent throughout industry—particularly negotiated plans. However, the Chamber believes that without these deductibles and coinsurance provisions, it would be impossible to cover such a broad range of services at a reasonable price. If first dollar coverage were provided, the benefit package would have to shrink or premium costs would have to be increased to unrealistic levels.

An extremely important provision—one which is unique to this proposal—is "benefit equivalence". Many firms currently provide their employees with a health insurance package which costs more per month per employee than the proposal which is being recommended, but the plan may not be as comprehensive.

The National Chamber believes that it would be unreasonable to require employers to change their group plans to reflect every single benefit in the package. Instead, employers should be required to offer a plan which is equivalent in value, on an actuarially determined basis, to the recommended proposal. Basically, this means that claim costs, including administrative expenses, of an employer's plan, should be equal to the recommended plan.

Insurance pools would be established to provide coverage for the self-employed and small employers to make the economies of mass purchasing available to them. A second pool, in each State, would provide coverage of low-income individuals. The Federal Government would pay all or part of the cost of the premiums for the poor and the near-poor from general revenues.

With respect to penalty provisions, employers would be encouraged to make the plan available through the process of administrative and judicial relief. If an employer willfully and knowingly fails to comply, he would be liable for an amount equal to twice the annual health insurance premium cost, plus he would be required to reimburse the employees for any out-of-pocket hospital and medical expenses. This type of penalty is the least objectionable way to secure compliance with mandated standards.

Now let's consider the matter of cost containment. While the deductible and coinsurance provisions may serve to prevent unnecessary utilization, there are several other steps that can be taken to curb spiralling health care costs.

First, all hospital and medical services should be subject to peer and utilization review, claim reviews and audit. This should be carried out by physicians to insure that only medically necessary services are provided to both inpatients and outpatients.

Second, hospitals and other institutional providers should be reimbursed on the basis of prospective budgets with payments based on agreed rates for fixed periods of time. This should prove superior to our present cost-plus method of paying for hospital services.

Third, the process of local health planning needs to be strengthened to avoid duplication of facilities and provision of unnecessary services. What is proposed here is simple—do not pay the hospital or other health care institution for the cost of added facilities and services unless these capital expenditures have been approved by a local health planning agency.

Finally, let's turn to the matter of financing. Any national program should be financed from both private and public sources. Employers, employees, and the self-employed should pay the entire cost of the private program through health insurance premiums. Where the employer-employee relationship exists, the employer should not be required to pay more than 50 percent of the cost of the coverage. What the employer does voluntarily, of course, is his own business. The program for the poor and near-poor—essentially non-working groups—should be financed from the general funds for the Treasury.

Let me turn briefly to the estimated cost of this proposal. The proposal as I pointed out earlier, would essentially build on the existing framework of insurance arrangements in the United States, extending group insurance to virtually all full-time employees and supplementing existing group insurance and social insurance with a new program for low-income individuals and families. Reimbursement under all programs would be based on the going rate of payment for such services, eliminating economically motivated discrimination against the poor in receiving health services.

The principle measure of cost to employers and employees is the premium rate required for the standard benefit package. The average annual premium for employees electing to be covered as single individuals is estimated to be $186; the average annual premium for employees electing coverage for their families as well as themselves, is estimated to be $527. The average annual premium for all employees electing to be covered—either as singles or as families—would be $457. The average annual premium per full-time employee would be $381. This rate is the appropriate base for measuring the cost to employers of furnishing standard benefits to employees.

In fiscal year 1975, employers and employees are projected to be jointly spending at a rate of $25.8 billion a year on group health insurance for services of the type covered by this proposal. Of this amount, $6.6 billion would be paid through employee contributions, leaving an employer net cost of $19.2 billion. If this proposal were fully effective at that time, spending by group health insurance, would be higher by $2.7 billion divided about equally between employers and employees.

The Federal/State medicaid program, title XIX of the Social Security Act, would be replaced by a Federal program which purchased special policies for persons whose income is below "low-income levels" established by the proposal. Persons whose income ranged up to 25 percent above these levels would be eligible for a Federal subsidy toward the cost of the policies. Over 17 million persons would be eligible for free policies and around 4 million more would be eligible for a Federal subsidy toward the purchase of such policies. An additional 4 million persons with comparable incomes

would be eligible for coverage through their employers.

The total Federal outlays to purchase coverage for low-income level individuals and to subsidize coverage for those whose income is up to 25 percent higher than the low-income level, would be $10.3 billion in fiscal 1975. Premiums paid by those with subsidized policies would reduce this cost by $100 million to a new cost of $10.2 billion. The cost to the Federal Government would be offset by the repeal by the medicaid program and a reduction in spending under other Federal programs, so that the new net outlays by the Federal Government would be $3.6 billion.

In conclusion, let me emphasize that I doubt very seriously that any single proposal presently pending before Congress will be enacted as is. I predict that the final bill which we approve will be the amalgamation of several parts of the various proposals presently under discussion. Because of this, I would once again strongly urge my colleagues to closely scrutinize the National Health Standards Act as it appears to be the only proposal which attempts to combine the best of all bills currently before us, plus a few unique provisions which deserve our consideration and approval.

Mr. President, I ask unanimous consent that a summary of the National Health Standards Act, a section-by-section analysis of the bill, and the Actuarial Cost Estimates and Analysis be printed in the RECORD. I also ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 3353

A bill to amend the Social Security Act to require employers to make an approved health care plan available to their employees, to provide a health insurance plan for low income persons, and for other purposes

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 "National Health Standards Act".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress finds that:

(1) the health of the Nation's people is fundamental to their well-being and the Nation's productivity;

(2) every citizen of the Nation should have access to quality health care and each shares the responsibility for protecting his own health and well-being;

(3) not all of the Nation's people have the ability to purchase quality health care when and where they need it and at a cost they can afford;

(4) the Nation needs to improve and expand its health care system using the existing system as a base upon which to build; and

(5) an improved and expanded health care system should draw from the collective competence and experience of the medical and allied health professions, private enterprise, government and consumers.

(b) The purpose of this Act is to establish a national health care system that would provide quality health care for all of the Nation's people in accordance with the following principles:

(1) employers would be required to purchase a health care plan for their employees;

(2) Federal Government would assume the total cost of purchasing a health care plan for those unable to pay for their own; and

(3) Medicare program would continue to provide medical care for the aged and disabled.

TITLE I—HEALTH BENEFITS FOR EMPLOYEES

SEC. 101. Title VI of the Social Security Act is amended to read as follows:

"TITLE VI—HEALTH BENEFITS FOR EMPLOYEES

"TABLE OF CONTENTS

"Sec. 601. Definitions.
"Sec. 602. Health care plan required.
"Sec. 603. Effective date for providing health care plan.
"Sec. 604. Termination of health care plan.
"Sec. 605. Health care plan benefits.
"Sec. 606. Exclusions.
"Sec. 607. Deductibles.
"Sec. 608. Penalties for noncompliance.
"Sec. 609. Additional requirements of health care plans.
"Sec. 610. Approval of plans.
"Sec. 611. Plans for the self-employed and small employer.
"Sec. 612. Regulations of the Secretary.
"Sec. 613. Acturial equivalency.
"Sec. 614. Employee option.

"Definitions

"SEC. 601. (a) For the purposes of this title—

"(1) The term 'employee' means, with respect to any employer, any individual not eligible under title XVIII who has been employed by that employer for more than 31 days and either—

(A) is considered to be a full-time employee; or

(B) is not considered to be a full-time employee, but who is expected to work at least 20 hours a week for at least 26 weeks during the next 12 months; or

(C) is not considered to be a full-time employee, but who has actually worked at least 20 hours a week for at least 26 weeks during the previous 12 months.

"(2) The term 'employer' means an individual, firm or agency that employs at least one employee as defined by this title.

"(3) The term 'approved health care plan' means a plan of employee health benefits which—

"(A) must be in writing;

"(B) must be adopted by the employer;

"(C) must be communicated by the employer to his employees;

"(D) must provide at least the benefits described in this title; and

"(E) must cover each employee, employee's spouse and employee's dependent unmarried children under age 21, or, if the dependent child is a full-time student, under age 23. If an employee's dependent child incurs a covered illness or disability while eligible for benefits described in this title, the eligibility of such child shall remain in effect regardless of age but shall remain in effect only during the term of such covered illness or disability.

"(4) The term 'actuarial equivalent' means that the total expected claim cost per employee of the equivalent health insurance plan shall be at least equal to the total expected claim cost of the benefits described in section 605 including 100 per centum of the expected claim cost of each of the benefits described in sections 605(a)(1), 605(a)(2) and 605(a)(3).

"(5) The term 'physician' means a doctor of medicine, doctor of osteopathy, doctor of podiatry, and, for purposes of oral surgery only, a doctor of dental surgery or a doctor of medical dentistry.

"(6) The term 'inpatient hospital services' means all inpatient services customarily furnished and charged for by a hospital, except for convenience items such as telephone and television, including (but not limited to)—

"(A) bed and board;

"(B) such physicians' services in the hospital (such as those of radiologists and pathologists) as are held out as generally available to all inpatients of a hospital and which are charged for by the hospital as part of its services;

"(C) such nursing services and other related services, such use of hospital facilities, and such medical social services as are ordinarily furnished by the hospital for the care and treatment of inpatients, and such drugs, supplies, appliances, and equipment, for use in the hospital, as are ordinarily furnished by the hospital for the care and treatment of inpatients; and

"(D) such other diagnostic or therapeutic items or services, furnished by the hospital, as are ordinarily so furnished to inpatients of the hospital.

"(7) The term 'physicians' services' means professional services performed by physicians, including surgery, consultation, and home, office, and institutional calls.

"(8) The term 'extended care services' means services and items specified as such in regulations of the Secretary including the services specified in section 1861(h).

"(9) The term 'extended care facility' means those facilities which meet the requirements of paragraphs (1) through (9) of section 1861(j).

"(10) The term 'hospital' shall have the same meaning as when used in title XVIII.

"(11) The term 'carrier' means an insurance company, a hospital service or hospital expense indemnity organization, a medical service or medical expense indemnity organization, a dental service or dental expense indemnity organization, a fraternal benefit society, an employer who makes available directly to his employees a health care plan or other similar organization, society or funding arrangement which provides coverage for health care.

"(12) The term 'ambulance services' means those services customarily provided and charged for by a medical service transportation company or other organization providing transportation for individuals who are ill or disabled but only when such services are medically necessary as delineated in regulation promulgated by the Secretary.

"(13) The term 'qualified health maintenance organization' means a health maintenance organization, as defined in section 1301 of the Public Health Service Act, which has been certified by the Secretary as capable of providing health services to its members in the manner prescribed by this title and that it is organized and operated in the manner prescribed by section 1301(c) of the Public Health Service Act.

"Health Care Plan Required

"Sec. 602. (a) Every employer, other than one excluded by subsection (b), shall provide his United States resident employees (and the members of their families) an approved health care plan. With respect to United States citizen employees performing services outside the United States, variations, as determined by the employer, in the provisions of an approved health care plan may be permitted.

"(b) The provisions of subsection (a) shall not apply to a foreign government or an international organization described in section 210(a)(15), or any agency or instrumentality of one or more of the foregoing.

"(c) In the case of any employer who, on the date of enactment of this title is a party to a contract with all of some of his employees (or any labor union or other association representing all or some of his employees) which (1) includes provision for coverage under a health care plan, and (2) is still in effect on the effective date of this title, the provisions of subsection (a) shall not, until

the expiration of such contract, apply with respect to any of such employees to whom coverage under such health care plan is made available.

"(d) An employer, in order to meet the requirements of subsection (a), is not required to pay any amount in excess of 50 per centum of the cost of providing a health care plan.

"Effective Date for Providing Health Care Plan

"SEC. 603. Every employer covered under this title shall provide an approved health care plan for his employees (and the members of their families) beginning one year after the enactment of this title.

"Termination of Health Care Benefits

"SEC. 604. In the case of any employee who has coverage under a health care plan required by this title, such coverage shall be maintained in effect for a period of not more than 31 days following termination of the employment relationship with his employer if the covered employee (or his surviving spouse) so chooses.

"Health Care Plan Benefits

"SEC. 605. (a) A health care plan shall, subject to the provisions of section 613, provide payment for the following services, prescribed by a physician, in each benefit period for each covered member—

"(1) inpatient hospital services;

"(2) physician services and any medical supplies customarily furnished by physicians as part of such services which are furnished:

"(A) while the covered person is an inpatient in a hospital, or

"(B) in connection with a surgical procedure performed while the covered person is not an inpatient in a hospital;

"(3) X-ray and laboratory services provided on an outpatient basis (including radiation

"(4) outpatient physician services;

"(5) drugs requiring the prescription of a physician licensed to prescribe drugs;

"(6) services of a physical therapist provided on an outpatient basis;

"(7) psychiatric care, limited to two visits a week, provided on an outpatient basis;

"(8) extended care services furnished an individual after transfer from a hospital in which he was an outpatient for not less than 3 consecutive days;

"(9) medical devices and applications; and

"(10) ambulance services.

"Exclusions

"SEC. 606. (a) No payment may be made under this title for any expenses incurred for items or services—

"(1) which are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member;

"(2) for which the individual furnished such items has no legal obligation to pay, and which no other person (by reason of such individual's membership in a prepayment plan or otherwise) has a legal obligation to provide or pay for;

"(3) which are paid for directly or indirectly by a governmental entity (other than under this title);

"(4) which constitute personal comfort items;

"(5) where such expenses are eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses;

"(6) where such expenses are for orthopedic shoes;

"(7) where such services are for cosmetic surgery or are incurred in connection therewith, except as required for the prompt repair of accidental injury or for improvement of the functioning of a malformed body member;

"(8) where such expenses are for custodial care;

"(9) where such expenses are for services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth except that payment may be made for inpatient hospital services in connection width a dental procedure where the individual suffers from impairments of such severity as to require hospitalization;

"(10) where such expenses are for the treatment of flat foot conditions, or routine foot care (including the cutting or removal of corns, warts, or calluses, the trimming of nails, and other routine hygiene care);

"(11) where such expenses are for the purchase, rental or repair of hearing aids;

"(12) where such expenses are for—

"(A) private room accommodations provided during inpatient hospital confinement unless such accommodations are medically necessary; or

"(B) private duty nursing;

"(13) where such expenses are for general physical examinations or immunizations; or

"(14) where such expenses are for services received prior to the effective date of coverage.

"(b) Payment under this title may not be made with respect to any item or service to the extent that payment has been made, or can reasonably be expected to be made (as determined in accordance with regulations to be promulgated by the Secretary), with respect to such item or service, under a workmen's compensation law or plan of the United States or a state, or other insurance plan or lawsuit.

"Deductibles and Coinsurance

"SEC. 607. (a) With respect to the services described in section 605 (other than obstetrical care), an approved health care plan must provide that an eligible individual or family will be required to pay for not more than the following—

"(1) for any calendar year, $100 for each individual for covered charges not to exceed $200 per family, and

"(2) 25 per centum of the next $10,000 of covered charges incurred in any calendar year except that this subclause (2) shall not apply to the services described in subsection 605(a)(7); or

"(3) with respect to the services described in subsection 605(a)(7), 50 per centum of the next $10,000 of covered charges incurred in any calendar year provided payment for such charges does not exceed $20 per visit.

"(b) With respect to obstetrical care provided under this title, the health care plan will pay 50 per centum of charges up to a maximum of $500 for any one pregnancy.

"(c) The amount payable to any provider of services under this title for services furnished an individual during any spell of illness shall be reduced by a deduction equal to the cost of the first three pints of whole blood (or equivalent quantities of packed red blood cells, as defined under regulations) furnished to him as part of such services during such spell of illness.

"Penalties for Noncompliance

"SEC. 608. (a) In any case in which the appropriate state official has found, after notice and opportunity for a hearing to the employer, that the employer is not making available to his employees a health care plan which complies with the requirements of this title, he may, after making such efforts as he finds appropriate to secure the employer's voluntary compliance with this title, request the State's Attorney General to bring suit in the district in which the employer designates as his principle place of business, to compel the employer to comply with the provisions of this title.

"(b) Any employer who willfully and knowingly fails to adopt an approved health care plan as required under this title—

"(1) may be assessed a civil penalty of not more than two times that amount such employer would have spent had such employer complied with the requirements of this title; and

"(2) shall reimburse all employees for any amounts such employees (or members or their families) spent to secure benefits (as described in section 605) or health insurance plans covering such benefits during the period such employer was in noncompliance with the requirements of this title.

"Additional Requirements of Health Care Plans

"SEC. 609. (a) A health care plan, to be approved by the appropriate state official as required by this title, must provide that—

"(1) each hospital or other facility providing care on an inpatient basis shall, in order to be eligible for reimbursement—

"(A) have in effect a utilization review plan which meets the requirements imposed by sections 1155(a)(1)(A), 1155(a)(1)(B), and 1155(a)(1)(C);

"(B) accept reimbursement on the basis of prospective budgets with payments based on uniform rates for all patients for a fixed period of time and such rates may not include any allowance for costs directly related to facilities or services that are determined by a local health planning agency to be inconsistent with state or local health needs;

"(C) be reviewed periodically by a group representative of public and private payors who will analyze the services provided, financial statements, statistics, operating and capital budgets and other pertinent data; and

"(D) submit to the local health planning agency all proposed capital expenditures which exceed $100,000, change the facility's bed capacity or substantially change the facility's services; and

"(2) each physician providing services under this title shall, in order to be eligible for reimbursement—

"(A) agree that his services may be reviewed by a utilization review committee established pursuant to Part B of title XI; and

"(B) accept reimbursement on the basis of usual and customary charges.

"Approval of Plans

"SEC. 610. (a) Each carrier which develops and offers a health care plan to any employer to whom section 602(a) is applicable shall notify the appropriate state official within 30 days after such employer subscribes to a health care plan.

(b) In the case of any employer who does not enter into arrangements with an insurance company or other such organization but instead makes available directly to his employees a health care plan, such employer shall so notify the appropriate state official and provide information concerning the contents of the plan. Such employer shall notify the appropriate state official within 30 days after the development and implementation of the plan.

"(c) If the appropriate state official, after reviewing the contents of a health care plan required by this title, finds that a plan complies with the requirements of this title as presented in regulations promulgated by the Secretary, he shall approve the plan and notify the employer.

"Plans for the Self-employed and Small Employer

"SEC. 611. (a) Each insurance company or other such organization which develops and offers health care plans to any employers to whom section 602(a) is applicable, must develop (itself or in combination with other such carriers) a health care plan or plans to which employers with less than 100 employees and self-employed individuals may subscribe.

"(b) It shall not be unlawful under any antitrust law for any carrier to enter into any contract, combination, or other arrangement with any other such carrier after the date of enactment of the title for the sole purpose of establishing or participating in an insurance pool arrangement whereby there will be offered to the public health in-

surance coverage approved under paragraph (a) of this section.

"Regulations of the Secretary

"SEC. 612. (a) In addition to regulations specifically required or authorized by this title, the Secretary is authorized to prescribe such further regulations, not inconsistent with law, as he deems necessary to the efficient administration of this title. Regulations shall be issued in accordance with the provisions of section 553 of title 5, United States Code.

"Actuarial Equivalency

"SEC. 613. (a) Each employer required by section 602 to provide his employees (and the members of their families), an approved health care plan shall provide a plan which provides payment for all health care benefits described in section 605 or which is the actuarial equivalent (as defined by this title) of the benefits described in section 605.

"(b) An employer desiring to adopt an actuarially equivalent plan shall obtain a certificate that his proposed plan is so equivalent from a Fellow of the American Academy of Actuaries or other actuary designated as qualified for this purpose by a state official responsible for regulating health insurance in the state in which the employer is domiciled and such certificate shall be filed with such state official.

"Employee Option

"SEC. 614. (a) Each employer which is required by section 602 to provide an approved health care plan for his employees (and members of their families) and which employs an average number of employees of not less than 25, shall, in accordance with regulations which the Secretary shall prescribe, offer to his employees (and members of their families) an option of membership in a qualified health maintenance organization which is engaged in the provision of health services in the areas in which such employees reside.

"(b) If there is more than one qualified health maintenance organization which is engaged in the provision of health services in the areas in which the employees of an employer subject to subsection (a) resides, the employer shall have the exclusive authority to select from among the qualified health maintenance organizations one (or more) qualified health maintenance organizations which will provide health services to his employees.

"(c) No employer shall be required to pay more for health benefits as a result of the application of this section than would otherwise be spent in complying with the requirements of section 602.

TITLE II—HEALTH BENEFITS FOR LOW-INCOME INDIVIDUALS AND THEIR DEPENDENTS

SEC. 201. The Social Security Act is amended by adding after title XIX the following new title:

"TITLE XX—HEALTH BENEFITS FOR LOW-INCOME INDIVIDUALS AND FAMILIES

"Table of Contents

"SEC. 2001. Definitions.
"SEC. 2002. Establishment of low-income insurance program.
"SEC. 2003. Eligible beneficiaries.
"SEC. 2004. Payment of premiums.
"SEC. 2005. Federal financing responsibility.
"SEC. 2006. Health care insurance program.
"SEC. 2007. Exclusions.
"SEC. 2008. Deductibles and coinsurance.
"SEC. 2009. Quality control.
"SEC. 2010. Requirements for carriers.
"SEC. 2011. State requirements.

"Definitions

"SEC. 2001. (a) For the purposes of this title—

"(1) The term 'low-income individual' means any person whose annual income is not in excess of $2,098.

"(2) The term 'low-income family' means any family which includes two or more members and whose annual family income is not in excess of—

"(A) $2,633, in the case of two such members;

"(B) $3,229, in the case of three such members;

"(C) $4,137, in the case of four such members;

"(D) $4,880, in the case of five such members;

"(E) $5,489, in the case of six such members; and

"(F) $6,751, in the case of seven or more such members.

"(3) The term 'dependent beneficiary' means any child or step child who is a member of a low-income family and who receives more than 50 per centum of his support from such family and has not attained the age of 21, or, if he is a full-time student, has not attained the age of 23. If a dependent beneficiary incurs a covered illness or disability while eligible for benefits described in this title, the eligibility of such beneficiary shall remain in effect regardless of age but shall remain in effect only during the term of such covered illness or disability.

"(4) The term—

"(A) 'physician',

"(B) 'inpatient hospital services',

"(C) 'physicians' services',

"(D) 'extended care services',

"(E) 'extended care facility',

"(F) 'hospital',

"(G) 'carrier',

"(H) 'ambulance service', and

"(I) 'qualified health maintenance organization' shall have the same meaning as when used in title VI.

"Establishment of Low-Income Insurance Program

"SEC. 2002. For the purpose of providing medical and hospital care to individuals and families whose income and resources are insufficient to meet the expenses of necessary medical and hospital services, there is hereby established a program of comprehensive medical and hospital benefits for any eligible beneficiary and his dependents who meet the requirements of section 2003.

"Eligible Beneficiaries

"SEC. 2003. (a) Benefits under this title shall be provided for all persons who are residents of the United States, qualify as a 'low-income individual', 'low-income family' or 'dependent beneficiary' as defined by this title and files an application under this title (filed in such form and manner and containing such information as the Secretary shall by regulations prescribe).

"(b) An individual or family that is not eligible under subsection (a) may establish eligibility by making appropriate premium payments as required under section 2004 and upon payment of such amounts shall be eligible for all benefits provided under this title.

"Payment of Premiums

"SEC. 2004. (a) Every individual who is an eligible beneficiary under section 2003(a) shall be eligible to receive full payments of allowable premiums for a health care insurance policy or plan described in section 2006.

"(b) Every individual who wishes to establish eligibility under section 2003(b) shall be required to contribute toward the cost of the program described in section 2006 an amount limited as follows—

"(1) in the case of an individual or family whose annual income is not in excess of 105 per centum of the amounts described in sections 2001(a)(1) and 2001(a)(2), such individual or family shall pay to the administering carrier an amount equal to 10 per centum of the allowable premium;

"(2) in the case of an individual or family whose annual income is in excess of 105 per centum of the amounts described in sections 2001(a)(1) and 2001(a)(2), but is not in excess of 110 per centum of such amounts, such individual or family shall pay to the administering carrier an amount equal to 20 per centum of the allowable premium; and

"(3) in the case of an individual or family whose annual income is in excess of 110 per centum of the amounts described in sections 2001(a)(1) and 2001(a)(2), but not in excess of 125 per centum of such amounts, such individual or family shall pay to the administering carrier an amount equal to 50 per centum of the allowable premium.

"Federal Financing Responsibility

"SEC. 2005. (a) The Secretary shall pay to each state 100 per centum of the costs necessary to provide medical care to eligible beneficiaries as required under this title.

"(b) There are authorized to be appropriated from time to time to the Secretary sums equal to the costs of providing benefits under this title.

"Health Care Insurance Program

"SEC. 2006. (a) For the purposes of this title, a health care policy or plan must—

"(1) provide payment for the following services, prescribed by a physician, in each benefit period for each covered member—

"(A) inpatient hospital services;

"(B) physician services and any medical supplies customarily furnished by physicians as part of such services which are furnished while the covered person is an inpatient in a hospital, or in connection with a surgical procedure performed while the covered person is not an inpatient in a hospital;

"(C) X-ray and laboratory services provided on an outpatient basis (including radiation therapy);

"(D) outpatient physician services;

"(E) drugs requiring the prescription of a physician licensed to prescribe drugs;

"(F) services of a physicial therapist provided on an outpatient basis;

"(G) psychiatric care, limited to two visits a week, provided on an outpatient basis;

"(H) extended care services furnished an individual after transfer from a hospital in which he was an inpatient for not less than 3 consecutive days;

"(I) medical devices and appliances; and

"(J) ambulance services.

"(2) assure that payments will be made only to those hospitals or other facilities providing care on an inpatient basis which—

"(A) have in effect a utilization review plan which meets the requirements imposed by sections 1155(a)(1)(A), 1155(a)(1)(B), and 1155(a)(1)(C);

"(B) accepts reimbursement on the basis of prospective budgets with payments based on uniform rates for all patients for a fixed period of time and such rates may not include any allowance for costs directly related to facilities or services that are determined by a local health planning agency to be inconsistent with state or local health needs;

"(C) agrees to be reviewed periodically by a group representative of public and private payors who will analyze the services provided, financial statements, statistics, operating and capital budgets, and other pertinent data; and

"(D) submits to the local health planning agency all proposed capital expenditures which exceed $100,000, change the facility's bed capacity or substantially change the facility's services.

"(3) assure that each physician providing services under this title shall, in order to be eligible for reimbursement—

"(A) agree that his services may be reviewed by a utilization review committee established pursuant to Part B of title XI; and

"(B) accept reimbursement on the basis of usual and customary charges.

"Exclusions

"SEC. 2007. (a) No payment may be made under this title for any expenses incurred for items or services—

"(1) which are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member;

"(2) which constitute personal comfort items;

"(3) where such expenses are for eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses;

"(4) where such expenses are for orthopedic shoes;

"(5) where such services are for cosmetic surgery or are incurred in connection therewith, except as required for the prompt repair of accidental injury or for improvement of a malformed body member;

"(6) where such services are for custodial care;

"(7) where such expenses are for services in connection with the care, treatment, filling, removal, or replacement of teeth or structure directly supporting teeth except that payment may be made for inpatient hospital services in connection with a dental procedure where the individual suffers from impairments of such severity as to require hospitalization;

"(8) where such expenses are for the treatment of flat foot care (including the cutting or removal of corns, warts, or calluses, the trimming of nails, and other routine hygiene care);

"(9) where such expenses are for the purchase, rental or repair of hearing aids;

"(10) where such expenses are for—

"(A) private room accommodations provided during an inpatient hospital confinement unless such accommodations are medically necessary; or

"(B) private duty nursing;

"(11) where such expenses are for general physical examinations or immunizations; or

"(12) where such expenses are for services received prior to the effective date of coverage.

"(b) Payment under this title may not be made with respect to any item or service to the extent that payment has been made, or can reasonably be expected to be made (as determined in accordance with regulations to be promulgated by the Secretary), with respect to such item or service, under a workmen's compensation law or plan of the United States or a state, or other insurance plan or lawsuit.

"Deductibles and Coinsurance

"SEC. 2008. (a) With respect to the services described in section 2006, each beneficiary under this title shall pay for not more than the following—

"(1) 10 per centum of each service not to exceed in the cumulative 5 per centum of annual income, except that this subclause (1) shall not apply to the services in subsection 2006(a)(1)(G) or

"(2) with respect to the services described in subsection 2006(a)(1)(G), payment shall not exceed $20 per visit.

"(b) The amount payable to any provider of services under this title for services furnished an individual during any spell of illness shall be reduced by a deduction equal to the cost of the first three pints of whole blood (or equivalent quantities of packed red blood cells, as defined under regulations) furnished to him as part of such services during such spell of illness.

"Quality Control

"SEC. 2010. (a) The provisions of titles XI and XVIII relating to utilization and professional review and conditions of participation required with respect to providers of health services shall be applicable to all health services provided under this title.

"(b) To the maximum extent practicable, the Secretary, in the administration of this title, shall coordinate with the procedures employed in the administration of the health insurance programs established under this Act.

"Requirements for Carriers

"SEC. 2011. (a) No private insurance company or other organization shall be utilized in the administration of this title or title VI unless such insurance company or other such organization develops (in combination with other such carriers or other organizations) health care policies which may be purchased for individuals and families under this title.

"(b) It shall not be unlawful under any antitrust law for any carrier to enter into any contract, or other arrangement with any other such carrier after the date of enactment of this title for the sole purpose of establishing or participating in an insurance pool arrangement whereby there will be offered health insurance policies approved under this title.

"State Requirements

"SEC. 2012. (a) Each state shall receive periodically from the Secretary, and the Secretary shall pay periodically to each state, such funds as are authorized under section 2005.

"(b) Each state shall contract or make other arrangements with a health insurance carrier (or carriers) which shall pay to practitioners, institutions, and other providers, on behalf of the individuals and families required under section 2003 to be made eligible therefor, the costs of providing health care benefits (described in section 2006) in accordance with the provisions of this title.

"(c) The appropriate state agency shall enroll each recipient, required under section 2003 to be made eligible therefor, in the State plan and shall file his application with the administering carrier.

TITLE III—GENERAL PROVISIONS

TABLE OF CONTENTS

Sec. 301. Council of health advisors.
Sec. 302. Operation of state benefit pools.
Sec. 303. Severability.
Sec. 304. Effective date.
Sec. 305. Repeal of title XIX.

Council of Health Advisors

SEC. 301. Title XI of the Social Security Act is amended by adding after section 1130 the following new section:

"Council of Health Advisors

"SEC. 1131. (a) There is created in the Executive Office of the President a Council of Health Advisors (hereinafter referred to as the 'Council'). The Council shall be composed of seven members who shall be appointed by the President to serve at his pleasure, and with the advice and consent of the Senate. The President shall appoint one member of the Council to serve as Chairman.

"(b) The purpose of the Council is to—

"(1) analyze and interpret trends in the health care field;

"(2) appraise health programs and activities of the Federal government; and

"(3) appraise the effectiveness of the quality control programs established under this Act.

"(c) The Council is authorized to employ and fix the compensation of such employees, experts and consultants as is necessary to carry out its functions under this Act.

"(d) The Council shall submit an annual report to the President not later than March 1 of each year. Each such report shall be transmitted to Congress.

"(e) There are authorized to be appropriated such sums as may be necessary to enable the Council to carry out its functions under this Act.

Operation of State Benefit Pools

SEC. 302. Title XI of the Social Security Act is amended by adding after section 1131 (as added by section 301 of this title) a new section as follows:

"Operation of State Benefit Pools

"SEC. 1132. (a) The State insurance pools authorized in title VI and title XX shall be administered by the administering carrier under regulations promulgated by the appropriate state agency.

"(b) The premiums collected pursuant to title XX, any service charges paid and the reimbursement for pool losses shall be paid into the pool.

"(c) the pool shall—

"(1) without fiscal year limitation pay all qualified state plan benefit claims certified by the administering carrier;

"(2) without fiscal year limitation pay premiums to approved health maintenance organization (as defined by the Secretary);

"(3) pay the reasonable administrative charges of the administering carrier; and

"(4) pay any other charges for which the pool has a liability.

"(d) The moneys in the pool shall be invested and reinvested in interest-bearing obligations, which may be sold for the purpose of the pool. The interest on, and the proceeds from the sale, of such obligations become a part of the pool.

"(e) An annual experience accounting for the pool for the policy year shall be prepared by the administering carrier and submitted to the Secretary, to the State, and to all carriers participating in the pool.

"(f) All carriers shall participate in any pool losses in accordance with a formula, designed by the administering carrier and approved by the appropriate state official, that equitably allocates pool losses to carriers and approved health maintenance organization in proportion to their total health care business. For purposes of this subsection the term "carrier" means an insurance company, a hospital service or hospital expense indemnity organization, a medical service or medical expense indemnity organization, a dental service or dental expense indemnity organization, a fraternal benefit society, or other similar organization, society or funding arrangement which provides coverage for health care.

"(g) The aggregate pool losses for any policy year to be apportioned among the pool participants shall be limited to 3 per centum of the qualified premiums collected by the pool for the year. Losses in excess of this limitation shall be borne by the Federal Government.

"(h) If the experience accounting reflects a gain for the policy year, such gain shall be retained in the pool and used to minimize future premiums to be paid by the Federal Government.

Severability

SEC. 303. If a provision enacted by this Act is held invalid, all other provisions so enacted shall remain in effect. If a provision enacted by this Act is held invalid in one or more of its applications, the provision shall remain in effect with respect to all other applications.

Effective Date

SEC. 304. The amendments made by this Act shall become effective on the date of enactment of this Act, except that the provisions of titles VI and XX of the Social Security Act (as amended, in the case of such title VI, and as added, in the case of such title XX) shall not become effective until July 1, 1975.

Repeal of Title XIX

SEC. 305. Title XIX of the Social Security Act is repealed, effective July 1, 1975.

NATIONAL HEALTH STANDARDS ACT

CONCEPTS AND COVERAGE

The bill establishes a two-part national health insurance program to assure coverage for all U.S. residents. It requires employer-purchased health insurance benefits for employees and their dependents and federally-purchased health insurance benefits for "low-income". Title XVIII of the Social Security Act (Medicare) remains intact and provides benefits for the aged and disabled. The objectives of the bill are to provide access for all to adequate hospital and medical services at a reasonable cost; to build upon the existing health insurance system; and to assure individual freedom of choice and the flexibility to adjust to needed change.

BENEFITS PROVISION

The bill would provide a broad range of benefits including outpatient and inpatient services and catastrophic coverage. It also contains a "benefit equivalence" provision which recognizes individual and geographical health care needs. Specifically, benefits include:

Hospital services, unlimited as to duration and scope except that private room accommodations, private duty nursing, personal comfort items and cosmetic surgery are not covered;

Physicians services, both inpatient and outpatient;

Diagnostic x-ray and laboratory services provided on an outpatient basis (including radiation therapy);

Prescription drugs;

Physical therapy provided on an outpatient basis;

Psychiatric care provided on an outpatient basis (limited to two visits a week);

Extended care services furnished an individual after transfer from a hospital confinement lasting not less than 3 consecutive days;

Medical devices and appliances;

Ambulance services (when medically necessary); and

Catastrophic expense coverage which would pay all expenses which an individual or family incurs during a benefit period after such individual or family incurs $2,500 in covered expenses.

The "benefit equivalent" provision allows flexibility for employers who provide their employees with a health insurance benefit "package" which costs more per employee than the proposed benefit plan. An employer can substitute his existing plan if the *total* expected claims cost per employee of the benefit equivalent plan is at least equal to the *total* expected claim cost of the minimum standards benefit plan including 100 percent of the expected claim cost of the following benefits:

Hospital services;

Inpatient physician services;

Inpatient and outpatient surgical care services; and

Diagnostic x-ray and laboratory services including radiation therapy.

Specifically excluded benefits:

Vision care;

Orthopedic shoes;

Custodial care;

Routine dental care;

Routine foot care;

Hearing aids; and

General physical examinations and immunizations.

DEDUCTIBLE AND COINSURANCE PROVISIONS

An individual would pay a calendar year deductible of $100, not to exceed $200 per family. In addition, an individual or family would be required to pay 25 percent of the next $10,000 of covered charges incurred in any calendar year. After $2,500 of covered charges are incurred, the plan will pay 100 percent of all additional covered expenses. With respect to outpatient psychiatric care, the plan will pay 50 percent of all charges to a maximum of $20 per visit. With respect to obstetrical care, the plan will pay 50 percent of all charges to a maximum of $500 for any single pregnancy. The first three pints of blood would not be covered under the plan.

MANPOWER AND FACILITIES

A hospital, to be eligible for reimbursement, must agree that it will have in effect a utilization review plan which meets the requirements imposed by Part B, Title XI of the Social Security Act. In addition, they must agree to accept reimbursement on the basis of prospective budgets with payments based on uniform rates for all patients for a fixed period of time and such rates may not include any allowance for costs directly related to facilities or services that are determined by a local health planning agency to be inconsistent with state or local health needs. Hospitals shall be reviewed periodically by a group representative of public and private payors who will analyze the services provided, financial statements, statistics, operating and capital budgets and other pertinent data. Hospitals must submit to the local health planning agency all proposed capital expenditures which exceed $100,000, change the facility's bed capacity or substantially change the facility's services.

Physicians and other health providers, in order to be eligible for reimbursement, must agree that their services may be reviewed by a utilization review committee established pursuant to Part B, Title XI of the Social Security Act. Reimbursement of physicians and other health providers shall be on the basis of usual and customary charges.

EFFECT ON DELIVERY SYSTEM

Each employer required to provide an approved health care plan for his employees and which employs an average number of employees of not less than 25, must offer his employees an option of membership in a "qualified" health maintenance organization which is engaged in the provision of health services in the areas in which such employees reside. The employer shall select the "qualified" health maintenance organization of his choice to provide services to his employees. No employer would be required to pay more for health benefits as a result of the HMO option than would otherwise be spent in complying with the requirements of this law.

EVALUATION AND COST CONTROL

In order to prevent the duplication of unnecessary facilities or services, hospitals must submit to local health planning agencies all proposed capital expenditures which exceed $100,000, change the facility's bed capacity or substantially change the facility's services. If the local health planning agency finds that the proposed change is inconsistent with state or local health needs, the hospital shall not receive reimbursement or any allowances for costs directly related to the facilities or services that are disallowed. Hospitals must also have in effect a utilization review plan which complies with the requirements imposed by Part B, Title XI of the Social Security Act. Hospitals must accept reimbursement on the basis of prospective budgets and agree to be reviewed by a group representative of public and private payors who will analyze the hospital's services and operations. Physician services and those of other health providers, may be reviewed as to medical necessity by a utilization review committee meeting the requirements of Part B, Title XI of the Social Security Act.

The act establishes a Council of Health Advisors to be appointed by the President. The Council shall analyze and interpret trends in the health care field, appraise health programs and activities of the federal government and appraise the effectiveness of the quality review programs established under the Social Security Act. An annual report shall be submitted to the President and Congress not later than March 1 of each year.

IMPACT ON PUBLIC AND PRIVATE PROGRAMS

Medicaid (Title 19 of Social Security Act) would be repealed.

Medicare (Title 18 of Social Security Act) would continue to provide medical and hospital services to the aged and disabled.

ADMINISTRATION

The programs would be administered by private health insurance carriers under regulations promulgated by the Secretary and enforced by the appropriate state agencies. Insurance carriers, to be eligible for participation under the employer program or the low-income program, must participate in the formulation and operation of insurance "pools". A "state" pool would be formed to provide coverage for the "low-income" while other "pools" would be formed to provide coverage for employers with less than 100 employees and the self-employed. Self-insured employers would not be required to participate in the pools.

Employers who knowingly fail to comply with the provisions of this act, after notice and opportunity for a hearing, may be assessed a civil penalty of not more than two times that amount such employer would have spent had he complied with the requirements of this act and shall reimburse his employees for any amounts they may have spent to secure benefits while the employer was in noncompliance with this act.

ESTIMATED COST

The estimated additional cost to the federal government would be $3.6 billion in fiscal year 1975.

FINANCING

Employers would be required to purchase for their employees and their dependents a comprehensive level of benefits paying at least 50 percent of the premium cost. When the employee relationship is terminated, coverage shall remain in force for a period of 31 days.

With respect to the "low-income" program, the federal government would provide the states with whatever funds are necessary to purchase health insurance benefits for those individuals who are unable to purchase their own. Specifically, individuals with incomes not in excess of $2,098 and families whose annual income are not in excess of:

$2,633, in the case of two such members;

$3,229, in the case of three such members;

$4,137, in the case of four such members;

$4,880, in the case of five such members;

$5,489, in the case of six such members; and

$6,751, in the case of seven or more such members—shall be eligible to receive full payments of allowable premiums. Other individuals may establish eligibility by contributing to the cost of the program in the following amounts:

In the case of an individual or family whose annual income is in excess of 100 percent but not in excess of 105 percent of the amounts described above, such individual or family shall pay 10 percent of the allowable premium;

In the case of an individual or family whose annual income is in excess of 105 percent but not in excess of 110 percent of the amounts described above, such individual or family shall pay 20 percent of the allowable premium; and

In the case of an individual or family whose annual income is in excess of 110 percent but not in excess of 125 percent of the amounts described above, such individual or family shall pay an amount equal to 50 percent of the allowable premium.

The act makes no changes in the existing Medicare program and it will be continued

to be financed by employer, employee and self-employed payroll taxes and general revenues.

SECTION-BY-SECTION ANALYSIS OF NATIONAL HEALTH STANDARDS ACT

To amend the Social Security Act to require employers to make an improved health care plan available to their employees, to provide a health insurance plan for "low-income" persons, and for other purposes.

This Act may be cited at the "National Health Standards Act."

Sec. 201. *Findings and declaration of purpose.*

Congress finds that: the health of the nation's people is fundamental to their well-being and the nation's productivity; each person shares the responsibility for protecting his own health and well-being; not everyone has the ability to purchase health care when they need it; the health care system needs to be improved using the existing system as a base upon which to build; and the improved system should draw from the experience of medical and allied health professions, private enterprise, government and consumers. The purpose of this Act is to establish a national health care system that would provide health care for all. This would be accomplished by requiring: employers to purchase a health care plan for their employees and the federal government to assume the total cost of purchasing a health care plan for those unable to pay for their own. Medicare would continue to provide medical care for the aged and disabled.

TITLE I: HEALTH BENEFITS FOR EMPLOYEES

Sec. 301. Title VI of the Social Security Act is amended to read as follows:

Sec. 601. Definitions.
Sec. 602. Health care plan required.
Sec. 603. Effective date for providing health care plan.
Sec. 604. Termination.
Sec. 605. Health care plan benefits.
Sec. 606. Exclusions.
Sec. 607. Deductibles.
Sec. 608. Penalties for noncompliance.
Sec. 609. Additional requirements of health care plans.
Sec. 610. Approval of plans.
Sec. 611. Plans for the self-employed and small employer.
Sec. 612. Regulations of the Secretary.
Sec. 613. Acturial equivalency.
Sec. 614. Employee option.

Sec. 601. *Definitions:* Defines the various terms as follows:

"Employee" to include both full-time and part-time employees who have been employed for more than 31 days.

"Employer" as any individual, firm or agency that employs at least one employee.

"Approved health care plan" to mean a plan of employee health benefits which is in writing, adopted by the employer, communicated by the employer to his employees, provides at least the benefits described in the act, and covers the employees and their dependents.

"Actuarial equivalence" as that which is equivalent to the total expected claim costs of the total benefit package, including 100 percent of the expected claim cost of hospital services, outpatient physician services, surgical care, and diagnostic x-ray and laboratory services.

"Physician" means a doctor of medicine, osteopathy, podiatry, and, for certain purposes, a dentist.

"Inpatient hospital services" are those services customarily furnished by a hospital, except for convenience items.

"Physician services" are those services usually performed by a physician including surgery, consultation, home and institutional calls.

"Extended care services" are those services specified in regulations of the Secretary.

"Extended care facility" are those facilities meeting the requirements of Section 1861(j).

"Hospital" means the same as in Title XVIII.

"Carrier" means an insurance company or other such indemnity organization or agency, or an employer who makes available directly to his employees a health care plan.

"Ambulance services" are those services customarily provided by a medical service transportation company but only when such services are medically necessary.

"Qualified health maintenance organization" means an HMO which has been certified by the Secretary as capable of providing health services to its members in a manner prescribed by this title.

Sec. 602. *Health care plan required*: Every employer, other than a foreign government or other international organization, shall provide his U.S. resident employees an approved health care plan. An employer who, on the date of enactment of this title, has a contract to provide health care to his employees shall not be required to amend that contract until its expiration or renewal. No employer is required to pay an amount in excess of 50 percent of the cost of providing a health care plan.

Sec. 603. *Effective date for providing health care plan*: Every employer has one year after the enactment of this title to comply with the provisions of this title.

Sec. 604. *Termination of health care benefits*: Coverage of an employee shall continue in effect for a period of not more than 31 days following termination of an employee.

Sec. 605. *Health care plans benefits*: An approved health care plan shall offer the following benefits; inpatient hospital services; inpatient physician services; surgical care; x-ray and laboratory services; outpatient physician services; prescription drugs; outpatient physical therapy; limited outpatient psychiatric care; extended care services; medical devices and appliances; and ambulance services.

Sec. 606. *Exclusions*: An approved health care plan may not make payment for the following items or services: those which are not medically necessary; those which the individual furnished such items has no obligation to pay; those which are paid for by another governmental entity; those which constitute personal comfort items; vision care services; orthopedic shoes; cosmetic surgery; custodial care; routine dental care; flat foot conditions or other routine foot care; hearing aids; private room accommodations and private duty nursing; general physical examinations or immunizations; pre-existing conditions; and those items which can be expected to be paid for by a workmen's compensation law, other insurance plan or lawsuit.

Sec. 607. *Deductible and coinsurance*: For all services except psychiatric and obstetrical care, the plan must provide that an individual or family will pay no more than $100 for each individual not to exceed $200 per family and 25 percent of the next $10,000 of covered charges with respect to outpatient psychiatric care, the plan shall pay 50 percent of charges provided payment for such charges under this Act does not exceed $20 per visit. For obstetrical care, the plan will pay 50 percent of charges to a maximum payment under the plan of $500 for any single pregnancy. The first three pints of blood are not covered under the plan.

Sec. 608. *Penalities for noncompliance*: An employer who knowingly fails to comply with the requirements of this title may be assessed a civil penalty of not more than two times the amount he would have spent had he complied with the requirements of the title and shall be required to reimburse all employees for any amounts they may have spent to secure covered benefits during the period he was not in compliance with the title.

Sec. 609. *Additional requirements of health care plans*: To be an approved health care plan, the plan must provide that a hospital: have in effect a utilization review plan which meets the requirements imposed by Part B, Title XI of the Social Security Act; accepts reimbursement on the basis of prospective budgets and such budgets shall not include any allowance for costs related to facilities or services that are determined by a local health planning agency to be inconsistent with state or local health needs; agrees to be reviewed periodically by a group of public and private payors; and submits to the local health planning agency all capital expenditures that exceed $100,000, change the facility's bed capacity or substantially change the facility's services. Each physician, to be eligible for reimbursement, shall agree that his services may be reviewed by a utilization review committee and that reimbursement shall be on the basis of usual and customary changes.

Sec. 610. *Approval of plans*: Each carrier and self-insured employer shall notify the appropriate state official within 30 days after the implementation of a health care plan. The state official shall approve or disapprove the plan and notify the employer.

Sec. 611. *Plans for the self-employed and small employer*: Each insurance company shall develop (itself or in combination with other such carriers) pools to which employers with less than 100 employees and self-employed individuals may subscribe. For this purpose only, existing antitrust laws shall be overridden.

Sec. 612. *Regulations of the Secretary*: The Secretary is authorized to prescribe regulations necessary for the administration of this title.

Sec. 613. *Actuarial Equivalency:* Every employer covered by this title can offer a plan which is the "actuarial equivalent" of the benefit plan required by section 605. To offer an actuarially equivalent plan, the employer must obtain a "certificate" from a qualified actuary stating that his plan is an actuarially equivalent plan.

Sec. 614. *Employee option:* Each employer covered by this title shall offer his employees an option of membership in a qualified health maintenance organization if one is available in the area in which his employees reside. The employer shall have the option of selecting the qualified health maintenance organization that shall be offered as an option. No employer will be required to pay more for health benefits under an HMO option than would otherwise be spent in complying with the requirements of this title.

TITLE II—HEALTH BENEFITS FOR LOW-INCOME INDIVIDUALS AND THEIR DEPENDENTS

Sec. 401. The Social Security Act is amended by adding a new title XX.

TITLE XX—HEALTH BENEFITS FOR LOW-INCOME INDIVIDUALS AND FAMILIES

Sec. 2001. Definitions.
Sec. 2002. Establishment of low-income insurance program.
Sec. 2003. Eligible beneficiaries.
Sec. 2004. Payment of premiums.
Sec. 2005. Federal financing responsibility.
Sec. 2006. Health care insurance program.
Sec. 2007. Exclusions.
Sec. 2008. Deductibles and coinsurance.
Sec. 2009. Quality control.
Sec. 2010. Requirements for carriers.
Sec. 2011. State requirements.

Sec. 2001. *Definitions:* Defines the various terms as follows:

"Low-income individual" is any person whose annual income is not in excess of $2,098.

"Low-income family" means two or more

family members whose annual income is not in excess of: $2,633 in the case of two such members; $3,229 in the case of three such members; $4,137 in the case of four such members; $4,880 in the case of five such members; $5,489 in the case of six such members; and $6,751 in the case of seven or more such members.

"Dependent beneficiary" is any child who is a member of a low-income family, receives at least 50 percent of his support from such family and has not obtained the age of 21 or, if he is a full-time student, the age of 23.

The terms "physician," "inpatient hospital services," "physicians services," "extended care services," "extended care facility," "hospital," "carrier," "ambulance service" and "qualified health maintenance organization" shall have the same meaning as when used in Title VI.

Sec. 2002. *Establishment of low-income insurance program:* Establishes a program of comprehensive medical and hospital benefits for individuals and families whose incomes are insufficient to meet the expenses of necessary medical and hospital services.

Sec. 2003. *Eligible beneficiaries:* All "low-income individuals," "low-income families," or "dependent beneficiaries" are eligible under this section. Other individuals may establish eligibility by paying all or a portion of the premium rates as required under section 2004.

Sec. 2004. *Payment of premiums:* Every individual or family who is eligible under section 2003(a) shall be eligible to receive full payments of premiums. Other individuals and families to establish eligibility, shall contribute towards the cost of the program as follows: those with annual incomes in excess of 100 percent but not in excess of 105 percent of the amounts described in section 2001 shall pay 10 percent of the allowable premiums; those whose income is between 105 percent and 110 percent of the amounts described in section 2001 shall pay 20 percent of the allowable premium; and those with incomes in excess of 110 percent and 125 percent of the amounts described in section 2001 shall pay an amount equal to 50 percent of the allowable premium.

Sec. 2005. *Federal financing responsibility:* The federal government shall pay each state such funds as are necessary to provide care as required under this title.

Sec. 2006. *Health care insurance program:* A health care policy must provide payment for the following benefits: inpatient hospital services; inpatient physician services; surgical care; x-ray and laboratory services; outpatient physician services; prescription drugs; outpatient physical therapy; limited outpatient psychiatric care; extended care services; medical devices and appliances; and ambulance services.

This section requires that reimbursement may be made only to a hospital which: have in effect a utilization review plan which meets the requirements of Part B, Title XI of the Social Security Act; accepts reimbursement on the basis of prospective budgets and such budgets shall not include allowances for costs directly related to facilities or services that are determined by a local health planning agency to be inconsistent with state or local health care needs; agrees to be reviewed periodically by public and private payors; and submits to a local health planning agency all proposed capital expenditures which exceed $100,000, change the facility's bed capacity or substantially change the facility's service. Each physician, to be eligible for reimbursement, shall agree that his services may be reviewed by a utilization review committee and that reimbursement shall be on the basis of usual and customary charges.

Sec. 2007. *Exclusions:* This section prohibits payments under this title for the following items or services: those which are not medically necessary; personal comfort items; vision care; orthopedic shoes; cosmetic surgery; custodial care; routine dental care; routine foot care; hearing aids; private room and private duty nursing; physical examinations or immunization; pre-existing conditions; and those expenses which can reasonably be expected to be covered by a workmen's compensation law, other insurance plan or lawsuit.

Sec. 2008. *Deductibles and coinsurance:* Each beneficiary shall pay not more than the following: 10 per cent of each service, not to exceed in the cumulative, 5 per cent of annual income; for mental health services, payment by the plan shall not exceed $20 per visit. The first three pints of blood are not covered under this plan.

Sec. 2010. *Quality control:* The utilization review provisions of titles XI and XVII shall be applicable to all services provided under this title. The Secretary shall coordinate his procedures under this title with those established under other Social Security programs.

Sec. 2011. *Requirements for carriers:* No carrier shall be utilized in the administration of this title unless such carrier agrees to participate in state insurance "pools". For this purpose only, existing antitrust laws which prohibit interaction among carriers are overridden.

Sec. 2012. *State requirements:* The Secretary shall periodically pay each state such funds as are necessary to operate the "low-income" program. Each state shall contract with carriers to administer the program. A state agency shall be responsible for the enrollment and filing of beneficiary applications.

TITLE III—GENERAL PROVISIONS

Sec. 501. Council of health advisors.
Sec. 502. Operation of state benefit pools.
Sec. 503. Severability.
Sec. 504. Effective date.
Sec. 505. Repeal of title XIX.

Sec. 505. *Council of health advisors:* Creates a Presidential Council of Health Advisors composed of seven members appointed by the President with the advise and consent of the Senate. The Council's purpose is to analyze and interpret trends in the health care field, appraise health programs and activities of the Federal Government, and appraise the effectiveness of the quality control programs established under this Act. The Council shall submit an annual report to the President and Congress.

Sec. 502. *Operation of state benefit pools:* The various state "pools" and "pools" for small employers and the self-employer shall be administered by an administering carrier under regulations promulgated by the Secretary and enforced by the appropriate state agency. All funds collected from the "low-income" plan shall be paid into the state pools. All pools shall pay claims, health maintenance organization dues, reasonable administrative expenses, and any other charges for which the pool has a liability. The pools may invest and reinvest their funds in interest bearing obligations. The administering carrier shall prepare an annual experience accounting which shall be distributed to the state, all participating carriers and the Secretary. The pool's losses shall be distributed among participating carriers in accordance with a formula that equitably allocates losses to all carriers and approved health maintenance organizations. For the purposes of this subsection, the term "carrier" does not include self-insured employers. The pool shall be liable for all losses limited to 3 percent of collected premiums. Losses in excess of this limitation shall be borne by the Federal Government. Pool gains shall be retained in the pool and used to minimize future premiums to be paid by the Federal Government.

Sec. 503. *Severability:* If a provision enacted by this Act is held invalid, all other provisions so enacted shall remain in effect.

Sec. 504. *Effective date*: The effective date is July 1, 1975.

Sec. 505. *Repeal of Title XIX*: This section repeals the existing Medicaid program.

ACTUARIAL COST ESTIMATES AND ANALYSIS* FOR THE NATIONAL HEALTH STANDARDS ACT

The Proposal for National Health Insurance recommended by the Chamber of Commerce of the United States would essentially build on the existing framework of insurance arrangements in the United States, extending group insurance to virtually all full time employees and supplementing existing group insurance and social insurance with a new program for low-income individuals. Reimbursement under all programs would be based on the going rate of payment for such services, eliminating economically motivated discrimination against the poor in receiving health services.

The principal insurance vehicle in the proposal is private group insurance paid jointly by employers and employees. All full time employees would be offered health insurance coverage for themselves and their families with an actuarial value which met or exceeded standard benefits set forth in the bill. The employer would pay at least half of the cost of providing the coverage required.

The principal measure of cost to employers and employees is the premium rate required for the standard benefit package. The average annual premium rates that would be needed in fiscal 1975 for the standard benefit package are shown in Table 1 (employer and employee share combined). The average annual premium for employees electing to be covered as single individuals is estimated to be $184, and the average annual premium for employees electing coverage for their families as well as themselves is estimated to be $511. The average annual premium for all employees electing to be covered (either as singles or as families) would be $443.[1]

Some families would have two employees that are eligible for coverage. The actuarial value of having a second family policy, however, is only about half of the value of the first policy, after considering the coordination of benefits required by the bill. Under these circumstances, some families would elect to have two family policies, others only one.[2]

These eligible employees who do not elect to have a second family policy lower the average cost of furnishing the required coverage, as do any employees who do not participate at all, and those who are over 65 and have Medicare. *The average premium per employee to whom coverage must be offered is thus less than the average premium per enrollee. The average premium per full time employee is $370. This rate is the appropriate base for measuring the cost to employers of furnishing standard benefits to employees.* To the extent that employers offered actuarially equivalent coverage with no cost sharing on inpatient services—which would have a lower actuarial value for a second policy—the

---

*Prepared by: Gordon Trapnell, Consulting Actuary, 6313 Crosswoods Circle, Falls Church, Virginia 22044

[1] These rates assume that any charges over $500 in connection with the delivery of a child are not a covered service. If the maximum of charges considered is $1,000, the average annual premium rates would be:

Employee premium, $186.
Family premium, $527.
Average per enrollee, $457.
Average per employee, $381.

[2] Other families would have two single policies (especially those with no other dependents), and some would have one single and one family policy.

actual average premium per full time employee would be less than this.[3]

Thus, of the 63 employees, 10 are enrolled as singles and 42 for family coverage. The employer's fiscal 1975 premium is determined as follows: 10×$184+42×$511=$23,302. The average annual premium per enrolled employee is $23,302/52=$448. The average annual premium per full time employee is $23,302/63=$364.

The aggregate effect of the Chamber of Commerce proposal on employers is shown in Table 2. By January 1st (the mid-point of fiscal year 1975), employers and employees are projected to be jointly spending at a rate of $25.8 billion dollars a year on group health insurance for services of the types covered by the proposal, reflecting a continued rapid rise in group health coverage. Of this, $6.6 billion would be paid through employees' contributions, leaving an employer net cost of $19.2 billion. If the Chamber of Commerce proposal were fully effective at that time, spending for group health insurance would be higher by $2.7 billion divided about equally between employers and employees. The additional coverage reflects the extension of group insurance to many employers who do not now offer group insurance coverage, especially among very small employers.

Federally financed health insurance for the poor would be replaced by a federal program which purchased special policies for persons whose income is below "low income levels" established by the proposal. Persons whose income ranged up to 25% above these levels would be eligible for a federal subsidy toward the cost of the policies. The persons who would be eligible under this program as of January 1, 1975, are summarized in Table 3, by the number of persons in the family unit. Over 17 million persons would be eligible for free policies and around 4 million more would be eligible for a federal subsidy toward the purchase of such policies. An additional 4 million persons with comparable incomes would be eligible for coverage through their employers.

The total federal outlays to purchase coverage for low income level individuals and to subsidize coverage for those whose income is up to 25% higher than the low income level would be $10.3 billion in fiscal 1975. Premiums paid by those with subsidized policies would reduce this cost by $100 million to a new cost of $10.2 billion. The cost to the federal government would be offset by the repeal of the Medicaid program and a reduction in spending under other federal programs (e.g., the Veterans Administration), so that the net new outlays by the federal government would be $3.6 billion. State and local governments would have to increase spending for Medicaid programs to replace the federal matching withdrawn to maintain the same level of benefits as now provided, despite coverage under the subsidized policies of most of the cost of these services. Long term care, especially nursing home care and intermediate care, would form the bulk of this expenditure. There would be a reduction, however, in state and local outlays to cover operating deficits of state and local hospitals. This increase would be eliminated if persons over age 65 were eligible for subsidized policies. However, the federal cost would be increased by a similar amount.

A list of specific policy assumptions assumed in these estimates and a list of principal actuarial assumptions used is attached to this report. The cost of the proposal could vary substantially from that estimated if the policy followed in implementing the bill varied from these assumptions.

TABLE 1.—COMPONENTS OF AVERAGE PREMIUM RATES FOR STANDARD BENEFITS IN HEALTH PLANS REQUIRED FOR EMPLOYERS (FISCAL 1975) [1]

Items	Employee premium	Family premium	Average per enrollee [2]	Average per employee [3]
Hospital room and board	$34	$87	$76	$64
Hospital inpatient services	41	106	94	78
Hospital outpatient services	4	7	6	5
Skilled nursing facilities	4	7	6	5
Physicians	56	157	137	114
Psychiatrists	4	12	10	8
Prescriptions	9	28	24	20
Maternity	2	18	16	13
Diagnostic X-ray, lab, etc	6	19	16	14
Total, benefits	160	441	385	321
State premium taxes [4]	2	5	4	4
Administration	22	61	54	45
Total, premiums	184	507	443	370

[1] Incurred premiums for policy years beginning in 1974.
[2] Average premium per employee electing participation (see text for explanation).
[3] Average premium per full-time employee (see text for explanation).
[4] At average rates currently paid (i.e., not paid by Blue Cross, Blue Shield, Group Practice Plans, or self-insured arrangements.

TABLE 2.—EFFECT OF CHAMBER OF COMMERCE PROPOSAL ON EMPLOYERS

[Billions of dollars in fiscal year 1975]

Cost of group insurance	Present law	Proposal effective	Net change
Premiums less dividends and credits	$25.8	$28.5	[1] $2.7
Employee contributions	6.6	7.9	1.3
Employer cost [1]	19.2	20.6	1.4

[1] Before Corporation income taxes.

TABLE 3.—INDIVIDUALS AND FAMILIES ELIGIBLE FOR LOW-INCOME HEALTH PROGRAM

[Thousands of units]

Income level	Number of persons in family unit							Total units	Total persons
	1	2	3	4	5	6	7 plus		
Low income	5,269	960	677	539	378	257	251	8,331	17,318
100 to 105 percent low-income level	201	51	26	39	32	12	11	372	879
105 to 110 percent low-income level	201	51	27	39	19	12	11	360	879
110 to 125 percent low-income level	603	154	79	93	56	36	19	1,040	2,206
Total low-income levels	6,274	1,216	809	710	485	317	292	10,103	21,282

[3] To explain the distinction between average premium per enrollee and average premium per employee consider the following example. Suppose an employer has 63 full time employees, all of whom have worked long enough to be eligible for coverage. However, only 52 of the employees actually enroll in the

1 Employee is over 65 (and has no dependents under age 65)—covered by Medicare.

11 Employees have no dependents, of whom 10 enroll as single employees.

29 Employees have families which contain no other full time employees, of whom 28 enroll as families.

22 Employees are married to each other in 11 families, and 14 enroll their families (i.e., 3 families are enrolled twice).

TABLE 4.—EFFECT OF CHAMBER OF COMMERCE PROPOSAL ON GOVERNMENT OUTLAYS FOR PROVIDING HEALTH SERVICES

[Billions of dollars in fiscal 1975]

	Federal Government	State and local government	Total
Current law	$23.3	$10.2	$33.5
Medicare	14.0	0	14.0
Medicaid	5.9	5.3	11.2
Other programs	3.4	4.9	8.3
Chamber of commerce proposal	26.9	10.9	37.8
Medicare	14.0	0	14.0
Medicaid	0	[1] 7.3	7.3
Subsidies for low income policies	10.3	0	10.3
Other programs	2.6	3.6	6.2
Increase in outlays	[2] 3.6	.7	4.3

[1] Assume no reduction in the level of benefits under State and local medicaid programs.
[2] Includes $1,000,000,000 of premiums collected from low income individuals.

APPENDIX

POLICY ASSUMPTIONS

1. Enactment of the bill is the only major change in legislation taking place during the period of projection. The program is assumed to have been in operation for at least a year—as are Professional Standards Review Organizations (including their new responsibility for physicians' services), hospital budget review committees, etc.

2. Families are defined to consist of heads and spouses under age 65, any children under age 21, and any dependent children in school under age 23. This definition of family is used in both employer policies and government subsidized policies.

3. Family income for purposes of eligibility for government subsidized policies and determination of the maximum cost sharing

per family in those policies—is defined and administered to be equivalent to "adjusted gross income" (as defined by IRS) plus any transfer payments received.

4. The "low income levels" specified in the bill to determine eligibility for subsidized policies are applicable in fiscal year 1975. The substantial inflation that has occurred since the year in which these were the official "low income level" thresholds (1971) would suggest that higher levels would be adopted, substantially increasing the cost of the government subsidized policies.

5. Administration of regulations implementing the definition of full time employees for whom health coverage is required is strictly enforced to include all employees who work 20 or more hours for the same employer in 26 out of the last 52 weeks.

6. All insurers issuing policies either to employers or to low income individuals are required to base reimbursement to hospitals on prospective budgets established by a committee of payers, which would include both public and business representatives as well as members of the medical professions. Hospitals wishing to exceed these budgets could do so; however, any additional expenditure would not be included in the charges recognized by insurers, so that patients would pay these costs.

7. Fiscal 1975 budgets for hospitals are set at a level similar to that currently allowed, and reimbursements are based on cost plus bad debts plus an allowance of 2½% for growth, development, and working capital.

8. Physicians' charges are subject to some restraint, imposed through the professional organizations specified in the bill. If physicians raised fees in anticipation of further controls, spending both with and without the proposal effective would be increased. The relative impact of the proposal would be similar, however.

9. Federal matching for Medicaid programs is assumed to be discontinued entirely. State and local governments are assumed to provide benefits to all persons receiving medical assistance before the termination of Federal participation by increasing spending if necessary. Savings in general hospital and medical expenditures (e.g. operating deficits of state and local hospitals) are assumed to reduce spending.

10. The provision for allowing actuarial equivalent benefits instead of the standard benefit package is assumed to require:

(a) Benefits for inpatient hospital and physician care, surgical care, xray, and laboratory services must exceed the benefits provided in the standard plan.

(b) Benefits for all services must exceed the benefits provided in the standard plan.

11. Regulations pertaining to skilled nursing facilities and outpatient physical therapists are the same as currently in Medicare.

12. Pre-existing exclusion clauses are permitted.

13. The maximum payment for maternity services is $250 (50% of a maximum of $500 of charges).

ACTUARIAL ASSUMPTIONS

1. Estimates are at the level of fiscal 1975 spending assuming all flows have reached an ongoing level.

2. Physician fees are projected according to present trends.

3. The actuarial value of a second family policy for the standard benefits is approximately 50% of the premiums for such policies. For employees who have spouses who are also mandated, the second policy is thus worth the actuarial value of the maximum contribution. Under these conditions, it is assumed that one-fourth of families with two eligible employees would sign up for family policies for each.

4. An unemployment rate of 6% is assumed for fiscal 1975. A higher unemployment rate would increase the cost of government subsidies for lower income persons.

5. The following participation rates were assumed among employees eligible for coverage:

[In percent]

Single employees	95
Families	98

6. Existing insurance for employers with less than 25 employees is assumed to be at roughly 50% of the level required by the bill. Coverage is assumed to be actuarially equivalent to standard benefits or higher for most groups with more than 25 employees.

7. The required pools for small employers and self employed are assumed to result to substantial price competition. Since insurers could not charge more for single or very small policies, commission rates would be uniform as a percentage of premium.

8. The savings accruing from the prohibition of duplicate payment with automobile liability insurance policies, etc. are assumed to reduce the cost of such other coverage. Current practice is assumed to be followed with respect to workmens' compensation.

By Mr. BAKER:

S. 3354. A bill to amend the Highway Beautification Act of 1965, as amended. Referred to the Committee on Public Works.

Mr. BAKER. Mr. President, the Subcommittee on Transportation of the Public Works Committee has this week completed 2 days of hearings into the implementation of the Highway Beautification Act and possible amendments to that act.

Under consideration at the hearing was S. 3161, which the distinguished chairman of the subcommittee (Mr. BENTSEN) recently introduced for discussion. S. 3161 is identical to beautification provisions passed by the Senate as part of the 1973 Highway Act, but dropped during the conference with the House.

During the course of our hearings, Secretary Brinegar submitted a message to the Congress that included legislation to extend and strengthen the beautification act. I am today sending the administration proposal to the desk for appropriate referral.

The purpose of this bill is to continue the highway beautification program through fiscal year 1977 and to extend billboard-removal requirements to any sign that is visible from portions of the Interstate and primary highway systems where billboards are now prohibited within 660 feet. The bill would also augment the discretion granted to the States in administrating the entire program for billboard removal, junkyard screening, and acquisition of scenic easements.

The administration proposal, I believe, will contribute to the development of legislation to make the highway beautification program more effective, more equitable, and—most important—to serve the needs of the American motoring public to a greater extent.

Mr. President, I ask unanimous consent that the bill, as well as a copy of Secretary Brinegar's letter describing the provisions of the legislation in more detail, be printed at this point in the CONGRESSIONAL RECORD.

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

S. 3354

A bill to amend the Highway Beautification Act of 1965, as amended

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

SHORT TITLE

This Act may be cited as the "Highway Beautification Act of 1974".

CONTROL OF OUTDOOR ADVERTISING

SEC. 102. (a) Section 131(b) of title 23, United States Code, is amended to read as follows:

"(b) Federal-aid highway funds apportioned on or after January 1, 1968, to any State which the Secretary determines has not made provision for effective control of the erection and maintenance along the Interstate System and the primary system of outdoor advertising signs, displays, and devices which are within six hundred and sixty feet of the nearest edge of the right-of-way and visible from the main traveled way of the system, and Federal-aid highway funds apportioned after January 1, 1976, to any State which the Secretary determines has not made provision for effective control of the erection and maintenance along the Interstate System and the primary system of those additional outdoor advertising signs, displays, and devices which are six hundred and sixty feet or more from the nearest edge of the right-of-way, outside of incorporated cities and villages, and visible from the main traveled way of the system, shall be reduced by amounts equal to 10 per centum of the amounts which would otherwise be apportioned to such State under section 104 of this title, until such time as such State shall provide for such effective control. Any amount which is withheld from apportionment to any State hereunder shall be reapportioned to the other States. Whenever he determines it to be in the public interest, the Secretary may suspend, for such periods as he deems necessary, the application of this subsection to a State."

(b) Section 131(c) of title 23, United States Code, is amended to read as follows:

"(c) Effective control means that such signs, displays, or devices shall, if located within six hundred and sixty feet of the right-of-way, and after July 1, 1975, or after the expiration of the next regular session of the State legislature, whichever is later, if located six hundred and sixty feet or more from the right-of-way, be limited to (1) directional and other official signs and notices, which shall include, but not be limited to, official signs and notices pertaining to natural wonders, and scenic and historic attractions, which are required or authorized by law, which shall conform to national standards hereby authorized to be promulgated by the Secretary hereunder, which standards shall contain provisions concerning lighting, size, number, and spacing of signs, and such other requirements as may be appropriate to implement this section, (2) signs, displays, and devices advertising the sale or lease of property upon which they are located, and (3) signs, displays, and devices advertising activities conducted on the property on which they are located."

(c) Section 131(g) of title 23, United States Code, is amended by striking the first sentence and substituting therefor the following:

"Just compensation shall be paid upon the removal of any outdoor advertising sign, dis-

play, or device lawfully erected under State law."

CONTROL OF JUNKYARDS

SEC. 103. (a) Section 136, title 23, United States Code, is amended by adding the following new subsection (i) and relettering subsequent subsections accordingly:

"The Secretary may approve under this section any project submitted by a State for the relocation, removal or disposal of junk."

(b) Subsection (j) of section 136, title 23, United States Code, as relettered herein, is amended to read as follows:

"The Federal share of projects for the relocation, removal, or disposal of junk, and the costs of landscaping and screening under this section shall be 75 percent."

(c) Subsection (k) of section 136, title 23, United States Code, as relettered herein, is amended by striking the first sentence and substituting therefor the following:

"Just compensation shall be paid for the relocation, removal, or disposal of junkyards lawfully in existence under State law."

LANDSCAPING AND SCENIC ENHANCEMENT

SEC. 104. (a) Section 319(a), title 23, United States Code, is amended by changing the period at the end of the subsection to a comma and inserting thereafter the following:

"and the acquisition of interests in and improvement of strips of land necessary for the restoration, preservation, and enchancement of scenic beauty adjacent to such highways."

(b) Section 319(b) title 23, United States Code, is amended to read as follows:

"The Secretary may approve as a project on any Federal-aid system the acquisition of interests in and improvement of strips of land necessary for the restoration, preservation, and enhancement of scenic beauty adjacent to Federal-aid highways, including the acquisition and development of publicly owned and controlled rest and recreation areas, information centers, and sanitary and other facilities within or adjacent to the right-of-way which are reasonably necessary to accommodate the traveling public, without being matched by the State. The provisions of chapter 1 of this title relating to the obligation, period of availability, and expenditure of Federal-aid highway funds shall apply to the funds authorized to be appropriated to carry out this subsection after June 30, 1967."

AUTHORIZATION OF FUNDS

SEC. 105. For carrying out section 131 of title 23, United States Code, (relating to the control of outdoor advertising), section 136 of title 23, United States Codes (relating to the control of junkyards), and section 319 (b) of title 23, United States Code (relating to landscaping and scenic enhancement), there is authorized to be appropriated out of the Highway Trust Fund not to exceed $50,000,000 for fiscal year 1975, not to exceed $55,000,000 for fiscal year 1976, and not to exceed $60,000,000 for fiscal year 1977.

ADMINISTRATIVE EXPENSES

Sec. 106. Paragraph (11) of section 104(a) of the Federal-Aid Highway Act of 1973 is amended to read as follows:

"(11) For necessary administrative expenses in carrying out section 131, section 136, and section 319(b) of title 23, United States Code, $1,500,000 for the fiscal year ending June 30, 1974, and out of the Highway Trust Fund, $1,500,000 for each of the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977."

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., April 5, 1974.

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

DEAR MR. PRESIDENT: There is hereby transmitted a proposed bill "To amend the Highway Beautification Act of 1965, as amended."

This bill will provide authorizations for continued funding for the highway beautification program and make necessary amendments to the Highway Beautification Act of 1965, as amended.

Both the Senate and House versions of the Federal-Aid Highway Act of 1973 contained authorizations for the continuation of the highway beautification program. However, the House-Senate conference committee deleted these provisions with the expectation that Congress would consider additional authorizations and possible modifications in separate legislation. This bill provides for such authorizations and makes certain other amendments to the Act.

Specifically, this bill would authorize funds out of the Highway Trust Fund for carrying out sections 131, 136, and 319(b) of title 23 during fiscal years 1975, 1976, and 1977. It proposes combined annual funding levels for these three programs of $50 million, $55 million, and $60 million for fiscal years 1975, 1976, and 1977, respectively. These authorizations are ugently needed before July 1, 1974 to meet the States' funding requirements. Although the highway beautification program began fiscal year 1974 with a carryover of approximately $40 million from prior authorizations, most of this remaining money has been allocated since the beginning of this fiscal year. Additional requests from the States far exceed the remaining funds available at the beginning of fiscal year 1974, particularly those funds for the removal of outdoor advertising signs.

In addition, the program for the removal of nonconforming signs now is progressing at a level which cannot be maintained unless the Department can make assurances to the States that Federal funds will continue to be available for this program. We do not wish to repeat the experience during fiscal years 1968, 1969, and 1970 when, because of a lack of authorizations, the States doubted the Federal Government's commitment to fully implementing the highway beautification program, and consequently the program came to a standstill. The funding authorized for this program by the Federal-Aid Highway Act of 1970 has made clear the Executive and Legislative Branches' commitment, and has resulted in full compliance by all States with phase I of the program—enactment of State legislation. We are now seeking compliance with phase II—removal of signs by the States under their laws. The Federal commitment to this program should continue to be honored through steady funding, and we therefore urge prompt action on these authorization requests.

This bill also would amend section 131 in several other significant respects. First, it would eliminate the 660-foot control zone and extend outdoor advertising controls to the limits of visibility outside the incorporated cities and villages. The Administration recommended this change in the Department's 1970 Restudy of the Highway Beautification Program (H.R. Doc. No. 91–40, 91st Cong., 2d Sess.), and has included it in all recommendations for highway legislation since that time. We strongly urge prompt action because further delay only will increase the State and Federal cost of removing the jumbo signs beyond the 660-foot limit, which continue to increase in number in the absence of the proposed legislation.

The bill also would eliminate the so-called "hiatus period" for Federal financial participation in sign and junkyard removals. This step also has been recommended by the Highway Beautification Commission in its interim and final reports of August 1972 and December 1973, respectively. Presently, the Highway Beautification Act requires signs and junkyards to be removed, but does not allow for Federal financial participation in the removal of signs or junkyards which were erected or established between October 22, 1965, and January 1, 1968, or by necessary implication, each State's effective control date, whichever is later. The "hiatus period" places an unnecessary burden on many States by requiring them to pay for the removal of signs and junkyards established during this period without providing for a Federal share of the required compensation. The proposed bill would relieve the States of this financial burden by permitting Federal financial participation in the payment of compensation for the removal of all signs and junkyards lawfully in existence under State law, irrespective of the date established or erected.

Although the bill does not contain any provisions on the subject, the Department intends to rely more on the States to determine the appropriate amount of just compensation to be paid where there is a taking of a sign. As a means of facilitating the first phases of the beautification program, we encouraged States to use an optional schedule prepared by the Department for the valuation of signs. Now that the program has been in operation for several years, we consider it preferable for the States to determine elements of just compensation under their own law.

The Federal-Aid Highway Act of 1970 established a Commission to study problems related to the highway beautification program. This Commission has submitted a final summary report, "The Priority of Quality", dated December 31, 1973. The Report contains approximately sixty recommendations, most of which address the general administration of the program by the Department and the States, and do not require changes in the law. Other recommendations suggest amendments to the Act in areas which are covered in the Department's proposed bill.

This bill also contains amendments to sections 136 and 319, regarding the control of junkyards and scenic enhancement, respectively. In addition, it amends the Federal-Aid Highway Act of 1973 to authorize administrative expenses for the three programs out of the Highway Trust Fund in fiscal years 1975, 1976, and 1977.

The Office of Management and Budget has advised that submission of the proposed legislation would be consistent with the program of the President.

Sincerely,

CLAUDE S. BRINEGAR.

By Mr. COOK (for himself and Mr. BAYH):

S. 3355. A bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Drug Enforcement Administration on a continuing basis. Referred to the Committee on the Judiciary.

Mr. COOK. Mr. President, over the last several years the Federal Government has mobilized an all-out effort to deal with rapid increases in drug abuse and illegal drug traffic. Since 199 Federal support for research in this area has increased fourfold, support for treatment and rehabilitation has increased sixfold, and spending in the areas of education and training has increased nearly thirtyfold.

The principle thrust of this country's drug effort, however, has been the elimination of illegal drug traffic and the reduction of drug related crime. The Drug Enforcement Administration and, previously, the Bureau of Narcotics and Dangerous Drugs have led the Government's fight in this regard. In the last few years steady and impressive progress has been made. Confiscations of illegal drugs, both domestically and abroad, have in-

creased dramatically since 1970. Federal arrests for heroin trafficking and use were up 29 percent in 1973 over the previous year, and convictions for all drug-related arrests increased 54 percent over the same period.

This Nation is just beginning to come to grips with its drug abuse problem. It is essential that a vigorous and determined effort be sustained in this area, and it is for this reason I am addressing you today.

Today I am introducing legislation for myself and Senator BAYH to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Department of Justice for the operation of the Drug Enforcement Administration on an annual continuing basis. Present authority for the Attorney General to request appropriations is limited to the fiscal year ending June 30, 1974. Rather than extending this authority for an additional limited period of time, this legislation would permit the Attorney General to seek appropriations annually as he would for any other continuing program.

The administration strongly endorses this proposal, and I urge the Senate to act expeditiously on it.

I ask unanimous consent that the legislation be printed in the RECORD, along with the interview with DEA's Administrator, John R. Bartels, detailing the Drug Enforcement Administration's recent progress in reducing heroin traffic.

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

S. 3355

A bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Drug Enforcement Administration on a continuing basis.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 709 of the Controlled Substances Act of 1970 (84 Stat. 1284; 21 U.S.C. 904) is hereby amended by adding at the end thereof the following sentence: "Thereafter, there shall be appropriated to the Department of Justice such funds as may be necessary to carry out its functions."

HOW THE UNITED STATES IS SMASHING "HARD DRUG" RINGS

INTERVIEW WITH JOHN R. BARTELS, JR., ADMINISTRATOR OF DRUG ENFORCEMENT, DEPARTMENT OF JUSTICE

The U.S., at last, is moving ahead in the long war against narcotics. In this interview in the conference room of "U.S. News & World Report," the man in charge describes the successes—hard won and often violent.

Question. Mr. Bartels, would you agree with President Nixon's statement that the United States has turned the corner on heroin abuse?

Answer. Yes, certainly on heroin abuse.

Question. What does "turn the corner" mean?

Answer. Well, you have to put it in perspective. Back perhaps 10 years ago, it was estimated that we had 50,000 to 60,000 heroin addicts. By 1970, that estimate had risen to between 500,000 and 600,000—a tenfold increase.

I don't like playing the estimate game, because I'm never sure of the accuracy, but the guesses are that we have between 150,000 and 300,000 addicts now.

Question. What happened to the others?

Answer. There are about 100,000 of them under various forms of treatment—methadone, community therapy and so forth. That leaves about 200,000 unaccounted for. Some of those are on other drugs—alcohol, amphetamines, barbiturates. Some of them have detoxified simply because the white European heroin becomes less available. And some of them we can't account for.

I would think some of them have died. Traditionally, heroin addicts, unlike professional soldiers, don't fade away. They just die at around the age of 35 to 40.

Question. What is the major reason for this decline in heroin traffic—a crackdown here, abroad, or what?

Answer. Both. I think we've learned one thing from this epidemic: that you can't do the job with one system alone. It can't be just law enforcement. It takes the head of a government to move things. I think it's one of the things that the President can be personally proud of.

Question. Have you made significant inroads into the top layer of the French drug rings?

Answer. Yes. It's our estimate that between 80 and 90 per cent of them are in jail, either here or in France. For the first time in history, the so-called "French connection" is at least temporarily broken up. Those five French-Corsican families which for years brought in between 70 and 80 per cent of the heroin into this country aren't operating.

Question. Who's running the operations, then?

Answer. In the Marseilles area, they're finding more amateurs in illegal drug traffic—bank robbers and other types who were not traditionally in the established French-Corsican families.

We're also getting a change in the drug-abuse trafficking patterns. It used to be, in the 1950s and 1960s, that 70 to 90 per cent of the heroin coming into this country came from France. That has dried up. The trafficking rings are being replaced now by amateurs operating here in this country and in Mexico and South America, coming up across the Southwest border, and in Southeast Asia.

Question. What are you doing to stop this shift?

Answer. We've got a different situation. It's "amateur hour." Any guy with $2,000 can walk across the Rio Grande or go into Tijuana, hang around a bar and find something to buy and sell. Everybody and his uncle is in the business now.

People rent planes, fly down to Mexico, pick up a couple hundred pounds of marijuana, an ounce or two of cocaine, and bring it back. We have records showing there's about a crash a week around the San Diego area of private planes loaded with marijuana. There are many amateur pilots who have maybe 80 hours of flying time, and whose idea of navigation is to go out to the ocean and turn left.

Question. What other smuggling methods are used?

Answer. We're getting the alien who is a "mule," and is being paid a couple of hundred dollars to drive a truck with "cabbage." He knows what's in there, but he doesn't know where or why. If he gets caught, he's got no record. He may be 62 years old. So, he gets shipped back to Mexico.

Question. Doesn't lenient treatment encourage more smuggling?

Answer. Yes. We see it with these "body carries" at Kennedy Airport [in New York] where you get Chilean or Colombian women bringing in a kilo or two under their clothes. If they get caught, the tendency is not to put them in jail.

We're the only country in the world that takes that attitude. Remember those three American kids who are facing life in a Turkish prison for smuggling hashish? That may be a horrendous sentence—it *is* a horrendous sentence—but it's one hell of a deterrent. Every potential smuggler knows about it.

We deport alien drug smugglers in about a third of the cases. They go back, and they're a walking advertisement for the local recruiter's pitch. He says, "Look, the worst that could possibly happen happened here, and Mrs. Gonzales is walking around free."

Question. As the "Latin-American connection" grows, has Miami replaced New York as a main point of entry?

Answer. It's starting to, yes.

Question. What other major ports do you have to watch?

Answer. The Northwest ports—Vancouver, B.C., and Seattle especially—are a serious problem.

Question. How can you guard every point of entry?

Answer. It's very difficult. Smuggler planes are landing on salt fields in Nevada. Thousands of "Mom and Pop" airstrips all over the Southwest can be used. A bomber from World War II crashed in a Florida swamp about a month ago, just loaded with marijuana. That sort of thing is happening all the time.

We arrested a man in the Southwest who had his own "air force," which he used to smuggle narcotics from Mexico. He had two small jets; he had some four-engine planes. That's tough competition.

Question. Is narcotics enforcement pretty much like other police work?

Answer. No, narcotics enforcement is different from any other type of law enforcement in that there's no victim.

Question. What do you mean, "no victim"?

Answer. In ordinary police work, somebody comes in and says: "A man robbed my bank. He was 5 feet 10 inches, had a gray suit on and a red tie, and he drove off. Go find him." You're investigating something that happened, and the victim will tell you all about it.

In narcotics law enforcement, there's no victim who comes in and complains. The agent investigates a crime that's going to happen in the future. He is totally dependent on two people—the buyer and the seller, both of whom want to escape detection.

To find out what is happening, we have to get in there in an undercover capacity or find out what's going on from people who are not very co-operative. It's the only form of law enforcement without a co-operative, informative and reliable citizen whom you'd believe.

Question. How many agents do you have to do the job?

Answer. We're a small agency, contrary to popular belief. We have only 2,200 agents. The New York City police department alone has about 1,500 people working on narcotics.

Question. Are you getting complete police co-operation?

Answer. Generally, yes. We're doing some things now that once would have been unheard of. For instance, in New York City the police and Drug Enforcement Administration just merged their intelligence system. That wouldn't have happened five years ago.

In San Diego, because of the problem along the border, we have put our entire local enforcement effort into a strike force with the city police. We're operating in about 33 different major cities on task forces with local police and sheriff's offices.

Question. How much of an increase has there been in drug arrests?

Answer. They have risen from 15,500 in 1972 to 24,900 last year.

We would treble the number of narcotics arrests in the next couple of months just by hauling in a whole slew of pushers. But we're not in that business. I'd rather get one big fish than a lot of little ones.

Question. How do your agents go about breaking up a narcotics ring?

Answer. There are two methods that have traditionally been the nuts and bolts of narcotics enforcement. One is the undercover buy—where you take an informant, and he makes an introduction of an agent to a seller. The other is the seizure—the use of an informant to stage a raid.

Question. Are those the only techniques you use?

Answer. No, we're using other means to get after drug financiers, the controllers and wholesalers.

They're not stupid, either. If I'm a major narcotics dealer, I'm not going to sell you heroin. I'll only talk about it with three or four people I've known for years. I'll tell a subordinate to get one of his people to talk to you about it. I'm sheltered much the way a corporation president is sheltered against personal liability.

The one thing these people can't do is avoid income tax. They can't put down on their tax return that they don't hold a job and that they're spending and accumulating assets of $300,000 a year. They can't explain that money.

Question. Does this mean that you use the Internal Revenue Service as a means for putting them behind bars?

Answer. Oh, yes.

Question. How can you tell whether somebody is a big narcotics dealer or just addict who might occasionally sell a to pay for his needs?

Answer. We disregard those who are in possession for personal use.

In other cases, we send an undercover man in and arrange for a substantial "buy." We don't just go on one "buy." We normally go on several "buys," during which we get a history of the person out of his own mouth. If possible, we corroborate it by recordings or witnesses.

Question. There have been several reports of narcotics agents breaking into the wrong homes on raids. How does that sort of thing happen, and are you doing anything about it?

Answer. When I came in, we started a whole program to make sure those incidents don't occur. I issued a series of guidelines on conducting raids. I have gone out to visit most of the major offices and talked with our agents. We have instituted new regulations which are more stringent than previous rules. We have re-emphasized old regulations which allegedly were violated in these cases.

We have told every agent: "If you do engage in a frolic of your own, if you do decide to break the law and go out and raid homes without a warrant or without any probable cause, were going to come down on you quick, and we're going to come down hard. If you pull your gun on unauthorized occasions, you're going to get 30 days off without pay."

Question. Do these incidents indicate there are problems in the selection and training of narcotics agents?

Answer. Less in selection and training than in the nature of the business.

There's a tremendous change in narcotics traffic and its inherent violence, which is in part a result of these agents' own success. There are more rip-offs now, everybody carries a gun. It's part of the counterculture of narcotics traffic to shoot people.

Over approximately the last 14 months, we've had two federal agents murdered, two paralyzed for life, and over 75 assaulted with guns. This is happening on the street among narcotics dealers as well.

Question. Is this because of the stakes involved?

Answer. It's because of the stakes involved. It's because there are more guns available. It's because these are not nice people. And the type of guy who's getting into narcotics now is an amateur. It's an absence of respect for law enforcement and human life. Nobody cares.

For instance, in Maryland recently an undercover policeman was killed while making a narcotics buy in a motel. A State agent in California last year was wantonly murdered. He made the buy, he was never suspected of being a cop—and the defendant just turned and put four bullets through him.

This year a Houston sheriff's deputy who was assigned to our task-force program was killed. They had cut his throat when somebody else broke in and put a bullet through his heart.

WHEN AGENTS ARE IN MOST DANGER

Question. It sounds as if narcotics work is more dangerous than most police assignments—

Answer. This is the toughest, most demanding form of law enforcement that exists. You're always on the defensive. You respond to the other guy's strategy. When he says, "Meet me in a hotel room at quarter to 4 in the morning," you either don't make the buy or you meet him. He sets the terms.

Most assaults on our agents come in two types of situations: in a buy, and when you go to arrest a man.

When you go to arrest the man, it's frequently going to be in his home. You're going into a place where you don't know the territory and he has all the grounds for ambush. In entering a person's home, we have been assaulted on a great number of occasions.

Question. Do you think the general public understands these dangers that your agents face?

Answer. Nobody knows what a federal narcotics agent does. Nobody knows the demands put on him. I think there are a great number of people who regard narcotics agents as corrupt Nazis who don't know how to open the door except with the heel of their right foot.

Sure, there is a very small element of our people that we have a problem with. But all our men are college educated. They come on this job motivated by a sense of doing what they consider the toughest job of law enforcement. They run risks, and they work 80-hour weeks as a matter of course.

Yet there have been very few serious mistakes compared with the number of arrests, and very few instances of corruption compared with the number of seizures.

Question. Is drug traffic possible without police corruption?

Answer. Yes, it's possible without police corruption. Is there police corruption? Yes, there is also police corruption. The "French connection" heroin, for example, disappeared from a New York police station—from the central lockup. I might say we wrote new guidelines as a result of that, and several police departments have set up systems based on ours.

Question. What specifically can be done to stop theft of narcotics being held as evidence?

Answer. What we've done is set up a control system for the storage of drugs. The basic problem is that those drugs may sit there for years because of delays in the court system. In fact, as a result of our increased seizures, we've become one of the major warehouse operators.

At the same time, it's hard to hire good people to go through and count bricks of marijuana. It's very boring, frustrating and, indeed, sickening work, because of the smell. Result is a big temptation for somebody you pay $7,000 a year to take charge of your storage facility.

Question. How much illegal narcotics is the Government holding?

Answer. I'd prefer not to get too detailed. Suffice to say that at last count, we were storing many tons of marijuana, multikilos of heroin, and hundreds of pounds of cocaine.

Question. What are you doing to stem the flow of drugs from overseas?

Answer. We got Turkey, in 1971, to get rid of legal opium production, which formerly provided the morphine base through diversion. This action disrupted the traditional source of heroin for those French-Corsican groups in France. So, too, with the French Government. We worked with the French to strengthen a central narcotics-enforcement organization, which was able to intensify its efforts on the heroin laboratories in Marseilles and on general trafficking.

Question. Does Turkey want to renegotiate its agreement to ban growing of opium poppies?

Answer. Yes. It's proposed that the subject be taken up along with about 30 or 40 other subjects.

Question. Why are the Turks dissatisfied?

Answer. They say there is an economic problem, that peasants there are not getting full compensation for ending production.

Question. How much are we paying the Turks not to grow poppies?

Answer. The 1971 agreement called for compensation over a period of time of 35 million dollars.

Question. Moving to Southeast Asia, are you able to curb heroin production there?

Answer. Yes, we've curbed both the production and, I think to some extent, the traffic coming into the United States. Most of that comes through Hong Kong sooner or later, and there's been a shortage in Hong Kong similar to the shortage here in the U.S. Nobody knows the extent to which the opium that comes out of the "Golden Triangle" stays in Hong Kong. That's the area of greatest production in the world, and it's the greatest potential danger.

Question. What is the "Golden Triangle"?

Answer. It consists of a mountainous area of northern Thailand and parts of Burma and Laos, where there is very little communication and it is very hard for the central governments to control the insurgent groups that dominate the region.

Question. How successful have you been in fighting heroin traffic into the U.S. from that part of the world?

Answer. We haven't had much Asian heroin coming into the U.S. Some has come into Europe. The danger is that it's going to come into this country in greater amounts and fill the vacuum created by the French breakup.

Question. What measures are you taking to prevent this?

Answer. In Thailand we've helped create specialized narcotics offices run by the central Government. They have set up roadblocks to intercept narcotics caravans.

We are getting total co-operation from the Thai in this. They made one of the largest opium seizures in Thai history—about 7,700 pounds—last November, and arrested an insurgent general, Lo Hsing-han, who was alleged to control an army of about 4,000 people. He was extradited to Burma, where I believe he's now facing the death penalty.

There has always been the allegation that the central governments of these countries were unwilling to take firm action against the drug traffic. We believe that these two countries, Thailand and Burma, show their willingness to go ahead.

Question. What's being done in Mexico *to* curb the drug flow?

Answer. We're getting complete co-operation from Mexican Government officials. We supplied them with helicopters, which they're using with their planes to eradicate poppy crops. They put about 12,000 men from their Army on this full time, and have made it their No. 1 law-enforcement effort.

Question. Have the Mexican authorities met any resistance?

Answer. Yes. Since June, I think six or seven Mexican federal officers have been murdered. A number have been shot and assaulted. There's no area in the world where it is more dangerous to be a narcotics officer. That's one of the reasons why they need the Army, because they're going up into those mountains where it's awfully primitive.

The Yaqui Indians have three crops—beans, corn and opium. The only cash one is opium. The mountains go up to 9,000 to 11,000 feet. There is just nothing back there. You don't see people. In raids, there's an unwritten rule that the helicopter hovers over the poppy field for a period of time, and the Yaquis won't shoot down the helicopter, nor will the pilots shoot the Yaquis until the helicopter lands.

Question. Do you think the change in life style among young Americans is partly responsible for the decline in use of hard drugs?

Answer. Partly, yes. We've got to realize that the drug epidemic in this country was not caused by a lot of dirty old men in raincoats hanging around schoolyards. Much of it was peer-group pressures—enthusiastic kids turning on other kids.

Law enforcement has had something to do with reducing drug usage, and better treatment has had something to do with it. But there has also been a change in the attitude of young people. The kids who are now 16, growing up in the inner city, see the ravages of what heroin has done to kids who were 16 in 1969. They have changed their own attitude toward a number of the hard drugs.

Today, kids aren't fooling with heroin as much as they once did. It's no longer a drug of choice. We're seeing more cocaine, more pill abuse.

What we've got to do is be alert to those shifts, so that we're not just constantly responding in 1974 to a heroin epidemic of 1971.

"I'M NOT SURE EDUCATION WORKS"

Question. Does your agency try to educate people to stay away from narcotics?

Answer. Yes. But mainly this is taken care of by other agencies. Our primary statutory authority is to educate through law enforcement. I think this is the best form of drug-abuse prevention, because if the heroin is not there, youngsters aren't going to have the chance to experiment with it.

I'm not sure that education works. A lot of the programs are a little bit like telling a kid not to stick a string bean up his nose.

Question. Will the narcotics problem ever end?

Answer. There will always be people who can be pressured by their friends in experimenting with whatever is floating around.

Our job, as I set it, is to make sure that drugs are not readily available. We have to motivate people to stay off drugs, especially when they're young. They've got to learn that there's no chemical solution to life.

Mr. COOK. Mr. President, I also wish to comment briefly on the amended version of S. 1115, the Narcotic Addict Treatment Act, which recently passed the House and has been returned to the Senate for final approval.

Before the Senate passed this legislation in June of last year, the title was changed to the Methadone Division and Control Act in order to more accurately reflect the intent of the proposal. The purpose of the bill was to set up the legal authority for supervising narcotic addict treatment programs, establishing a specific basis on which law enforcement officials might act in cases where diversion or the illegal distribution of narcotic drugs such as methadone is suspected.

On March 19, 1974, the House of Representatives passed S. 1115, inserting their own language for the text of the Senate version of the bill. The title was also changed back to the Narcotic Addict Treatment Act.

Other minor changes were made by the House, reflecting their determination to deemphasize the law enforcement thrust of the bill. Although I am firmly committed to the establishment of a specific legal basis on which law enforcement officials can deal quickly and effectively with drug abuse offenses on the part of physicians, I can appreciate the House's concern for emphasizing the importance of physician responsibility in administering drug treatment.

Despite the House changes, S. 1115 is an important law enforcement measure. The Drug Enforcement Administration within the Department of Justice has indicated its willingness to work under the House language, and I, therefore, urge the speedy approval of this legislation by the Senate.

By Mr. HARTKE:

S. 3356. A bill to amend the Interstate Commerce Act and other statutes to promote the financial stability of regulated carriers, and for other purposes. Referred to the Committee on Commerce.

Mr. HARTKE. Mr. President, I introduce for appropriate reference a bill to stabilize financing of interstate rail carriers by expanding the financial reporting and disclosure requirements of carriers regulated by the Interstate Commerce Commission.

During the conference on the Regional Rail Reorganization Act, the Senate conferees agreed with the House conferees that if section 911 of H.R. 9142 were not included in the Act, we would introduce a similar piece of legislation and hold hearings on it in the Committee on Commerce. Hearings in the Subcommittee on Surface Transportation are contemplated in early May.

By Mr. BURDICK (for himself, Mr. GRAVEL, Mr. HUGHES, Mr. McGOVERN, and Mr. MONDALE):

S. 3357. A bill to restore to Federal civilian employees their rights to participate, as private citizens, in the political life of the Nation. Referred to the Committee on Post Office and Civil Service.

Mr. BURDICK. Mr. President, it is recognized that one of the most sacred rights of a citizen in a democracy is that of the right to vote. For this right to be effective, there should be the opportunity to actively support the party and/or candidate who most nearly represents the causes in which you believe, and should you desire, present yourself as a candidate for office.

There is only one class of citizen in this country which is legally denied the right to participate in these political processes. That class of citizen is government employees. It is a strange twist of logic that holds those engaged in the day-to-day administration of this country's affairs incapable of either becoming candidates for office or actively participating in the selection of these candidates.

Of course, my colleagues know that the law which limits these good men and women from exercising an important set of privileges is the Hatch Act. Under it, all Federal and many State and local employees find that exercise of rights normally exercised by the rest of the citizenry may lead to severe penalties—including loss of employment and criminal sanctions. But, aside from these sanctions, the Hatch Act, as it is presently interpreted by the Civil Service Commission, has created a climate of doubt and uncertainty that too often results in government employees failing to even exercise their right to a ballot. They apparently feel that the best way to stay out of trouble is to stay out of the workings of participatory democracy entirely.

In presenting legislation, in behalf of Senators GRAVEL, HUGHES, McGOVERN, MONDALE, and myself, returning the option of involvement in the American political process to Federal workers who wish to become politically active, I am not advocating a return to the spoils system. The bill would not permit this to occur. I am not advocating that government employees should be subjected to requirements concerning political contributions to a party or a candidate. The bill prohibits direct or indirect coercion for the purpose of eliciting contributions. Neither is it suggested that any government employee should be able to use his official position to promote the political ends of a candidate or a party. The legislation I am introducing today specifically prohibits that. However, I strongly feel that it is not necessary to make political hybrids out of government employees in order to prevent these abuses. Accordingly, the legislation outlines the major portions of the partisan and nonpartisan political process which would be specifically permitted. I draw the attention of my colleagues to section 2(c) of the bill.

This bill is an attempt to return to Federal employees some semblance of the privileges enjoyed by their fellow citizens to participate in the political processes of this great country. It is not a perfect bill and some of its provisions may have to be changed or deleted. The bill is, however, an effort to rid our system of those prohibitions that may have made good law in a bygone era, but may have now outlived their usefulness. As such, I hope that it will receive timely consideration by the Congress.

I ask that the bill be printed in full at this point in the RECORD.

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

S. 3357

A bill to restore to Federal civilian employees their rights to participate, as private citizens, in the political life of the Nation, and for other purposes

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 Employees' Political Activities Act of 1974".

SEC. 2. Section 7324 of title 5, United States Code, is amended to read as follows:

"SEC. 7324. Use of official authority or influence to affect elections prohibited; other political activities permitted.

"(a) An employee in an executive agency, an independent agency of the United States Government, U.S. Postal Service, or an individual employed by the government of the District of Columbia may not use his official authority or influence or the facilities, materials, or personnel of any such agency or government for the purpose of interfering with or affecting the result of any election or any process defined in subsection (c) of this section.

"(b) An employee or individual to whom subsection (a) of this section applies retains the right to vote as he chooses, to express his opinion on political subjects and candidates, and to take an active part in political management or in political campaigns in his role as a private citizen.

"(c) For the purpose of this section, the phrase 'to express his opinion on political subjects and candidates, and to take an active part in political management or in political campaigns' shall mean any partisan or nonpartisan political activity including but not limited to (1) candidacy for or service as delegate, alternate, or proxy in any convention or service as an officer or employee thereof; (2) participation in the deliberations of any primary meeting, mass convention, or caucus, addressing the meeting, making motions, preparing or assisting in preparing resolutions before the meeting, or taking a prominent part therein; (3) preparing for or organizing or conducting a meeting or rally, addressing such a meeting, or taking any part therein; (4) membership in clubs, organizing of clubs, or serving as an officer therein; (5) distributing literature and distributing or wearing badges: *Provided*, That such literature and badges will not be worn, displayed or distributed by any employee or individual to whom subsection (a) applies who, in the normal course of his employment meets with the general public: *And provided further*, That such literature and badges will not be worn, displayed, or distributed by such employee or individual in any federally owned and operated facility or portion of federally owned or operated facility which is normally accessible to the general public; (6) publishing or having editorial or managerial connection with any newspaper, and writing for publication or publishing any letter or article, signed or unsigned, soliciting votes in favor of or against any party, candidate, or faction; (7) organizing or participating in any parade; (8) initiating or signing nominating petitions on behalf of a candidate, including canvassing for signatures of others: *Provided*. That such activity will not be conducted by any employee or individual to whom subsection (a) applies during working hours or while in uniform or while otherwise exercising his official duties; (9) candidacy for nomination or election to any National, State, county, or municipal office: *Provided*, That such activity will not unduly infringe upon the exercise of the official duties of an employee or individual to whom subsection (a) of this section applies: *And provided further*, That such employee or individual who is elected or appointed to a full-time, full-salaried, National, State, county, or municipal office shall take a continuous leave of absence, without pay, during his term in such office.

SEC. 3. Section 7326 and 7327 of title 5, United States Code, are repealed.

SEC. 4. Section 7323 of title 5, United States Code, is amended to read as follows:

"Section 7323. Political contributions prohibited; enforcement by Civil Service Commission."

"(a)(1) An employee or individual to whom subsection (a) of Section 2 applies, an employee appointed by the President, a member of Congress, and employee of Congress, or an officer of the uniformed service may not request, invite, receive from or give to an employee or individual whom subsection (a) of Section 2 applies, an employee appointed by the President, a member of Congress, an employee of Congress, or an officer of the uniformed services any money or other valuable political thing on account of or to be applied to a political object, except, *provided*, that any individual herein described may freely and voluntarily make a contribution of money, services, or materials to any candidate for public office or to support or further those activities described in subsection (b) of Section 2. (2) An individual described in (a)(1) of this section who violates this section shall be subject to the penalties provided in section 7325 of this title.

"(b) The Civil Service Commission shall process complaints arising under subsection (a) of this section and shall, upon receipt of a complaint alleging facts which constitute a violation of subsection (a), investigate the alleged activity."

"(C) Upon a finding that a violation of subsection (a) of this section has occurred, the Civil Service Commission shall—

"(1) in the case of an employee or individual in the competitive service, impose the appropriate penalty under section 7325;

"(2) in the case of others described in section (a) of this section notify the President, the head of the agency in which the employee is employed, and the Congress (A) that a violation of subsection (a) of this section has occurred, and (B) what penalty the Commission has determined is appropriate under section 7325 of this title; and

"(3) refer the case to the attention of the Attorney General for prosecution under section 602 of title 18.".

SEC. 5. Section 7325 of title 5, United States Code, is amended to read as follows:

"Whenever the Civil Service Commission finds that an employee or individual has violated Section 7323 or 7324 of this title, the Commission shall impose such penalty as it finds is warranted but not less than 30 days' suspension from his position without pay and *provided*, that he shall only be removed upon the unanimous vote of the Commission. Funds appropriated for the position from which an employee or individual is removed may not thereafter be used to pay the employee or individual."

SEC. 6. Section 602 of title 18, United States Code, is amended by inserting "(a)" before the word "Whoever" and by adding at the end thereof the following new subsection:

"(b) Upon receipt of a finding of illegal activity by the Civil Service Commission under section 7323 of title 5, the Attorney General shall prosecute under subsection (a) of this section, unless he shall determine that no factual basis for prosecution exists or that the cause of justice will not be served by such prosecution. If the Attorney General determines not to prosecute in a case referred to him by the Commission, he shall send to Congress within sixty days a written report describing the nature of the alleged violation and the reasons for not proceeding with prosecution under subsection (a) of this section.".

By Mr. MONDALE:

S. 3360. A bill to provide equitable treatment of veterans enrolled in vocational education institutions. Referred to the Committee on Veterans' Affairs.

Mr. MONDALE. Mr. President, I am today introducing legislation designed to remove an inequity in the Federal law dealing with veterans educational benefits. This bill will reform the unfair and unrealistic attendance requirements currently imposed on veterans attending vocational-technical schools.

Under current law, the veteran who is enrolled in a course of study which leads to a standard college degree need only satisfy "the regularly established policies and regulations" of the school in order to qualify for educational benefits. Veterans enrolled in vocational-technical schools, however, are covered by a more stringent attendance requirement. Specifically, they lose benefits "for any day of absence in excess of 30 days in a 12-month period."

In other words, college-degree veterans need only satisfy the basic academic requirements of their institution. Vocational-technical school veterans, on the other hand, are limited to a specific number of absences during the school year.

The current system has two basic inequities. First, the vocational-technical school student is covered by a specific attendance requirement; the college-degree student is not. I believe that this presumes an absence of responsibility on the part of vocational-technical schools and students in such schools that is simply not accurate. There are, of course, some schools who would severely curtail instructional days if the attendance requirement were dropped. However, they are clearly not in the majority. Furthermore, a relaxing of the attendance requirement could be accompanied by a limitation on such conduct.

Second, the 30-day requirement is inequitable because it is unrealistic. Although the current statutory provision does not include weekends or legal holidays and, thanks to Public Law 93–208, does not include "periods when the schools are temporarily closed under an established policy based upon an Executive order of the President or due to an emergency situation" in the counting, it does include other absences beyond the control of the veteran.

Recently, for instance, I received a letter from a vocational school in Minnesota. Last year, when one subtracted the 11 days the students were out of school because of teachers' meetings, the 10 days for Christmas vacation, and the 2 days from special events, the veterans in this vocational school were only allowed 7 absences for the entire year.

While it is fully apropriate to require veterans who receive benefits to actually attend classes, it does not seem appropriate to impose upon these veterans an attendance requirement which does not take into account factors totally beyond their control.

The bill which I am introducing today will exclude from the 30-day absence limitation: First, weekends or legal holidays established by Federal or State law during which the school is closed; second, days when instruction is unavailable to the veteran by reason of prescheduled vacations or teachers' meetings; third, days when instruction is unavailable by reason of an emergency situation; or, fourth, days when instruction is unavailable because of an Executive order. The bill will specifically require that the institution may not increase the number of such days beyond the level in existence during the 1972–73 school year.

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. 3360

A bill to provide equitable treatment of veterans enrolled in vocational education institutions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1780(a)(2) of title 38, United States Code, is amended to read as follows:

"(2) to any veteran enrolled in a course which does not lead to a standard college degree for any days of absence in excess of thirty days in a twelve-month period, exempting from being counted as absences—

"(A) weekends or legal holidays established by Federal or State law during which the institution is regularly not in session;

"(B) days when instruction is unavailable to the veteran by reason of prescheduled vacations or teacher meetings; except that for purposes of computing such exemption pursuant to clause (B),

"(i) for any institution covered by this subsection which enrolled eligible veterans during the 1972–73 school year, no number of days greater than the number of days during which instruction was unavailable to students enrolled in such institution during the 1972–1973 school year shall be allowed; and

"(ii) for any institution covered by this subsection which did not enroll eligible veterans during the 1972–1973 school year, no number of days greater than the average number of days during which instruction was unavailable to students enrolled in all institutions covered by this subsection which enrolled eligible veterans during the 1972–1973 school year in the State in which such institution is located shall be allowed; or

"(C) days when instruction is unavailable to the veteran by reason of an emergency situation caused by weather or other conditions; or

"(D) days when instruction is unavailable to the veteran because the school is temporarily closed under an established policy based upon an Executive order of the President; or".

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTION

S. 452

At the request of Mr. HART, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 452, to designate certain lands in the Isle Royale National Park in Michigan as wilderness, and for other purposes.

S. 1472

At the request of Mr. ERVIN, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 1472, to help preserve the separation of powers and to further the constitutional prerogatives of Congress by providing for congressional review of executive agreements.

S. 2506

At the request of Mr. STEVENSON, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 2506, the Oil and Gas Regulatory Reform Act of 1973.

S. 2906

At the request of Mr. MONDALE, the Senator from Nevada (Mr. CANNON) was added as a cosponsor to S. 2906, a bill to amend the Internal Revenue Code of 1954 to permit taxpayers to utilize the deduction for personal exemptions as under present law or to claim a credit against tax of $200 for each such exemption.

S. 3067

At the request of Mr. RIBICOFF, the Senator from Massachusetts (Mr. BROOKE) was added as a cosponsor of S. 3069, to extend through December 1974 the period during which benefits under the supplemental security income program on the basis of disability may be paid without interruption pending the required disability determination, in the case of individuals who received public assistance under State plans on the basis of disability for December 1973 but not for any month before July 1973.

S. 3100

At the request of Mr. BEALL, the Senator from North Dakota (Mr. YOUNG), the Senator from Kansas (Mr. DOLE), the Senator from Pennsylvania (Mr. SCOTT), the Senator from Idaho (Mr. MCCLURE), the Senator from Texas (Mr. TOWER), the Senator from Maryland (Mr. MATHIAS), the Senator from Wyoming (Mr. HANSEN), the Senator from Delaware (Mr. ROTH), and the Senator from Kentucky (Mr. COOK) were added as cosponsors of S. 3100, to amend the Older Americans Act of 1965 to extend the Nutrition Program for the Elderly.

S. 3146

At the request of Mr. TOWER, the Senator from Arizona (Mr. FANNIN), the Senator from New York (Mr. BUCKLEY), and the Senator from South Dakota (Mr. MCGOVERN) were added as cosponsors of S. 3146, to increase the corporate surtax exemption to $100,000.

S. 3234

At the request of Mr. HUMPHREY, the Senator from Kansas (Mr. DOLE), the Senator from Alaska (Mr. GRAVEL), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of S. 3234, a bill to authorize a vigorous Federal program of research and development to assure the utilization of solar energy as a major source for our national energy needs, to provide for the development of suitable incentives for rapid commercial use of solar technology and to establish an Office of Solar Energy Research in the U.S. Government.

S. 3277

At the request of Mr. DOMENICI, the Senator from Ohio (Mr. METZENBAUM) and the Senator from Wyoming (Mr. MCGEE) were added as cosponsors to S. 3277, a bill to amend the Solid Waste Disposal Act, to encourage full recovery of energy and resources from solid waste, to protect health and the environment from the adverse effects of solid waste disposal, and for other purposes.

S. 3326

At the request of Mr. HUMPHREY, the Senator from Tennessee (Mr. BROCK) was added as a cosponsor of 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.

SENATE JOINT RESOLUTION 172

At the request of Mr. PASTORE, the Senator from Nevada (Mr. BIBLE) was added as a cosponsor of S.J. Res. 172, proposing an amendment to the Constitution of the United States providing for a special election for the offices of President and Vice President when an individual who has been appointed Vice President succeeds to the Presidency.

SENATE JOINT RESOLUTION 202

At the request of Mr. GRIFFIN, the Senator from Utah (Mr. BENNETT), the Senators from New Hampshire (Mr. COTTON and Mr. MCINTYRE), the Senator from Tennessee (Mr. BROCK), the Senator from Florida (Mr. CHILES), the Senator from Delaware (Mr. BIDEN), the Senator from Alaska (Mr. STEVENS), the Senator from Hawaii (Mr. FONG), the Senator from Oklahoma (Mr. BARTLETT), the Senator from Wyoming (Mr. MCGEE), the Senator from Massachusetts (Mr. BROOKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), the Senator from Missouri (Mr. EAGLETON), the Senators from New York (Mr. JAVITS and Mr. BUCKLEY), and the Senator from Tennessee (Mr. BAKER) were added as cosponsors of Senate Joint Resolution 202, designating the premises occupied by the Chief of Naval Operations as the official residence of the Vice President, effective upon the termination of service of the incumbent Chief of Naval Operations.

SENATE CONCURRENT RESOLUTION 82—SUBMISSION OF A CONCURRENT RESOLUTION EXPRESSING THE SENSE OF CONGRESS THAT ALL INSTRUMENTALITIES OF THE FEDERAL GOVERNMENT SHOULD USE ALL PRACTICABLE MEANS TO BRING INFLATION UNDER CONTROL

(Referred to the Committee on Banking, Housing and Urban Affairs.)

Mr. MCINTYRE. Mr. President, Congress must immediately face the most pressing economic issue confronting our country; namely, inflation.

There is no other way to describe it. We are moving swiftly into a runaway situation and action must be taken now to halt this tremendous destructive force. Consumer prices rose in February to a record 15.6 percent a year, and a new term has been coined in the American vocabulary "double digit" inflation.

The increases in food and fuel prices within the last few months have been phenomenal and the average worker's pay check has now been eroded by inflation for the fifth straight month in a row. Everywhere you turn, there is nothing but bad news. Prices have begun to rise in this country faster than in most other developed nations.

Actions is called for now to put this runaway inflation under control. In the last few days interest rates charged by leading commercial banks have again returned to the record-setting rate of 10 percent first encountered last September. Economists are warning that the Government must establish an inflation index in wages and prices in recognition of the continuing erosion of the purchasing power of the dollar. People on fixed incomes are finding it exceedingly more difficult to meet their necessary expenses.

Until recently, Americans could derive some solace in that the U.S. inflation rate was mirrored by that of the other industrialized nations. Suddenly, however, we are gaining the distinct misfortune of becoming the inflation pacesetter of the industrialized world.

Recent economic reports indicate that there are seven countries in Western Europe alone, plus another 11 in other parts of the world, where prices are more moderate than here in the United States.

Suddenly, we can all find places to put the blame. But simply finding some target to place the blame is not enough. A recognition that we are at war with an erosion of our purchasing power is essential.

If inflation is not recognized as the No. 1 enemy and recognized immediately, then we may well find at the end of this year our dollar purchases 15 to 20 percent less than at the end of 1973.

In the past, inflation has been a relatively short-lived subtle public enemy that inflicted its damage for a short period and then subsided. The inflation we are facing today, however, appears to be picking up momentum each month with no end in sight.

We must make it a national commitment of highest priority to stabilize the value of the dollar and return to a more orderly growth pattern. We have all seen a recent series of articles blaming food shortages, crude oil increases, and a host of other ills as the cause for this unbelievable increase in the inflation rate. But we have heard little about what anyone is doing to bring inflation under control.

It is time that Congress commit itself, along with every segment of the economy, to use all practicable means available to control this runaway inflation.

In furtherance of this goal, I am today introducing a Senate Concurrent Resolution making it a sense of Congress that all departments, agencies, and instrumentalities of the Federal Government recognize their continuing responsibility in carrying out the national policy of promoting maximum employment, production, and purchasing power concurrently to use all practicable means to control inflation.

I ask unanimous consent that the concurrent resolution appear in the RECORD at this point.

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

S. CON. RES. 82

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

Whereas the United States is presently experiencing the most serious rate of inflation since the Korean War; and

Whereas runaway inflation is eroding purchasing power, contrary to the national policy of promoting maximum purchasing power as well as maximum employment and production; and

Whereas the United States, having the strongest and most resilient economy in the world, should demonstrate its capacity and will to follow effective stabilization policies, thereby aiding the efforts of other nations in bringing worldwide inflation under control; and

Whereas measures taken by the Federal Government, particularly with respect to fiscal and monetary policies, bear directly on the rate of inflation: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the sense of the Congress that all departments, agencies, and instrumentalities of the Federal Government should recognize their continuing responsibility, in carrying out the national policy of promoting maximum employment, production, and purchasing power concurrently to use all practicable means to achieve the national goal of reasonable price stability.

ADDITIONAL COSPONSORS OF RESOLUTIONS

SENATE RESOLUTION 257

At the request of Mr. PASTORE, the Senator from Nevada (Mr. BIBLE) was added as a cosponsor of Senate Resolution 257, to amend the Standing Rules of the Senate to establish a procedure for requiring amendments to bills and resolutions to be germane.

SENATE RESOLUTION 283

At the request of Mr. MATHIAS, the Senator from Colorado (Mr. HASKELL), the Senator from Iowa (Mr. HUGHES), the Senator from Washington (Mr. MAGNUSON), the Senator from New Mexico (Mr. MONTOYA), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of Senate Resolution 283, relating to further arms limitation and reduction treaties and agreements between the United States and the Soviet Union.

TRADE REFORM ACT— AMENDMENTS

AMENDMENT NO. 1194

(Ordered to be printed, and referred to the Committee on Finance.)

Mr. GURNEY. Mr. President, I submit for appropriate consideration to the Senate an amendment to the Trade Reform Act, expressing the sense of the Congress regarding all military and civilian personnel missing in Indochina. This measure calls upon the Union of Soviet Socialist Republics to aid in our official attempts to repatriate those unaccounted for in Indochina. This amendment is offered at this time in the hope that it can be directed to the Finance Committee which finished hearings on the trade bill yesterday without addressing the vital matter of our POW/MIA's.

The purpose of this amendment is to do more than merely express my deep concern at the continuing and unresolved problem of our men who are missing in action in Southeast Asia. This is not the first, nor will it be the last, effort I shall make on behalf of our POW's and MIA's. It is imperative for the families of these men and for the integrity and honor of our fighting forces that this problem not be allowed to slide into oblivion. During my 12 years in Congress, I have continually sought and supported means to make the Communists abide by the regulations for treatment of POW's set forth in the Geneva Convention, and I have stressed the critical importance of a full accounting of all Americans missing in action in Southeast Asia.

The United States and other free nations concerned with human rights must take a firm and unequivocal stand against such barbarities and bring to bear every ounce of moral, political, and economic power that we possess against the offenders. If we do not do this, then we are serving notice to aggressors large and small that they can violate the Geneva Convention with impunity and that some of the most fundamental rights of civilization no longer apply.

Mr. President, in my State of Florida, as in the States of most of my colleagues, there are servicemen and civilians listed as missing in action. Families of these men have, in some cases, waited years for news about the fate of their husbands, fathers, brothers, and sons. They have been given conflicting and contradictory information about what the United States is planning to do about these men. Many of them have expressed a fear that the Government may make blanket changes in status from missing in action to killed in action.

It is inconceivable to me for this Government to do such a thing until we first have done everything within our power to obtain proof positive of the status of these Americans. I believe it is morally wrong for us to leave these brave men to their fate until we have exhausted every means possible to determine beyond all doubt their actual status. If, to accomplish this we must apply pressure, then let us apply pressure.

It is up to the Congress of the United States to adopt a position, through this amendment, demonstrating the belief of this body that our Government should continue to do all within its power to effectuate a final determination of the status of these men. In so doing, we should apply the necessary pressure to the Government of the Union of Soviet Socialist Republics. As the Representatives of a people devoted to a peaceful world, we in Congress must exercise our fullest resources to prevent this unforgiveable situation from continuing to exist. To this end, we must utilize the most effective weapon we currently have at our disposal, our vast economic might.

The stubborn refusal of the Democratic Republic of Vietnam and the provisional revolutionary government as well as the insurgent forces in Laos and Cambodia are restricting efforts for assuring an enduring peace throughout all of Southeast Asia. Their continued refusal to cooperate with the pleas directed to them by international bodies must be brought to the attention of the world. This can best be done by enlisting the aid of the Soviet Union in our task.

Mr. President, the House of Representatives has already passed an amendment to the foreign trade bill indicating their displeasure with Soviet policy with regard to the restricting of emigration of Jews from the Soviet Union. Here in the Senate 78 of my colleagues have joined on a similar amendment which will be part of the trade bill when it comes out of committee. As you are aware, I am one of the original cosponsors of this amendment by the Senator from Washington (Mr. JACKSON). There has also been concern expressed in this Chamber about the repression of intellectuals in Russia.

If, Mr. President, we are to consider upping the price for détente on these two issues, it seems only reasonable that this important issue of our citizens be included with those considerations. How can we honestly address ourselves to the issue of Soviet citizens, while failing to express concern for our own people.

It has been said, that for every right there is a corresponding duty; for every freedom, an obligation. If the Soviets want to have freer access to our markets, then they must obligate themselves to correspondingly come to our aid.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the amendment to the foreign trade bill which I am introducing today.

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

AMENDMENT NO. 1194

On page 129, line 19, berore the period insert "; COOPERATION IN LOCATING PERSONNEL MISSING IN ACTION".

On page 131, after line 13, insert the following:

(c) Notwithstanding any other provision of law, on or after the date of the enactment of this Act products from any nonmarket economy country shall not be eligible to receive nondiscriminatory treatment (most-favored-nation treatment), such country shall not participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, directly or indirectly, and the President of the United States shall not conclude any commercial agreement with any such country, during the period beginning with the date on which the President determines that such country—

(1) has not expressed its official outrage over the failure of governments in Southeast Asia to cooperate with the United States in accounting for military and civilian personnel who are missing in action, in repatriating those who are alive, and in recovering the remains of those who are dead, and

(2) is not taking action to secure such cooperation by such governments with the United States, and ending on the date on which the President determines that such country is no longer in violation of paragraph (1) or (2).

(d) After the date of the enactment of this Act, (A) products of a nonmarket economy country may be eligible to receive nondiscriminatory treatment (most-favored-nation treatment), (B) such country may participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, and (C) the President may conclude a commercial agreement with such country, only after the President has submitted to the Congress a report indicating that such country is not in violation of paragraph (1) or (2) of subsection (c). Such report with respect to such country shall include information as to the nature and implementation of action taken by such country to secure cooperation with the United States by governments in Southeast Asia in accounting for military and civilian personnel who are missing in action, in repatriating those who are alive, and in recovering the remains of those who are dead. The report required by this subsection shall be submitted initially as provided herein and, with current information, on or before each June 30 and December 31 thereafter so long as such treatment received, such credits or guarantees extended, or such agreement is in effect.

On page 131, line 14, strike out "(c)" and insert "(e)".

On page 136, line 20, strike out "report required by section 402(b)" and insert "reports required by sections 402(b) and 402 (d)".

SHORTAGES PREVENTION ACT OF 1974—AMENDMENT

AMENDMENT NO. 1195

(Ordered to be printed, and referred to the Committee on Commerce.)

Mr. HART. Mr. President, I submit an amendment, in the nature of a substitute to S. 2966, the Domestic Supply Enforcement Act, which would create a system for gathering information needed to predict shortages of basic materials and products.

Unless we want to continue to react after each shortage arrives, we need to develop an early warning system to give us time to plan ahead so we can avoid or at least ease problems shortages create.

Segments of such information have been available, but they have never been pulled together in one place and evaluated. The trick is to gather the data and to present it in such a way that the various people and officials which should deal with the problem will be forced to consider the information at the same time.

For example, the coming of an energy crisis had been predicted for some time, but the predictions were never presented in an official way to the proper Government agencies. If it had, we might have made some different policy decisions.

This amendment would establish an Office of Domestic Supply in the General Accounting Office.

The new office would report twice a year on existing or projected shortages and assess the reasons for them. The reports, to be made to the President and to Congress, would also list alternative policies for dealing with shortages.

The President's Council of Economic Advisers would be required to comment on the report within 90 days.

The office would investigate the reasons for any basic product or material being in short supply or being available only at sharply increased prices.

I ask unanimous consent that the text of the amendment be printed in the RECORD and referred to the appropriate committee.

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

AMENDMENT NO. 1195

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Shortages Prevention Act of 1974.

DECLARATION OF POLICY

SEC. 2. (a) FINDINGS.—The Congress finds that—

(1) Shortages of products and materials are becoming increasingly frequent, causing undue inconvenience, expense, and frustration for consumers and creating an undue burden on interstate commerce and the Nation's economy.

(2) Among the causes for these shortages are inadequate production capabilities, the structure of industries, insufficient material and energy supplies, foreign export controls, unexpected fluctuations in demand, and lack of adequate forecasting and corrective plans.

(3) Existing institutions do not adequately identify or anticipate such shortages.

(4) Data with respect to such shortages and their causes are collected by various agencies of the Federal Government for various purposes, but this information is not systematically coordinated or appropriately disseminated.

(5) A comprehensive credible information system is needed (A) to serve as a single reference system on the existence and causes of existing and potential product and material shortages and (B) to provide alternative policy options on ways to alleviate such shortages.

(b) PURPOSE.—It is therefore the purpose of this Act to establish an Office of Domestic Supply in the General Accounting Office and to direct this Office (1) to monitor product and material shortages and potential shortages in the Nation; and (2) to provide the Congress and the President with alternative legislative and administrative policy options on ways to alleviate such shortages and potential shortages.

DEFINITIONS

SEC. 3. As used in this Act—

(1) "Comptroller" means the Comptroller General of the United States;

(2) "Director" means the Director of the Office of Domestic Supply established by section 5 of this Act;

(3) "includes" or "including" shall be read as if the phrase "but not be limited to" was also set forth;

(4) "long-term future" refers to product and material forecasting for one, two, and three years into the future, and further into the future when possible;

(5) "Office" means the Office of Domestic Supply in the General Accounting Office, as established by section 4 of this Act; and

(6) "product and material shortage" or "shortage of products and materials" refers to a market condition where any product, food, mineral, raw material, or other commodity (A) is not reasonably available to all users or (B) can be acquired only at a price which has increased significantly (relative to the general price level) as a result of limited availability.

OFFICE OF DOMESTIC SUPPLY

SEC. 4. The Comptroller shall establish, not later than 30 days after the date of enactment of this Act, an Office of Domestic Supply. The Office shall be under the direction of a Director, who shall be appointed and removed by the Comptroller, for a term not to exceed seven years. The Director may be removed at any time by a joint resolution of Congress for malfeasance or non-feasance in office. The Director shall be compensated at the rate provided for level III of the Executive Schedule Pay Rates (5 U.S.C. 5314).

RESPONSIBILITIES AND PRIORITIES

SEC. 5. (a) RESPONSIBILITIES.—It shall be the responsibility of the Office to monitor product and material shortages and to provide the President and Congress with alternative policy options with respect to such shortages.

(b) PRIORITIES.—In carrying out its responsibilities under this Act, the Office shall—

(1) give priority attention to industries which provide products and services basic to the Nation's economy and industries which serve critical needs of the Nation's consumers, and

(2) give primary consideration to shortages expected in the predictable long-term future.

INFORMATION SYSTEM

SEC. 6. (a) GENERAL.—Within one year after the date of enactment of this Act, the Director shall establish and maintain an information system for the collection, analysis, and

dissemination of information relating to product and material shortages. This information system shall—

(1) utilize appropriate economic models;

(2) utilize modern information filing, storage, search, retrieval, and processing mechanisms;

(3) readily permit quick additions, retrieval, and analyses of data; and

(4) maintain data historically and update data periodically to permit time-series analyses.

(b) DATA COLLECTION.— Such system shall provide for the collection of data which shall include data on current and potential supply, demand, consumption, wages, prices, imports, exports, changes in technology affecting supply and demand, and any other relevant matters relating to product and material shortages.

(c) SURVEY AND USE OF EXISTING DATA.— In order to avoid duplication of effort, the Director, to the extent feasible, shall survey and utilize on a regular basis all pertinent data in the possession of Federal departments, agencies, and offices, notwithstanding any other provision of law. Such data shall include information gathered by the Department of Agriculture, the Department of Commerce, the Department of Interior, the Department of Labor, the Cost of Living Council, the Office of Management and Budget, the National Science Foundation, and the Federal Tariff Commission. Such data shall also include studies of executive commissions, universities, and private organizations and foundations. The Director is authorized to acquire by purchase or otherwise from States, counties, cities, or other units of local government of from private persons copies of records, and reliable discharge of the responsibilities of the office pursuant to this Act.

(d) DATA VERIFICATION.—The Director shall, to the extent possible, periodically verify the data collected under this section through the use of sampling, auditing, mathematical verification, or other practical means.

(e) HEARINGS AND SUBPENAS.—To supplement the information otherwise available to it, the Director is authorized, to the extent necessary to carry out the provisions of this Act—

(1) to conduct public hearings and inquiries;

(2) to require, by subpena or other order, that any person or Government agency attend such hearings or submit in writing reports, papers, documents, or answers to questions, including, if appropriate, information referred to in section 1905 of title 18, United States Code where such information is not otherwise available; and

(3) to petition any district court of the United States for assistance in requiring the testimony of witnesses or the production of such reports, papers, documents, answers, or information.

(f) ENFORCEMENT.—(1) If any person refuses to obey or comply with any subpena by the Director, the appropriate district court of the United States shall, upon the request of the Director, have jurisdiction to issue an order requiring such person to comply therewith. Failure to comply with such an order of the court is punishable by such court as a contempt of court.

(2) Any person who neglects or refuses, when requested by the Director, to answer completely and correctly to the best of his knowledge any question or to furnish information requested under the authority of this Act, shall be fined not more than $25,000 or imprisoned not more than one year or both; and if he willfully provides a false answer to any such question, he shall be fined not more than $50,000 or imprisoned not more than three years or both.

REPORT AND ANALYSES

SEC. 7. (a) REPORTS.—Not later than January 20 and July 20 of each year, and at such more frequent times as the Comptroller determines are appropriate, the Comptroller shall transmit simultaneously to the Congress and the President a shortage prevention report setting forth—

(1) an enumeration of major domestic product and material shortages both current and anticipated;

(2) estimates of the available domestic and world supply of such products and materials and an assessment of the various factors affecting such supply. Such assessment shall include a description of the structure of control of the market for such product and material shortage, including the ownership and contractual arrangements affecting the supply of energy, minerals, components, transportation, and services. Such assessment may include the effects of imports and exports, technological alternatives, plant capacities, and environmental and other regulatory controls;

(3) estimates of domestic and world demand for such products and materials and an assessment of the various factors affecting such demand. Such factors may include, to the extent appropriate, an assessment of demand by class of consumer and by geographical region, the reasons for any change in demand, the elasticity of demand, the effect of fiscal and monetary policies of the Federal Government on demand, and the effect of imports and exports on demand;

(4) an assessment of the impact of such shortages on the Nation's economy and on national security;

(5) a review of the extent to which present programs and activities of the Federal Government may contribute to the cause or prevention of such shortages;

(6) a listing of alternative policy options for legislative and administrative action to alleviate or contain such shortages; and

(7) an assessment of the economic, social, and environmental strengths and weaknesses of each policy options listed.

(b) ANALYSES.—The Comptroller shall, in addition to submitting the reports required under subsection (a) of this section, submit interim reports, recommendations, and analyses to the Congress and the President, upon request or whenever necessary and practicable, with respect to any specific shortage or potential shortage.

DISSEMINATION OF INFORMATION

SEC. 8. (a) GENERAL AVAILABILITY.—Copies of any communication, document, report, or information received or sent by the Director under this Act shall be made available to the public and to agencies of Government upon request, and at reasonable cost, unless such information may not be publicly released under the terms of subsection (b) of this section.

(b) LIMITATIONS.—The Director or any officer or employee of the General Accounting Office shall not disclose any information obtained under this section which concerns or relates to a trade secret referred to in section 1905 of title 18, United States Code, except that such information may be disclosed in a manner designed to preserve its confidentiality—

(1) to Federal Government departments, agencies, and officials for official use upon request;

(2) to committees of Congress having jurisdiction over the subject matter to which the information relates;

(3) to a court of competent jurisdiction for use in a judicial proceeding under a court order formulated to preserve the confidentiality of such information without impairing the proceedings; and

(4) to the public in order to protect public health and safety after notice and opportunity for comment in writing or for discussion in closed session within 15 days prior to disclosure by the party to whom the information pertains. Such opportunity for comment or discussion shall be given only if the Director determines that the delay resulting from such notice and opportunity for comment would not be detrimental to the public health and safety.

(c) EXCEPTION.—Nothing contained in this section shall be deemed to require the release of any information described in section 552(b) of title 5, United States Code, or which is otherwise protected by law from disclosure to the public.

PERSONNEL

SEC. 9. (a) HIRING OF PERSONNEL.—The Director is authorized to appoint and remove such employees as he determines necessary to carry out the responsibilities under this Act and to fix the compensation of such employees in accordance with the Civil Service and classification laws of the United States. The maximum size of the professional staff of the Office shall be limited to two hundred employees.

(b) CONSULTANTS.—The Director is authorized to employ consultants in accordance with section 3109 of title 5, United States Code, and to compensate such persons at rates not in excess of the maximum daily rate prescribed for GS–18 under section 5332 of title 5, United States Code, for each day they are so employed (including traveltime) and pay such persons travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(c) CONTRACTS.—In carrying out the provisions of this Act, the Director is authorized to enter into any developmental or operational contracts with educational or research organizations.

REVIEW BY COUNCIL OF ECONOMIC ADVISERS

SEC. 10. Within a reasonable time, not to exceed 90 days, following the submission of a report under section 7(a) of this Act, the Council of Economic Advisers shall issue comprehensive comments to the President and the Congress evaluating each such report including assessments of each policy option contained in such report. The Council is further authorized and encouraged to comment to the President and the Congress on each interim report, recommendation, and analysis submitted under section 7(b) of this Act.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 11. There is authorized to be appropriated to the Comptroller for the purpose of carrying out the provisions of this Act such sums as are necessary, not to exceed $10,000,000 for the fiscal year ending June 30, 1975, and $12,000,000 for the fiscal year ending June 30, 1976. There is authorized to be appropriated to the Council of Economic Advisers in the Executive Office of the President such funds as are necessary to carry out the provisions of this Act.

PROHIBITION OF NONRETURNABLE BEVERAGE CONTAINERS IN INTERSTATE COMMERCE—AMENDMENTS

AMENDMENT NO. 1196

(Ordered to be printed, and referred to the Committee on Commerce.)

Mr. HATFIELD submitted amendments, intended to be proposed by him, to the bill (S. 2062) to prohibit the introduction into interstate commerce of nonreturnable beverage containers.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 643

At the request of Mr. STEVENSON, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of Amendment No. 643, to the bill (S. 2506) to create a Federal Oil and Gas Corporation.

ANNOUNCEMENT OF A STUDY AND HEARINGS ON MORTGAGE INSURANCE

Mr. SPARKMAN. Mr. President, the Subcommittee on Housing and Urban Affairs is making a study of existing mortgage insurance systems, both Government and private, with respect to residential housing. Inquiries are now being made by the subcommittee on existing systems, the degree of coverage, the premiums charged, the underwriting standards, the oversight of the systems, the default record, and their profit and loss experience. The systems to be studied include the FHA, the Veterans' Administration, and the Farmers Home Administration, as well as private insurance companies. Information will also be collected on risk-taking by the secondary mortgage facilities, including the Federal National Mortgage Corporation, and the Federal Home Loan Mortgage Corporation.

The purpose of the study and hearings is to review existing mortgage insurance procedures and systems to determine their effectiveness and applicability to current mortgage credit conditions and to make recommendations for possible legislative changes in the Government insurance systems. The committee also wants to determine the appropriate relationship between private and Government insurance programs, and to determine whether any Federal action is required with respect to private mortgage insurance systems.

The subcommittee is particularly concerned about the adverse defaults experience in FHA projects and what changes in the system should be made to reduce the defaults without the Government reneging on its responsibility to help provide decent housing for the ill-housed.

At the completion of the study, public hearings will be held. Included in the hearings will be relevant legislative proposals now pending before the committee, including S. 2507, S. 2508, S. 3200 and S. 3300. The exact date for the hearings has not yet been set, but they are tentatively scheduled for late June 1974.

HEARINGS ON CORPORATE DISCLOSURE RESUME APRIL 23 AND APRIL 24

Mr. MUSKIE. Mr. President, the Government Operations Subcommittee on Budgeting, Management and Expenditures and Subcommittee on Intergovernmental Relations will conduct further joint oversight hearings on corporate disclosure on Tuesday, April 23, and Wednesday, April 24. Hearings both days will begin at 10 a.m. in 3302 Dirksen Senate Office Building.

The April 23 witnesses will be:

Rep. CHARLES A. VANIK of Ohio's 22d Congressional District, and

Chairman George M. Stafford of the Interstate Commerce Commission.

The April 24 witnesses will be:

Chairman John Nassikas of the Federal Power Commission, and

Assistant Comptroller General Phillip S. Hughes.

During the 3 days of hearings in March, the subcommittees heard the following witnesses:

Norton Simon, industrialist and financier;

George M. Lingua, senior vice president, First National City Bank of New York;

Professor David Ratner, Cornell Law School;

Chairman Robert Timm, Civil Aeronautics Board, and

Reuben Robertson and Mimi Cutler, aviation consumer action project.

The March hearings are at the Government Printing Office now, and will be available in a few weeks.

In these oversight hearings the subcommittees are studying and receiving testimony regarding Federal agency collection, tabulation, and publication of information and data from regulated firms. Persons who wish to submit statements, testify or obtain further information should get in touch with the subcommitte's staff. Senator METCALF's and my opening remarks when the hearings commenced on March 21 provide additional information, and I ask unanimous consent that they be printed at this point in the RECORD.

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

OPENING STATEMENT OF SENATOR EDMUND S. MUSKIE

We are here today to begin following up on a very significant report which has confirmed some of our greatest concerns about the extent of economic concentration in this country.

That report, "Disclosure of Corporate Ownership," has documented a situation which has been accelerating to an astonishing degree in recent years: that is, the fact that a few, very large banks, operating as institutional investors, are in a position to exercise control over the health and welfare of many of the Nation's largest corporations.

I want to emphasize that we are not here today to accuse anyone of an outright attempt to gain control of and manipulate the American corporate economy. The report itself makes no such accusation, though some may have misconstrued it that way.

What the report does say is that a variety of circumstances and investment practices have resulted in a system of corporate ownership which makes regulation difficult, which discourages or excludes relatively small investors and businesses from the benefits of the system, and which radiates at least the appearance of serious conflicts of interest that, if real, make a mockery of free enterprise.

The report focuses on the widespread use of nominee accounts by institutional investors in ownership reports to the Federal regulatory agencies. I do not argue that the use of nominees, by itself, is undesirable. What is undesirable from the viewpoint of enlightened public policy is the extent to which this practice has obscured the real concentration of stockholdings in the hands of a few large institutional investors, primarily banks.

An enlightened public policy requires nothing less than full public disclosure of corporate ownership. This includes, not only a ready identification of the institutions behind the nominee names, but also the discretionary control, including voting rights, exercised by these institutions over their trustee accounts. I hope that these hearings will help to spur both the institutions and the Federal regulatory agencies to act on the report's basic recommendations in this regard.

However, I want to emphasize that the single most important aspect of the subcommittees' report is the picture it paints of an economy where billions of dollars in investment capital are under the control of a highly select "old boy" network virtually closed to the world around it. To recoin an old New England saying, the corporate presidents speak only to the bank directors, and the bank directors speak only to God.

"Disclosure of Corporate Ownership" has increased our understanding of some aspects of corporate control. More importantly, it demands that we pursue our investigations into the larger questions left unanswered:

What kinds of leverage do banks and other institutional investors really exercise over the corporations in which they control large blocks of stock? How do they influence management decisions?

Do banks maintain strict separation between their trust department activities and their commercial loan ventures? Are there potential conflicts of interest with which we must be concerned?

Finally, what are the implications of this degree of concentration on a free enterprise society?

We invited our distinguished witness today to lead off this aspect of our investigation and to help cast new light on these larger questions. He is in a unique position to do so, and we welcome the insights and observations his wide experience in corporate life has given him.

OPENING STATEMENT BY CHAIRMAN LEE METCALF

Today two Government Operations Subcommittees begin joint review of Federal agency collection of information from corporations.

We undertake this task at a time when concern over the reliability and adequacy of such information is increasing.

A number of committees have conducted hearings, and proposed legislation, regarding collection of information in the energy area.

Our own recent study, "Disclosure of Corporate Ownership"—Senate Document 93–62—has shown the inaccurate and misleading nature of information in public files, regarding ownership of many regulated companies. The real owners—the principal institutions or others empowered to buy, vote and sell stock—are often unidentified. Some of their holdings are listed in the names of nominees—"street names." And some of their holdings are not reported at all to the regulators, even though the institutional investor in some instances reports its aggregated holdings and voting rights to a commission in a distant state, or to the public.

RECENT LEGISLATION

Two recent acts of Congress have a bearing on these hearings. One is the Federal Advisory Committee Act (Public Law 92–463). It was developed, on the Senate side, by Senator Muskie's Intergovernmental Relations Subcommittee, during the 91st and 92nd Congresses, from various bills which Senators Percy, Roth, Brock and I had introduced.

The original impetus for that legislation arose from problems relating to the clearance of Federal forms and questionnaires by the

Office of Management and Budget, and its predecessor Bureau of the Budget.

The budget agencies received advice on agency questionnaires from industry advisory groups which all too often delayed, diluted or killed questions which Federal agencies properly asked, but which the industries did not wish to answer. This happened no matter which political party was in power.

The Federal Advisory Committee Act—on the books now for 14 months—has broadened out and opened up Federal advisory committees, and caused some of them to disband. There are still problems in the Act's administration, which are receiving our continuing attention.

The printed copies of the recent oversight hearings on this act will be available shortly.

The other recent Act of Congress—this one by the 93rd Congress—transferred from OMB to the General Accounting Office the responsibility for review and coordination of forms and questionnaires proposed by the independent Federal regulatory agencies. The pertinent legislation is Section 409 of the Alaska Pipeline Bill—P.L. 93–153.

Those independent agencies—which regulate utilities, airlines, railroads, trade, securities, broadcasting and product safety—are not part of the executive branch. Therefore, Congress concluded that review and coordination of their forms and questionnaires belongs more properly with GAO than an executive agency such as OMB. Furthermore, this act strengthens the commissions in that GAO will not be able to veto questionnaires, as OMB could under the previous procedure.

The vast majority of agency questionnaires are still subject to OMB clearance procedures. Persons or organizations—especially small businessmen—interested in participation in this form review process will find useful the full Committee hearings which Senator Nunn conducted last year, at Chairman Ervin's request, and my remarks in the eleven March, 1974 Congressional Record.

The importance of the seemingly bland and bureaucratic process of information gathering by Federal agencies cannot be overstated. In this capital city—as a witness in this room once testified—information is the currency of power. What good is a Freedom of Information Act, and access to government records, if the Federal files are devoid of timely, comprehensible and accurate data?

DELEGATION OF POWER

Congress has delegated to commissions and agencies much of the detail work regarding information collection. To use an example recently cited by Senator Roth, the U.S. Geological Survey has reported that there are almost one thousand shut-in gas wells in the Gulf of Mexico. But the Geological Survey does not have the information we all need stating detailed reasons for the shut-ins, and what is necessary to bring the gas on line.

The Geological Survey—whose questionnaires are subject to OMB rather than GAO clearance—apparently has not used its delegated authority to collect this vital information.

We at this time have no legislation regarding corporate disclosure, or agency collection of corporate data, before the Subcommittees. We will be looking at information disclosure and collection procedures in the light of laws that have been on the books for decades.

Congress long ago provided the independent regulatory commissions with broad authority to collect information. Congress also gave the commissions the power to impose sanctions, and issue subpoenas. And thirty-two years have elapsed since Congress directed that information collected from business firms shall be tabulated so as to "maximize the usefulness of the information to other Federal agencies and the public."

OWNERSHIP INFORMATION

Many large U.S. corporations substantially influence public policy. Often they affect public policy more than public officials do. Yet we know relatively little about important aspects of corporate government. If the American people are going to work within the system to provide more responsive government—private or public—a basic tool is the convenient availability of the names and addresses of institutions or individuals empowered to vote major blocks of stock in large, regulated corporations.

In these hearings we shall examine how the commissions have used their authority to collect and disseminate such information.

FOREIGN INFLUENCE

One aspect of undisclosed ownership is potential foreign influence within major U.S. corporations, including defense contractors.

This concern has already been expressed by the Senate in its adoption of the Huddleston amendment to S. 2776, the Federal Energy Emergency Administration Act now in conference. The Huddleston amendment would require the FEEA Administrator to review and report, within six months, on foreign ownership, influence and control of domestic energy sources and supplies.

As "Disclosure of Corporate Ownership" showed, more than ten per cent of the stock in Litton Industries and Penn Central was held, as of 1972, by Swiss banks. Those companies were among eighty nine—less than 30 per cent of those queried—which chose to cooperate voluntarily and fully with our Subcommittees.

Another Senate subcommittee has expressed its concern over recent acquisition of U.S. companies by foreign corporations based in Italy, France, Switzerland, Germany, the United Kingdom and Saudi Arabia.

CEDE & CO.

Another aspect of undisclosed ownership involves stock reported to government regulators in the name of Cede & Co. It is the nominee for Depository Trust, a wholly-owned subsidiary of the New York Stock Exchange. Stock held by the depository for various participants, such as brokerage houses and banks, is recorded in the name of Cede & Co. to simplify market transactions.

Depository Trust sends monthly reports to each issuing company for whom it holds stock. These reports identify the depository participants and number of shares held for each of them, by Depository Trust, in the issuing companies.

Many banks and brokerage houses hold stock in a company in their firm name or in the name of nominees, and also manage stock in the same company which is held by Depository Trust in the name of Cede & Co. The reporting problem has arisen from the fact that many issuing companies, in their annual reports to Federal commissions, do not use the information which Depository Trust has provided them. Instead they report a block of stock in the name of Cede & Co. rather than aggregating appropriate portions of it with the other holdings of investors.

Board Chairman W. T. Dentzer, Jr. of Depository Trust and his associates have been most cooperative with us in developing a suggested procedure for proper attribution of stock held in the name of Cede & Co. It would simply have the commissions require that reporting companies use the information provided them by Depository Trust. For verification purposes, Depository Trust could provide the appropriate regulatory commissions and GAO the same information on participants' holdings which it already provides each issuing company.

SUGGESTED PROCEDURE

I hope that we can work out a similar procedure for banks and other institutional investors whose holdings are not now aggregated by many regulated companies for reporting purposes. I am suggesting that the major institutional investors could provide each regulated company in which they hold a significant amount of stock a quarterly or annual report, similar to the one which Depository Trust already provides issuing companies on a monthly basis. That report could show the total number of shares of the company's stock to which the large investor has sole or partial voting rights and the number of shares held in which the investor does not have voting rights. In those instances where the institutional investor does not have voting rights the identity of the party empowered to vote the stock would be provided by the investor to the issuing company. Copies of those reports by the large institutional investors would be available to the appropriate regulatory commission and the GAO.

We will welcome comments on this proposal as these hearings progress. I would add here that one of our witnesses next week will be a senior vice president of First National City Bank of New York, which for years has issued a public report regarding its voting rights in its trust department's one hundred major stock investment accounts.

PERSONNEL AND BUSINESS RELATIONSHIPS

A third aspect of undisclosed ownership involves other levers of corporate control beyond the voting of stock. The Securities and Exchange Commission, in its Institutional Investor Study report, concluded that some institutions—particularly banks—have personnel and business relationships with portfolio companies which may tend to reinforce any power conferred as a result of stock holdings, may create potential conflicts of interest and may lead to misuse of inside information. The SEC found a strong statistical correlation between bank stock-holdings and personnel and business relationships.

As we review reporting requirements of various Federal agencies we will look at the questions which the agencies ask—or do not ask—and the answers they receive regarding direct and indirect interlocks, and financial dealings between regulated companies and the institutions with which they have a stock or interlock relationship.

One of our witnesses next week will be the chairman of the Civil Aeronautics Board, which recently recognized the need for gathering more information regarding these several interrelated control mechanisms, and instituted an appropriate investigation.

CONCENTRATION OF ECONOMIC POWER

A fourth area of undisclosed ownership on which we seek additional illumination is the national extent of concentration of economic power.

In setting the rules for limiting control of a company by a large investor, Congress and the commissions usually look at a single investor's potential influence within one company, or one industry. The data contained in "Disclosure of Corporate Ownership" shows—on the basis of partial, voluntary disclosure and sample studies by the SEC, FCC and Congressional Research Service—a degree of over-all concentration beyond that which has been heretofore available to the Congress. The study shows that the same few banks are dominant within a number of competing companies—airlines, broadcasting, pharmaceuticals, electrical equipment, conglomerates, and petroleum.

This partial data, for the years 1969 and 1972, suggests a need for comprehensive and timely collection of information regarding all aspects of corporate concentration so that its ramifications can be considered by Congress on a factual basis.

CORPORATE ANNUAL ELECTIONS

I would note that we begin these hearings in an election season. Many corporate an-

nual elections and meetings of stockholders will be held in the next few weeks.

They do not of course receive the kind of surveillance attending the elections to which Members of this Committee are accustomed. This may be because of the difficulty in creating an aura of suspense regarding an election in which a single slate of officers, selected by insiders, is offered, an election in which no provision is made for casting "nay" votes against the single slate, and the outcome of which is decided before the annual meeting begins, by the proxies of a few large institutional investors.

But I think it is appropriate to note here that interest in corporate government has now extended beyond the participation by a few individuals or a project GM.

More than sixty major corporations will consider, this spring, shareholder resolutions from church, labor, environmental, foundation and public interest groups and individuals. In a number of these challenges, the issue is corporate disclosure. The concept of the Sunshine Law, of which Florida Senators on this committee often speak, is spreading to corporate government.

SHARED OVERSIGHT

I would hope that these hearings will encourage more persons outside and inside of government—Federal, State and corporate—to participate in the important business of information collection by the Federal government. Congress has improved the procedures for public participation. The vital oversight function can be broadly shared.

NOTICE OF HEARING ON FEDERAL PAPERWORK BURDEN STATEMENT OF SENATOR McINTYRE

Mr. McINTYRE. Mr. President, the Subcommittee on Government Regulation of the Senate Select Committee on Small Business will continue its hearings into the Federal paperwork burden and the impact on small business on April 24, 1974, beginning at 10 a.m. in room 155 of the Russell Senate Office Building. Representatives from the Department of Labor and the small business community will testify at this hearing. A precise witness list will be released by the subcommittee at a later date.

At this hearing the subcommittee will examine into the reporting requirements imposed on small businessmen as a result of regulations adopted under the Occupational Safety and Health Act of 1970.

Further information regarding this hearing can be obtained from the office of the Senate Select Committee on Small Business, extension 5–5175.

ADDITIONAL STATEMENTS

U.S. SHOE INDUSTRY

Mr. MUSKIE. Mr. President, Robert Lockridge, chairman of the Footwear Industry Emergency Committee on Trade Policy, and Mark Richardson, president of the American Footwear Industries Association, testified recently before the Finance Committee on H.R. 10710, the Trade Reform Act of 1973. Their testimony cogently outlined many of the problems facing the American shoe industry today.

They painted a picture of an industry already crippled by an increasing flood of imports, but unable to obtain relief through existing laws and procedures. Five years ago, net imports—imports less exports—of nonrubber footwear totaled 175 million pairs valued at $330 million. In 1970, net imports totaled 240 million pairs valued at $560 million. And by 1973, net imports had increased to 316 million pairs valued at close to $1 billion.

If this situation continues, this country will surely some day lose its shoe industry. Each year, executives of the shoe industry come to Washington and tell the executive that "no major industry in this country is suffering from import penetration of the magnitude endured by the nonrubber footwear industry." Each year, the executive listens politely, suggests they will help, and in fact, does nothing.

The only results of Government help the shoe industry is able to see are the closing of plants; the burgeoning loss of jobs; the reduction of profits, now among the lowest for any major industry in the United States at 1.9 percent of total sales; and the loss to the United States of roughly $1 billion in balance of payments terms.

In other countries—Brazil, Argentina, Korea, Spain, to name only a few—Government help to the shoe industry takes the form of subsidies, rather than inactivity. To try to remedy this situation in 1969, I introduced the Orderly Marketing Act for Shoes, designed to allow shoe manufacturers to gain their fair share of the U.S. market. Last year, I introduced legislation to control the export of cattle hides. And most recently, I appealed to the President to seek an international agreement which would set up procedures for the international surveillance of shoes and leather products similar to the one that recently became effective with respect to textile and apparel trade.

All I have received from the administration are assurances that these measures will get "prompt attention" or are "under consideration." But an industry which has already suffered severe injury from import competition—while other industries enjoy the ear and the aid of the administration—needs more than promises. If the Executive will not act to help this industry, then Congress must.

Mr. President, as evidence of the industry's critical need, I ask unanimous consent that excerpts from Mr. Lockridge's testimony on the Trade Reform Act of 1973 be printed in the RECORD at this point.

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

TESTIMONY OF ROBERT S. LOCKRIDGE

Our association represents the manufacturers of 95% of the leather and vinyl footwear produced in the United States and, through our associate members, about 85% of all the suppliers to the footwear industry. There are approximately 500 companies with about 800 plants in our industry—numbers which have been declining over the last several years—located in 40 states. The industry now employs about 200,000 workers directly in its manufacturing operations—again a number which has been declining over the last several years. There are about 100,000 workers in allied supporting industries. A great many of our plants are located in the smaller communities of our country where the shoe manufacturer often is the major or sole employer.

The message we bring before the Committee today is a simple one. It is the same that we brought to the House Ways and Means Committee. The American footwear industry is suffering drastic injury because of continuing disruptive imports which have caused reduced production, the closing of plants, loss of jobs, and approximately a $1 billion net trade deficit for the United States. In every category through which the health of a particular industry is measured, an examination of the facts reveals a story that is tragic to an important industry such as ours and revealing as to the failure of the Administration to act within its professed trade policy and in keeping with existing laws. Imports are eroding our ability to continue as a viable industry. The remedy we seek lies in action by Congress, and now specifically by the Senate, because the Executive Branch has not provided our industry with warranted and needed import relief through mechanisms already at its disposal despite the serious injury caused by disruptive imports.

CURRENT SITUATION

Import Penetration is Growing. In 1960, the import penetration ratio for nonrubber footwear was less than 5%. As early as 1960 our association pointed out the trend of imports. By 1968, when we first appeared before Congress asking for relief from imports it had reached 22%; in 1970 when a trade bill was again considered by Congress it had risen to 30%. And in 1973, when Congress began its consideration of H.R. 10710, import penetration of the domestic market had risen to 40%. Unfortunately our analyses had proven correct again. The import penetration for women's and misses' nonrubber footwear, which accounts for better than half of our total production, was 51% of the total market last year.

No other major industry in the U.S. suffers from an import penetration of this magnitude. The effects on the economy in general and on the nonrubber footwear industry in particular of this massive degree of import penetration are devastating.

Trade Balance is Deteriorating. Whether or not one is concerned about the state of health of our industry, one should certainly be concerned over the effect of burgeoning imports on the nation's balance of payments. Five years ago net imports (imports less exports) of nonrubber footwear totaled 175 million pairs valued at $330 million.

When we appeared before Congress last, in 1970, net imports totaled 240 million pairs valued at $560 million. By 1973, net imports had jumped to 316 million pairs valued at just under $1 billion.

Last year's experience represented an unbroken continuation of higher and higher imports. The import growth in 1973 over 1972 was 6.4% in terms of pairs and 16.9% in terms of value. At the same time the other two domestic industries with massive import penetration—iron and steel and textiles and apparel—enjoyed a noticeable reduction in imports last year over 1972.

All Industry Indicators Are Down. The effects of imports of this magnitude upon our industry cannot be disregarded in any consideration of trade legislation.

Production is down;
Employment is down;
Number of plants is down; and
Profits are down.

The only thing that is up in the industry is its problems. Imports have cost our workers over 43,000 jobs since 1960, and total direct employment has now dipped below 200,000. In 1973, we lost an additional 3% of our work force. While all manufacturing has enjoyed a better than 10% gain in employment

since 1960, employment in the domestic footwear industry has dropped by more than 15%. Fewer jobs mean fewer plants. Data recently released by the U.S. Department of Commerce reveal that the number of nonrubber footwear manufacturers dropped 35% between 1967 and 1972—from 799 to 525. The number of plants also fell sharply from 1,083 to 813 during this period.

As a result, domestic production in 1973 fell to 488 million pairs, the lowest level of domestic production in more than 20 years, and 7% below the 1972 level, and 150 million pairs below production only five years earlier.

I also wish to point out to the Committee at this time that the nonrubber footwear industry shares the "distinction" with the apparel industry of having the lowest profit per dollar of sales of any major manufacturing industries in the U.S.

CAUSES OF STRONG IMPORT PENETRATION

There are basically three main reasons why imports account for an increasingly high percentage of domestic consumption each year. They are (1) the substantially lower wages paid workers in the footwear industries of exporting countries; (2) high tariff levels and other import restrictions maintained by many importing countries; and (3) subsidies extended by many foreign governments to assist their footwear industries in exporting.

Labor Costs Are Substantially Lower Abroad. Most foreign manufacturers pay wage rates that would be illegal in the United States, generally less than 50% of the U.S. wage level. There are few prohibitions on child labor abroad. There are even fewer concerns for environmental or occupational health and safety standards. In an industry as highly labor intensive as ours, where labor input represents 20–45% of manufacturing cost, these lower labor costs oversees more than offset the higher productivity of the U.S. industry compared with that of our foreign competitors. For 1972, estimated average hourly earnings, including fringe benefits, were as follows:

United States	$3.22
Italy	1.82
Japan	1.33
Argentina	.75
Spain	.62
Brazil	.42
Taiwan (1971)	.21

Other Markets Restrict Imports To Our Detriment. Other importing countries do not permit imports as freely as does the United States. Countries which are major exporters to us are even more restrictive in what they will allow to be imported. The high tariff and non-tariff barriers maintained by other countries act to funnel into the relatively open, low-tariff U.S. market footwear that would otherwise go to other markets. The Department of Commerce released on March 15, 1974, a survey of tariff and trade regulations of selected countries in the field of nonrubber footwear. The survey shows that the average U.S. import duty is 10% ad valorem on leather footwear and 6% on vinyl footwear. On the other hand, Argentina, India, Korea, and Turkey do not permit footwear imports. Brazil maintains import duties of 70% to 120% and Taiwan has duties of 59% to 130%. Japan has an import duty ranging from 27% to 30% for most nonrubber footwear imports and maintains import quotas. The Common External Tariff of the European Economic Community ranges from 7% to 20% plus a value added tax that ranges from 5.2% in the case of Ireland to 20% in the case of France. Spain maintains import duties ranging from 8% to 35% plus a compensatory import tax of 10%.

Many Countries Subsidize Their Exports To Us. So devastating to our industry are the sudsidies paid by several foreign governments to assist and encourage their footwear industries to export to the U.S. The Argentine Government provides cash reimbursements of up to 30% of the f.o.b. value of exported shoes, grants low-interest loans for up to 80% of the value of exports, reduces the taxable income of exporters, and provides other tax incentives. The Brazilian Government exempts producers of footwear (and other industrial products) from various indirect taxes including exemption from taxes on imports of capital goods designed to expand export capacity, and also provides low interest credits for exporters. The Spanish Government pays export bounties not simply as a credit against taxes but as cash remissions for export sales. In addition, the Spanish Government guarantees loans to local manufacturers equaling 20% of the export dollar value of the preceding year at interest rates significantly lower than prevailing commercial rates for similar purposes. Other countries, including Korea and some of the European Common Market countries, also offer subsidies to their footwear industries.

The American Footwear Industries Association is unfortunately well aware of the footwear subsidization practices of foreign governments. Our industry feels the full impact of this unfair competition in the domestic market. It has filed two petitions under the countervailing duty statutes with the Treasury Department documenting in detail the practices of the Spanish Government (filed in February 1973, 14 months ago) and the Brazilian and Argentine Governments (filed in July 1973, 9 months ago). Yet it was only on March 8, 1974 that the Treasury Department announced that it had instituted an investigation on Brazilian footwear, other than rubber. No action has been taken to date on our petition with regard to Spain or Argentina. It is essential that action be taken expeditiously and affirmatively in the Brazilian case, and that investigations be instituted in the Spanish and Argentine cases.

All of this translates into the fact that, with a relatively small duty today on imports of footwear, other than rubber, the differential between landed costs of imports and domestic average factory value is significant. In the case of leather footwear from Italy, it would require an additional duty of 31% to equalize domestic and import values. In the case of Spain, the differential is 25%, also for leather footwear. For Brazil, it is 63%. For Argentina, it is 31%. For Romania, without MFN status, it is 112%. In the case of Taiwan, for vinyl footwear, which represents 95% of the total value of nonrubber footwear shipments from Taiwan to the United States, the differential is 240%.

These differentials point up the danger to our industry of extending generalized tariff preferences to footwear. We are pleased that the President said in his message to the Congress of April 10, 1973 transmitting the Administration's trade proposals that it would be the "intention to exclude certain import-sensitive products such as . . . footwear . . ." We feel that if Congress should accept the idea of generalized tariff preferences (Title V of H.R. 10710), footwear should be excluded from its provisions in the statute itself.

We are concerned about growing imports of nonrubber footwear from the developing countries because they are today the fastest growing foreign sources of nonrubber footwear in our market. Taiwan has replaced Italy as the leading supplier of footwear, other than rubber, to the U.S. market—112 million pairs in 1973, 35% of total nonrubber footwear imports. Keep in mind Taiwan's hourly wage rate is $0.21—the U.S. $3.22, or 15 times as great.

Brazil and Argentina are also cases in point. In 1973, the U.S. imported almost 20 million pairs of nonrubber footwear from Brazil, an increase of 65% above the 1972 level. Imports from Argentina jumped from less than 500,000 pairs in 1972 to almost 4 million pairs a year later—an increase of 733%. Greece, Mexico, and Romania have all registered similar impressive advances. The latter, despite the fact that it does not enjoy MFN status, increased its exports to us from 1 million pairs in 1972 to 2.5 million pairs in 1973, an increase of 131%. We are pleased that the Treasury Department finally initiated an anti-dumping investigation on welt work shoes from Romania on March 15, 1974. The American footwear industry first called the Treasury Department's attention to the dumping of Romanian work shoes in 1968.

ADMINISTRATION INACTION AND CONGRESSIONAL REMEDY

The problems faced by our industry from imports have been with us for some time. They did not arise to injure our industry for the first time in 1973 or in 1974. What is happening is that unrestrained, growing disruptive imports are weakening our industry's position by what appears to be a deliberate policy of the Administration ignoring its professed trade policy and the requirements of existing law that action be taken on a timely basis.

We have tried to work through the established procedure of the Trade Expansion Act of 1962, namely, the escape clause. We had great hopes and expectations when in July 1970, as the Congress was considering trade legislation, President Nixon requested the Tariff Commission to launch an escape clause investigation on nonrubber footwear. Six months later to the day (January 15, 1971), the Tariff Commission submitted to the President its report with an evenly-divided decision. Even the two Commissioners who voted in the negative did so because they did not feel that injury resulted in major part from tariff concessions, not because they felt there was no injury to our industry from imports.

It has been over three years since that Tariff Commission report was submitted to President Nixon. Yet to date the President has taken *no* action in the case—either affirmatively or negatively. As the Committee members know, under split Tariff Commission decisions in escape clause cases, the President can join either with the Commissioners' finding affirmatively or with those expressing a negative judgment. The promise which the escape clause investigation held for our industry has been shattered by the failure of the Administration to act on this issue. We have seen how imports have continued to mount while jobs have been lost and production has fallen since the Tariff Commission's report was filed. That is why we are appealing to the Congress for help. What we are asking for is well within the scope of your powers. The key question you must face is how much import disruption, how much import penetration of the domestic market, how much loss of capacity and jobs, how much declining production, must an industry endure before action is taken to restrain imports. This question poses serious concerns not only for the nonrubber footwear industry but also for others who may some day be in a position similar to the one we are in today.

For these reasons, our industry supports legislation such as that introduced by Representative Richard Fulton in the House (H.R. 8518), the Footwear Articles Import Relief Trade Act. We hope that the Senate would consider similar legislative language. This realistic and reasonable approach to the import problem faced by our industry would use calendar years 1970 through 1972 as the base period for establishing import quotas. At the same time, there would be provision for the automatic suspension of such quotas if international agreements are entered into to provide for restraints on exports to the United States of nonrubber footwear. The President

would be authorized to increase imports where he finds that the supply of such footwear is inadequate to meet domestic demand at reasonable prices. This approach also would provide for exemption by the President from quota restrictions when he determines that such exemptions will not disrupt the domestic market.

Such legislation would be fair to producers, workers, and consumers. Consumers would be fully protected by the authority given to the President to exempt nondisruptive imports from quota controls and by allowing him to increase quotas if he should find that the supply is inadequate to meet the domestic demand at reasonable prices. At the same time, the significant erosion of the U.S. market from imports which has been so detrimental to the health of our industry would be halted.

THE TRADE REFORM ACT WILL NOT HELP US

In appealing to Congress for legislation to help our industry—either as part of the trade bill or as separate legislation—we feel strongly that the Trade Reform Act will not assist our industry any more than did the Trade Expansion Act. We find serious problems with the Trade Reform Act as passed by the House.

* * * * *

CONCLUSION

The conclusion our industry has reached is that we cannot support the trade bill currently before you. We take this position not only because of the serious weaknesses which we find in the bill itself, but also because, as it now stands, the bill provides no import relief for the American footwear industry.

In summary, we recommend the following to you:

1. We must have specific legislation to deal with the problems of the footwear industry because the record of the Administration in meeting problems of disruptive import competition faced by our industry gives us no confidence that now, or in the future, under the existing trade legislation or under H.R. 10710, there will be any Executive Branch solution to this problem.

2. The trade bill before you should be modified in several respects.

Industries such as ours which suffer from substantial import penetration should be specifically exempted from trade negotiations.

The escape clause should include a trigger mechanism that would assure relief when imports reached certain levels of penetration of the domestic market.

The factors which the President must take into consideration in escape clause cases before reaching a decision run counter to providing relief and should be deleted.

In countervailing duty cases, there should be a six-month limit as the total time which Treasury may take to make a decision beginning with the date of filing a complaint.

In anti-dumping cases, American manufacturers should be given the right to appear in hearings without having to show good cause.

The provisions for a generalized system of preference should specifically exempt industries, such as ours, which are experiencing disruptive import competition.

Effective action must be taken now to help our industry. Our future, in part, is in your hands. We ask only for fair play so that we can compete on a basis which makes it economically justifiable to remain in business.

CONVENTIONAL ARMS STATISTICS

Mr. ROTH. Mr. President, on May 31, 1972, the Senate adopted my amendment requiring the Arms Control and Disarmament Agency (ACDA) to make a comprehensive study of the international trade in conventional arms and to assess various means of controlling it. This study, which was transmitted to the Congress last August, included useful statistics on the flow of conventional weapons which had not previously been available. Two tables in the appendix broke down by country the value of arms exports and imports for each year from 1961 through 1971. A third table listed the cumulative value of conventional weapons supplied to each recipient by each major supplier for the 11-year span of 1961 through 1971.

Because these statistics are a valuable source of data to scholars and students of arms control, I am pleased to announce that as the result of an exchange of letters between Dr. Fred C. Ikle, Director of ACDA, and myself, they will be updated and published annually. On alternate years, these statistics will be included in the Agency's biennial publication, World Military Expenditures.

I have also learned that the ACDA Report on the International Transfer of Conventional Arms will be available beginning tomorrow as a House Committee on Foreign Affairs print. The committee print also includes an analysis of the report prepared at my request by Mr. Charles R. Gellner, Senior Specialist in International Relations, Division of Foreign Affairs, Congressional Research Service. It is a reflection of our unique democracy that we publish in one volume a study prepared by one branch of the Government along with an analysis prepared by a second branch.

I want to commend Chairman THOMAS E. MORGAN of the Foreign Affairs Committee for the valuable public services his committee is performing in making this report more broadly available to Americans and to foreign governments as well. I hope this effort on the part of Chairman MORGAN will be instrumental in bringing more attention to the massive transfer of conventional arms, its impact on world peace and stability, and its possible limitation.

It is my understanding that the Foreign Affairs Committee considers the Report on the International Transfer of Conventional Arms an important adjunct to the study of ACDA being initiated by Congressman CLEMENT J. ZABLOCKI. I want to thank both my former colleagues on the committee for their interest in the report.

A sound U.S. arms control policy requires careful analysis and initiatives in both the areas of nuclear arms control and conventional arms control. After a great deal of effort a beginning has been made during the past few years in controlling the testing, emplacement, and numbers of nuclear weapons, and, hopefully, this beginning will be expanded upon in the future. At the same time, a beginning must still be made in terms of conventional armaments. Our Government has, from time to time, proposed discussions of conventional arms limitations, but we have not yet presented any specific proposal. It is my hope that on the basis of the ACDA study already completed, we can begin to approach other countries in search of a conceptual basis for conventional arms limitations.

It is necessary to keep in mind, of course, that arms control is something the United States cannot do all by itself. Effective, genuine arms limitations require mutual, multilateral restraints. As a great power and as a peace-loving people, we do have the responsibility to provide leadership. We may not succeed in getting the kinds of agreements we want, but we should make the effort to try.

Mr. President, I ask unanimous consent that the exchange of letters between Dr. Ikle and myself be printed in the RECORD.

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

MARCH 1, 1974.

Dr. C. FRED IKLE,
Director, Arms Control and Disarmament Agency, Washington, D.C.

DEAR DR. IKLE: As you will recall, the Report on the International Transfer of Conventional Arms included previously unavailable statistics on the value of arms exports and imports by countries and regions. These statistics are found on pages A–3 through A–15 of the Report.

It has been suggested to me that such statistics are an important data source for private scholars and individuals engaged in research on the arms trade and means of controlling it.

In view of their value, I wonder whether it would be feasible for ACDA to continue to update and publish these statistics on an annual basis, perhaps as part of ACDA's publication entitled *World Military Expenditures.*

With highest regards,

Sincerely,

WILLIAM V. ROTH, Jr.,
U.S. Senate.

U.S. ARMS CONTROL AND
DISARMAMENT AGENCY,
Washington, D.C., March 22, 1974.

Hon. WILLIAM V. ROTH, Jr.,
U.S. Senate, Washington, D.C.

DEAR SENATOR ROTH: Thank you for your letter of March 1 urging the annual publication of certain arms export/import statistics.

I am pleased to be able to report that we plan to publish arms trade value data annually. In alternate years the arms trade data would be published as a part of *World Military Expenditures (WME)*, which is now being issued biennially. The next edition is scheduled for publication in July 1974. We anticipate that sufficient data will become available within the next two months to enable us to update and include in the next edition of *WME* certain tables on the value of the arms trade as published an pages A–3 through A–14 of *The International Transfer of Conventional Arms.*

Your interest in ACDA is always appreciated.

Sincerely,

FRED C. IKLE.

CONDITION OF SOVIET JEWS

Mr. TUNNEY. Mr. President, we are constantly bombarded with important issues here in the Congress; new crises and new problems arise every week which require our attention and very often, our action. But it is very important that we do not lose sight of continuing events. For several years now, the Government of the Soviet Union has been hindering the attempts of many thousands of Jews in that country to emi-

grate to Israel. This right to emigrate to their religious homeland, of which they are citizens, is a fundamental facet of human freedom.

I and many Senators and public-spirited citizens in the United States have been working steadily to persuade the Soviet Government to relax its emigration policies. These pressures have been partially successful. After great outcries in this country and around the world, the Soviet Government rescinded its "education tax" which required payment of exorbitant fees for exit visas for Jews—or others—who had received higher education. By all accounts, the continuation of interest, public comment, and public outrage are effective weapons in maintaining the flow of emigrants at as high a level as possible.

However, the task is still far from over. Many Jews are refused exit visas. Also serious is the policy of the Soviet Government toward people who even have the courage to apply for exit visas. These brave people are usually fired from their jobs, denied the right to make a living, or utilize their training. Harassment goes on in other ways: communications with the West are cut off from time to time, young men are drafted into the Army, and arbitrary and capricious administrative rules are imposed, and then broken in a fashion which keeps these people in constant suspense and torment, never knowing when their application might be approved. This process goes on for months and years.

I am speaking out now because this harassment goes on unabated today. I wish to share with my colleagues just a few cases, a few evidences of the problem, and testimony from Russian Jews themselves about what they are suffering. These fragments of information, and the words of the people themselves, are a poignant, meaningful reflection of the courage which these people have, and the brutality of a system which seeks to prevent them from moving.

The first testimony comes from the Liner family in Moscow. Bronislav and Marina Liner, and two young children, applied for an exit visa last fall, and were refused in February. They are prominent metallurgists, each holding a doctorate, and were employed by scientific institutes in Moscow. They were immediately fired from their jobs when they applied for an exit visa. The following is an excerpt from a letter they wrote to friends in the United States:

We have got rather sad news. On 8.2.1974 Soviet authorities denied our request for visa to Israel. We were told that our leaving USSR is 'inexpedient for state security reasons'. The official refused to answer when they would give to us the permission for leaving for Israel and he refused to explain what he meant speaking about 'state security'. If he hinted at state secrets, then we don't know any secrets. We [have] both worked on metallurgy and any expert can confirm that there is no and cannot be any state secrets in metallurgy. The Institutes where we worked at is not secret. We have a lot of scientist-visitors from USA, Japan, etc., at our Institutes . . . Therefore, our laboratories, equipment and subjects of our investigations are well known. All results of our works were published. Moreover, a number of employees of our Institutes had got permission to go to Israel . . .

Our situation became more difficult since we were forced to leave our service because of our desire to leave for Israel, and we cannot yet get another work. Nevertheless our spirit is high and believe that our dream will come true and we will get to Israel.

Second, I would like to share with you a terribly moving letter from Iosef Soifer, a child in a family of five which is seeking to emigrate from Novosibirsk, in Siberia. This letter was also addressed to friends in California who have been corresponding regularly with the Soifers:

NOVEMBER 29, 1973.

We have received your letter of Nov. 14, 1973 and we are very grateful to you for warmth and support. It is very pleasant to us to feel your care and solidarity which are not afraid of the tremendous distance that divides us. We assure you that your energy and our courage will not be broken by any difficulties.

We are not heros. We are just everyday Jews. But because of the fact that we are Jews, we want to live among our people, in our country, in our dear Israel. Nothing can break us or change our wishes. We believe that our desire will soon be fulfilled. We follow all the events that are happening in the world. In spite of the fact that our sources of information are very scarce, it is still quite clear what the situation is.

We are happy that the United States does not refuse the support for Israel and does not leave it (Israel) alone. We also hope that your government will be able to create a state of Peace in the Middle East.

Our hope that Israel should live peacefully and quietly, is just as great as our desire to leave for Israel. It's very painful for us to hear about the losses that were suffered by Israel during the war, but it is even more painful because we are helpless in helping from here. All our thoughts are about Peace and about the possibility for leaving for Israel.

Our family consists of 5 people. The father Moishe, engineer (electrical engineer); Mother Nina, a teacher of physics who at the present time works as an engineer in a construction bureau of fire preventative automatic machinery; daughter Anna 15½ yrs. old is going to school; son Alexander 9 years old is also going to school and I myself, Joseph, 23 years old, engineer in the field of energy or energy-producing machinery.

How do we live?

Try and picture people at a Railroad station waiting for the arrival of a train which must arrive, but no one knows when . . . today, tomorrow, maybe in a year. But this is the only train and one cannot be late for it. Such is our life. We're awaiting our train and we believe that soon it will take us to our own Israel.

We wish your family and yourself personally good health; the fulfillment of all your wishes. Please write us. We await your letters with impatience.

Shalom.

We congratulate you and your family with the nearing Holiday of Chanukah. We hope that you will greet it well and happy.

IOSIF (JOSEPH).

Mr. President, the family of Boris Rubinstein lives in Leningrad. As with so many others, he has lost his job, been ostracized from the community, and continues to be subject to harassment for over a year. Last fall, a group from Temple Beth Shalom in Los Angeles spoke with Boris Rubinstein over the telephone, which followed extensive correspondence from members of the congregation to his family. I cannot reprint the entire transcript, but a few words from Boris Rubinstein epitomize his situation, and his great reliance on the help of Americans in achieving an exit visa:

My situation is quite bad and uncertain. I don't know anything. What can I do, and so I must wait. Do you understand? I am waiting, for one year and a half I am waiting. I want to tell you that my situation is bad and uncertain and difficult. . . .

I want to tell you that you are our one and only hope . . .

I want to tell you that I am grateful very much to you for your help and for your kindness and your attention to my case.

I want to ask you to continue your efforts in behalf of my family. It is gratifying for me to have your support . . .

I am sure you know the best way to help. I hope that you know some way for help for me and my family so we can get exit visas. It seems to me that it is important to write letters to Soviet authorities and ask them to give the exit visas . . .

Last, I want to report on the case of Dr. Alexander Luntz, a scientist in Moscow with whom I spoke on the telephone last January. For a time his communications were cut off, during the hunger strike led by David Azbel. He still has no exit visa for himself and his family. Friends who have spoken with him since my last conversation tell me that conditions in Moscow are deteriorating for the Jewish people who want to emigrate. The number of exit visas is declining, and the newspapers falsely report that the number of applications for visas is declining. Bureaucratic roadblocks are thrown in the way of applicants constantly. Dr. Luntz reports that the authorities require that applicants produce an invitation from family members already living in Israel for the Soviet Jews to join them there. Apparently, such letters of invitation are routinely confiscated, especially for the younger men and women. The younger people who apply to emigrate are also being drafted into the armed forces at a higher rate.

Mr. President, I need not say that the future of world peace depends on cooperation and consultation between our Nation and the Soviet Union. The process of détenté is helpful to both sides. But I believe there cannot be a truly lasting friendship between our nations until there is some recognition by the Soviet Government that freedom is indivisible, it applies to all people in every country. So long as basic freedoms are being denied in the Soviet Union, there will be a psychological barrier to our relations. I hope the eloquent testimony of these people from within the Soviet Union will strengthen and propel the efforts of Americans and of our Government to seek accommodation on the emigration issue with the Soviet Government.

GETTING THE CONSUMER FAIRER TREATMENT

Mr. JAVITS. Mr. President, one of the long-neglected areas of substantial importance to the consumers of America is that relating to legal representation of their interests in controversies which cannot be resolved informally. There is no doubt that in the great majority of disputes arising out of the hundreds of thousands of retail consumer transac-

tions every year in this country, a resolution is obtained by utilizing business-sponsored mechanisms rather than adversary procedures. As I have frequently stated during our long years of debate on the Consumer Protection Agency bill, consumer satisfaction must be a fundamental element in any sound business strategy.

In cases where such resolution is not possible, new attention must be given to instituting new mechanisms and improving old ones, including arbitration, small claims courts, and class actions. The Subcommittee on Consumers of the Commerce Committee and the Subcommittee on Representation of Citizen Interests of the Judiciary Committee have been holding hearings on S. 2928 which deals with this important subject.

I recently had the opportunity to testify before these subcommittees on the bill and to call the attention of the members to a remarkably successful small claims project about which we in New York are most proud: the Harlem Small Claims Court. Mr. President, I ask unanimous consent that the text of my testimony be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. JAVITS. Mr. President, on this same subject of helping New York's consumers with their legal problems, I wish also to call the attention of my colleagues to a most interesting report by the Bar Association of the City of New York's Committee on Consumer Affairs. The report considers several of these issues and discusses a very creative proposal to establish a New York Consumer Law Center which would conduct the defense of consumers sued in the civil court of the city of New York.

Mr. President, I ask unanimous consent that the report be printed in the RECORD.

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

EXHIBIT 1

COMMITTEE REPORT: A NEW YORK CONSUMER LAW CENTER

(By the Special Committee on Consumer Affairs)

INTRODUCTION

Late one afternoon, in the Howard Beach area of Queens, a mother quiets her children, answers the door, and greets her caller, a girl in her twenties who is taking a survey of attitudes toward early childhood education. The girl asks to enter so that she may use a table; the mother agrees. Though the questions are couched simply—"Are you familiar with the new math and the pyramid method?"—the mother is unable to answer some of them and begins to feel uncomfortable. Then the girl asks, "Are you familiar with the work of the Young Mothers Club?" Of course, her hostess is not.

The girl describes the club, which she says was formed by a group of mothers interested in improving their children's education. "As you know, poor people have Head Start to give them an educational advantage, and the rich have private schools, but the middle-class mother felt left out and wanted to have a program that would provide her children with the same opportunities that other children were receiving." The club offers its "members" a wide variety of services, such as the right, for ten years, to pose questions to an "information service," and the right to buy certain books at a discount. Members also receive a "premium inducement"—two sets of children's reference books. The cost is only 89 cents per week; the girl neglects to mention the number of weeks that the mother will have to pay.

The mother hesitates. The girl seems shocked. "Aren't you strong enough as a mother to put away eighty-nine cents a week for your child's education?" The mother agrees to join.

When the books are delivered a few days later, the mother discovers that she has signed an instalment contract obligating her to pay a total of $264.00. Investigation will reveal that the girl had been employed by a commercial enterprise that was not a "club" and never had been, that the "survey" was merely a ruse to get in the door, and that the services and materials which the mother would receive cost the company only $38.00.[1]

If the outraged mother refuses to pay any portion of the $264.00, or attempts to rescind the contract entirely, she will usually be threatened with suit and then actually sued in the Civil Court of the City of New York, where more than 200,000 consumer collection suits are instituted annually. Although the mother has a perfectly valid defense—fraud—to such a suit, the odds are overwhelming that she will never appear in the action and that if she still refuses payment, any salary she may be earning will be garnished to satisfy the judgment.

THE NEED FOR SERVICE

The mother in this incident is not alone. A recent and exhaustive study of defendants in such actions—Prof. David Capovitz' *Debtors in Default*[2]—estimates that approximately one-third of New York City consumers possess defenses to collection actions which they never assert because they do not appear in court. Thus, Caplovitz found, in consumer credit cases in New York, the rate of default judgments in favor of plaintiffs exceeds 92%. In those few cases in which defendants do appear, the dispute is almost always compromised rather than tried (of 324 New York cases analyzed by Caplovitz, *none* resulted in trials). Judgments, whether by default or otherwise, are frequently followed by attachment or wage garnishment, by severe injury to a family's credit rating, and, in many cases, by personal bankruptcy.

There are many reasons for this outrage. Previous reports of The Association have called attention to the widespread incidence of "sewer service" in consumer cases,[3] to the need for a simpler and more comprehensible form of summons and revised venue standards in such cases,[4] and to the alarming shortage of counsel for individual consumers.[5] To help remedy this situation, this Committee has proposed the creation of a network of local Consumer Courts throughout New York and other major cities.[6] We have also urged the enactment of federal consumer class action legislation[7] and, concurrently with the issuance of this report, have called for similar legislation in New York State.[8]

Some progress has been made in implementing these recommendations. Nevertheless, the shockingly high default rate found by Caplovitz makes plain that New York City is still experiencing a major breakdown in due process of law in the consumer field.

In our judgment, the single most important reason for this breakdown is the nearly total unavailability of counsel either for the defense of consumer credit claims or for the assertion of consumer grievances in this City.

Most collection cases involve less than five hundred dollars—a large amount of money to the defendants, but not much in relation to the value of the amount of professional time that litigation requires. Most attorneys would charge between fifty and two hundred dollars merely to open a file, and it is hard to imagine contested litigation involving less than ten hours of a lawyer's time—at a cost of between three hundred and a thousand dollars. Defendants must instead rely on a few specialized services for counsel and assistance in the lawsuit. Unfortunately, these services are unable to help a significant proportion of either poor customers or those whose income places them above the poverty line.

EXISTING SERVICES FOR THE POOR

Two institutions—The Legal Aid Society and Community Action for Legal Services—are primarily responsible for assisting low-income New Yorkers with their legal problems. But the ever-increasing public demand for emergency legal services prevents these services from providing any but the most rudimentary assistance to poor consumers in trouble. Twelve years ago, the Harlem office of Legal Aid handled some 12,000 cases. Since then, the increase in available services has sparked greater community awareness of legal rights and a corresponding demand for assistance, so that, although the efforts of the office are supplemented by four other community legal service programs (MFY Legal Services, Manhattan Legal Services, Community Law Offices and Harlem Assertion of Rights), its caseload is no smaller. The great majority of the cases involve tenants faced with immediate eviction or welfare clients threatened with a cutoff of their catastrophic emergency that requires attorneys to afford consumer litigation (which seemingly threatens defendants with only a moderate loss of income, months later) a lower priority. Overall, the number of consumer cases handled by Legal Aid fell 13% from 1971 to 1972. For similar reasons, Marttie Thompson, Chief Counsel of CALS, reports that *none* of the CALS offices is now handling any substantial number of consumer cases.

A recent incident illustrates the breakdown of legal services for poor consumers. Early in 1972, this Committee proposed the use of an experimental tear-off answer in consumer credit cases in New York City Civil Court. The Committee arranged for a group of creditors to attach to 300 randomly selected summonses a notice of the availability of counsel, without charge, to indigent consumers, together with the address and telephone number of a local legal assistance office. At the same time, Community Law Offices agreed to assist the experiment by furnishing counsel to each of the 300 consumers who requested it in response to such notice, the text of which had been prepared by the Committee itself. Nevertheless, Civil Court administrative personnel were apprehensive over the experiment, precisely because of its prospect for increasing the rate of court appearances by consumer defendants. Assuming this success of the experiment, they asked, where could consumers find lawyers to represent them (either with or without fees) if, as the Committee proposed, such a notice were to be attached to *all* consumer summonses? The same reservation was shared by both Legal Aid and CALS, which reported that they were simply unable either to join in the experiment or to furnish counsel to consumers generally if the experiment proved successful. The result, then, of the Committee's proposal was simply to highlight the alarming failure of the Bar to furnish representation to poor consumers in New York City.

SERVICES FOR THE MIDDLE CLASS

Since consumers credit is most often extended to families containing at least one wage-earner, a large proportion of consumer defendants are not indigent by traditional standards. Nevertheless, it has proved vir-

Footnotes at end of article.

tually impossible for most such families to obtain counsel in even the most routine consumer controversies. The Bar Association Referral Services have not proved adequate, while both Legal Aid and CALS operate under income restrictions which all but prohibit their representation of families earning more than $7,000 per year. Although prepaid and group-sponsored legal service plans offer considerable promise for the future (particularly for members of labor unions and other well-established organizations), many of the difficulties noted above will continue to plague middle-income consumers for many years to come. As Attorney General Louis J. Lefkowitz has said, "the present, yet sad reality is that the bulk of these individuals have no place to turn for legal assistance at a reasonable cost." [9]

The need for consumer representation is pressing. The consequences of a default judgment against a consumer credit debtor are severe. Caplovitz found that 19% of employees whose wages are garnished as a result of such a judgment lose their jobs; despite a law forbidding the practice, many employers continue to fire garnisheed workers in order to avoid the bookkeeping expenses of administering the garnishment order.[10] In many cases, the job loss results in bankruptcy, dependency on welfare, loss of health and disruption of a marriage.[11]

Furthermore, it is utterly inconsistent with our ideals and our notions of fair play to tolerate a system in which the more powerful party in a type of lawsuit is routinely able to employ counsel, and the weaker, often poorly educated party is, in nearly every case, cut off from all professional assistance.

THE PROPOSED CONSUMER LAW CENTER

In order to alleviate such massive and widespread injustices and inequities, we suggest the creation of a New York Consumer Law Center, the primary (but not sole) task of which could be conducting the defense of all consumers sued in the Civil Court of the City of New York who desire to use the Center's services and providing to the private bar technical assistance in the representation of those consumers who retain private counsel for that purpose.

ECONOMIES OF SCALE

The creation of such a Center would begin to offer consumers' attorneys some of the economies of scale now enjoyed exclusively by adversaries, as dramatically described by Craig Karpel in a popular magazine article several years ago: [12]

Ghetto merchants and finance companies have the complicated process of suing in Civil Court down to a science. [One] house collection attorney for . . . one of the largest finance companies in the New York area, has its IBM System/360 Computer at his disposal. Furniture stores on 125th Street go to [another attorney, all of whose] furniture cases are identical—all he has to do is remember which store's rubber stamp to use on the paper. [Still another lawyer] has an office 60 by 66 feet from which he is . . . supposed to boast of a 100 per cent default judgment rate. These lawyers use complaint and judgment forms with all the relevant information *printed* on them—all they've got to do is fill in the amounts and send them over to the court clerk to have them filed. From that point the lawyers' service bureaus they retain (there is one that dares call itself Gett-O Claims Investigating Service . . . take over. . . . Then the "income execution" forms go to the marshal and the poor start paying more.

A lawyer who tries to defend a poor client against a ghetto merchant or finance company benefits from none of the economies of scale that suing thousands of people generates. Each case is entirely different, procedurally and on the merits. Personal trips to court are necessary to copy the papers. The circumstances of each fraudulent or unconscionable sale must be pieced together through investigation. Poor defendants cooperate by ignorance and default. The exploiters never cooperate. Why should they? You say your client didn't get a copy of the contract in question? You want to take a look at it? Go before a judge and make a motion for pre-trial discovery. That should keep you busy.

An office conducting the defense of thousands of consumer credit cases might be able to eliminate some of the handicaps Karpel describes. Cases could be analyzed by category and by plaintiff. Model pleadings, motions and interrogatories could be applied to all cases defended by the Center, and supplied to all attorneys in the city who represent consumers. Investigative information about companies' sales practices, useful in counting defenses, could be used again and again; at present, each lawyer defending a case brought by a particular firm must perform his own investigation, often at a cost greater than the amount of dispute. Briefs involving common issues could be reused by Center attorneys and also distributed to the bar. Law students and paraprofessionals attached to the Center could conduct intensive investigations of particular problem companies. Serious corporate offenders, not easily identified by an attorney handling only one case, could be spotted by Center attorneys, and pertinent information about them transmitted to government agencies such as the U.S. Attorney, the Federal Trade Commission, the District Attorneys, the Department of Consumer Affairs and the State Attorney General.

EXPERTISE AS A BARGAINING POWER

We suggest that the creation of a consumer law center will not only enable attorneys to represent more consumers, and to aid them more efficiently, but will also permit them to provide consumers with more effective representation. When large numbers of consumers are represented by counsel, we can expect that most cases will be resolved by negotiated settlement rather than by default or by judgment. Of course, in a negotiation between counsel, expertise in the law and the availability of back-up resources influences the bargaining process in many ways and enables an attorney to obtain a better outcome for his client. For example, a certain Manhattan furniture store sues hundreds of its low-income customers a year. It obtains judgments by default against most of them. In the rare cases where a legal services office represents the defendant, it often obtains a settlement in which the defendant will have to pay at a slower rate, or pay a lesser amount. Occasionally the legal services office will be very successful and will succeed in having the debt cancelled. In 1971, the Department of Consumer Affairs chose at random a defendant who had just been sued by the store and referred him to a law professor who teaches a course in consumer protection. Faced with a counterclaim for ten thousand dollars for "sewer service" and other fraudulent practices, the store not only dropped its four hundred dollar claim against the defendant, but paid him eight hundred and fifty dollars. Some affirmative recoveries for victimized consumers ought to become commonplace; counseling and back-up services rendered to attorneys by a consumer law center could help to make them so.

LAW REFORM

There is no systematic program of consumer law reform in New York, despite an obvious need for challenges to outmoded doctrines and for consumer advocacy to obtain favorable interpretations of new statutes. The field of consumer law is highly dynamic, and in other states lawyers are challenging collection and enforcement remedies which impose unconscionable burdens upon consumers, pressing for the right to maintain class actions, expanding the liabilities of banks with respect to personal loans knowingly made to finance shoddy sales, and drafting, for state legislatures, such model consumer legislation as the recently enacted Wisconsin Consumer Act. The expert attorneys of the Consumer Law Center could select from the thousands of cases which they were handling those that were most appropriate as test cases. In addition, they would keep closely in contact with legislative and regulatory developments, particularly on the state and city level, and represent the consumer interest whenever possible. The Center's resident sociologist would conduct studies that would not only be helpful in winning individual and test cases, but would be of value in the legislative process as well.

CONSUMER EDUCATION

The Center would seek not only to remedy consumer abuse but to prevent it. To this end, it would publish and broadcast consumers bulletins and messages, primarily aimed at educating consumers about their legal rights. Where appropriate, the Center would work with community organizations that desired to build a consumer protection component and would represent the consumer interests of the organizations in the legislature and the courts.

STRUCTURE OF THE CENTER

We suggest that the Center be governed by a Board of Directors composed predominantly (though not exclusively) of lawyers. Such a Board should include representatives of the principal consumer and consumer protection agencies in the New York City area, as well as a number of independent lawyers and laymen with experience in the consumer field. The Center would apply for and, we anticipate, receive any required Appellate Division approval under Section 495 of the Judiciary Law. The Board would have the power to select and remove the Director of the Center and to guide him generally with respect to Center policy, but would not be permitted to intervene with respect to the representation of any client in any specific case. The Director of the Center would hire all other members of the staff.

The operating heart of the Center would be a nonprofit public interest law firm whose primary concern will be the defense of consumer actions on a systematized, wholesale and professionally competent basis. There will be no charge to indigent clients. In addition to aiding indigent clients, the firm will also assist those persons who are financially self-supporting, but whose cases involve sums too small to justify retention of private counsel; such persons might be required to pay a small fee to defray the operating costs of the Center. This firm will use techniques of mass representation which are, hopefully, better than those now practiced by collection attorneys. At the very least, the techniques and procedures developed to enforce the rights of creditors will be adapted to protect and defend the rights of consumers.

This firm will substantially differ from existing organizations (such as Legal Aid, CALS, CLO, etc.) in the following respects:

1. The emphasis will be on mass representation. With proper direction and standardization of procedures, we project a firm of 12 practicing attorneys capable of handling a case load of 12,000–18,000 cases at any given time. The firm should be able to accept approximately 25,000 cases per annum.

2. Procedures will be standardized as much as possible. Standard forms, pleadings, motion papers, forms and correspondence will be printed before the firm opens its doors. Dictation will be kept to a minimum for each case. Forms will be available for use in nearly every contingency. For example, the preprinted forms available to the staff will include:

Footnotes at end of article.

(a) answer, with affirmative defenses and counterclaims;
(b) demand for bill of particulars;
(c) several types of detailed interrogatories;
(d) notice to take deposition;
(e) notice to produce;
(f) trial subpoenas;
(g) motions to preclude, compel service of answers to interrogatories, compel attendance for examination before trial, strike action from the trial calendar, etc.;
(h) motions to vacate default judgments;
(i) correspondence with clients to advise status of cases, trial dates, requests for conferences and information, etc.

Where pre-printed forms are not feasible (e.g., where too much variation from case-to-case prevents their use), automatic typewriters and other computerized equipment will be used to prevent wasteful, repetitious typing by the clerical staff. Much of the office work will be performed by legal secretaries rather than lawyers; the Center will employ approximately twice as many legal secretaries and legal assistants as lawyers.

3. Notwithstanding its highly centralized drafting operation, the Center should consider establishing a number of decentralized intake offices throughout the City. The Committee believes that advanced communication and computer facilities will make possible the efficient handling of all cases coming to the Center's attention through such intake centers, which will encourage the Center's use by consumers throughout the City.

4. The firm will be headed by a full-time Director. Cases from each county will be handled by a team, consisting of one chief attorney and one, two, or three staff attorneys. Each of the several Civil Courts will have one or more staff attorneys in attendance every day, each of whom will be assisted by trained paraprofessionals. The attorneys will handle all of the firm's cases scheduled for trial on that date. One attorney should be able to handle 6–8 cases in three of four trial parts. If the trial calendar is unusually heavy on a given date, more attorneys or paraprofessionals from the team (or assigned from another team) may be assigned to that court for that date.

5. A common problem of public service law centers has been a high turnover in personnel and a loss of staff morale and incentive. This will be a particularly severe problem for the Consumer Law Center because cases will be highly routine. The Center will retain its lawyers by offering adequate compensation:

(a) *Salaries:* Compensation will be substantially in excess of customary limits for legal aid work. A high salary level will enable the firm to attract and retain reasonably competent attorneys experienced in the consumer field, and a staff of highly trained, motivated and well paid attorneys will handle many more cases more successfully than a firm organized under past formulas. (They will also be expected to work longer hours.) It is suggested that the salary levels be initially set on a generous scale.

(b) *Incentive:* It will be made clear to the staff that in the event of firm expansion (increase in number of attorneys, teams, establishment of branch offices, etc.), those already employed and performing successfully will be considered first for advancement on the Center. More importantly, the Center would award bonuses based upon a regular semi-annual evaluation; the more successful and efficient attorneys would receive additional compensation. Factors taken into account would include total cases handled, the percentage of dismissals or discontinuances obtained, and the percentage of cases settled at certain minimum percentages of the amount sued for by the adverse party. Among the projected operating costs for the firm would be a specific figure reserved for additional compensation to a staff based upon results obtained.

EXPERTISE IN THE CONSUMER FIELD

The firm, practicing only in the consumer field, should quickly develop a collective expertise as to the substance and procedure of consumer advocacy. At the end of each case involving a trial or order, the staff attorney handling the case will prepare a brief résumé of the ruling. These will be retained and indexed for ready reference by the staff in future cases. Thus, the firm will have a "library" in which its progress in past cases will be catalogued. Staff attorneys will know exactly how actions by specific creditors and attorney have been handled, what defenses can be successfully asserted and exactly how to handle each creditor and its attorney.

Weekly or bi-weekly staff meetings will be held during which case problems may be discussed, ideas exchanged and suggestions made respecting the more efficient operations of the firm. More frequently, an informal conference may be held by each of the four teams.

The director will designate one or more staff attorneys on a rotating basis to counsel and advise attorneys in private practice who may encounter problems in handling consumer cases, and who may desire consultation or assistance from the firm.

FUNDING

The Consumer Law Center should not expect subsidized funding for more than a brief one or two-year period. It is suggested that thereafter the Center become self-sufficient by relying on one or more of the following sources of revenues:

(a) A number of groups, particularly labor unions, in New York are currently considering the establishment of group legal services that would provide their members with prepaid counseling and litigation in designated subject matter areas. The Center could offer, for a substantial annual fee, to perform all services for the members of one or more such groups in the field of consumer protection law. Since the Center's consumer experts will be able to handle consumer counseling and litigation more efficiently than any other lawyers, group legal programs will find it economical to contract with the Center rather than have their own salaried lawyers do consumer work.

(b) The Center could charge modest fees to those clients able to pay them. For example, if the average cost per case is $40, the Center might charge $20 to defend a case for a family earning between $4000 and $7000, $40 to a family earning between $7000 and $10,000, and $60 to a family earning more than $10,000. It might further be provided that the fee will never exceed half the difference between the creditor's claim and the amount for which the client was ultimately held liable, so that payment of the Center's fees would never disadvantage the consumer.

(c) The Center could charge contingent fees on affirmative recoveries.

(d) The Center might be given a portion of all filing fees paid by creditors initiating lawsuits. Legislation to accomplish this would be analogous to laws authorizing public appropriations to pay for the defense of criminal cases brought in the name of the public.

(e) The Center might charge fees to community groups for organization of their consumer programs, and for educational services. Community action groups obtaining foundation or government grants and electing to establish consumer programs could purchase expert services from the Center.

THE DIRECTOR

To a large extent, the efficiency of the organization will depend upon the system of organization established by the Director and his or her continued guidance of the firm. In order to carry through the concept of an efficient incentive-oriented firm, the Director should possess the following qualifications:

1. A thorough grounding in the consumer field;

2. Considerable experience in litigation in the private practice of law as a self-employed attorney or a partner in a firm or otherwise (for example, the Director's background might have been in the representation of creditors on a volume basis.);

3. A firm grasp of law office economics and organization; and

4. Familiarity with numerous attorneys engaged in the private practice of law in the consumer field so as to attract a nucleus of experienced attorneys.

The balance of the staff will be filled out by advertising, public service announcements and referrals. The salary levels and incentive system should enable the firm to interview and screen a substantial number of applicants.

CONCLUSION

We believe the time is long overdue for a Consumer Law Center in New York City structured and operated along the lines set forth above. Although the proposed Center is, by any measure, expensive, the continued unavailability of counsel to low and middle-income consumers in our City is far more costly to our system of justice. It is time for The Association—and the bar generally—to act affirmatively to remedy this shortcoming.

Respectfully submitted,

Special Committee on Consumer Affairs: Stephen L. Kass, *Chairman*.

George B. Adams, Jr., Julia C. Algase, David Caplowitz,* Martin Cole,* Albert W. Driver, Jr., Robert J. Egan, Carl Felsenfeld, Emilio Gautier,* Richard J. Givens, Leon Harris,* Walter F. X. Healy, Patricia Hynes,* Leon I. Jackson, Rhoda I. Karpatkin, James J. Lack, Hon. Richard S. Lane, John A. Maher, Jr., Michael B. Maw, Shell Rush Okpaku, David Paget, James K. Prendergast, Bruce C. Prendergast,* Don Allen Resnikoff, Irvin Scher, Philip Schrag.

FOOTNOTES

[1] This case is reported in Schrag, "On Her Majesty's Secret Service: Protecting the Consumer in New York City," 80 Yale L.J. 1529 (1971).

[2] Columbia University Bureau of Applied Social Research, 1971. To be published *sub nom.* Consumers In Trouble: A Study of Debtors in Default.

[3] Committee on Legal Assistance, "Does a Vendee under an Installment Sales Contract Receive Adequate Notice of a Suit Instituted by a Vendor," 23 Record of the Ass'n of the Bar 263 (1968); Committees on Grievances and Legal Assistance, "Improper Collection Practices," 23 Record of the Ass'n of the Bar 441 (1968).

[4] Committee on Legal Assistance, "Blueprint for Change," 25 Record of the Ass'n of the Bar 28 (1970).

[5] Committee on Civil Rights, "The Right to Counsel in Civil Cases," 24 Record of the Ass'n of the Bar 304 (1969).

[6] Report of Special Committee on Consumer Affairs, "Toward the Informal Resolution of Consumer Disputes," 27 Record of the Ass'n of the Bar 419 (1972).

[7] Joint Report of Committees on Federal Legislation, Trade Regulation, Federal Courts and Consumer Affairs, "Proposed Federal Legislation to Protect Consumers, Including Consumer Class Actions," 26 Record of the Ass'n of the Bar 601, 605 (1971). See also *Amicus Curiae* Brief submitted in the Court of Appeals by the Association in *Hall* v. *Coburn*, 26 N.Y. 2d 396, 311 N.Y.S. 2d 281 (1970).

[8] Report of Special Committee on Consumer Affairs, "Proposed Class Action Legislation in New York," 28 Record of the Ass'n of the Bar—(1973).

[9] Lefkowitz, "The Non-Availability of Legal

*Adjunct members.

Services to Persons of Moderate Income," Record of the Ass'n of the Bar 144–45 (1972).

[10] Caplovitz at 147–149.

[11] Caplovitz at 149–158.

[12] Karpel, "Ghetto Fraud on the Installment Plan," New York Magazine, May 26, 1969.

Suggested budget
Annual cost

Personnel:	
Director (1)	$35,000
Team chiefs (4)	83,000
Staff attorneys (8)	144,000
Legal secretaries (15)	120,000
Office manager	12,000
Bookkeeper	10,000
File clerks and clerical personnel (2)	15,000
Receptionist	7,000
Switchboard operator	7,000
Field investigators (3)	30,000
Paraprofessionals (8)	80,000
Fringe benefits (approx. 10%)	57,000
Incentive compensation	30,000
Total personnel	624,000
Facilities:	
Office Space, including private offices, secretarial space, general work areas, etc., 5000 sq. ft.	$40,000
Xeroxing and duplicating costs	5,000
Electric typewriter (14) (amortization over 5 years)	1,400
Maintenance	1,000
Court answering and clerical services	2,000
Telephone	8,500
Postage	10,000
Envelopes, stationery, etc	3,000
Legal forms and covers	8,000
General Office supplies	10,000
Data processing and automatic typewriting equipment	6,000
Furniture, including desks, chairs, tables, reception room (amortization over 5 years)	3,000
Transportation, messengers, etc	2,000
Books and library	10,000
Reserve for additional and unforeseen expenses	10,000
Total facilities	119,000
Total	743,900

EXHIBIT 1

TESTIMONY OF SENATOR JACOB K. JAVITS ON S. 2928

Mr. Chairman, I very much appreciate the opportunity to testify on this important legislation this morning. It is a distinct pleasure for me to appear before both subcommittees, but I particularly wish to call attention to the singular accomplishments of the Consumer Subcommittee and the Commerce Committee as a whole in reporting major legislation designed to protect and advance so effectively the interests of the American consumer.

The Consumer Product Safety Act, and the Warranty-Federal Trade Commission Improvement Act are only the latest in a series of proposals which achieve that objective. As a longtime principal sponsor of legislation to establish an independent Consumer Protection Agency—which we in the Subcommittee on Executive Reorganization will report tomorrow—I am delighted to be working so closely with Senators Magnuson and Moss and other members of the Commerce Committee.

The bill before you this morning represents a major effort to address the longstanding problem relating to the less than effective means at the disposal of the consumer to obtain redress of his legitimate grievances arising from marketplace transactions. Where he suffers economic loss by paying for defective or misrepresented goods and services, he frequently has no fair, expeditious and inexpensive means whereby he can obtain satisfaction and an equitable resolution of his claim. Where he has a legitimate dispute concerning his rights as a tenant or as an insured, he frequently goes without his day in court or without being heard.

S. 2928 is predicated upon a determination to insure more adequately the basic civil right of the consumer—to get his money's worth. It is predicated upon the fact that most Americans do not have at their disposal a practical way to obtain a redress of grievances that is inexpensive and fair. In my judgment it is sound legislation, and is clearly needed. I give it my enthusiastic support.

The case for the bill is most persuasively made in the Report of the National Institute for Consumer Justice which has given us a comprehensive assessment of the adequacy—and inadequacy—of representation of citizens interests in different consumer grievance situations. Several of its recommendations are already in the bill, and I commend the Institute and its able Chairman, Associate Justice Robert Braucher of the Supreme Court of Massachusetts for its fine work.

The bill insures a great deal of flexibility in establishing grievance mechanisms by allowing the States to formulate and put into practice ways in which consumer disputes can be most effectively resolved. Although some will argue against the categorical grant approach as being inconsistent with the trend toward general revenue sharing programs, I believe the categorical approach is most necessary in program areas where the states really have not begun their own efforts in the field.

Of particular interest to me was the recommendation of the Institute which was included in the bill that the federal government provide funds to stimulate the reform, establishment and maintenance of effective small claims courts. The Report states:

"A comparatively modest infusion of funds from the Federal Government, either on a non-recurring or a continuing basis, can stimulate states that now do not have small claims courts or that have only ineffective ones to establish efficient systems".

The Report emphasizes, and I agree, that the federal government should not establish all the standards for small claims courts, but only that it "stimulate a movement toward the kind of court that consumer plaintiffs will find fair and effective."

One such small claims court which is both fair and effective and of which we in New York are very proud, is the Harlem Small Claims Court. It is in fact and by design a community court. It enables interests that have always gone unrepresented to be represented. It brings a measure of justice to claimants who have never before had a realistic chance for redress. In a larger sense, it vindicates our governmental and judicial systems in the eyes of persons who view such systems as remote, unresponsive and not designed to assist them in their daily lives.

This project was originally conceived by Judge Edward Thompson, Administrative judge of the Civil Court of the City of New York and the New York City Office of Consumer Affairs. It was funded under a federal Model Cities grant, which has now expired. The Court is presently being supported with New York City funds which will run out on July 1, 1974. While I have undertaken efforts to find an alternative source of federal funds to alleviate the immediate problems, I believe that new authority is necessary to encourage and establish courts such as this one, and to conduct experimentation into new ways of resolving disputes.

The Harlem Court now handles about 250 cases per week, most of which involve disputes under $500. As the court becomes even better known in the community, it is expected that the caseload will grow. The use of the court is now limited to cases in which either a plaintiff or a defendant lives or does business within specified boundaries constituting the neighborhood.

Since there is a substantial Spanish Speaking community located in the area, there are bilingual translators on duty at all times. It is the only small claims court in New York City which utilizes paraprofessionals called community advocates who are given special instruction in consumer problems, law and fact finding procedures. Most of them live in the community and are assigned and supervised by the New York City Department of Consumer Affairs.

These advocates are indispensible to the effective operation of the court. They help and encourage litigants, answer questions and arbitrate solutions. In addition, they educate the community generally about the functions of the Court and its potential benefits which are available. Its activities are closely coordinated with the Department of Consumer Affairs Consumer Complaint Center also located in Harlem—one of many operating throughout the City. The Court handed down judgments totaling $470,000 which involved 2,088 cases last year. The public service provided since 1970 by the New York City Deparment of Consumer Affairs in developing this unique concept deserves special recognition. Such courts, however, are needed not only in low income neighborhoods. Advocates and facilities are needed in many suburban and rural communities as well. I am convinced that such courts can work effectively throughout the Nation under the kind of comprehensive state plans which are envisioned under S. 2928.

The Harlem Small Claims Court is part of a larger system of courts which exist in each of our five boroughs. They hold sessions in the evenings and sometimes on Saturday and arbitration of small claims is authorized and encouraged. Arbitrators are volunteer lawyers and their decisions are not appealable. The system works quite efficiently and effectively and is representative of a growing interest among community, civic and bar associations which seek to develop new institutional means to improve our system of dispensing justice involving so-called small claims.

Section 2(a)(4)(D) of the bill raises the issue concerning the non-availability of effective barriers against sewer service, default judgments and other unconscionable practices which are responsible for a loss of faith in our free enterprise system. I would recommend to your Subcommittees, that you consider adding to the bill specific provisions designed to eliminate these abuses.

During the last 2 years the regional office of the Federal Trade Commission in New York has held extensive hearings on the subject of consumer debt practices in the courts. During the course of these hearings and a long staff study into these problems a considerable amount of testimony was developed concerning a wide variety of collection practices. These included dunning notices, regulation of collection agencies, sewer service, consumers' failure to answer summons, venue as a factor, default judgments and other matters.

One aspect of the collection process which has become a cause for serious concern is the unusually large number of consumers who fail to respond to judicial process when sued by creditors. This may be attributable to a variety of reasons, one of which is the outright failure to serve notice of suit on defenders, resulting in default judgments, thereby depriving them of their day in court. As you may know, the term "sewer service" has been coined to refer to the discarding of summonses by process servers followed by filing a false affidavit of service to obtain default judgments. The hearings developed

evidence of such service in major metropolitan areas on a nationwide scale.

One of the principle reasons for "sewer service" is that process servers do not dare to venture into certain areas of a city with high crime rates. The National Commission on Consumer Finance also documented this problem. Despite a number of federal prosecutions and increased regulation of process servers by the New York City Department of Consumer Affairs and administrative reforms in the civil court of the City of New York, sewer service remains a problem according to the testimony of a number of witnesses including various consumer representatives, legal services attorneys and criminal prosecutors.

Another weakness in the procedure connected with service process which leads to the failure of defendants to receive notice of a suit against them relates to the fact that virtually every state allows a summons to be left at the last known place of abode. Frequently, false or outdated addresses are given by the creditor to the servers. If the debtor is not at that address, then the summons may simply be left at the door, and in many instances the notice never gets to the debtor. There was testimony that in many cases, after the summons has been served in this manner and the default judgment entered the creditors are then able to find the defendant's correct address for the purpose of enforcing the default judgment.

I recommend that the Subcommittee consider an amendment to the bill which would provide that any person engaged in an industry "affecting commerce" who shall bring suit against the consumer for nonpayment on account of a retail purchase, extension of credit, contract or security instrument in connection with such purchase shall, in addition to any other method of notification required by any other applicable federal, state or local rules, notify the debtor of such suit by first class mail, with certificate of mailing and the words, "do not forward" and "address correction requested" noted thereon, at the last known address of such consumer. If this notice to the consumer is returned as undelivered by the Post Office, then the notice may be sent by registered or certified mail to the consumer, care of his place of employment.

In the latter event, nothing on the outside of the envelope sent care of the place of employment should indicate the nature of the contents or that they pertain to a claim debt.

Unless notice to the consumer is sent and the return receipt is returned indicating delivery, or if not deliverable, is sent care of place of employment, no garnishment or other collection efforts may be made involving contact with the consumer's employer.

Notice of suit under this proposed plan could be accomplished by a business reply card containing spaces for the consumer to admit the debt or demand a trial. This business reply card would be in two detachable parts, one directed to the creditor and one directed to the court. If a consumer demands a trial, no default judgment or other process of compulsory collection may be entered or used without prior notice to the consumer notifying him of an actual time or place of an evidentiary hearing.

The law could be enforced by private civil action and criminal penalties. Also, the Federal Trade Commission could be given authority to bring actions on behalf of persons injured by violation of the Act. It could also deal with venue requirements to enable the consumer to appear and defend more readily and could require the keeping of records of service made by process servers.

An additional advantage of using the postman to serve the summons by mail stems from the fact that he already has to enter low income neighborhoods with a high crime potential. He is also protected by federal law. The process server is not usually a welcome visitor in such areas.

Mr. Chairman, S. 2928 would greatly facilitate the development of meaningful complaint resolution mechanisms. I think that we all realize that the largest share of consumer complaints can and should be handled through informal business procedures. As I have frequently indicated during our long years of debate on the CPA bill, consumer satisfaction is a fundamental element in any sound business strategy. And indeed many industries are moving with new enthusiasm to develop new means to insure that the customer is, in fact satisfied. But in those cases where disputes cannot be resolved we must insure that the consumer is given a fair shake in any process to which he is supposed to repair for justice. Your bill would greatly help in achieving that objective.

SPORTSMEN'S FEDERATION HONORS TWO DISTINGUISHED PENNSYLVANIA CONSERVATIONISTS

Mr. SCHWEIKER. Mr. President, one of Pennsylvania's most outstanding conservationists and outdoorsmen, State Representative John F. Laudadio, Sr., of Westmoreland County, was recently honored by the Pennsylvania Federation of Sportsmen. Mrs. Schweiker and I were pleased to join in paying tribute to "Big John" at the federation's "John Laudadio Night" banquet.

John Laudadio has been in the forefront of the conservation fight in Pennsylvania for nearly 40 years. We all look to him for guidance when it comes to the business of protecting our precious natural resources, and I am proud to be able to number him among my friends.

Also honored at the federation's spring banquet in Carlisle was Frank E. Masland, Jr., the distinguished member of the Pennsylvania Fish Commission. Like John Laudadio, the name of Frank Masland is synonymous with conservation in the Keystone State. He is former vice president and director of the National Parks Association and a life member of the world famous Explorers Club.

Mr. President, I ask unanimous consent that biographical sketches of these two remarkable Pennsylvanians be printed in the Extensions of Remarks.

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

JOHN F. LAUDADIO

John F. Laudadio, Sr., serving his sixth term in the Pennsylvania House of Representatives, has been referred to as the most successful state conservation legislator in the nation.

Born December 26, 1916, in Penn, Westmoreland County, John was raised in the outdoors, and learned to love the forests and streams of his state at an early age. He loved to hunt and fish, and turned out to be a top-notch trapper while still a youngster. He soon learned the value of land and water resources.

In 1936, he joined the Penn Rod and Gun Club, became an officer in 1938 and served as an officer for 38 continuous years. He is a past president of the Westmoreland County Sportsmen's League, past president of the Southwestern Division of the Pennsylvania Federation of Sportsmen's Clubs, past president of the Pennsylvania Federation of Sportsmen's Clubs and now serves as Secretary of the State Federation. He represented the Westmoreland County League to the State Federation for 27 years, and served as Legislation Chairman of the State organization for seven years.

In 1962, "Big John" decided he could be more effective as a legislator and within a year took his seat in the General Assembly. He's been a leader in the conservation battles ever since. In 1963 came the soft coal strip-mining act, a model for other states. John was chief sponsor of the Clean Streams Bill in 1965 and assured passage of the measure when he lined up a record 111 co-sponsors. In 1966 he led the fight that was to give protection against mine subsidence. In the 1967–68 session he was instrumental in amending the air polution control law that ultimately gave the Air Pollution Commission more teeth. He was the chief sponsor of House Bill 1353 in the 1969–70 session, making changes in the Clean Streams Law that, when signed into law by the Governor in July of 1970, provided Pennsylvania with the toughest Clean Stream Law in the nation.

While taking the fight for the conservationist's cause right to the legislature, the Westmoreland County lawmaker aroused public interest and support for conservation by organizing field trips throughout the Commonwealth. Officials and citizens, alike, learned first-hand, the value of our land and water resources and the evils of some industries and people who have devastated them.

Continuing his legislative interest in conservation, John serves as Minority Chairman of the House Committee on Conservation, Chairman of the Joint Legislative Air and Water Pollution Control and Conservation Committee and Chairman of the Lake Erie Joint Legislative Commission.

Representative Laudadio was cited by the National Wildlife Federation in 1965 as the "Pennsylvania Conservation Legislator of the Year." Also in 1965, he received a merit award from the Izaak Walton League of America. In January of 1966, he was honored as the "National Conservation Legislator of the Year" in Washington, D.C. and in June, 1971, he was presented with the Humanitarian of the Year Award by the Pennsylvania State Aerie Fraternal Order of Eagles.

Tonight, the Pennsylvania Federation of Sportsmen's Clubs pays tribute to a man who stands tall as a conservationist, a sportsman, a legislator—Mr. John F. Laudadio, Sr.

A SPECIAL SALUTE TO FRANK E. MASLAND, JR.

Frank E. Masland, Jr., lives in Cumberland County at Carlisle R. D. #6. Born in Philadelphia, Mr. Masland is chairman emeritus of C. H. Masland and Sons and a member of the Pennsylvania Fish Commission since 1968.

Mr. Masland graduated from Dickinson College in 1918 where he was to later serve on the Board of Trustees. He was commanding officer of a sub chaser while serving with the U.S. Navy during World War I.

Mr. Masland's love for the outdoors and his desire to dedicate his life to conservation goes back many years and reached a high-point in the late 1940's and early 1950's, when his travels took him into many places where few feet had trod before him. He was later to write and lecture about his adventures. Four times he rafted down the Colorado River. He visited the Galapagos Island, to record for the first time on motion picture film, the Giant Galapagos Tortoise. He explored and photographed the Florida Everglades and probed the desert country west of the Continental Divide through unmapped territory never before seen by the white man.

His adventures qualified him for membership in the world famous Explorers Club. He holds membership in the Boone and Crockett Club, the Colorado Canyoneers and the British Ocean Cruising Club.

Mr. Masland is a former Vice-President and Director of the National Parks Association

and was a member of the White House Conference on Natural Beauty.

In 1973 he was named to receive the Honorary Park Ranger Award from the National Park Service of the U.S. Department of the Interior. The highest such award that may be presented to a civilian not in the government's employ, the honor was bestowed in recognition for his many contributions made to the National Park System over the years.

Among other honors, Mr. Masland was cited in 1971 by the State House of Representatives for "betterment of the environment." He was named to receive the YMCA "Master of Men" award, received the Pennsylvania State Fish and Game Protective Association "Gold Medal" for conservation, the Izaak Walton League of America Award for Conservation and was the recipient of the Patriotic Civilian Medal from the Department of the Army.

The Pennsylvania Federation of Sportsmen's Clubs is proud to salute Frank E. Masland, Jr.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the Genocide Convention is one of the most important of all international treaties on human rights, covering as it does the right to existence. It is, in effect, a treaty to protect humanity from the attempts of anyone to destroy a part of the human race. This underlying concern was expressed very well by the Secretary General of the United Nations in 1971 when he said:

I feel more strongly than ever that the worth of the individual human being is the most unique and precious of all our assets and must be the beginning and end of all of our efforts. Governments, systems, ideologies, and institutions come and go, but humanity remains. The nature and value of this most precious asset is increasingly apparent as we see how empty organized life becomes when we remove or suppress the infinite variety and vitality of the individual.

Mr. President, as a nation dedicated to the principles of human rights, the United States took a leading role in the drafting of the International Convention on Genocide over 25 years ago. I believe that we are still dedicated to those principles, and so I believe that we must act quickly to ratify the treaty that has been awaiting action here so long. There is no excuse for delaying action any longer.

Since we began consideration of this treaty almost a quarter century ago, 75 other nations have ratified the treaty. I urge my colleagues in the Senate to give their advice and consent to this convention before we are the only nation left to sign.

SOLZHENITSYN'S WARNING ABOUT THE TRUCE OF THE BEAR

Mr. HANSEN. Mr. President, as a sponsor of the resolution extending honorary citizenship to the courageous and distinguished Russian writer, Alexander Solzhenitsyn, I was interested to read a letter pointing out the writer's warnings against lowering U.S. defense capabilities.

A letter to the editor printed by the Los Angeles Times, March 25, was brought to my attention.

The author of the letter is one of our most distinguished Americans, C. C. Moseley, of Glendale, Calif. Mr. Moseley, at 80, may be one of America's most prolific writers of letters to editors of American newspapers. And his letters reflect sound thinking of a man experienced in business and many other areas who believes strongly in the Constitution of the United States.

Mr. Moseley is one of America's pioneers in the field of aeronautics. The World War I pilot is famous as a founder of Western Airlines. And he is famous as the ex-GI who borrowed $1 million by telephone to purchase the Grand Central Airport at Glendale and take the massive risk at that time of beginning a pilot training program. He trained more pilots during World War II than anyone, and his pilots helped to defeat Hitler and Tojo. Today he is chairman and president of the Grand Central Industrial Center, which consists of 84 buildings.

His letter printed March 25 points out the dangers of putting too much trust in the wrong place. Coinciding with the warnings in Mr. Moseley's letter, which I ask be printed at the conclusion of my remarks, is the following intelligence from the Richmond News Leader; quoting from Solzhenitsyn's unpublished seventh section of the "Gulag Archipelago":

Oh, freedom-loving "leftist" thinkers of the West! Oh, leftist Laborites! Oh, progressive American, German, and French students! For you, all (that I have written) counts for little. For you, my entire book amounts to nothing. You will only understand it all when they bellow at you—"hands behind your back"—as you yourselves trudge off to our archipelago.

Mr. President, in addition to Mr. Moseley's letter, I ask unanimous consent that a January 26 editorial from the Arizona Republic relating to observations by Mr. Solzhenitsyn, be also printed in the RECORD.

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

[From the Los Angeles Times, Mar. 25, 1974]

SOLZHENITSYN'S WARNING

Alexander Solzhenitsyn, Nobel Prize winner and courageous writer in Russia, has denounced Stalin and Lenin. He recently was forcibly arrested, imprisoned and then deported. He exposes Lenin as being the moving force behind the introduction of terror and suppression in Russia. Lenin is being used presently by Soviet leader Leonid Brezhnev and the ruling clique as a shining example and is the untouchable of untouchables. This has brought down upon Solzhenitsyn's head the fury of the controlled Soviet press, which is fuming and raging against him.

It is well for Americans to heed the words of this brave and brilliant man who had the courage, the strength of spirit and the power of mind to speak the truth and to warn us that appeasement exists in the free world. He said: "The timid civilized world has found nothing with which to oppose the onslaught of a sudden revival of bare-faced barbarity other than concessions and smiles." Thus, he warns of the danger of the present detente (appeasement). He also describes the United Nations as ". . . an immoral institution." Solzhenitsyn cautions: ". . . the price of cowardice will only be evil—we shall reap courage and victory only when we dare to make sacrifices."

Solzhenitsyn, who served eight years in a prison camp and three years in exile, is a "herald of freedom" for the world! He is trying to tell us, in America, not to trust Soviet promises and to face fearlessly "bare-faced barbarity." The obvious answer to this threat is, of course, a powerful U.S. military defense.

C. C. MOSELEY.

[From the Arizona Republic, Jan. 26, 1974]

CAUGHT RED-HANDED

Nobel Prize-winning Russian novelist Alexander Solzhenitsyn complained that the Communist massacre of more than 5,000 civilians at Hue received scant attention in the American press but that the killing of 109 civilians at My Lai by American troops got heavy press coverage.

Eric Severeid of CBS said last Sept. 12 that Solzhenitsyn was wrong and that the Hue massacres had been heavily reported.

Into the dispute came Accuracy in Media (AIM), an organization that watches over media reporting. AIM found in its research only two stories on the Hue massacres in the New York Times in 1968. By way of contrast, AIM found that the New York Times index for 1969 had no less than 3½ pages of entries on My Lai, although the story didn't break until November of that year. AIM advised Severeid of this and gave him considerable additional evidence demonstrating the correctness of Solzhenitsyn's charge.

Reed J. Irvine, chairman of AIM, reports that neither Severeid nor CBS has presented "a single piece of evidence" to show that reporting of the Hue massacres was anything but scanty.

Irvine added, "Severeid has said that it would require considerable research to check his impression that the coverage (of Hue) was heavy and he has said that he was unwilling to undertake that research. This is tantamount to an admission that he criticized Solzhenitsyn without first having checked the facts."

We commend AIM for having pointed out Severeid's error. AIM's research tends to reaffirm our belief that to much of the Eastern liberal news media the killing of 109 persons by Americans is a far greater crime than the murder of more than 5,000 persons by Communists. It's all part of the double standard of morality so prevalent in a great deal of the liberal press.

NEED FOR PUBLIC SUPPORT OF THE FARMER

Mr. ALLEN. Mr. President, it is extremely difficult for the 5 percent of our population which is directly engaged in the production of food and fiber to reach the urban consumer with their message.

Because we do not often associate the American farmer and rancher with the advertising world of New York, I ask unanimous consent to have printed in the RECORD an excerpt from a recent column published in the New York Times written by Philip H. Dougherty.

Mr. Dougherty has indeed performed a service for the entire agricultural community in reporting the activities of the Agriculture Council of America, a new organization which is dedicated to communicating the farmer's position to the urban public. Highlights of the ACA program were presented in an address by executive director Allen Paul to the National Agri-Marketing Association. The excerpt from Mr. Dougherty's column is well worth reading.

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

ADVERTISING: DOWN ON THE FARM

(By Philip H. Dougherty)

Although a recent survey sponsored by the Department of Agriculture shows that the farmers are held in generally high regard, the agricultural industry and the businesses that supply it are concerned that constantly rising food prices will cause what a spokesman called "slippage."

"The time has come for some serious romance between the farmer and the housewife," Allen Paul, executive director of the recently formed Agricultural Council of America, said yesterday.

"The housewife and the farmer," he had said a bit earlier, "have a lot in common—they can't get along without one another and both depend on stable prices and a continuity of supply."

His organization is made up of farmers, agricultural associations and companies that supply the more than $60-billion of material to the $108-billion industry. And he was talking to representatives of some of those groups at the luncheon yesterday of the National Agri-Marketing Association at the Regency Hotel.

Mr. Paul, who grew up on a farm in Camel's Creek, N.C., which is near Hoboken (pronounced Ho-BUCK-en), said the sole purpose of the Agricultural Council is to instill "Confidence in the United States food-production system and build public support for the farmer and those who sell to him."

At the moment this is being done through four 60-second commercials that are being shown in 65 markets, but not this one. Three of the spots star Jeff Strack, an Illinois corn, soybean and hog farmer, and one stars his wife, Mary Lou.

He talks about the need for profits to buy equipment to keep America the best-fed country and about the lean years. She talks about shopping in the supermarket and says, "I know what's happening to food prices."

The commercials, Mr. Paul explained, are primarily aimed at middle-class suburbanites—the kind of people who get involved in food boycotts and agitating for export bans.

The over-all theme of the spots is, "We want the people who buy what we grow to know how we feel."

The Agriculture Council personally wrote the temporary campaign and arranged for its production and the spots are being sponsored in each market by either agricultural groups or supplier companies, who get a five-second credit at the end. New York hasn't been reached yet because of the high cost of time and because a company sponsoring here can't show farmers the support the companies are giving them. An important public relations move for the sponsor.

The buying and placement of the commercial is being handled by Vitt Media International here. A new campaign is expected from the David W. Evans agency in Salt Lake City, which has just been appointed.

Mr. Paul, who had hardly touched his paté, explained the need this way, "We want to utilize agriculture's greatest teaching moment in history." The American consumer, he said, "is ready for some solid information on what is involved in the production of food."

Never mind the cure, doctor, just tell us what makes it hurt.

SOVEREIGNTY AND JURISDICTION OVER THE CANAL ZONE ON THE ISTHMUS OF PANAMA—SENATE RESOLUTION 301

Mr. THURMOND. Mr. President, Senate Resolution 301, in support of undiluted U.S. sovereignty and jurisdiction over the United States-owned Canal Zone on the Isthmus of Panama, now has 35 sponsors, including the distinguished Senator from Arkansas, Senator MCCLELLAN, and I, who are the coauthors of the measure.

It is significant, Mr. President, that more than one-third of the Members of the Senate have expressed their desire to mantain continued U.S. sovereignty in the Canal Zone. This expression comes at a time when the administration persists in going forward with treaty negotiations with the Government of Panama, based on giving up our sovereignty in the Canal Zone. I frankly cannot understand what motivates the administration to continue with negotiations based upon the surrender of U.S. sovereignty in the area, when it is the announced intention of more than one-third of the Senate to maintain that sovereignty. I fear that the administration is raising false hopes in the minds of the Panamanians by its obvious disregard of the expressed feelings of more than one-third of the Senate.

While I feel that there are potential grounds for mutually beneficial negotiations with the Government of Panama, these negotiations should be based on a realistic understanding, on the part of all parties, that the U.S. sovereignty in the Canal Zone is a nonnegotiable item.

Mr. President, in order for my colleagues in the Senate to have full knowledge of the contents of Senate Resolution 301, I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks, along with a list of its 35 sponsors.

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

S. RES. 301

Resolution in support of continued undiluted United States sovereignty and jurisdiction over the United States-owned Canal Zone on the Isthmus of Panama

Whereas United States diplomatic representatives are presently engaged in negotiations with representatives of the de facto Revolutionary Government of Panama, under a declared purpose to surrender to Panama, now or on some future date, United States sovereign rights and treaty obligations, as defined below, to maintain, operate, protect, and otherwise govern the United States-owned canal and its protective frame of the Canal Zone, herein designated as the "canal" and the "zone", respectively, situated within the Isthmus of Panama; and

Whereas title to and ownership of the Canal Zone, under the right "in perpetuity" to exercise sovereign control thereof, were vested absolutely in the United States and recognized to have been so vested in certain solemnly ratified treaties by the United States with Great Britain, Panama, and Colombia, to wit—

(1) The Hay-Pauncefote Treaty of 1901 between the United States and Great Britain, under which the United States adopted the principles of the Convention of Constantinople of 1888 as the rules for operation, regulation, and management of the canal; and

(2) The Hay-Bunau-Varilla Treaty of 1903 between the Republic of Panama and the United States, by the terms of which the Republic of Panama granted full sovereign rights, power, and authority in perpetuity to the United States over the zone for the construction, maintenance, operation, sanitation, and protection of the canal to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power, or authority; and

(3) The Thomson-Urrutia Treaty of April 6, 1914, proclaimed March 30, 1922, between the Republic of Colombia and the United States, under which the Republic of Colombia recognized that the title to the canal and the Panama Railroad is vested "entirely and absolutely" in the United States which treaty granted important rights in the use of the canal and railroad to Colombia; and

Whereas the United States, in addition to having so acquired title to and ownership of the Canal Zone, purchased all privately owned land property in the zone, from individual owners, making the zone the most costly United States territorial possession; and

Whereas the United States since 1903 has continuously occupied and exercised sovereign control over the zone, constructed the canal, and, since 1914, for a period of sixty years, operated the canal in a highly efficient manner without interruption, under the terms of the above mentioned treaties thereby honoring their obligations, at reasonable toll rates to the ships of all nations without discrimination; and

Whereas from 1904 through June 30, 1971, the United States made a total investment in the canal, including defense, at a cost to the taxpayers of the United States of over $5,695,745,000; and

Whereas Panama has, under the terms of the 1903 treaty and the 1936 and 1955 revisions thereof, been adequately compensated for the rights it granted to the United States, in such significantly beneficial manner that said compensation and correlated benefits has constituted the major portion of the economy of Panama giving it the highest per capita income in all of Central America; and

Whereas the canal is of vital and imperative importance to hemispheric defense and to the security of the United States and Panama; and

Whereas approximately seventy per centum of canal traffic either originates or terminates in United States ports, making the continued operation of the canal by the United States vital to its economy; and

Whereas the present negotiations, and a recently disclosed statement of "principles of agreement" by our treaty negotiator, Ambassador Ellsworth Bunker, and Panamanian Foreign Minister Juan Tack, Panama treaty negotiator, constitute a clear and present danger to hemispheric security and the successful operation of the canal by the United States under its treaty obligations; and

Whereas the United States House of Representatives, on February 2, 1960, adopted H. Con. Res. 459, Eighty-sixth Congress, reaffirming the sovereignty of the United States over the zone territory by the overwhelming vote of three hundred and eighty-two to twelve, thus demonstrating the firm determination of our people that the United States maintain its indispensable sovereignty and jurisdiction over the canal and the zone; and

Whereas under article IV, section 3, clause 2 of the United States Constitution, the power to dispose of territory or other property of the United States is specifically vested in the Congress, which includes the House of Representatives: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the Government of the United States should maintain and protect its sovereign rights and jurisdiction over the canal and zone, and should in no way cede, dilute, forfeit, negotiate, or transfer any of these sovereign rights, power, authority, jurisdiction, territory, or property that are indispensably necessary for the protection and security of the United States and the entire Western Hemisphere; and

(2) That there be no relinquishment or surrender of any presently vested United States sovereign right, power, or authority or property, tangible or intangible, except by treaty authorized by the Congress and duly ratified by the United States; and

(3) That there be no recession to Panama, or other divestiture of any United States owned property, tangible or intangible, without prior authorization by the Congress (House and Senate), as provided in article IV, section 3, clause 2 of the United States Constitution.

A LETTER FROM A CONSTITUENT

Mr. HART. Mr. President, a democracy cannot work unless its people have trust in their Government.

And it is no secret that the public generally has a low opinion of both the present administration and the Congress. While the pollsters give us the cold figures of public opinion, letters from constituents better indicate the full scope and depth of public distrust.

Each of us may point to different causes for the loss of confidence in Government, and certainly I have stated often that I believe one cause to be reliance on large contributions from private sources to finance campaigns for public office. That source of distrust, of course, was at work long before Watergate and the energy crisis, but those two "happenings" have further eroded the public's confidence.

The sense of malaise affecting people throughout our country was expressed articulately in a letter from Mrs. Judith Carnick of Glen Arbor, Mich., a small town far removed from the circulation areas of the Eastern press. Mrs. Carnick's letter is of particular interest, because her reflections are not hers alone, but also those of the customers who frequent the restaurant she and her husband operate.

I shall ask that Mrs. Carnick's letter be printed at the conclusion of my remarks, but I would like to call attention to one paragraph in particular.

In commenting on Watergate and the energy crisis, Mrs. Carnick wrote:

> In closing, let me again reiterate the malaise that I feel every time customers begin discussing government and big business. Probably the saddest are our dear older customers: They feel so betrayed! There is no general "public spirit" because people believe that the crisis is one that could have been avoided ... one that gave plenty of warnings which were ignored by those in government and industry fully capable of doing something about it. I urge you to start moving to restore people's faith in their government's ability to put people before profit and the public before the corporation.

I think we can begin to restore people's faith in Government by passing the campaign reform bill now before the Senate. In doing so, we can demonstrate that we understand the people's concern over the effect large campaign contributions have on our system of Government, and we can show that we, too, understand that a democracy cannot work unless its people trust their Government and the individuals they elect to office.

Mr. President, I ask unanimous consent that the letter be printed in the RECORD.

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

FEBRUARY 7, 1974.

DEAR SENATOR HART: My husband and I own and operate a new sixty seat restaurant in the heart of Northern Michigan, 30 miles from Traverse City. We enjoy the company of many fine people, both local and from all over the Midwest.

I am writing to you hoping to convey in some small way the feelings that we have been getting from our customers. I know of no word to describe the utter disgust, mistrust and repulsiveness that many of these people feel towards our government and, more specifically, towards the current governing individuals.

In many conversations over the past months with thoughtful and educated Americans from all walks of life, the following points have re-occurred frequently:

1. Confidence and trust cannot ensue as long as Mr. Nixon remains in office. Every move, every decision is greeted with disdain and cynicism.

2. The major oil companies are getting away with piracy. The current shortage of refineries is directly their fault because a) they had plenty of warnings about shortages and possible nationalization of refineries in other countries and b) they are realizing huge corporate returns which were not and are not being re-invested in this country to make sure the shortages do not re-occurr. This means that countless job opportunities as well as increased refining capacity have been foresaken in this country . . . the country where oil companies "make" their money.

3. The increased profits from falsely bid up gas and oil prices as well as proposed taxes on "beyond rationed allocations" will never be used to benefit the average American. Nor will the tax ever be lifted once it is imposed.

4. There is some sort of collusion going on in the oil companies and it is either being ignored or actually fostered by the federal government. Thus we have oil companies which wholly own coal companies (another crucial energy resource) and the taking of bids on precious national reserves to be exploited by the oil companies for more profit from the very people to whom those reserves actually belong.

These are just a few of the many complaints we hear from what are generally a well-educated group of people. Their attitudes range from indignant to just plain furious. Most of us want to know what is happening to the extra monies that we are now paying to the oil companies. Are they going into energy research, refinery construction or stockholders pockets? It is quite an interesting phenomena . . . "hippies," conservatives, liberals, young people, senior citizens . . . all agreeing with one another that there is more to our "energy crisis" than is being told by an administration that has been shown over and over to be obedient to the wishes of big money.

Perhaps there isn't (though I myself seriously doubt this), but the fact that so many different types of people are asking similar questions and reaching common conclusions is another indication of the general public mistrust of business and government.

Most of us are too well read to blame the current crisis on the Arabs. Yes, we have been wasteful, but it is also true that refinery capacity has been at a standstill in this country for two decades while American oil companies have lined their own and the pockets of other countries. Their public relations ads impress absolutely none of us. They can tell us the environmentalists had forced them elsewhere, but with all the profits they accrue they still don't feel responsible for investing in "clean" refineries . . . after all, it's cheaper to dirty up someone else's country!

If this crisis is not to turn into another scandal then, for the sake of all of us, I urge you and other members of the Senate to grab hold of it now, legislate now, before the money and the controlling power slip any further into private hands. No one seems to believe the President capable of handling anything effectively and with honesty. We need to put those "extra" dollars into energy research and clean refineries, not into corporate profits or government bribes and boondoggles. The oil companies need to be controlled. This crisis has only further enriched them, both in money and power. It certainly has not made them responsive to the needs of the American public.

In closing, let me again reiterate the malaise that I feel every time customers begin discussing government and big business. Probably the saddest are our dear older customers: They feel so betrayed! There is no general "public spirit" because people believe that the crisis is one that could have been avoided . . . one that gave plenty of warnings which were ignored by those in government and industry fully capable of doing something about it. I urge you to start moving to restore people's faith in their government's ability to put people before profit and the public before the corporation.

Sincerely yours,

(Mrs.) JUDITH CARNICK.

P.S.—It is my wish that this letter to you be read into the minutes of the Senate. As I have stated, the views expressed here are those of many Americans on both sides of the political fence. The Senate and the House are (still, I hope) organs by which the people of this country should be able to express their views about their government.

GEORGE SHULTZ

Mr. McCLURE. Mr. President, Mr. Shultz has served his Nation during one of the most difficult periods of its history. Perhaps it was because he was at the very top of the bureaucracy he was able to bring his own special talents to bear on problems which have proven too much for lesser men. It is especially appropriate and I ask unanimous consent that this reasoned tribute to him by Milton Friedman, which appeared in Newsweek, be printed in the RECORD.

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

A DRAMATIC EXPERIMENT

(By Milton Friedman)

The daily news stories on gyrations in the price of gold invariably link the price of gold to the price of the dollar in terms of other currencies. This reflects a cultural lag. Gold today has no special relation to the dollar. It is simply a highly speculative commodity like soybeans. The use of gold for many centuries as money has established attitudes that will make a comparison of gold to soybeans appear far-fetched. However, as the cultural lag disappears, and after the price of gold takes a tumble or two, as it soon will from either its present price or an even higher interim price, the changed role of gold will become much more widely recognized.

The link between the dollar and gold was cut on Aug. 15, 1971, when President Nixon ended the commitment of the U.S. to convert dollars held by foreign governments into gold at a fixed price. He thereby paved the way for ending government control not only over the price of gold but also over a far more important set of prices, namely, exchange rates.

On that same fateful day of August 15, 1971, President Nixon froze prices at home—moving sharply away from a free market at home at the same time that he moved toward a free market abroad. No scientist designing a test of free markets could have produced a more dramatic experiment.

FAILURE AT HOME

The results have been crystal-clear. At home, the successive price freezes and controls have fostered rather than countered inflation, have produced widespread shortages and distortions and have created a vast governmental bureaucracy. By now, just about everyone recognizes that the whole effort has been a fiasco.

Price controls have been front-page news. In sharp contrast, it has hardly been noticed that the free market abroad has worked like a charm, confounding all those "realistic" bankers who predicted unstable markets and recurrent chaos, and behaving just the way that starry-eyed academic theorists had said it would.

There is a Sherlock Holmes story in which the clue is the dog that did not bark. The key evidence of the success of floating exchange rates is the crisis that did not happen. Had the pre-1971 Bretton Woods system of exchange rates still been in existence when the Arab-Israeli war broke out, followed by the oil embargo, a major financial crisis would have erupted—as had occurred repeatedly under the earlier system. This time, the massive flows of "hot money" would have been out of the mark, the franc, the yen and the pound and into the dollar. Central banks would have "lost" or "gained" billions in reserves overnight. Foreign-exchange markets would have been closed while central bankers hastened to some pleasant locale for a crisis meeting to "solve" the problem. None of this occurred. Instead, the price of the dollar in terms of other currencies rose some 5 to 10 per cent, subsequently declined again, and the world continued about its business.

SUCCESS ABROAD

This success enabled President Nixon to end recently the foreign-exchange controls that had been imposed by Presidents Kennedy and Johnson in a vain attempt to ameliorate balance-of-payment problems produced by the government price-fixing of exchange rates.

Outgoing Secretary of the Treasury George Shultz deserves much of the credit for so rare and so happy an event as the elimination of governmental controls. He favored the initial closing of the gold window, resisted repeated pressures from the Federal Reserve and from foreign central banks for the United States to intervene in exchange markets and pressed for the prompt end of the exchange controls. He has played the major role in establishing a workable international economic order.

The same principles that led George Shultz to press for freedom abroad made him a consistent critic of controls at home. As he said recently in an interview published in The Chicago Tribune, "I have never been an advocate of wage and price controls. I have always felt they would wind up causing us more grief than good. Wage and price controls, however, are in a sense like the Vietnam war; it is very easy to march in and it's very hard to march back out again."

We have paid a heavy price for a dramatic experiment. But have we learned from it? The spate of Congressional proposals to roll back the price of oil, to require gasoline rationing and so on and on, suggest that we have not. How many such experiments do we need—or can we stand?

ILSE S. WOLFF

Mr. RIBICOFF. Mr. President, it is with a deep sense of sadness that I learned of the death of one of Connecticut's outstanding leaders in the field of health care, Miss Ilse S. Wolff.

Ilse, who was a retired mental health nursing consultant for the State health department, served our State faithfully and with dedication to high quality heatlh care for over a generation.

The history of Ilse's life is a story of compassion and personal concern for her fellow man.

Born in Germany she worked as a Jewish social worker helping with the emigration of Jewish families from Nazi Germany.

After coming to America, she received her degree in nursing from the Louisville Jewish Hospital School of Nursing and then came to Hartford.

While with the State health department, she developed the first ex-patient rehabilitation community program and initiated the first formal visitation program by public health nurses for returning psychiatric patients. Miss Wolff also was instrumental in establishing of the first halfway house in Hartford for mental patients. She wrote many articles for public health, mental health, and nursing publications. She received the Connecticut Mental Health Bell Award in 1972 for her outstanding service.

She was a member of the Board of Greater Hartford Council on Alcoholism, the Mental Health Association of Connecticut, the Connecticut League for Nursing and Connecticut Association for Public Health Nursing Agencies. She was appointed to many consultant and review committees for the U.S. Public Health Service. She was also a member of the National League for Nursing, American Nurses Association, and American Public Health Association.

Ilse worked in a field of such great importance and too often of great neglect. It is only because of the deep commitment and involvement of people like Ilse that progress can be made and mental patients taken out of the shadows and become a part of society.

I ask unanimous consent that an article from the Hortford Times, entitled "Ilse S. Wolff, Nurse Leader," be printed in the RECORD.

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

ILSE S. WOLFF, NURSE LEADER

Miss Ilse S. Wolff, 72, of 154 Keeney Ave., West Hartford, a retired mental health nursing consultant for the state health department, died Friday (April 5, 1974) at Hartford Hospital.

She was born in Schw'hall Wuertt, Germany, and lived in Louisville, Ky., and Pittsburgh, Pa. before moving to the Hartford area 35 years ago. She was a Jewish social worker in Stuttgart and helped with the emigration of Jewish families from Nazi Germany.

She graduated from the Louisville Jewish Hospital School of Nursing as a registered nurse and received a master's degree from Columbia University. When she moved to Hartford, she became a mental health nursing consultant for the state Health Department, retiring in 1970.

While with the state health department, she developed the first ex-patient rehabilitation community program and initiated the first formal visitation program by public health nurses for returning psychiatric patients. Miss Wolff also was instrumental in establishing of the first halfway house in Hartford for mental patients. She wrote many articles for public health, mental health and nursing publications. She received the Connecticut Mental Health Bell Award in 1972 for her outstanding service.

She was a member of the Board of Greater Hartford Council on Alcoholism, the Mental Health Association of Connecticut, the Connecticut League for Nursing and Connecticut Association for Public Health Nursing Agencies. She was appointed to many consultant and review committees for the United States Public Health Service. She was also a member of the National League for Nursing, American Nurses Association, and American Public Health Association.

She leaves a brother, Dr. Hans H. Wolff of Sao Paulo, Brazil, and two sisters, Miss Lina K. Wolff of West Hartford, with whom she made her home, and Mrs. Jetta Bamberger of New York City.

The funeral will be Monday at 2:30 p.m. in the Chapel of the Weinstein Mortuary, 640 Farmington Ave. Burial will be private at the convenience of the family. Memorial donations may be made to charity.

KANSAS SENATOR BRISTOW'S NOMINATION

Mr. DOLE. Mr. President, one of the most satisfying and rewarding aspects of serving in Congress is a Senator's or Congressman's privilege of making nominations to the academies of our Armed Forces.

The process of screening and reviewing the candidates for these nominations brings one into contact with a great number of extremely bright, highly motivated, and conscientious young people. Unfortunately, the number of positions to be filled is far smaller than the number of nominations we wish we could make, but this process affords those of us in Congress a unique opportunity to know some of the finest young people of each year's high school classes and those who will be the future leaders of our military.

It might be of interest to my colleagues to know that one of the most fortunate service academy nominations in the history of our country was made by a Kansas Senator, Joseph L. Bristow. He served only one term in the Senate and was defeated for reelection. But regardless of how he voted on the issues which came before him or how he fared as a politician, Senator Bristow earned a lasting place in history through the exercise of his appointment authority in 1910 when he named a persistent young Abilene, Kans., boy to the U.S. Military Academy at West Point.

That young boy, as the world well knows, was Dwight D. Eisenhower. And the story of his appointment by Senator Bristow was recently told by Henry B. Jameson, editor of the Abilene Reflector-Chronicle and longtime Eisenhower historian.

I believe the Members of the Senate would find this story both interesting and enjoyable reading as they reflect on their own service academy nominations. Mr. President, I ask unanimous consent that Mr. Jameson's article from the

April 7 Kansas City Star be printed in the RECORD.

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

LUCK AND WELL-CHOSEN WORD LAUNCHED IKE'S CAREER

(By Henry B. Jameson)

ABILENE, KAN.—A high school boy was looking around the Eisenhower Museum here in Ike's home town, amid 8,000 items reflecting the Eisenhower story. He saw everything from a Russian medal sparkling with 100 diamonds and rubies and Steuben glass replicas of every White House gift to foreign heads of state to a copy of Adolf Hitler's will, autographed major league baseballs and a bucket of Omaha Beach sand.

He saw Ike's paintings, his first athletic sweater, the original Eisenhower battle jacket and the bowler hat that redressed society for the inaugural balls.

"No more spectacular boy-makes-good legend ever was written. It remains today a great inspiration to young men in America, and visitors come by the thousands to the Eisenhower shrine to marvel at it all.

What they don't see or read is that it was almost accidental that this man who became a worldwide hero got his start at West Point in the first place.

Ike's glory-road career had an unusual twist, it seemed he was always in the right place at the right time.

That high school boy paused to read in awe two simple handwritten letters from Ike to his U.S. senator more than a half-century ago. Those two letters of less than 100 words each—and a generally unknown lucky circumstance—are what started Dwight D. Eisenhower on the road to fame.

A very funny thing happened to Dwight Eisenhower on his way to becoming a 5-star general and President of the United States. Until a friend told him, he didn't know about a college in the East called West Point giving away free education. How did an ordinary guy get some of the action?

Young Eisenhower, who once described himself as "green as they come" out of the country, know nothing about the military academy. His parents were almost conscientious objectors. A high school teacher had advised him there was no future in the Army. His concern was a college education, any way he could get it.

So eager was Ike that he and his brother, Edgar, had agreed to alternate years working to help pay each other's way to college. Ike was on his first work year when he heard what West Point offered.

He had going for him fair grades, determination, good personality, guts and a burning desire to succeed at something.

It never occurred to him that he might not have what it took for the big school—the family background or the V.I.P. connections to open the necessary doors.

He was just another good kid growing up in a small Kansas town, with a good reputation—as an athlete and barefist fighter not afraid of anything—and plenty of girlfriends for whom he had little time.

This early beginning mirrored his lifelong philosophy that the best way to get something done was to ask, then do it. As President, he was annoyed by people who tried to "get to him" through contacts or the chain-of-command route.

"Why don't they write me themselves," he once scolded me, after I had interceded for someone who wanted a White House door open for a possible favor.

I knew General Eisenhower from World War II in Europe and through eight memorable years as his home town "press agent." My last private interview with him was about a year before he died, when he said: "Sure I was lucky, always"—adding that when he left for West Point he "had no idea of making the Army a career."

The boy scanning the original blunt and brief Eisenhower letters in the museum showcase blurted out: "I don't believe it."

"A free college education, supreme commander and President—and it all started with a couple of letters. I don't believe it. That's my ambition, except the Naval Academy, but still I don't . . ."

The writer happened to overhear the remark and injected an unsolicited "that's right" comment on his own. The boy went home, wrote his senator and a member of Congress and asked his father to do likewise. And somewhat to his astonishment the boy did receive a nomination to Annapolis.

I know, because I happen to be the boy's father.

This anecdote illustrates what happens each year in this great country where a boy still gets a chance to make it on his own if he tries and if he takes advantage of the breaks.

Thousands of them do, despite all the bad publicity about youth of this generation going to hell. Ike wasn't a teen-aged saint, either. One Halloween night he tied open the steam whistle at the big creamery where his father was an engineer. The noise awakened the whole town. He ran off with a hobo who taught him the percentages of poker down by the fishing hole along Mud Creek.

The number of young men seeking entrance into the military academies is growing and the competition gets tougher. Yet more and more want to make it as Ike did.

While Eisenhower's remarkable record might be called an unusual example, political pull—which he didn't have—was just as important then as now. Probably the best thing that happened to Ike was that he didn't know this. He knew far less than my son about protocol and political help, and he didn't have any influential acquaintances to guide him.

That is where luck and good fortune came in. The story of what really happened is more fascinating than some of the erroneous accounts that have been published.

As it turned out, my son did not go to Annapolis. But he had the opportunity. He passed all the entrance examinations and physicals, except the 20–20 uncorrected eye test. The Navy people encouraged him to switch papers to West Point, but he decided on another university (K.U.), fulfilled his military obligation through the reserves as a plain GI and pursued a business career.

As an editor I have written numerous letters of recommendation for other young men desiring to enter one of the five major military schools—Army, Navy, Air Force, Coast Guard and Merchant Marine. Each time I recall the Eisenhower story.

This led to some research on how many boys do try and succeed in availing themselves of the free education and opportunities. The number is surprising. Thousands check it out every year as high school graduation approaches. Of the more than 15,000 who actually are screened, there's room for only a small percentage.

Computers may be doing the screening for about everything else today, from jobs to pairing girls and boys for dates, but somehow the military service schools for years have been following their own tried and tested methods of sorting out the cream of the crop.

For example, there were 878 nominated to West Point in the Class of 1911, with 248 finally admitted. Eisenhower was among seven of 33 from his home state, and, incidentally, he finished 61st out of his class of 164 graduates in 1915.

Like the others, West Point has expanded considerably and about 1,400 men were admitted for this year.

There are several ways of gaining admission, but the principal one for the average rank-and-file young man remains the same as in Ike's day, through appointment by his U.S. senator or representative. About 75 per cent come up that way. Each Senator and representative is permitted to have five cadets in each academy charged to him, screened down from a much longer list of applicants and alternate nominations.

The President is allowed to name 100 and the vice-president five. The President is given that quota because he fills vacancies with boys whose fathers are either on active duty or who are retired from the military. More than 200 additional allotments go to sons of Medal of Honor winners, disabled veterans, military personnel, ROTC and others.

As Ike was to learn—later—political pull does help. But it's still largely up to the individual, for all the political pull in the world can't do much for him unless he has something on the ball.

I recall my son returning from his first round of examinations quite surprised that one of the first written questions asked if he was an Eagle Scout. He was.

Eisenhower was not an Eagle Scout and had no V.I.P. friends, much less political pull.

Wearing one of his first complete store suits and a tweed cap, young Ike walked the streets of Chicago between trains, bound for West Point the first time, scared stiff of the challenge. He entertained thoughts of turning around.

But he knew what his family would say, even though they were only lukewarm on the Army for their son. There was no room for a quitter around the Eisenhower fireside.

There have been conflicting stories about his appointment. One widely printed version was that another boy changed his mind and canceled at the right time.

The fact is that young Eisenhower was from the beginning—although he didn't know it—the first choice of U.S. Sen. Joseph L. Bristow of Kansas. Ike had only heard of Bristow and Bristow never had heard of the Eisenhowers.

The tide of political liberalism had swept across the Midwest and one of the consequences was the election of Senator Bristow the year before Ike was graduated from high school. Bristow had held a subcabinet level post in Washington under President Theodore Roosevelt, but Bristow moved to Kansas and purchased a newspaper in Salina to build a base that he hoped might carry him to the White House. He didn't make it, but one of his proteges did.

There were two hotly competitive newspapers in Abilene at the time. One was run by Charles M. Harger, prominent Republican leader, and the other by Phil W. Health, a Republican turned liberal progressive. He later became a Democrat.

In the political byplay, which Eisenhower knew nothing about, Heath had become such a friend and supporter of Senator Bristow that he was assigned various political patronage duties, including the screening of all applications in Kansas for the military academies.

One of Ike's high school classmates was Everett E. (Swede) Hazlett, who came from a higher-income family with Republican political clout. Swede had received a Naval Academy appointment the year before. He's the one who told Ike all about it and persuaded him to make an attempt.

Hazlett mentioned for the first time the name of Senator Bristow, gave Ike a sample set of examination papers and listed a number of prominent citizens to see about letters of recommendation.

Eisenhower wrote his first letter to Bristow Aug. 20, 1910, a "masterful" display of lack of political savvy but also a masterpiece of

blunt brevity. His first letter of application was to the point:

I would very much like to enter either the school at Annapolis or the one at West Point. In order to do this, I must have an appointment to one of these places and so I am writing to you in order to secure the same.

I have graduated from high school and will be 19 years of age this fall.

If you find it possible to appoint me to one of these schools, your kindness will certainly be appreciated by me.

Trusting to hear from you, concerning this matter, at your earliest convenience, I am

Respectfully yours,
Dwight Eisenhower

Ike always expected action fast, and a mere two weeks later, on Sept. 3, he was growing so impatient he wrote Senator Bristow another letter:

Some time ago I wrote to you applying for an appointment to West Point or Annapolis. As yet I have heard nothing definite from you about this matter, but I noticed in the daily paper that you would soon give a competitive examination for these appointments.

Now, if you find it impossible to give me an appointment outright to one of these places, would I have a right to enter this competitive examinations?

If so, will you please explain the conditions of this examination and the studies to be covered? Trusting to hear from you at your earliest convenience, I am . . .

He wrote only two letters seeking the appointment and two more thanking Senator Bristow. That was the extent of their correspondence.

To my son like others, it seemed inconceivable that two such brief and uninformative letters from an unknown boy would be sufficient to obtain a prized appointment. So what happened?

Senator Bristow had on file six applications and Eisenhower's made seven.

While completely innocent and ignorant of its importance, in his eagerness to go somewhere to college, Eisenhower had stated in his initial letter that he would like to attend "either" West Point or Annapolis. He actually would have preferred Annapolis.

Nevertheless that word "either" became an important point in his favor, as it turned out.

Ike went around town contacting prominent businessmen whose names Hazlett had given him. Among them was Charlie Harger, editor, and G. C. Sterl, a merchant, who wrote letters but also suggested that perhaps "the man you really should see" was Phil Heath.

"I have written Senator Bristow asking for an appointment to Annapolis or West Point," Ike told Mr. Heath on his first call to his printing office (according to memos kept by Heath and shown to this writer for the first time by his widow), "but I don't seem to be getting anywhere. I was told that you might be able to help me."

Heath recalled that young Eisenhower was very business-like in his approach and wasted no time getting to the point. He knew the Eisenhower family and was quickly convinced of the youth's eagerness and confidence in himself. Ike didn't know it but that very day Heath had received from Bristow a packet of all the other applicants—it being his job to screen them.

When they went in, Eisenhower was recommended as the principal nominee to either school. Senator Bristow almost immediately selected Eisenhower in first slot for West Point, and named two alternates.

Three applicants had specified the Navy and three the Army. Ike had asked for either.

He never was considered for the Navy, contrary to some stories, as Bristow already had decided on Ralph Branch, son of a close friend, and Fred Kirtland, whose father was mayor of Bristow's home town.

Therefore, Eisenhower was from the start marked down as the principal nominee for West Point. He passed the examinations, although he was outscored by one of his alternates while the other one failed. Bristow's papers in the Kansas Historical Society show "WP," for West Point, initialed on copies that went to the state director of education.

This was Ike's first experience with politics, although it was years later before he learned how fortunate he had been.

After his sophomore year at West Point he was a "military man" for life. But he never dreamed of reaching the heights and fame that he did, and like other military men kept looking forward to early retirement.

In 1938, when he was an aide to Gen. Douglas MacArthur in the Philippines, he wrote Heath: "I have just one more year and then I'll probably never have to serve another foreign service tour as long as I am in the Army."

That was before World War II found him commanding the greatest military force the world had known. In a span of 29 years he advanced from lieutenant to 5-star general, changing "permanent" addresses 30 times and collecting more than 50 military decorations. He was buried in a regular officers' uniform with only one medal on his breast.

If he hadn't written those first two letters Eisenhower might have made a fine railroad conductor, baseball player or coach, which were his first stated ambitions.

A CITY'S SUCCESS

Mr. McINTYRE. Mr. President, there has been a great deal of speculation about the role cities will play in the future. There have been many, viewing the rush to the suburbs, the disintegration of downtown areas, and the gradual migration of industry away from urban centers, who have said that the city's role will be less and less vital, that the city, even at the present time, is an anachronism.

The history of the city of Manchester, N.H., does much to refute such speculation. A vigorous industrial center and New Hampshire's largest city, Manchester is doing anything but fade with the passage of time. In the late 1800's, Manchester was a one-industry town, 17,000 of a 22,000-person work force being employed in the Amoskeag mills. Before the end of the 1920's this industry had failed disastrously and Manchester was faced with a grave and difficult crisis.

The reaction to this crisis was a steady industrial development with diversification as a guiding principle. Today, the benefits of this sustained and intelligent reaction was clearly evident. Manchester continues to grow and improve itself and maintains an unemployment rate significantly lower than the Nation's. Mayor Silvio Dupuis and city officials like Merrill Teulon, Jay Taylor, and others are continuing the tradition of sound city planning and management. The results could not be more gratifying.

As recognition of this one city's success and perhaps as an example for others, I ask unanimous consent that the following article, "Manchester Buries 'Mill Town' Image," which first appeared in the March issue of the New Englander, be printed in the RECORD.

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

MANCHESTER BURIES "MILL TOWN" IMAGE

(By Phillip M. Perry)

Sylvio L. Dupuis, Mayor of Manchester: "I look upon this government as a $34 million business. It's big business, and it has to run like big business."

One day in 1973, Samuel Blodget stood on the banks of the Merrimack River in Derryfield, N.H. The town's population was less than 400, but Blodget was so impressed with the power of the Amoskeag Falls that he decided to build a mill at that spot.

"One day this will be the Queen City of New Hampshire, the Manchester of America," he declared. Two decades later, the residents changed their town's name to Manchester. Like its English namesake, the New England town was booming from its cotton textile mill.

Incorporated by the state in 1831, the Amoskeag Mfg. Co. was destined to become the world's largest cotton textile complex. Before its fall, Amoskeag was employing 17,000 people out of a Manchester labor force of 23,000.

A lengthy strike, Southern competition and mismanagement during the 1920's battered the once proud Amoskeag. On Christmas Eve of 1935, Amoskeag turned off its lights. Virtually every Manchester family was affected.

FEW EMPLOY OVER 1,000

Shortly after the disaster, a group of Manchester businessmen formed a development group known as Amoskeag Industries, Inc. Raising money, they bought all the physical property, which included 2½ miles of building, for lease and sale to smaller industrial firms.

Not surprisingly, the by-word for Manchester industry became *diversification*. In sharp contrast to its first century, modern Manchester has very few industries which employ over 1,000 people. The more than 250 industries in the Manchester SMSA produce a variety of products. The greatest number of industrial workers (4,250) are employed in electronics; slightly less than 3,000 are employed in textiles; and an equal number in leather products. The wearing apparel industry employs 1,450. Lesser numbers work in printing, lumber, and metal products. The total labor force is 52,000, with 17,000 in manufacturing.

UNEMPLOYMENT: 3.4 PERCENT

As a result of an energetic industrial improvement campaign, Manchester's unemployment rate is only 3.4%, for a total unemployed labor pool of 2,500 people out of a current population of 96,657 (the largest city in New Hampshire, Manchester contains 12% of the state's population).

Working with the Manchester Industrial Council for 20 years, Industrial Agent Merrill J. Teulon explains the reasons behind the city's industrial stability. "A big part of our success is the fact that Manchester got a head start in industrial development and urban renewal," he says. "We've been making industrial improvement our business since 1936. If you keep improving the business climate, building new highways and improving services, you're bound to encourage local industry and attract new industry."

Teulon cites industry's current satisfaction as attractive aspect for new firms. Also, he points out that Manchester is just inside the northern limit of the Boston-New York megalopolis. "If you don't plan right, the megalopolis can go around you." A good transportation system, including interstate highways and the largest municipal airport in the state, are also positive factors.

FIVE "AIR-PARKS"

Jay E. Taylor, assistant industrial agent, cites Manchester's industrial parks. "We have six parks in the city," he says. "Five are located adjacent to the runways of Grenier Field. Right now we have only about 300

acres left for industry, and we're using up about 50 acres each year for new firms. We hope to increase available land to 800 acres."

A vital part of the Manchester industrial picture was the slow and painful acquisition of Grenier Air Base in the early 1950's. Through the years the city acquired acreage piece-by-piece from this closed 1,469-acre military operation. The five parks are adjacent to the runways, allowing for "plane to plant" transportation. On the five "air-park" sites there are now 82 private industries employing over 3,000 people.

NATION'S FIRST "REHAB"

In the 1960's it became apparent that the section of the Amoshkeag complex on the east side of the river needed renewal to allow for more parking, better sewer systems, and other improvements. On June 1, 1966, the application for a loan and grant for the Amoskeag Millyard Project was approved by the U.S. Dept. of Housing and Urban Development. The 130.3-acre project was the first industrial rehabilitation project to be approved in the nation; 1½-million-sq. ft. of the 5-million-sq. ft. complex had to be destroyed.

Ironically, one negative for new large industry is the low labor pool. "If a major outfit said they needed a location where they could hire 1,000 people, we'd have to discourage them," says Teulon. "A company needs at least a two-to-one, and if possible a three-to-one ratio of available labor and workers hired." Manchester's pool is only 2,500.

Despite the current labor pool, it is estimated that Manchester industries are short 1,100 workers. Part of the problem is that industry is seeking trained workers.

LABOR SHORTAGE HURTS

Saul Greenspan, president and treasurer of Waumbec Mills, located in 500,000 sq. ft. of the old Amoskeag complex, explains his firm's position. "We located here in 1937, shortly after Amoskeag closed down. At that time there was an abundance of skilled labor, and of course there was an abundance of industrial space in the building. Today, we employ 700 people on three shifts, making specialty, semi-novelty fabrics.

"Our Manchester location is good, but the current labor shortage is bad. Part of the problem is that people are less mobile today than they used to be. There are cities in New England with high unemployment rates, but these people aren't moving to Manchester." As a result, Greenspan says he is unable to run all of his machines.

Manchester's retail picture has been one of change and improvement. The city estimates its retail trade area at 400,000 people within a 25-mile radius. Six shopping centers dot the edges of town. The downtown shopping section is strung along Elm Street.

Gerald Carmen, head of Car-Go Home and Auto Center and also president of the Downtown Manchester Assn. (DMA) points out the vital necessity of downtown.

"The central business district composes 1.6% of Manchester's land, and yet contributes 18% of the assessed valuation," Carmen says. "If the downtown falls apart, the whole city goes. That's why our goal is to keep it profitable."

HAMPSHIRE PLAZA DEBUTS

Downtown interests received a big boost in 1972, with completion of the Hampshire Plaza Project, a commercial renewal project that included a 20-story office building ("the tallest thing north of Boston"), a retail shopping center around a covered mall, and a 410-car parking garage. Sponsors of the project were the Boston development firm of Spaulding and Slye and the New England Mutual Life Insurance Co. Total cost to the city was $5,229,600. The same land that was bringing a tax revenue of $80,903 before redevelopment now brings $516,000.

Robert H. McCann, director of the city's Urban Renewal Dept., points out the obstacle Manchester has run into. "We have been active in carrying out commercial renewal plans made in the 60's," he says. "But we have been unable to initiate any new programs since the federal government changed its priorities in 1966 toward housing renewal. Unfortunately, this realignment came just at the time we were turning our eyes downtown to redevelop the commercial area."

FAVORABLE TAX RATE

Because of amendments to previous renewal plans, such as the Amoskeag Redevelopment, and a change in standards for some services, Manchester did receive $8-million in federal aid last year. For example, the cost of putting in new sewers for the Amoskeag project was estimated at $600,000, but with new standards the price tag jumped to $13-million.

The city property tax rate is $43.90 per thousand dollars, and McCann estimates the citizen is paying $1.20 of that amount for urban renewal. He estimates that it takes five years for a commercial renewal project to pay for itself. In 1971, land that was bringing taxes of $500,000 before redevelopment brought $1.5-million.

INDUSTRIAL VERSUS RETAIL

John F. Grogan, director of planning for Manchester, likes to consider both the industrial changes and retail changes in an overall picture. "We have been characterized as a mill town," he says. "But with our present diversification, it is unfair to call us that. A major boost in our new image was the opening of I–93 in early 1964. This has connected us with Boston to the south and the hinterlands to the north. It has also heightened our profile as a distribution center.

"The Interstate connections are circumferential to downtown, and there is a proposed 500,000-sq. ft. shopping center which may be added. But downtown has a long-term function. It is a substantial place of employment, primarily for the service businesses which buy from retailers. I see the return of the major retailers downtown as this becomes apparent."

MAYOR PUSHES CHANGE

Grogan also notes the city's approval of many one-and-two bedroom apartments in the last several years. "This size apartment provides more tax money than it requires cash outflow for services. The city has also adopted a goals-oriented approach to change. Higher income housing to encourage professionals to live in town, environmental clean-up, and bridge repair are among the goals. The new mayor has done a lot to design them."

The new mayor is Sylvio L. Dupuis, for 15 years a practicing optometrist and part-time political campaign worker before running successfully for mayor two years ago.

"I look upon this government as a $34-million corporation," says Dupuis. "It's a big business, and it has to be run like big business.

"As for goals, first we want to foster more cooperation between municipal departments. Second, we want to clean up the Merrimack River. Third, improve mass transit. In eight months, we have added 35 new school buses and 29 new transit buses. We're also reconstructing many of our 30- and 50-year-old bridges. In the past, we haven't done the necessary preventive maintenance. Last, we want to improve and diversify our vocational education programs."

HARD GOODS VERSUS SOFT GOODS

The city's most fervent booster is Arthur J. Hartnett, Jr., the executive director of the Greater Manchester Chamber of Commerce. A native of the city, Hartnett boasts about the new balance between the city's industries. "The hard goods industry is dependent on economic trends; the soft goods less so. Somewhere in the middle is a balance. In the late forties, we had a 12-1 ratio, in favor of soft goods. Today, the ratio is 2 to 1. This is re-management of resources.

"At the same time, Manchester faces the problem of a declining reservoir of usable land. We have to manage carefully what we have left."

Manchester's low labor pool has prompted some area businessmen to support two proposals:

1. Creation of new low-cost housing. Housing is cited as 25% of a worker's earnings. Low-cost housing is needed so that people will be encouraged to move from areas of high unemployment to Manchester.

2. Relaxation of foreign immigration quotas. As first generation immigrants move up into higher paying jobs, a gap is left. Some businessmen feel that bringing in immigrants will boost the labor pool.

Diversified industry; a strong economic base; a revitalized downtown—these are elements of a city that has advanced with a strength and nobility that still characterize the old but sturdy Amoskeag manufacturing plant, the downfall of which plunged Manchester headlong into the 20th century.

THE LEGAL SERVICES BILL

Mr. McCLURE. Mr. President, the legal services bill is now in conference and may be out before the Easter recess. It is one of four different bills originally presented to set up a corporation which would provide the poor with legal aid. Unfortunately the two bills to be compromised come from the two Houses of Congress and neither provides any guarantee that the corporation will in fact work in the best interests of the poor. Since the President stated that he would not accept a bill without such conscientious safeguards, we expect that the bill will be vetoed.

Unfortunately all too many actions of the White House are greeted by statements generated more by calculated political brinkmanship than statecraft. I hope that the President will ignore such attempted pressures. Real credibility for the White House must be measured by complete consistency between former statements and positions and those taken today.

Any failure to live up to commitments made to the American public and overwhelmingly ratified by that public in two elections would be clear evidence that the President has bent before purely political pressure. It would be an indication of an inability to hold to his own positions.

An article by Howard Phillips will serve as a reminder that the legal services bill would set up a potential for radical bureaucracy the likes of which we have not seen, well outside anything this administration would have approved before Watergate and the present climate of outrageous political ransom.

Mr. President, 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:

TEST FOR THE PRESIDENT: HOUSE LEGAL AID BILL IS TO LEFT OF NIXON PLEDGE

(By Howard Phillips)

When President Nixon sent his Legal Services Corporation plan to Congress on May 15,

1973, White House officials emphasized to concerned conservatives that while concessions to the left *had* been made in shaping the bill, the President would accept no further compromises. On that we could depend, assured Kenneth Cole, major domo of Mr. Nixon's Domestic Council staff. Other high-ranking officials echoed that assurance.

By the same token, advised the White House, if conservatives could strengthen the Administration proposal by amendment on the House floor, all the better. But, it was repeated, if Congress gave President Nixon a bill in any way more liberal than his own a veto would inescapably follow.

Soon Mr. Nixon will be put to the test.

As a consequence of efforts to shift the corporation plan to the left by the House and Senate poverty committees which "marked up" new bills before the issue came to a vote in their respective bodies, the legal services legislation eventually passed in both the House and Senate (while more to the left in the latter than the former) was in each case well to the left of the May 15 "Nixon bill."

Thus, Senate-House conferees, bound by rules requiring that they confine their compromises on the legal services issue within the boundaries established by the legislation before them, cannot possibly produce a bill Mr. Nixon can sign, consistent with his promises.

The Nixon Plan, in key respects more conservative than either the House or the Senate-passed bills, is not on their agenda. This very important point has been missed in most press accounts about the corporation controversy. Liberals have tried hard to portray the bill adopted last June 21 in the House as "restrictive" and "conservative."

Even though 24 amendments were adopted on the House floor, the bill being amended had been previously so liberalized in committee that the House, with all its amendments, didn't even wind up where the Nixon Plan began with respect to a number of vital safeguards against abuse.

For example, under the Nixon Plan, no legal services funds could be used to retain attorneys unless they are "admitted to practice law in the state where the rendering" of assistance is "initiated." By contrast, the House bill allows projects to hire staff lawyers simply "authorized to practice." The distinction is, in fact, a crucial one, in that persons "authorized" may include out-of-State attorneys, law students, and whomever else might arbitrarily be deemed eligible.

In 1970, New Jersey adopted a special rule "to allow out-of-state attorneys employed by or associated with New Jersew OEO Legal Services programs to practice in all the courts of New Jersey for up to two and one-half years." The new rule has facilitated an influx radical Reginald Heber Smith fellows, VISTA lawyers and the like, to join the Garden State's already radicalized staff attorney projects in places like Camden and Newark. It permits employment discrimination against qualified local members of the bar, in favor of "social change"-oriented out-of-staters, many of whom try to manipulate the politics of the local area. Furthermore, with the challenges now being directed against the "fairness" of bar admission and examination procedures, it could open the way to permanent "pseudo-lawyer" status for unsuccessful law school graduates.

While the Nixon Plan flatly bars aid to "any public interest law firm which expends any resources and time litigating issues . . . in the collective interests of the poor . . .", the House bill permits such use of federal funds to Naderite "public interest" firms which spend "50 per centum" or less "litigating." The House prohibition would, therefore, not affect a public interest law firm which purported to spend half of its time preparing for litigation or helping others litigate. Thus, by a semantic loophole, it offers possible escape from the apparent prohibition on aid to "backup centers" as well as to other public interest firms.

In terms of enabling corrective action against improper uses of legal services funds, the House bill makes it much harder than the Nixon plan to stop abuse. One reason for this is the House bill's elimination of the "Citizen's Suits" provided for in the Nixon bill. Under the Administration version. "Any interested person may bring an action in a federal district court to enforce compliance with the prohibitions of or under this Act by the corporation or any recipient or any officer or employe of the corporation or of any recipient."

To give the law teeth, the Nixon Plan further provides that if a citizen who sues in court to stop legal services illegally gains a favorable judgment, "the corporation shall promptly reimburse him for his costs and legal fees incurred in prosecution of the action."

This is a critically important safeguard. With legal costs as high as they are, the average citizen concerned about tax-financed lawlessness might be reluctant to take action against "poverty lawyers" whose initiatives (and potential retaliation) are completely underwritten by the government. Similarly, without such a provision, citizens might lack "standing" to sue the corporation.

In a related manner, the House bill specifically (in Section 6(b)(3)) makes Corporation attorneys subject to control, not by public or by Congress, but by the American Bar Association. If President Nixon were subject to ABA control, he might already be impeached and convicted, at least if the ABA's present top leadership had its way.

Yet, astonishingly, the House bill states: "The Corporation shall not interfere with any attorney in carrying out his professional responsibility . . . as established in the Canons of Ethics and Code of Professional Responsibility of the American Bar Association."

Though this may sound reasonable to the untrained ear, its real import is that, on key issues like lobbying and solicitation, future amendments to the canons and code will acquire the force of law. Since these are subject to constant reinterpretation and revision, with differing standards established for legal services, as opposed to private lawyers, this is of fundamental significance.

Wouldn't the ABA object, if the Congress, in parallel fashion, left it to the Republican National Committee to enforce standards of behavior for GOP public officials? If the House language stands, ABA lawyers, rather than Congress or even the Corporation, can amend the "Code and Canons" to suit their own beliefs. Why should power over a $100 million program be given to a private organization like the ABA?

With respect to bans on aid to "rioting, civil disturbance, picketing, boycott, or strike," the Nixon bill is unequivocal; the House bill, on the other hand, limits such activity for full-time legal service employes only while they are technically "engaged" in their work. Thus, whenever accused of a violation, they can, and do, assert that the act was performed on "free time."

But out-of-staters who receive fulltime salaries should never be allowed to foment political disturbances in the area where government funds have placed them—even during their "coffee breaks."

Even if, under the permissive House language, legal aid lawyers were found to be in violation, the House would leave it to their local project to decide whether or how they should be disciplined. The Nixon Plan would vest such power, more realistically, in the Corporation. Since many local projects are dominated by people who balk at federal restrictions on their activity, the House approach would be virtually ineffective where it is most needed. The House bill permits "advocating or opposing" presidential Executive Orders. The Nixon plan does not.

In setting eligibility for free legal services, again the House bill leaves such determinations to the projects themselves, rather than flatly prohibiting aid, as the Nixon Plan does, to any individual "capable of gainful employment . . . if his lack of gross income results from his refusal or unwillingness to seek or accept employment."

Also of great importance, the House bill abandons the Nixon Plan's requirement of "a schedule of fees which will require the client, if able, to pay at least a portion of the cost of legal assistance." Such a fee schedule would make it much more difficult for staff attorneys to seek out clients as guinea pigs for their favorite causes. In force, it would cause poor persons to hesitate signing away permission to have suits filed in their name, if they had to advance even a token dollar or two for such purpose.

"FRIVOLOUS APPEALS"

The Nixon Plan's ban on "frivolous and duplicative appeals" is missing from the House bill. The Nixon Plan's flat ban on use of legal services funds for "advocacy" training programs (used to advance drives for liberal changes in public policy) is replaced by House language which permits such tax-backed policy "training" whenever deemed "necessary to prepare them [attorneys] to provide adequate legal assistance."

Furthermore, whereas the Nixon Plan tends to encourage grants and contracts to state and local governments for the provision of legal services, the House bill is wary of such an approach—preferring subsidy of the present, privately controlled staff projects. This wariness is evidenced in the House's requirement of an extraordinary board review in the case of all such public awards, whereas none is required for the private group fundings.

The House language makes it easier for the Senate Labor and Public Welfare Committee to deny confirmation of presidential appointees to the Corporation board of directors who might favor "revenue-sharing" approaches to legal services—the change most devoutly feared by the radical organizations which now control and benefit from legal services millions.

ALTERNATIVE APPROACHES

To encourage a shift away from the staff attorney system, the May 15 Nixon Plan provided for a minimum annual set-aside of 10 per cent of all funds appropriated to the Corporation for alternative approaches to the delivery of legal services: like open-panel prepaid legal insurance, vouchers Judicare, and reimbursement of private lawyers. By contrast, the House bill omits this provision.

To be sure, there are aspects of the House bill which represent some improvement over the Nixon Plan: a 1978 termination of the Corporation's authorization, and a tighter ban on commingling funds to achieve illicit purposes, a denial of tax-exempt status to legal services groups which lobby, to mention those most effectively worded.

But, despite these few improvements, President Nixon cannot sign any legal services plan which the current conference deliberations might produce and still keep his word to the American people, when in his 1971 legal services veto message, he said: "The provision creating the National Legal Services Corporation differs crucially from the proposal originally put forth by this Administration.

"Our intention was to create a Legal Services Corporation, to aid the poor, that was independent and free of politics, yet contained built-in safeguards to assure its operation in a responsible manner. In the Con-

gress, however, the legislation has been substantially altered, so that the quintessential principle of accountability has been lost. In re-writing our original proposal the door has been left wide open to those abuses which have cost one anti-poverty program after another its public enthusiasm and public support."

The President punctuated his veto with the statement: "It would be better to have no Legal Services Corporation than one so irresponsibly structured." As one who helped draft that veto message, I know the meaning behind those words.

Now, after the third unsuccessful effort to get a suitable Corporation plan enacted by the Congress, and widespread disenchantment with the manner in which it is being administered at OEO, the President should try a new approach: take the funds now used to underwrite the OEO program and reassign those dollars to the states under revenue sharing, as part of a "New Federalism" approach. In this way, people all over America, rather than a few ultra-liberal Washington bureaucrats, will have a role to play shaping a program "which places the need of low-income clients first," with money used to pay legal costs, rather than to underwrite political causes.

That is how many public defender systems work now in criminal cases. Such a system should be at least equally viable for civil suits.

If the President follows this path, he will "earn much credit" when the history of this era is written.

SCHOOL LUNCH PROGRAM IN PERIL

Mr. HUMPHREY. Mr. President, a compelling article, "Shaping Up: A Grave Threat to School Lunches," appeared in the April 15, 1974, edition of U.S. News & World Report. The article concisely points out that a crisis will develop for school lunch programs if the commodity distribution program of the Federal Government is ended.

The growing demand for basic food commodities has reduced the surplus foods available to carry on this program. Last year, the USDA was given the authority for 1 year to purchase commodities when not in surplus. If this authority is not extended beyond June 30, 1974, the Department of Agriculture will begin reducing its acquisition of commodities.

The Department of Agriculture can provide funds to make up the shortfall in commodities. The problem which arises is that money received by the school system is not as valuable as food, because of the great difference in the buying power between the Department of Agriculture and the individual schools purchasing food for their own use.

In the past the Department of Agriculture has been able to influence the agricultural market by buying surplus commodities, and thus "save the market." This has happened earlier in the case of orange juice and more recently with the purchase of beef.

This useful capacity will be diminished if the commodity distribution program is phased out.

This article surely indicates the need to pass without delay, S. 2871, of which I am a joint sponsor, in order to extend the authority of the USDA to purchase commodities not in surplus.

Mr. President, 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:

SHAPING UP: A "GRAVE THREAT" TO SCHOOL LUNCHES

The cheap but nourishing lunches served to millions of children in school cafeterias have long been an accepted part of the American way of life—but that way is about to change.

Beginning June 30, the Department of Agriculture will start a "phase-down year" of buying surplus foods for distribution to public schools.

That decision will end federal control of the National School Lunch Program, which got under way in 1946. It will also mark a turnabout in the Government's efforts to find outlets for surplus foods since the first guidelines for commodity buying were set up in 1935.

The reason, according to Administration spokesmen, is simple: Surplus food is getting scarce.

What this is likely to mean is added headaches and possibly rising budgets for school administrators across the country. Protests already are pouring into the nation's capital.

A CHANGING MARKET

Main points at issue between school authorities and the USDA are these:

The educators contend that only the Federal Government, with millions to spend on commodities in vast quantities, has the purchasing power to provide lunches at a cost that students from poorer families can afford.

Federal authorities answer that, with the rising worldwide demand for agricultural products, their leverage to buy in volume at below-market prices is fast dissolving.

The recent record shows this: In 1973, surplus food channeled into schools fell about 70 million dollars short of filling lunch-program needs. The USDA contributed funds to bridge the gap.

Next year, Agriculture economists say, the situation could be even worse, with the shortage of basic food commodities growing more critical.

Edward J. Hekman, administrator of the Food and Nutrition Service, told a Senate committee conducting hearings on the school-lunch program:

"Our efforts to purchase foods, even at market levels, are facing stiff competition, the result being that sometimes USDA receives no bids on orders at all."

Still, there is no intention to leave the school-lunch program completely in the lurch. Assistant Secretary Clayton Yuetter suggested that the USDA hand over to State food-purchasing offices all money appropriated for lunches. Last year, that would have amounted to 313.7 million dollars.

According to an Agriculture spokesman, this shift in purchases to the States would have little effect on a number of schools.

"Many school districts," he said, "have been buying about 80 per cent of their commodities locally anyway."

SHOCK TO SCHOOLS

But other districts which lack purchasing and distribution systems are—in the words of one official—"absolutely stunned."

An authority in the Montgomery County, Md., school system said:

"We would lose quite a few of our staple items such as butter, flour, cornmeal. We would have to buy these locally at inflated prices. Even if USDA gave us extra money we wouldn't come out even. We don't have the purchase leverage they do."

A Virginia State official noted that the Government has already reduced the level of spending for the program by 23.7 million dollars and is seeking to cut it further. What schools need, he argued, is a 12 per cent increase.

A cook in one school wrote to a Senator: "I am sure our school-lunch program would go down in defeat if the USDA took from us these commodities that we are using in our lunches."

Gray Hodges, superintendent of the Beaufort, N.C., country board of education, wrote:

"There is no way we could purchase the same quantity or quality of foods. . . . Without the support of the USDA commodity program, our total school-lunch program will be in jeopardy."

In Springfield, Oreg., a food-service official estimated that, if the USDA ceases to buy commodities, at least 20 of the city's school will have to to without a lunch program.

CUT IN BUYING POWER

On March 28, Ellsworth Reiss, president of a food-distribution association, representing 13 States and the District of Columbia, told a Senate Agriculture subcommittee:

"Please remember that if there is a cash flow to individual schools in lieu of commodities, the volume buying power they have enjoyed in the past will be gone. Individual recipient agencies or an individual State cannot duplicate the savings that the USDA has realized in volume purchasing."

Senator George McGovern (Dem.) of South Dakota, has introduced a bill which would extend the authority of the USDA to buy commodities—even at above-parity prices—for two more years. But Agriculture officials warned that, if the McGovern measure becomes law, "we will be in the commodity-procurement business forever."

Even as the USDA prepared for the "phase-down year," however, President Nixon announced the purchase of 45 million dollars' worth of beef to be distributed as hamburger to schools.

IN A QUANDARY

The action was described as a help to cattlemen in disposing of a surplus in beef. However, John G. Mohay, executive vice president of the National Independent Meat Packers Association, said it left packers "in a quandary."

If the USDA wants "choice" beef, as it indicated, he said "I don't see how is could be provided for less than a dollar a pound." This could bring further pressure toward higher prices in lunchrooms and family kitchens.

Opinion favoring the phaseout is not unanimous even within the USDA. Says one of its food-service officials:

"If the USDA goes out of the commodity business, surpluses will go begging. There will be no way to buy or distribute them. Don't forget your distribution centers will be phased out, too.

"We'll be back to killing animals again as we did in the 1930s when all this got started."

BOOK PUBLISHED BY LOUIS CASSELS

Mr. THURMOND. Mr. President, the virtues of living in a small town are beautifully expressed in the book entitled, "Coontail Lagoon: A Celebration of Life."

This book, published by Westminster Press, was authored by the late Louis Cassels, United Press International religion writer, who retired in my hometown of Aiken, S.C., several years ago. Mr. Cassels was a native of a nearby community named Ellenton. This town was wiped off the map in early 1950 when a large parcel of land was taken over by the Federal Government for construction of the Savannah River plant.

Mr. President, I recommend this interesting book to my colleagues. It would be especially good reading in these times of constitutional crisis and world military problems.

An article about Louis Cassels' final book was published in the April 3, 1974, issue of the Aiken Standard newspaper, Aiken, S.C. Mr. President, I ask unanimous consent that this article entitled, "Cassels' Final Book Heralds Small Town" be printed in the RECORD.

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

CASSELS' FINAL BOOK HERALDS SMALL TOWN

(By Grant Dillman)

Louis Cassels, UPI's late religion writer, wrote a final book just before his death keyed to the belief—in his own words—that "the fully abundant life is more freely accessible in town-and-country America than in large, cosmopolitan cities."

Whether or not you agree, the book is convincing evidence Lou proved his theory at least to his own satisfaction. He called it an account of a "very ordinary, often weak man crawling slowly back from the brink of death and rediscovering the sheer joy of being alive in this beautiful world God has made."

Published by Westminster Press, the book is titled, "Coontail Lagoon: A Celebration of Life". It is a relatively thin volume, but it is full of the emotional riches Lou and his wife, Charlotte, discovered in Aiken, in the last two years of his life.

Aiken was Lou's home and he always had planned to retire there. He advanced his timetable one evening in 1970 while in Philadelphia to receive Villanova's St. Augustine award for distinguished service to journalism. A UPI reporter dashed up to say, "Smitty just shot himself."

Smitty was Merriman Smith, UPI White House Reporter who finally found the pace of covering presidents too much. That night Lou and Charlotte talked about their friend and decided to get away as soon as possible from "big league journalism and the high-pressure life that attends it."

Lou arranged to return to Aiken after the 1972 presidential elections. He would write only his religion columns and occasional special articles. Then, 14 months later, he suffered a heart attack and left Washington as soon as he was out of the hospital.

Lou and Charlotte already had built a retirement cabin at Coontail Lagoon, located on the fringes of a swamp just outside Aiken and his book really begins when they walked into the cottage and "Charlotte turned to kiss and hold me tight in her arms."

"We're home, Darling," she said. "We're starting a new life, and it's going to be the best yet."

What Lou found was the "soothing, soporific sound" of a small waterfall outside his bedroom window, the diversity of swamp wildlife, the thousands upon thousands of birds that stop at Aiken on their annual migrations and a suburban gardener's appreciation of nature's profligacy with wild flowers.

"The deepest mystery of the universe lies not in the evil and ugliness that abound in it but rather in the good and beauty that persist amidst its perils in spite of everything."

He discovered the changes in the South since his boyhood.

"I see black men and women working in factories side by side with white men—for identical wages. I see black families living in modern brick homes and driving late model cars. I see black people sitting where they choose in movie theaters, entering restaurants and motels without qualms."

He found southerners he knew fascinated but not shocked by Watergate.

"Southerners take for granted that all politicians are apt to be crooked unless very closely watched. . . . As one of my friends remarked during the Watergate hearings, 'Every politician knows that it pays to be honest—but it don't pay as much'."

He found the verities of Aiken unchanged.

"Just as wine reflects, in taste and bouquet, the type of grapes used, the soil in which they are grown and the amount of sunshine and rainfall . . . a town derives its distinctive character from the interaction of . . . its history, its people, the climate and geographical location. . . . If towns are like wine, Aiken belongs in the same class with Montrachet, La Tache and Lafite-Rothschild."

Lou obviously also found a large measure of personal peace.

NATIONAL ARTHRITIS ACT

Mr. RIBICOFF. Mr. President, it is long past time for this country to mount an attack on a disease that afflicts 50 million Americans—arthritis. For this reason, I am cosponsoring S. 2854, the National Arthritis Act.

The cost to the Nation and to the State of Connecticut from arthritis disability is staggering in terms of medical bills, lost wages, workdays lost, payments to the permanently and totally disabled, and social security disability insurance payments.

In Connecticut alone the figures are staggering. According to the Connecticut Arthritis Foundation:

Over 768,000 Connecticut people suffer some form of arthritis; 307,000 of them need medical care; 52,500 of them are disabled; 3,750 new victims become afflicted with arthritis in Connecticut each year; 76,800 Connecticut citizens have the worst form of arthritis—rheumatoid arthritis—which strikes during the prime 20–45 year age bracket; 3,750 Connecticut children have juvenile rheumatoid arthritis; the annual economic impact of arthritis in Connecticut is $135 million.

Arthritis costs Connecticut citizens $52.5 million in lost wages and the Federal Government $11.5 million in lost taxes; medical costs for arthritis in Connecticut run to $37.5 million a year; over 210,000 working mandays are lost in Connecticut each year due to arthritis; over $6 million is wasted annually in Connecticut on worthless arthritis "cures and remedies" and $400 million is wasted nationally; unfortunately, less than $20 million a year is spent on arthritis research.

These statistics show that a frontal attack is needed on this disease which can strike not only the old but the young and middle-aged as well.

The National Arthritis Act provides for the establishment of a task force to develop a national arthritis plan. The plan will include recommendations for utilization and organization of our national resources in a coordinated way and will include a program for the National Institute of Arthritis, Metabolism and Digestive Diseases.

The proposed legislation also establishes a focal point for coordinating arthritis by establishing an Associate Director for Arthritis with the Institute.

One of the most important features of the bill is the establishment of an arthritis screening, early detection and control program, and national research and demonstration centers. Early detection and treatment of arthritis can minimize years of pain and disability. The national centers will provide an opportunity for intensive, interdisciplinary arthritis research and training in, and demonstration of, advanced diagnostic prevention, treatment and control methods for arthritis.

To carry out the screening, early detection and control program, there would be authorized $40 million from fiscal 1975 through 1977.

For the establishment of research and demonstration centers and research capacity $45 million in total is authorized for fiscal years 1975 through 1977.

I am pleased to join with Senators CRANSTON, WILLIAMS, JAVITS and others in this bipartisan effort to begin a coordinated fight to alleviate the pain and suffering which arthritis afflicts on millions of Americans.

THE WATERGATE TAPES

Mr. McCLURE. Mr. President, there are two aspects of the critical tapes question which disturb me. One is scientific, the other political. In the first instance Science magazine has published an interesting account of an alternative solution to the mysterious tape erasures. It may be the right one. It may not. The point is that one scientifically acceptable solution was ignored. Mr. Wade's article points out that the court appointed board was composed of "experts in acoustics and computer processing—sensible fields to choose before one knew what the problem was—but not particularly familiar with the workaday problems of tapes and tape recorders." He further points out that "little data is given in the panel's summary report." While I have no doubt that their investigation was carried out in the best of faith its method was more that of fiction than of fact. Novelists pick and choose from their data in order to stress what they consider important, and traditionally at least, in order to adhere to their plot lines. Scientists have all the data at hand and may not discard or stress any of it without a full explanation. Even then their presentation is still hypothetical. This second study has shown that while the first explanation may be true it is not scientifically necessary. Because Miss Woods' machine was repaired before testing, because the appropriate brand of machine was not used in testing and because the possibility of the faulty rectifier's having affected the flow of power to the erase head without turning off the machine altogether, we have a study which does not take into account all of the possibilities. We therefore have fiction, not science. The political problem is more subtle.

When the experts' report purported to show that whatever else had happened someone had deliberately erased the tapes, the subject was discussed ad in-

finitum by everyone who could get his mouth open. Now that there is a viable debate we suddenly learned that the court had proscribed the discussion as taboo. All I can say is that I hope this is a coincidence. I am pointing to these matters not because they exonerate the President or indict him, they do neither, but as a believer in fairness I cannot leave them unsaid. Mr. President, I ask unanimous consent that three articles on the subject be printed in the RECORD.

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

WATERGATE TAPES: CRITICS QUESTION MAIN CONCLUSION OF EXPERT PANEL

(By Nicholas Wade)

Nothing in the last month has damaged President Nixon more than the conclusions reported by the panel of experts suggesting that the 18½-minute gap on the 20 June tape was erased deliberately. Conversely, few things would have helped Nixon more than if the panel had come in with a report that the erasure and buzz might have been caused accidentally. As it happens, all the data the panel has revealed so far can be accounted for by an explanation which the panel apparently failed to consider, but which implies that the erasure was accidental and not deliberate.

This alternative explanation has received surprisingly little attention, maybe because the panel's conclusions fitted so well with people's expectations. It has been mentioned in passing by Charles S. Rhyne, the attorney for Miss Rose Mary Woods, but his remarks have been reported skeptically in the press. Rhyne himself has not had the report proposing the explanation checked out by technical experts, and delayed a week before passing it on to Judge John J. Sirica on 6 February.

The report is the work of a small electronics firm, Dektor Counterintelligence and Security Inc., located in Springfield, Virginia. The Dektor people argue that the sounds and magnetic marks discovered by the panel on the 18½-minute segment could all have been caused, in a single continuous operation, by the sputtering on and off of the tape recorder's internal power supply. The Uher 5000 used by Miss Woods is known to have a defective rectifier circuit, which in fact burned out while the recorder was in the panel's hands. The panel of experts, on the other hand, based their conclusion—that there must have been at least five separate manual erasures—on their belief that the magnetic marks could only be imprinted by hand operation of the button controls.

Two electronics experts consulted by *Science* say that the Dektor hypothesis is technically feasible and is as compatible as is the panel's version with what little data is given in the panel's summary report. The panel's testimony before Sirica's court, which runs to more than 300 pages of transcript, contains nothing to suggest that the panel considered the Dektor hypothesis, and, in fact, there are positive indications that the panel did not.

Citing an order by Sirica not to talk to the press, members of the panel refused last week to say whether they had considered the Dektor explanation before releasing their summary report, or whether they have since performed tests to rule out the explanation. According to Barry Blesser, an assistant professor of electrical engineering at MIT, who advised on the selection and work program of the panel (*Science*, 14 December, p. 1108), the data in the summary report do not allow a decision to be made between the two hypotheses. But he finds the panel's more believable because the magnetic marks on the 18½-minute gap fall into the classic pattern made by some inexperienced with recorders trying to erase a tape.

Blesser adds that he cannot imagine people of the panel's caliber failing to perform the obvious tests that would rule out the Dektor theory. On the other hand, Allan D. Bell, president of Dektor, observes that the panel members are experts in acoustics and computer processing—sensible fields to choose before one knew what the problem was—but not particularly familiar with the workaday problems of tapes and tape recorders.

Bell's company, headquartered above a cookie factory just beyond the Washington beltway, has a staff of 30 professionals, most of whom have backgrounds in the intelligence community. The company develops equipment for use in counterintelligence and security—two recent products are a psychological stress evaluator and an instrument for testing whether a telephone has been converted into a listening device. The company put about 100 man-hours into its analysis, which was based on the data in the panel's summary report and tape recorder tests conducted in Dektor's laboratories. The analysis was done for the "fun of working out a logic problem," Bell says, and because of an intuitive feeling that the experts' report was incomplete. Dektor is receiving no fee from Rhyne, nor is Bell interested in anything beyond the technical issues, such as how the gap could have lasted 18½ minutes. "I'm limiting my entry into this mess," he says.

The explanation developed by Bell and his colleagues goes as follows. A malfunction started in the tape recorder circuitry (maybe in its filter capacitor) which rectifies the alternating current from the mains into direct current. Because of the malfunction, there occurred a series of intermittent voltage drops in the d-c supplied to the bias oscillator, which energizes the erase and record heads. (The voltage drops would not necessarily affect the forward movement of the tape because the tape capstans are driven directly from the a-c mains supply.)

Whenever the voltage fell below a certain threshold value, the oscillator would cease to oscillate, and the erase and record head would be deenergized, leaving their characteristic magnetic signatures on the tape—a quartet of lines for the E-shaped erase head of the Uher 5000 and a doublet for the U-shaped record head. Momentary deactivation of the heads would also produce the brief snatches of speech and other phenomena on the erased section. The malfunctioning rectifier could also cause the predominant buzzing sound on the erased section.

The Dektor conclusion is that "it appears at least feasible that the entire scenario described in the report [of the panel of experts] and the graph and in the ensuing testimony could result from an intermittently defective power supply with the recorder in forward continuous transport, without stops or reversals, for the entire buzz section." Bell and his colleagues add that they cannot say that the defective power supply was the cause, nor that the panel's conclusions could not have been the cause—"We can say only that the power supply problems provide an apparently equally feasible alternative."

In addition, the Dektor study contradicts the panel's report on two points of fact. First, the panel states in its report and testimony that only by manual operation of the recorder's control buttons can the erase head be deenergized and the quartet signature imprinted on the tape. Dektor's tests with a Uher 5000 show that anything that causes a voltage drop will deenergize the erase head—in fact this is exactly how the erase head is normally activated and deactivated. A less important oversight is the panel's statement that the record head leaves a single mark on deactivation; had the panel employed the more refined method of developing magnetic marks used by tape experts they would have picked up the fainter, second line of the record head doublet, Bell suggests.

As Blesser observes, it is extremely hard to believe that the panel did not consider and exclude the Dektor hypothesis before presenting its own. Yet various statements made by the panel in court indicate fairly certainly that it had not considered salient points of the Dektor argument (court transcript 17 January 1974, pages 2688–2690):

Mr. ST. CLAIR [attorney for President Nixon]. If there was such an interruption [of the power supply], would it not de-energize the head?

Mr. WEISS [panel member]. It would also de-energize the motor.

Mr. ST. CLAIR. I wonder if you would respond to my question and then make an explanation.

Mr. WEISS. Yes, it would de-energize the head.

Mr. ST. CLAIR. And if it de-energized the head, it would make this series of character marks, wouldn't it?

Mr. WEISS. No.

Mr. ST. CLAIR. I thought it had been given here [that] if the erase head is de-energized it makes a characteristic mark consisting of a quad.

Mr. WEISS. I would like Mr. McKnight to respond to that.

Mr. ST. CLAIR. Certainly. [McKnight explains that tests made on a Sony recorder show the power cut does not cause a mark, but the test has not been performed on the Uher 5000.]

Mr. ST. CLAIR. So if there were a series of power cut interruptions, you are not now prepared to tell us whether or not it would make these characteristic marks on the tape?

Mr. MCKNIGHT. We can only give an opinion; right. . . .

St. Clair then puts a crucial question:

Mr. ST. CLAIR. Perhaps if you don't know this, maybe we could refer it, but supposing there was an interruption in the power supply *of* the machine, rather than the power supply *to* the machine [italics added].—You get the differentiation?

Mr. MCKNIGHT. Yes.

Mr. ST. CLAIR. . . . [Y]ou are not now prepared to tell what result if any would result on the tape, if that were to be the situation? You knew there was a . . .

Mr. BEN-VENISTE [attorney for the Special Prosecutor force]. We don't have an answer to that question.

Mr. MCKNIGHT. I am sorry. No, I don't believe we can definitely answer that question.

A test that could fairly decisively rule out the Dektor hypothesis and corroborate the panel's conclusions would be to look for any discontinuities in the 60-cycle-per-second tone and harmonics thereof that make up the buzz. There are several places in the testimony in which it would be quite natural to cite this test—if it had been done—and indeed the panel did look for a phase discontinuity at the point where the buzz suddenly become softer, but none was found. Moreover, if the panel members had suspected that the failing rectifier might have had anything to do with the marks on the buzz section they would presumably not have performed tests on Miss Woods' recorder until it failed and then thought only of fixing it. A diode bridge was replaced, and, according to Weiss, "We, of necessity, had to open up the interior . . . and tighten down several screws and, quite conceivably, for example, may have tightened a ground connection to a point where it was making more firm contact than previously." After these adjustments the Uher 5000 would not buzz any more. The panel's action made it vulnerable

to a scathing accusation by Miss Woods' attorney that it had destroyed vital evidence. To Rhyne's question, "So in effect you obliterated the evidence which anyone else would need to test your conclusions, did you not?" Weiss had to reply, "Yes, in large part."

Why then did the panel of experts apparently fail to consider the possibilities raised by Bell and his colleagues at Dektor? The logic of the panel's thought processes emerges fairly clearly from its voluminous testimony before Judge Sirica. The "key and guts" of their report, panel chairman Richard H. Bolt agreed in answer to a question from Ben-Veniste, was the quartet signature left by deenergizing the Uher erase head. The panel repeatedly states that only the control buttons can deenergize the erase heads, so the argument presumably went, "Erase quartet means deenergization means hand operations of the buttons." Panel chairman Bolt stated explicitly, "We asked the question: What operations on the key board would produce that internal function such as, for example, turning power from the erase head. These are the only questions we looked at." All facts were explained to fit this framework and those that didn't, such as the occurrence of the buzz, tended to be ignored. "In our view, the presence or absence of buzz and the exact source of buzz is essentially irrelevant to the issue that we are looking at technically," Bolt told Sirica.

If the panel had decided that the buzz was relevant, it might have been led to consider the effect of the failing rectifier circuit. In fact the panel put considerable effort into determining the source of the buzz and decided, after discovering a correlation between the loudness of the buzz and variations in the noise on the main power supply, that the latter was the source of the buzz. Weiss even went to the White House with a tape recorder to record the power output of the plug in Miss Woods' office. (No noise variations were detected, the reason being, the panel later decided, that the President and his staff were away at the time and power drains in the White House were different from usual.) "After all of the concentration on the buzz," Rhyne asks at one point in the hearing, "then you in effect throw it out of the window. Why?" "We believe that the most solid and basic evidence that we have developed is the direct magnetic evidence on the tape," Bolt answers.

Why did the panel present the court and the public with a summary of its conclusions (which, as it happens, was consciously written in the form of a press release) before it was ready with the technical details on which the conclusions were based? It seems that Sirica asked for a summary to be delivered as soon as possible and the panel was sufficiently confident to give it. Despite the unwelcome nature of their summary to the White House, the panel was so surprised to be treated as hostile witnesses by St. Clair and Rhyne that they asked for a special hearing before Sirica to complain. "We cannot function properly if we are in some minor way set off our stride, or disturbed," panelist Thomas G. Stockham told the judge.

Even if the panel had not considered the Dektor hypothesis at the time of last month's hearings, it will by now have checked it out. It is quite likely that the hypothesis has been disproved, if only because the panel would presumably have publicly admitted by now if its conclusions were ambiguous or even incorrect. Even should the Dektor explanation be true, some important problems remain for those wishing to base a full scenario on it. It is probably necessary to assume that Miss Woods talked for 18½ minutes on the telephone instead of the 5 she estimates. (Argument here would hinge on how common it is to make such an underestimate of time.) Barring a malfunction in the Uher's controls, for which there is no evidence, she must have pressed the record button instead of the stop, as she has related in court, and also have kept her foot on the foot pedal throughout the 18½ minutes. Next is the question of why she cannot remember whom she was talking to. (Rhyne says she receives some 90 calls a day, too many to keep a log of. He adds that he doesn't think there was anything on the tape anyway—Nixon and Haldeman had four meetings the day before, on 19 June, one of them on an airplane, where sensitive aspects of the break-in 2 days earlier were more likely to have been discussed.

President Nixon has been reported as saying that he doesn't know how the 18½-minute erasure was made, but that he feels it was accidental. If the Dektor hypothesis should be proved correct, there is a chance he may be right.

THE TAPES: CHALLENGING THE EXPERTS

(By Joseph Alsop)

The gravest charges have now been convincingly made against Judge John J. Sirica's panel of experts on the Watergate tapes. They have been accused of tampering with vital evidence. They have also been accused of quite possible gross error.

If the charges stand up, the President and his staff are guiltless just where they have been found most guilty, in the matter of doctoring the tapes. This is startling enough. But what makes the charges far more startling is their source.

The source is Science. This magazine is the weekly organ of much of the American scientific community; and the editors of Science are not much more fond of President Nixon than the editors of the most anti-Nixon newspapers you can think of. Yet here is Science galloping to the President's rescue in the manner of Young Lochinvar.

The Science article, written by Nicholas Wade, concerns the ultra-famous Watergate tape with the 18½-minute gap filled only by a buzz. Judge Sirica's experts found that the gap was unquestionably made by purposeful erasure of the tape. This was said to be proven by electronic stop/start "signatures" numbering at least five, and perhaps as many as nine.

To make their study, the five experts, chairmaned by Richard H. Bolt, were given the Uher 5000 tape recorder used by the President's personal secretary, Miss Rose Mary Woods, plus the original of the tape with the 18½-minute gap. The whole strange plot revolves around the fact that the Uher 5000 recorder was defective, to the point of breaking down in the hands of the five experts.

When this happened, the evidence-tampering occurred—no doubt innocently yet quite unchallengeably. By their own admission, the experts "opened up the interior" of the machine, replaced a diode bridge and tightened screws and probably ground connections as well. In other words, the Uher 5000, a most material piece of evidence, was physically altered in a most material way.

It may therefore be impossible, hereafter, to test the machine's possible malfunctions before it came into the hands of the panel of experts. With a view to such tests, however, Judge Sirica has already been asked for the defective diode bridge that was replaced, plus the exact record of the other changes made in the Uher 5000 by the expert panel. No answer has as yet been forthcoming. It even appears possible that no record was kept by the experts and the defective diode bridge was simply thrown away.

This is all vitally important, in turn, because of a peculiar characteristic of the Uher 5000 recorder. A voltage drop resulting from malfunction can just as easily produce the stop/start signatures found by the expert panel as can a purposeful effort to erase the tape.

Incredibly enough, by their own admission in court, the expert panel tested this question of erasure by malfunction on a Sony recorder instead of on the Uher 5000. The Sony does not have the Uher's peculiar characteristic above noted. Thus the possibility of erasure of the tape by malfunction was dismissed after a phony test in a shockingly slip-shod way.

To make the whole tangle stranger, none of the foregoing might have surfaced if it had not been for a group of ex-military intelligence officers. These men have formed their own little electronic company, Dektor Counterintelligence and Security Inc., Springfield, Va.

The company makes de-bugging equipment and the like. Its head, Allan D. Bell, is a special expert on tape recorders—whereas, none of Judge Sirica's experts has ever had any known practical experience with tape recorders.

Bell read the report of the expert panel, smelled a rat and wrote another report for his own amusement, concluding that "power supply problems" (in the Uher 5000) were an "equally feasible alternative" to the purposeful erasure explanation of the Sirica experts.

Bell's company does no government work, has no White House connections, and got no reward for the Bell report. One evening, however, another officer of the company got "fed up with the circus on television." Hence, he called Miss Rose Mary Woods' lawyer, Charles Rhyne. Thus the Bell report's challenge to the Sirica experts later found its way into Science, which supports the challenge in its careful article.

There are still plenty of other technical complications, concerning that telephone call by Miss Woods, for instance, that supposedly had something to do with the gap in the tape. The existence of an "equally feasible explanation" does not mean that the Sirica experts' explanation is quite certainly wrong either.

Yet in this country, a man is presumed innocent until he is solidly *proven* guilty. The opposite rule has clearly been followed in this case, and with the President of the United States. So this is not a very pretty story.

WATERGATE TAPES

Joseph Alsop's stirring disquisition on the Watergate tapes depicts *Science* magazine as "galloping to the President's rescue in the manner of Young Lochinvar." The immediate intent of the *Science* article was, it should be confessed, less chivalrous. The purpose was simply to show that the panel of experts appointed by Judge Sirica had apparently failed to consider and rule out an alternative explanation of how the 18½-minute gap on the tape of June 20 might have been caused.

The alternate explanation, as it happens, interprets the various sounds and marks on the erased section as the product of electrical failure rather than that of five to nine separate hand manipulations—whether accidental or deliberate. This would still leave us with an 18½ minute gap, presumably made by one continuous operation and the question of how it was caused. In other words, even if this alternate explanation should be proved correct, there would be a long way yet to go before President Nixon's disentanglement because as simple as Fair Ellen's.

Mr. Alsop writes that the panel of experts "have been accused of tampering with vital evidence. They have also been accused of quite possible gross error." Their behavior was perhaps not quite as felonious as this implies. What happened was that the Uher 5000 tape recorder used by Miss Woods broke down while the panel was carrying out tests. The expert's first instinct was to fix it. They replaced an electrical part called a diode bridge which was saved—not thrown away—and tightened down a few screws and ground connections. After being fixed the machine wouldn't make its famous buzz any more

but the panel was not particularly concerned because they had decided the buzz was irrelevant to their investigation. There can be no question that the repairs on the machine, however inadvisable from a legal point of view, were made completely innocently. Quite apart from the fact that the panel members are men of integrity, all distinguished in their own specialized fields, it is fairly certain that at the time of making the repairs they had not considered the possibility that the malfunction might be the key to the problem.

It was this possibility that was seized upon by Allan D. Bell, president of Dektor Counterintelligence and Security Inc. After reading the summary report of the panel of experts, he and his colleagues at Dektor performed various tests on the Uher 4000 tape recorders they had in their laboratories and on a Uher 5000 which they were able to borrow for a brief period. According to the theory they developed, a defect might have started in the Uher 5000's rectifier, a piece of electrical circuitry which converts alternating current from the main into the direct current needed to drive what is known as the bias oscillator. The bias oscillator, in turn, supplies current to the erase and record heads of the Uher 5000. Because of the defect, the Dektor theory goes, the rectifier in the process of failing might have caused a series of momentary cut-offs in the direct current to the oscillator. The cut-offs would have produced both the brief snatches of speech discovered by the panel on the erased section, as well as the characteristic "signatures" left by the erase and record heads when they are de-energized. (The rectifier cut-offs would have produced both the forward movement of the tapes because the tape capstans in the Uher 5000 are driven by unrectified, alternating current direct from the main).

The panel of experts, on the other hand, started with the erase head signatures, which they described in testimony before Sirica as the "key and guts" of their report. They decided that the one and only way in which the erase head signatures could get on the tape was by hand operation of the Uher 5000's control buttons to turn the erase head off. Hence they concluded that the presence of at least five erase signatures on the tape could only mean that the tape had been erased on at least five separate manual operations.

The Dektor people are careful to point out in their report that they cannot prove either that their explanation is right or that the panel's is wrong. All they are saying is that the power supply problems "provide an apparently equally feasible alternative." But they contradict the panel on two matters of fact. One is the crucial point that anything that produces a voltage drop in the bias oscillator—not just operation of the control buttons, as claimed by the panel—will cause the erase signature to be imprinted on the tape. The other point of difference, irrelevant to the argument but with a certain bearing on the panel's familiarity with tape problems, concerns the mark left by de-energization of the record head. The panel mentions that the record head leaves a single mark on the tape. If the panel had used the more refined method of developing tape marks employed by tape experts, Bell says, they would have picked up the second, fainter mark of the record head pair.

Did the panel consider and rule out the Dektor theory before going public with their summary report? The testimony given before Judge Sirica on Jan. 17 makes fairly evident that they did not. Asked by James St. Clair, Mr. Nixon's attorney, if de-energization of the erase head by a power cut would leave an erase signature on the tape, one panel member said it would not and passed the question to a second member who said he couldn't say. Tests conducted on Sonys and similar machines had showed that power cuts do not leave erase signature, but the panel had not run the test on Miss Woods' machine or, it appeared, on any other Uher 5000. The testimony then went as follows:

Mr. St. Clair: Perhaps if you don't know this, maybe we could refer it, but supposing there was an interruption in the power supply of the machine, rather than the power supply *to* the machine [italics added]—You get the differentiation?

Mr. McKnight: Yes.

Mr. St. Clair:—you are not now prepared to tell what result if any would result on the tape, if that were to be the situation? You knew there was a—

Mr. Ben-Veniste: We don't have an answer to that question.

Mr. McKnight: I am sorry. No, I don't believe we can definitively answer that question.

What the panel made public on January 15 was a summary report containing its main findings. The data on which these were based were promised in another three or four weeks. Until this full supporting data is published, there seems to be no way of deciding whether the panel or the Dektor people are right. Barry Blesser, an associate professor of electrical engineering at the Massachusetts Institute of Technology, who advised on the selection and work program of the panel, says that on the evidence available so far, one cannot decide between the two theories. But Blesser favors the panel's version, because the bunching together of the erase signatures at the end of the buzz section conforms to the classic pattern made by someone inexperienced with tape recorders trying to erase a tape.

An obvious test that would decide between the two theories is to look at the waveform of the buzz. The buzz is composed of the 60 cycles per second hum and harmonics thereof of the main current. The waveform is a regular up and down line which wiggles from peak to trough 60 times a second in the case of the basic frequency. If the panel's theory is right, there should be a break in the waveform at each point where the recorder was stopped. If the Dektor theory is right, the recorder was not stopped and the waveform should be continuous throughout the 18-minute section.

The panel has presumably carried out this test by now, and may quite probably have proved the Dektor hypothesis incorrect. This at least will mean that the original oversight was of no practical consequence.

What if the Dektor theory is right? Joseph Alsop writes that if the charges against the panel stand up, "the President and his staff are guiltless just where they have been found most guilty, in the matter of doctoring the tapes." The situation is probably more complicated. Dektor being right would only mean that the 18½-minute buzz section was made in a single, continuous operation. It is still necessary to assume that the tape recorder was somehow put in record mode and left running for 18½ minutes. One way this could have happened is if Miss Woods accidentally pressed the record button instead of the stop button, as she related in court, and also kept her foot on the foot pedal for the full 18½ minutes. One would further have to assume that her telephone conversation lasted this long, and not for the 5 minutes she estimated. There also has to be a reason why she cannot remember who she was talking to. (Miss Woods attorney, Charles S. Rhyne, says she receives some 90 calls a day, too many to keep a log of.)

If, on the other hand, the Dektor theory is proved false, it still will have served the useful purpose of showing that even experts are not omniscient and that, this being so, it is safer to publish one's supporting data at the same time as one's conclusions, as scientific etiquette indeed demands.

Whichever way the Dektor theory turns out, the panel cannot be said to have treated the White House well in failing to take the theory into account.

JUDGE BARS TAPE COMMENT

(By George Lardner Jr.)

U.S. District Court Judge John J. Sirica told White House lawyers and Watergate prosecutors yesterday to stop "continued public comment" about President Nixon's subpoenaed Watergate tapes.

The judge said that it could only hinder the federal grand jury investigation now under way to determine whether any of the recordings had been tampered with.

Sirica summoned the attorneys to his chambers after The Washingon Post reported Sunday that two of the tapes were suspected of being rerecordings.

The White House reacted strongly to the story.

Mr. Nixon's chief of staff, Alexander M. Haig Jr., said the White House was going "to take it to the mat" and perhaps even "go on national television about it."

Mr. Nixon's chief Watergate counsel, James D. St. Clair, followed up the next day with a public statement denouncing the "insinuation" in The Post's story that some tapes had been altered.

Alarmed by the growing debate, Sirica met for more than an hour yesterday morning with St. Clair, Watergate Special Prosecutor Leon Jaworski and Charles S. Rhyne, the attorney for Mr. Nixon's personal secretary, Rose Mary Woods.

All of them, the judge said in a short statement issued after the session, agreed "that continued public comment on the grand jury's work by those who have any association with the investigation is inappropriate.

"The interests of justice require that the grand jury be allowed to speedily complete its work without risk of external interference," Sirica added. "Once the grand jury is through, there will be time enough and opportunity for thorough public analysis."

The judge later called the 23 grand jurors investigating the condition of Mr. Nixon's tapes into his courtroom in what Sirica called "another precautionary step to prevent the disclosure of matters which ought, for the time being at least, to remain confidential."

He specifically told the grand jury "to disregard the news coverage which precipitated this meeting." In an apparent reference to remarks from the White House, Sirica also told the jurors to ignore "all statements unless properly submitted to you."

St. Clair had said that one member of the court-appointed panel of experts assigned to check the tapes for any signs of tampering had expressed the opinion weeks ago that two of them could be recordings rather than the originals they have been represented to be in court.

However, he said that a "technical investigation" by the White House indicated this was not the case.

St. Clair brushed aside newsmen's questions yesterday about who the White House experts were by citing Sirica's call for strict silence.

A spokesman for Sirica also declined to name the White House's new technical consultants. He said the grand jury has been told who they are and may call on them later.

The six experts on the panel named by Sirica last November were jointly selected by the White House and Watergate prosecutors, but the White House apparently grew disenchanted with them when they reported last month that the 18½-minute gap on one of Mr. Nixon's tapes was the result of five separate erasures, all done manually. They said none of the erasures could have been caused by the foot-pedal Miss Woods said she used.

Miss Woods' attorney, Rhyne, has since

denounced the experts and pointed to a report volunteered to him by a Virginia firm, Dektor Counterintelligence & Security, Inc. It suggested that a faulty part in Miss Woods' recording machine could have erased the tape itself by sputtering on and off without her noticing it.

At the same time, Dektor's president, Allan D. Bell Jr., has told reporters this theory still leaves unanswered the problem of how 18½ minutes could have been erased.

Miss Woods has said she might have accidentally caused a short gap in the tape, but she has stated repeatedly that she noticed and corrected her mistake immediately after a five-minute phone call.

In his latest statement, White House special counsel St. Clair seemed to be endorsing the Dektor report. Speaking of the 18½-minute gap, he said that "our technical investigation" has determined that the erasures found by the court-appointed panel "could well have been, and probably were, caused by the admittedly defective recording machine."

However, Sirica's law clerk, Todd Cristofferson, told reporters that the White House has had no direct contact with the Dektor firm and had not enlisted it for expert advice.

The court-appointed experts are expected to resume their work on other subpoenaed tapes shortly.

They have been assigned to check all the recordings for any signs of tampering while the grand jury pursues its inquiry, as Sirica has put it, "into the possibility of unlawful destruction of evidence and related offenses."

Meanwhile, Haig has said he would ask for a Justice Department investigation into sources of The Post's story. It relied on "informed sources at the White House and close to the prosecution."

A Justice Department spokesman said yesterday afternoon that Haig had notified Attorney General William B. Saxbe that an official request would be forthcoming, but the spokesman said it had not arrived yet.

EXPORT CONTROLS AND EXPORT CREDITS

Mr. CHILES. Mr. President, export credits are vital elements in U.S. foreign economic policy. There is important legislation in the committees of the Senate on these matters. Yesterday I testified before the Subcommittee on International Finance of the Senate Housing, Banking and Urban Affairs Committee on legislation I have introduced on export controls and on concerns I have had regarding the export credit policies of the Export-Import Bank.

I ask unanimous consent to have the testimony printed in the RECORD.

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

EXPORT CONTROLS AND EXPORT-IMPORT BANK CREDITS: VITAL U.S. FOREIGN ECONOMIC POLICY INSTRUMENTS

(Testimony by Senator Lawton Chiles)

Mr. Chairman, the hearings you are holding on export controls and Exports Import Bank credits are of vital importance to our foreign economic policy and are especially timely. Recently, both export controls and export credits have shown themselves to have major significance for the health of our economy and the success of our foreign policy. Wheat exports to the Soviet Union have helped drive up food prices here at home. Export embargoes and export taxes by the oil producing countries have jolted the world economy and world politics. And export credits to the Soviet Union are a critical dimension of detente, at the same time that they raise serious questions of U.S. economic interest and legality.

Given these circumstances, Mr. Chairman, the extension of the Export Administration Act of 1969 and the extension of the authorization for the Export Import Bank cannot be and will not be considered a routine matter by the Congress. We must, I think, be especially prudent in our consideration of this legislation to be sure that we take full account of the changed world economic situation caused by inflation and the energy crisis.

Furthermore, these extensions in authorization come at a time when the Congress is rightly concerned with the gradual erosion of its power to the Executive Branch. The Constitution gives to the Congress the authority "to regulate commerce with foreign nations." We cannot afford to do with trade powers what we did with war powers during the 1960's. We have learned the painful lesson that sweeping delegation of authority to the Executive Branch will come back to haunt us eventually. In these vital foreign economic policy matters we must draw tight legislation which retains Congressional responsibility and does not deal us out of the game altogether by giving the "benefit of the doubt" to the Executive Branch.

This is especially true in trade, but it is also true of export credits. The Export Import Bank is growing extremely fast and becoming an extremely powerful economic force. The legislation submitted by the Administration would permit the Bank's direct loan, guarantee and insurance authority to increase from $20 billion to $30 billion in a four year period and its authority to issue guarantees and insurance on a fractional charge basis to increase from $10 billion to $20 billion in the same period. So we are talking about a period of major growth for the Bank over the next four years for which they request authorization extension. And this is at the same time that export credits to the Soviet Union are a centerpiece of our relationships with that country.

So I think both of these pieces of legislation require the kind of close Congressional scrutiny which you are giving to them, Mr. Chairman, and I am pleased to have the opportunity to join you in that effort.

EXPORT CONTROLS

As you know, in February I introduced a bill, S. 3030, to amend the Export Administration Act to take account of some of the concerns I have had over the last several months regarding export control authority. Some countries that have been somewhat shell shocked by the response in the United States to the oil embargo and oil price rise think that 30–30 is a good number for the bill!!

I have four fundamental concerns which S. 3030 seeks to address. Those are:

First, that the oil embargo and price rise have clearly shown that the United States must have the legal capacity, which it does not now have, to respond with export controls of our own to actions taken by other governments which have damaging effects on the U.S. domestic economy.

Second, there is a newly perceived need to focus trade policy attention on access to supplies, especially supplies of raw materials and natural resources, as well as to continue to be concerned about access to markets.

Third, recent events have made it necessary to consider export controls as a major item for international negotiation both within the GATT trade talks and in whatever other appropriate forum that is effective in harmonizing export policies for commodities of critical economic importance in world trade.

Fourth, it is clear that existing international institutions and rules on export controls are not adequate in the face of strong pressure for unilateral action.

Mr. Chairman, some of the arguments I would make regarding these four areas of concern have already been set out in previous statements I have made. With your permission, I would like to have these statements included in the hearing record following my remarks today and go on to focus on differences and similarities I see between my bill and the Administration bill, S. 3282, which was introduced on April 1st and supported in testimony before this subcommittee by Secretary of Commerce Dent last Friday.

DIFFERENCE BETWEEN CHILES AND ADMINISTRATION BILLS

The Administration bill adds language to the policy authorities of the Act stating that it is the policy of the United States to use export controls "to the extent appropriate to retaliate against a nation or group of nations which have unreasonably restricted United States access to their supply of a particular commodity."

My own view is that this language is both inadequate and dangerous. It is dangerous because it leaves completely open to Presidential determination what constitutes "unreasonably" restricting access to foreign supplies. It is a sweeping delegation of power to the President. The term "unreasonable" has no legal meaning: it has only a subjective meaning. There is no reference to being "unreasonable" in relation to existing domestic or international law. There is no requirement that in order to justify "retaliation" the restricted access to foreign supplies must cause some damaging effect on the U.S. domestic economy. Hence, the Presiden could retaliate with public policy against a country that restricted access to its supplies to a U.S. company even when this action did not have a damaging effect on the U.S. economy. Or a natural disaster which severely cut production in a given year could be interpreted as putting "unreasonable" restraints on access to supplies and enable the President to "retaliate."

What this clause amounts to is a Gulf of Tonkin Resolution for export controls. It is too open ended and too sweeping. It permits all kinds of subjective determinations and would invite representatives by U.S. companies to use it for their own benefit without reference to the national interest. There is no reporting requirement to the Congress and no recourse that we would have to challenge the President if we thought his determination to be questionable or if he failed to act when we thought he should.

The bill I introduced limits using export controls to cases where economic policies or actions by a foreign government have caused or may cause a serious inflationary impact, a serious domestic shortage, or a serious adverse effect on employment in the United States. This langauge limits retaliatory action by us to those cases where it would seem that governments had taken *deliberate* action without regard for the damage that might cause in our *internal* economic conditions. If they have done this, some equivalent response by us which would affect them in a similar way would be necessary as a means of putting pressure on them to adjust their policies so they will not affect us so adversely. We do not now have the legal authority to do this the way the Export Administration Act is drawn so there was no clear legislative mandate for dealing with oil export policies of other governments. We urgently need such a mandate.

But we must be careful that it is not open to misuse. This can be done by drawing the language more tightly and also by having a reporting requirement such as my bill contains which would permit the Congress to review the assessment by the Executive Branch of the actions taken by foreign governments and their impact on prices, employment and growth in the United States.

This would permit the Congress to dispute an Executive determination which might have been motivated by extraneous reasons. It would also allow the Congress to have the information necessary to determine if export controls should be imposed and to urge the Executive to do so in circumstances in which the Executive Branch might be slow to act. Either way this reporting requirement would provide the Congress with the information necessary to have a continuing role and responsibility in setting export policies for the United States.

I think this is absolutely essential and urge the Subcommittee to adopt a reporting requirement and other language it deems necessary to assure that the Constitutional prerogatives of the Congress in trade are upheld. One effective way to do this would be to limit the authorization period. My own bill is a one year authorization bill which would give the Congress strong oversight on the new authorities proposed.

The Subcommittee may also wish to consider language which would permit a Congressional veto in a specified period after the imposition of export controls to guard against misuse and miscalculation. The imposition of controls on the export of soybeans last year was very sudden and had a major effect on our relations with Japan. There was and still is considerable debate as to the merits of that decision. And yet there was no way the Congress could have any influence and was forced into a passive position. With export controls becoming an increasingly vital instrument in our foreign economic policy, this "hands off" condition cannot go on. I don't think the Congress should hamstring the Executive; but I don't think the Congress should leave itself in the position of being hoodwinked by the Executive Branch either.

In a nutshell, Mr. Chairman, in establishing the legal authority for the United States to respond to export policies of other nations which are damaging to us with export controls of our own, the overriding need is for constraint and caution. We need to be sure that a strong, clear message through action on our part can be sent to other nations when they take, in effect, hostile action towards us. So we need to be sure that the Congress can move our government in this direction when the time comes. But we need to be sure also that we can question the use of export controls when they are used for the benefit of a few or to bludgeon a nation into working our will in some other area.

The Administration's bill (S. 3282) throws the shackles of caution and constraint to the wind and in one sweeping sentence gives to the President a free hand in setting export control policies for the United States and deals the Congress out of the game altogether. As between the two bills, I urge this Subcommittee to consider the more precise language of S. 3030 in authorizing export controls in response to other countries and in requiring information for the Congress.

I also believe that it is important to make explicit reference in the extension of the Export Administration Act to the new international economic conditions in which we find ourselves and to the efforts underway to negotiate internationally rules, guidelines and procedures to harmonize world trading practices across the board. These multilateral efforts are crucial to moving the world toward freer trade whereas the domestic political pressures in all nations today are in the direction of more nationalistic and restrictive trade policies, especially in the use of export controls.

I agree entirely with the sentiments in the Administration bill that we should "deal with world shortages of particular commodities, whenever feasible, through international cooperation with major suppliers and consumers of such commodities, rather than by taking unilateral actions". But I find this to be a kind of sop in the opposite direction to offset the sweeping delegation of authority to the President to retaliate whenever he deems it reasonable. I find it strange indeed that an Administration that has supposedly keen interest in getting negotiating authority from the Congress for a new round of international trade talks makes no mention of these in its amendments to the Export Administration Act which is a vital piece in the trade puzzle they are trying to work out. To be frank, the Administration's bill looks to me to be cryptic and hastily drawn.

I think it makes sense for the Congress to make a greater effort to reshape the Export Administration Act to fit the new world economic conditions of today, and to establish some legislative coherence between this Act and the Trade Reform Bill. As I have pointed out before, the Export Administration Act as it stands on the books authorizes export controls essentially as an instrument of *domestic* economic policy. There is a need I believe to write in new language in the "Findings" section and in the policy authorities of the Act to achieve these purposes: (1) to make export controls more explicitly an instrument of foreign economic policy, (2) to clearly cast export controls within the framework of our overall trade policy to achieve internationally negotiated efforts that would result in *less*, rather than more, restricted movement of goods and services, (3) to establish legislative coherence between the Export Administration Act and the Trade Reform Bill, and (4) to take account of the relatively recently perceived problem of access to supplies in relation to which export controls have a vital role to play.

The language in my bill takes account of these different needs. It could be said I suppose that from a purely legal standpoint this language is window dressing but in the delicate and complex period we are in, in international trade today, I think the tone the Congress establishes in setting the nation's trade policy is extremely important. My own view is that this tone should be tough and strong. We must be strong in asserting our leadership internationally toward a world of freer trade in which nations work together to assure greater economic growth. We must be tough with those who would take advantage of international crises and temporary supply shortages to gouge world markets for all they are worth. But at the same time we must be clear which route we want nations to take and which way we intend to go ourselves. It should be clear that the *club* we are putting in this legislation is for that purpose—of getting world trading practices liberalized and harmonized so that world trade expands. The tone we set should not provoke other nations to think this means we are going it alone ourselves, which can only have the effect that they will dig their heels in for the battle. If this happens, the world will be off on a nationalistic mercantilist binge spawned by unilateral actions as in the 1930's. The world cannot afford this and neither can the United States.

The tone the Congress sets in this legislation may well be more important than the tone set in the Trade Reform Bill, because it is export controls which both here and abroad are the easiest expressions of nationalistic pressures. I think the importance of this legislation before your Subcommittee has been largely overlooked and I hope that the Congress will exert its leadership in trade by legislating clearly, coherently and responsibly the use of export controls.

EXPORT CREDITS

No less controversial or important is the whole question of our export credit policies. The credits of the Export Import Bank are lower than commercial bank credit. The legislative mandate of the Bank is to promote exports. This means that the Bank should finance exports which would *not* have been sold *without* Export Import Bank financing. U.S. exporters should have recourse to these export credits only as a last resort after having fully exhausted the possibilities for obtaining credit in the commercial market.

Whether or not EXIM is in fact promoting exports which would not have moved without EXIM financing is open to debate. It is hard to prove one way or the other. It may well be that because of the attractive credit terms, the Bank is simply subsidizing trade which would have occurred anyway. As the Bank grows, it is increasingly likely that it will be financing trade which could have been financed by commercial banks.

I have explored ways to pin this down in legislation to assure that this will not happen. If you put in a requirement that evidence be shown of a rejection of credit by a commercial bank, paper work will increase but the easiest thing in the world to get is a letter of rejection on a credit application. I am hopeful that this Subcommittee finds a way around this. Despite the legislative problems, I think it is important that EXIM be aware that there is serious concern in the Congress on this issue. I add my voice of concern and would support an effort by this Subcommittee to seek assurances that the bulk of exports financed by the Bank are on top of the trade pattern which would have occurred without EXIM financing.

Linked to this is the concern I have that too many of our government agencies like OPIC and EXIM facilitate business for the large companies and leave the little guy in the lurch. It's the little guy who is going to have difficulty exporting without some help, and it's the little guy who is going to have the difficulty getting export credit from commercial banks. So EXIM should be especially useful to smaller businesses.

A good deal of EXIM credit seems to finance high technology goods and heavy machinery like aircraft. These exports are produced generally by big companies. After two devaluations, U.S. goods should be price competitive and not require subsidizing financing to place them in foreign markets. What EXIM should be focused on is helping smaller businesses without a foothold aboard make up for their lesser marketing capacity due to their smaller site. Many members of Congress feel this way and, again I think EXIM should take note.

One way to move in this direction would be to have the Bank take a more systematic look at the countries where export financing would open up the largest flow of U.S. exports and the products which would best fit those markets or which are near enough to the export threshold to be triggered by the attractive financing terms EXIM offers. This would put the Bank in the position of having a trade promotion strategy to push rather than simply responding to spontaneous loan applications as they come in. I think it would also increase the likelihood that smaller businesses would get into the game more.

I have examined in some detail a few cases of EXIM export credits which have come to my attention. I have also studied the GAO report on the need for improved management information in EXIM decision making. I must say the cases I have looked at lead me very much to the same conclusions that GAO reaches, and I would support efforts by this Subcommittee to try to carry into legislation the GAO recommendations, or to make clear in the report on the bill coming out of the Committee some of the concerns the Congress has.

The basic problem seems to be that in considering a credit decision the Bank takes too much a tunnel vision look at the transaction they are financing without taking a broader view of all the transfers that will be involved, the effect on our domestic economy, and the national interests which may be affected. For example, EXIM is financing the export of machinery to the Soviet Union to produce ammonia and urhea for export to

the United States. But the other half of the deal is that the United States is to ship triple super phosphate from Florida to the Soviet Union. EXIM does not consider it their responsibility to consider this latter transaction in making their determination on financing the machinery exports even though it is an integral part of the overall package. And yet the Department of Interior considers phosphorus as "one of the six most important elements necessary for life and it does not have a substitute". The Soviet Union has sizeable reserves of phosphate rock whereas Europe, for example, has almost no phosphate rock. By shipping phosphate rock to the Soviet Union we are drawing down on our reserves of this invaluable mineral permitting Russia to retain their supply while Europe goes wanting.

Any reasonable assessment of U.S. foreign policy, of U.S. economic interest, and of U.S. resource management would lead to deep probing into the advisability of this transaction. The thing that bothers me is that EXIM does not even look at these broader issues and these direct effects of the specific transaction they are financing. They wash their hands of the responsibility for the big picture and decide the credit on the basis of the viability of the project they are financing and the assurance of repayment.

Export-Import Bank credits are increasingly important from a strategic point of view. As one Soviet journalist told an American newspaperman in Moscow a couple of weeks ago, "Remember, it is credits from the Export-Import Bank that are most important to us." If this is the case, if export credits are the underpinnings of detente, EXIM has to be concerned with the big picture. They cannot just go off giving financing because individual projects look good. They must be vitally concerned with the full range of economic and foreign policy interests of the United States in determining their credit policies. We cannot afford to have detente at any cost without a view to the specific pieces that make it up and whether the parts are consistent with the whole. The management of EXIM must be clearly charged with being responsive to these broader national concerns.

This leads to a point raised in the GAO Report concerning the analysis and documentation which goes into a credit decision. The GAO found this to be lacking and I am inclined to agree. If the Bank can make a decision without a system for considering in a rigorous way a range of different dimensions which bear on the specific transaction, then they are bound to make some errors of judgment. Again, I don't believe in unnecessary paperwork, but I do believe there should be some systematic study of the overall implications of a loan application before it is approved and then some documentation of why the Board decided to approve the loan. Current procedures leave no trace of why loan decisions were made or what considerations went into the loan approval. Greater information and documentation seems to me to be a basic requirement for improving the decision making process and assuring that fundamental interests of the United States are protected.

Mr. Chairman, I believe a serious effort should be made by the Export Import Bank to meet these concerns of:

Financing additional U.S. exports rather than subsidizing a flow of exports which would occur anyway;

Financing exports from smaller U.S. businesses rather than facilitating the sales of big business abroad;

Having a trade strategy based on a systematic appraisal of foreign markets and U.S. products near the export threshold rather than responding to the spontaneous surge of loan applications;

Taking into account the full range of financial, trade and economic effects associated with a transaction and assessing their implications for U.S. foreign policy, U.S. economic interests, and U.S. resources management before making significant loan decisions; and

Making a systematic study to back up each loan decision and documentating those decisions so that it is clear for the record why decisions were made the way they were.

I hope this Subcommittee can express these concerns in legislative language and in the Report on the bill. Perhaps the most effective way to assure responsiveness by EXIM to these concerns would be to make this authorization bill a one or two year extension rather than a four year authorization and see in a year or two how they are doing. This is what was done on the Senate floor in the case of OPIC and I believe it is an effective device.

Export credits and export controls are too important to this country's foreign policy to cast away Congressional authority when we are attempting to reshape and tighten up these vitally important programs.

Thank you, Mr. Chairman.

AWARD TO ADMIRAL SNYDER

Mr. THURMOND. Mr. President, in the Capitol last week an award ceremony was held honoring one of our naval leaders, well known to all of us, Rear Adm. Edwin K. Snyder, USN.

Admiral Snyder, as the members know, is currently serving as the Navy's Chief of Legislative Affairs. Prior to this duty he compiled a distinguished record in submarines during World War II and Korea, as commanding officer of the heavy cruiser U.S.S. *Newport News* during the Vietnam conflict and as an amphibious group commander following that.

The ceremony in question was occasioned by the award of his third Legion of Merit Medal which was presented by departing Secretary of the Navy John Warner. With the permission of the Senate I would like to read into the RECORD the citation accompanying this award.

CITATION

The President of the United States takes pleasure in presenting the Legion of Merit (Gold Star in lieu of the Third Award) to Rear Admiral Edwin K. Snyder, United States Navy, for service as set forth in the following citation:

For exceptionally meritorious conduct in the performance of outstanding service as Chief of Legislative Affairs for the Department of the Navy from September 1971 to April 1974.

An exceptionally competent and dynamic leader, Rear Admiral Snyder was directly responsible for planning, developing and coordinating relationships between the top leadership of the Department of the Navy and Members and Committees of the United States Congress. Throughout this period, he provided daily advice and counsel to both the Secretary of the Navy and the Chief of Naval Operations on matters of Navy interest before the Congress. As a direct result of his resourceful planning, dynamic execution, astute judgment and power of persuasion, the Navy has successfully supported legislation providing for force modernization that will provide the nation a strong Naval posture into the final decades of the twentieth century.

By his outstanding leadership, judgment and inspiring devotion to duty throughout, Rear Admiral Snyder upheld the highest traditions of the United States Naval Service.

For the President,

JOHN W. WARNER,
Secretary of the Navy.

Mr. President, in closing let me say Admiral Snyder has rendered a unique service to the Navy and his country in his capacity as Chief of Legislative Affairs. He has always been reliable, responsible and responsive in the way he has conducted his office. It is a pleasure for me to recognize him in this way.

THE TARNISHED GOLDEN YEARS

Mr. WILLIAMS. Mr. President, it should come as no surprise to any Member of this body to hear that millions of elderly Americans are facing severe problems in their day-to-day lives. The work of the Special Committee on Aging, and of the Subcommittee on Aging of the Committee on Labor and Public Welfare, has dramatically and comprehensively documented that sad situation.

As a former chairman of the Special Committee, and current chairman of its Subcommittee on Housing for the Elderly, and as chairman of the Committee on Labor and Public Welfare, I have become all too familiar with the tragic fate that befalls far too many of our older citizens. I have also been, and continue to be, deeply involved in efforts to correct that inexcusable state of affairs.

Much has been written about the "plight of the elderly," and I am certain that every Member of this body is familiar with the broad dimensions of this nationwide problem. It is true we have made some progress in recent years toward answering the urgent needs of millions of older Americans, but that progress has been agonizingly slow, and far, far too limited in scope. I believe that if every Member of Congress, and official of the administration, had the opportunity I have had to see first hand just how widespread and urgent the need is, that our progress would be far more satisfactory.

To that end, Mr. President, I ask unanimous consent that a series of articles entitled "The Tarnished Golden Years" be printed in the RECORD at the conclusion of my remarks. This seven-part series appeared in the Newark Star-Ledger last week.

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

(See exhibit 1.)

Mr. WILLIAMS. In my judgment, "The Tarnished Golden Years" is one of the finest newspaper accounts of the problems of the elderly that I have ever seen. It reflects a great deal of work and a great depth of compassion by its author Robert Rudolph, and it also reflects a deep commitment by the Star-Ledger to community service. Although this series deals specifically with the elderly in New Jersey, it could just as well have been written about the elderly in any State in our Nation. The problems of trying to scrape by on a low, fixed income in a time of soaring inflation, the problems of housing, nutrition, health care and loneliness, are common to millions of older Americans across our land.

This series graphically describes the horror stories that are all too familiar to those who work with the elderly. And, it describes the pride of many elderly poor

who pay their bills and go without eating rather than be delinquent.

But, the articles also show how life for the elderly can be dramatically improved through publicly supported programs such as meals-on-wheels, community care centers, and low-rent housing projects, and through private organizations of and for the elderly.

In short, this series shows the grim and tragic circumstances that overtake millions of Americans in what should be "The Golden Years," and it shows how those circumstances can be changed to make the retirement years the full and happy time they should be. I have said many times, and it bears repeating, that in the case of the problems facing the elderly, we are dealing with problems which we already know how to solve. The only ingredient lacking is the money to implement the already-proven solutions, and I am hopeful that accounts like "The Tarnished Golden Years" will help produce those necessary funds.

The articles follow:

EXHIBIT 1

THE TARNISHED GOLDEN YEARS: ELDERLY IN AN ECONOMIC QUAGMIRE

(By Robert Rudolph)

Over one million New Jerseyans who once looked forward to enjoying their retirement years in comfort and security are instead finding themselves living on the brink of financial tragedy.

Booming prices, spiralling inflation and incomes which have become less than adequate in the face of today's economy have led many of New Jerseys' elderly into an economic quagmire in which the struggle merely to keep a roof over their heads and food on their tables has become virtually insurmountable.

A study by The Star-Ledger of the plight of the elderly—forced to live on fixed incomes from pensions and Social Security while the prices of food, shelter and other necessities climb steadily out of sight—has developed a picture of vast numbers of aged for whom retirement has become not a time of long awaited freedom and ease, but instead one long struggle simply to exist.

These are the "horror" stories of the aged:

Men and women, living alone in apartments and rooming houses, reduced to scrounging through garbage cans for food to survive.

An elderly couple in Essex County, afraid to report living-conditions so filthy that when an upstairs toilet was flushed, water poured into their apartment through a hole in the ceiling. Senior citizens officials in the community said the couple feared that if they complained the landlord might evict them, and they had nowhere to go.

Women in their 70s and 80s forced to filch bread and milk from free meal projects to hide in their pockets and purses for supper.

An elderly woman in Middlesex County who hadn't eaten for four days because she had been served with an eviction notice and was trying to save food money to pay the rent.

In New Jersey today approximately one in every ten persons is over the age of 65.

And for those without investments or incomes which will keep pace with the skyrocketing inflation that has almost doubled the prices of some food staples on the supermarket shelves, the outlook is bleak.

"Each year, the situation deteriorates," an official of the State Office on Aging declared. "With no raises or cost of living increases, they can't even stay even on the inflationary treadmill."

At present, nearly one half of all the households in the state maintained by persons over 65 years of age receive incomes totaling less than $3,000 a year.

Over 18 percent of all Jerseyans over 65 exist below the poverty level.

In some counties, nearly one quarter of the elderly residents are living in poverty.

The fortunate ones have managed to find apartments in well kept senior citizens housing projects. Some have been able to supplement their diet through low cost or free nutrition programs sponsored by the state and counties.

But the figures show that these represent only a tiny fraction of the total elderly who are in need of help.

According to Ned Eschleman, a program specialist for the state's Office on Aging, some 300,000 elderly Jerseyans are in need of the benefits of a full nutrition program. In early March, hot-meal centers around the state were reaching a daily total of only 1,600 persons.

In housing, the situation is equally as dismal.

With a moratorium on expenditures of federal funds for senior citizen housing projects in effect since 1972, construction of these units has come to a virtual standstill.

Statistics compiled by the state project that in the next ten years New Jersey will need, at least, over 100,000 housing units for low and moderate income senior citizens.

But the lack of adequate low cost housing and the high prices of food are only elements of a much larger problem facing the senior citizens today—the fear and the loneliness of day-to-day living which they must endure.

"The saddest thing of all," declared Mrs. Lee Faggioni, chairman of the Middlesex County Council on Aging, "is the problem of what to do for those 40 hours of retirement time each week. How do you occupy your time when you're alone?"

For some, at least part of the answer has been found in the senior citizens day care centers set up around the state.

A Morris County woman, who was recently enrolled in a new work-relief program in which she can supplement her income by washing dishes at the center, cried after her first day there as she described the experience.

"Getting out, making friends," she sobbed. "It makes me feel more human."

A Carteret woman who lives on a small monthly Social Security allotment told how her worries over food and rent were far overshadowed by the fear of being alone.

"My husband died from cancer," she said softly. "Night after night, I was all alone, I used to just cry. I wasn't worried about anything as much as the loneliness."

Now, she said, she looks forward each day to the time the bus will come to pick her up to bring her to the center.

"It's a place to go," she said. "A place to meet people."

But only a relative few of those persons who need the benefits of such programs can ever actually hope to receive them.

In a letter to Sen. Frank Church (D-Idaho), chairman of the U.S. Senate Special Committee on Aging, James J. Pennestri, director of the State Office on Aging, described the turnout when several nutrition projects were put into operation.

"For example," Pennestri wrote, "in one of our largest cities where there had been no previous nutrition program, 32 persons were fed on opening day. . . ."

Within four days, the state official reported, 105 persons had begun coming to the center on a daily basis.

In a rural county with no prior program, it was noted, 49 persons were fed the first day and 140 by the fifth day. Not one of the participants for that program lived within walking distance of the project.

"In another semi-rural location where 25 to 30 persons were expected on the first day," Pennestri reported, "169 arrived."

State officials project that to even adequately reach the true number of senior citizens actually in need of help, some 1,500 new nutrition sites must be set up.

"We're only skimming the top, not even getting down to the core of the problem," Pennestri said in an interview. "The problem is going to be there for a long time to come."

And from throughout the state, the stories of the plight of aged pour in:

In East Orange, Mrs. Janet Baker, director of the local Senior Citizens Outreach Center, told of a 70-year-old Essex County woman with an income of $162 a month who was forced to live on a box of crackers and a jar of peanut butter each month.

Mrs. Ruth Mumma, a special consultant to the state, described how at one North Jersey free-meal site, aged women would pull plastic bags out of their purses to load up with food they could take away.

"They would take the bread on the table," Mrs. Mumma said, "anything they could wrap or carry, and when I asked them why, they told me, 'I need it for my supper.'"

In Trenton, Ned Eschleman reported how local officials uncovered an aged woman living alone in a house the city thought was abandoned, existing without heat, light or water.

An Essex County worker described watching senior citizens shopping in a supermarket across from their housing project, leaving the store with "practically nothing."

"The situation is desperate," claims Mrs. Mary Johnson, president of the New Jersey Council of Senior Citizens.

"These people are not even making ends meet. The cost of food has practically tripled. If you want to stay alive, you put the money into food."

At meetings of the state council, Mrs. Johnson said she has found more and more of New Jersey's senior citizens becoming depressed and dejected.

"They become withdrawn," she said. "They have no money, no place to go, they can't buy clothes. They just stay in the house without going anyplace."

Mrs. Johnson, who also administers a food program for senior citizens in Jersey City, reported that because of the critical situation, she is feeding three times the number of people than funds have been provided for.

"It's just a nibble in each area, we can't meet the demand," she asserted. "I can't put another soul on because I don't have the money."

She predicted that if the present inflationary trend continues, for hundreds of thousands of senior citizens throughout the state, "it will be back to the bread line."

In Essex County, Bernard Gallagher, executive director of the County Office on Aging, reported that 60 per cent of the elderly his office has attempted to aid have had a nutritional problem.

"They can't eat," he said, "They have to give up meals to afford the rent."

Janice Holmes, a worker with the Morris County Office on Aging, described finding aged persons who had become "physically sick" from their situation.

Tom Hamilton, executive director of the Middlesex County Office on Aging claiming that despite increases in Social Security benefits, "the situation is getting worse because of runaway inflation."

"I've seen old men and women picking through garbage cans from restaurants trying to find food," Hamilton declared.

Many of the elderly, especially those restricted to living on their Social Security benefits alone, Hamilton declared, are forced to exist on a "tea and toast" diet because "they just can't afford the price of meat today."

In Trenton, officials of the State Office on Aging observed that "Social Security has just never been brought up to a decent livable level."

Even the top benefits are not sufficient," Pennestri said. "Social Security was never intended to be anything more than a help, it was never intended to be the sole source of subsistence."

And as far as private pensions are concerned, state officials claimed that in the wake of today's inflationary economy, pensions for the blue collar and "middle management" workers "are so low as to be almost insignificant."

In a recent action by the Social Security Administration, thousands of elderly Jerseyans were made eligible for additional benefits under a new supplementary income program designed to assist persons with little or no regular cash income and who do not own much property or other valuables.

Arthur H. Quallo, district manager for the Social Security Administration for New Jersey, stressed that the program, known as the Supplementary Security income program, is aimed at reaching out to include persons who were otherwise not receiving either Social Security or welfare benefits.

Under the program, Quallo noted, payments total $130 a month to an individual and $195 a month for a couple.

In addition, a recent boosting of Social Security benefits bring an 11 percent raise in benefits to all recipients, with payments increasingly by 7 percent on the April check and going up another 4 percent on the July check.

At present, the population of persons of retirement age in New Jersey is fast outstripping the rate of general population growth.

Within ten years, it is predicted, 20 percent of all households in the state will be maintained by persons over the age of 65.

U.S. Sen. Harrison A. Williams (D-N.J.), who recently conducted a series of hearings in the state on housing conditions for the aged, charged that "it is unacceptable to have older Americans living so meagerly."

"Too many of our elderly, Williams said, "live in fear, in isolation, and in loneliness. Too many must suffer from lack of heat, from savage criminal attack, and from meager incomes depleted by high rents and taxes."

"Many of those elderly" the senator noted "the home owners on fixed incomes; they are caught between higher property taxes and inadequate monthly incomes. In addition, many of their homes are in neighborhoods where property values have diminished markedly in recent years."

"What is the future," the senator asked, "for older persons who hang on to such homes because there is no where else for them to go? What help can be given at the state level, possibly with help from the federal government?"

Williams noted that the housing market in New Jersey is "the second tightest in the country."

Referring to the housing moratorium imposed by the Nixon administration, he asserted that "even housing projects that escaped the freeze are hamstrung by regulations that make it difficult for them to serve the low-income elderly."

"We don't need more studies," Williams declared. "We don't need dogmatic arguments for unproven housing allowances. We need action at the earliest possible date."

But it is not only the most impoverished among the elderly who are facing difficulties.

Pennestri noted that "there are very few existing benefits for the middle guy, the one with an income of between $7,000 and $9,000 a year."

"It is not necessarily the very poor that suffers the most," the one in the middle is the one that gets hurt."

According to Mrs. Vera Weinlandt, New Jersey director of the American Association of Retired Persons, one of the main needs of older Jerseyans is education in seeking aid.

"We have to educate them to where they can go, and to whom they should go," she said. "To many people don't know where to go, they don't know who to ask for help."

Programs have been instituted to assist many, changes in the Social Security laws have extended benefits to others, services have been made available to some of those in need.

But New Jersey officials agree that these efforts reach only a small number of those actually in need.

And although inroads have been made, as one Essex County senior citizens worker stressed—"The elderly can't wait."

[Second of a series]

ALONE, WIDOW FIGHTS FOR HER HOUSE

(By Robert Rudolph)

Last night a 77-year-old widow sat down to a solitary dinner consisting of a single potato and a bowl of soup.

She was alone in the kitchen of the home she has lived in for most of her life, a simple frame house on a quiet side street in the Middlesex County community of Metuchen.

Most of the rooms in the house have been closed off. She cannot afford to heat them.

Last night, as most nights, the widow lay awake a long time before falling asleep. She is worried—worried that soon her small savings will be gone. And then she will have to sell the house.

Mrs. Catherine Schveninger is worried because then she will have nowhere to go.

Mrs. Schveninger is one of thousands of elderly Jerseyans whom state officials refer to as the "house poor," desperately fighting to keep the homes they have lived in all their lives, struggling just to exist.

"How many, many more like me are there?" Mrs. Schveninger asked as she sat in her kitchen, looking over files of letters she has sent over the years to congressmen, senators and governors, all asking for help.

"Don't they care how the old people live?" she asked. "They say sell the house. But then where would I go? I have nowhere to go."

Today in New Jersey, there are over 163,000 homeowners over the age of 65 with annual incomes totaling less than $5,000.

Over one fourth of all homeowners over the age of 62 exist on incomes of less than $3,000 a year.

Many, state officials report, are virtually "trapped," unable to move because there is nowhere they can go.

In Metuchen, where Mrs. Schveninger lives, there is no senior citizen housing.

According to state figures only 59 of the 567 municipalities in New Jersey had subsidized housing for the elderly when the last survey was taken a year ago.

"Most older people simply have no choice on housing," declared Mrs. Vivian Carlin, a special housing consultant to the State Office on Aging. "They stay where they are because there are no other places they can afford."

* * *

For the past 12 years, Mrs. Schveninger has lived alone in the little house built by her husband nearly 60 years ago. Mr. Carlin, whom she still refers to as "Daddy," suffered a stroke on his birthday in 1956. He was sick until his death six years later.

Today, Mrs. Schveninger is dependent upon a monthly Social Security payment of $204. Out of that she must pay her taxes, her gas and electric bills, her insurance and hospitalization.

To save the money she needs she is careful.

Meals are carefully portioned and frozen. Mashed potatoes are saved to make potato pancakes. Individual peppers are bought during the summer when they are cheaper and frozen carefully until the winter.

When it is cold, she has cereals, oatmeal, farina, corn meal. Soup is frozen over and over again.

Meat, when she can get it, is cut and portioned to stretch it out. The month is long.

She makes her own noodles and soups. There are no canned goods in her house. They are too expensive.

When she is sick, she doctors herself.

"I stay home and wait until the storm goes by," she says. "The doctors cost money, and from where are you going to get it?"

For Mrs. Schveninger and the others like her, the days of struggling to make ends meet can be long and empty.

Writing letters to relatives in the "old country"—Hungary—occupies some of the afternoons. Usually she gets replies quickly.

"They write me," she says, displaying some of the letters, "they keep me busy. They think I have nothing to do."

Other days are spent by the small television, or alone in the kitchen, mending.

She tries to get out a little each day, even if only to walk up to the corner and back home again. But Mrs. Schveninger is crippled and cannot walk without a cane, and in the winter sometimes it is too slippery and dangerous to leave the house.

On those days, she reads.

"It hurts me deeply, I'm alone here since 'Daddy' left me," she says. "But there is nothing I can really do about it. Life has to go on."

Since 1968, Mrs. Schveninger has been regularly attending local council meetings, calling for senior citizens housing and lower taxes for the elderly.

"The taxes have doubled in the last few years," she declared. "Now what is left? If I save money for taxes, I haven't enough to eat."

To save money, Mrs. Schveninger has closed off the upstairs portion of the house. She has moved her bed into the dining room and closed off the single bedroom.

"I just wish they would bring down my taxes," she says, "so I don't have to move out of my home. We worked so hard for it."

Although she has a family, a son and daughter, she refuses to take help from them.

"I don't want to put the burden on my children," she says with determination. "I've lived my life, I don't want to burden theirs. I manage as best I can.

An immigrant who prides herself on her "old world" ability to get by, Mrs. Schveninger just as firmly refuses other forms of welfare aid.

"I would never go on welfare," she states. "I don't want anything from anybody. I'm too independent."

Mrs. Schveninger describes herself as a "fighter," who refuses to just sit back and accept things. She feels they should be different.

Her spirit was recognized by the borough last year when she was awarded a certificate for her efforts in putting out a fire in a neighbor's house, rushing into the kitchen, chasing the children out of danger and extinguishing the flames herself.

But recently, the fight has been harder and harder to keep up.

"I worry, worry what's going to happen. I don't sleep nights, worrying where the money will come to pay the taxes.

"There are so many, many more like me," she says. "It isn't fair to senior citizens."

Mrs. Schveninger pauses as she shuffles through the letters and newspaper clippings she has gathered.

"Didn't they think they were going to have old people?" she asks.

[Third of a series.]

DEATH HOVERS NEAR UNWANTED ELDERLY

(By Robert Rudolph)

They found her seated in a chair, half frozen.

The apartment was virtually empty, there wasn't even a bed. She had been sleeping on an old mattress thrown in the corner.

There was no heat.

When they searched, they found there wasn't a scrap of food in the house.

Thin, her face almost a skeleton, she acknowledged their presence in a weak voice. They covered her with blankets and for three days, they stayed with her, spoon feeding her hot soup.

The woman was 82 years old, living alone on the third floor of an old apartment house in the heart of Jersey City.

No one paid any attention to her, everyone else in the building was younger. They didn't know she had no money. They didn't know she was starving.

It was an elderly man on the ground floor, 84 years old, who reported the case. He noticed that she hadn't come down out of her apartment and became worried. He contacted a local senior citizens aid project for help.

When the workers arrived, it was the old man who led them up the three flights of stairs to the apartment. She was just sitting there alone in the chair.

Within two weeks, she was dead.

In another incident, a landlord told the senior citizens agency about two elderly tenants of his building.

The other residents had complained that the couple, a husband and wife, had been knocking on doors, begging for food.

When the caseworkers arrived, the door to the apartment was open. They walked in carrying the hot meals they brought with them.

The old man, unshaven, wild-eyed, watched from the bedroom door as the workers held out the dinners.

Thin, weak, he rushed into the room and greedily snatched the platter out of their hands. He ripped open the cover and began gulping down the meal with his hands.

Within moments, the woman had joined him, reaching onto the plate and shoveling down the food in handfulls.

Caseworkers arranged for the couple to be hospitalized.

They died within weeks.

"I was stunned, shocked," recalled Mrs. Mary Johnson, one of the workers who visited the scenes of both incidents.

Mrs. Johnson, president of the New Jersey Council of Senior Citizens, described how, when the cases were first brought to her attention, she thought the caseworkers were exaggerating . . . until she saw what had happened first hand.

"You just can't describe it," she said. "The one woman didn't even have a bed. She was using an old mattress, she didn't even have a sheet to pull over herself. One room had nothing but boxes. There was no food whatsoever in the house."

"There are many, many of them like that," she said. "It happens so often."

In Hudson County alone, where both of these incidents took place, 19,187 persons over the age of 60 are living below the poverty level.

In terms of income, this means that single persons are living on less than $1,749 and couples on less than $2,194 a year.

In Essex County, which has the highest number of residents over the age of 60 in the state—over 143,000—nearly 24,000 elderly are existing below the poverty line.

In all cases of the elderly poor in the state, most of their funds go for rent.

"The elderly pay their bills," remarked James Pennestri, director of the State Office on Aging. "They pay their bills and go without eating rather than be delinquent."

Officials in Essex County estimate that in some cases, as much as 60 per cent of the income of the elderly poor goes for rent.

Consequently, officials report, many of the elderly have developed severe nutritional deficiencies which produce dangerous health problems such as anemia, night blindness, loss of appetite, brittle bones prone to injury and open sores which won't heal.

Dr. Asuncion Locsin, director of the Senior Citizens health project at Roosevelt Hospital in Middlesex County, told of encountering cases ranging from strokes to heart disease which had gone untreated because patients were afraid to go to the doctor.

"In some instances there is a total resignation," the doctor stated. "They are afraid of running up a lot of bills."

Dr. Locsin described cases in which elderly patients are forced to "subsist on carbohydrates," restricting their diets to such items as bread and potatoes.

On the average, she reported, the elderly poor may only taste meat once or twice a week.

Co-ordinator for the Middlesex project, Denise Spratford, told of encountering cases in which senior citizens drifted into situations where they became semi-recluses.

"They isolate themselves from any activity, they cut themselves off emotionally," she said.

Mrs. Vera Weinlandt, New Jersey director of the American Association of Retired Persons, called the present situation of the elderly in the state "desperate."

She described cases of an old couple forced to live without heat in their three-room apartment when their coal stove broke and they couldn't afford to have it repaired; of an elderly man living on an income of $96 a month, whose main diet consisted of rolls and soup or tea.

"The food situation is so high," she said, "they can't afford to buy the things they need."

According to Mrs. Ruth Mumma, a special consultant to the state on nutrition problems of the aged, the problems generated by poor diets generally show up in several areas.

"It's not just a deficiency of one vitamin," she explained. "The problems are in a variety of areas."

At present, she noted, the state is administering a $3.3 million federally funded nutrition program aimed at reaching some of those most desperately in need of help:

Those who can't afford food.

Those who lack the skills to select and prepare foods, especially elderly widowers who never had to fend for themselves before.

Those who lack the mobility to shop or obtain food.

Those who lack the incentive to prepare food—the lonely and the dejected.

"We're not just running a soup kitchen," declared Ned Eschelman, the program specialist in charge of the project, "This is more than just a feeding program."

According to Eschelman each of the 70 sites now in operation throughout the state, must also offer a variety of other services beside food.

Most important among these additional services is transportation to and from the project sites, with health and welfare counseling, nutrition education and recreation also being provided.

In some instances, a supplementary "Meals on Wheels" program has been set up to actually deliver the hot meals to the doorsteps of those elderly unable to come out to the regular feeding sites.

State officials claim success for the project. But at the same time they acknowledge that only a very small percentage of those in need of such assistance can ever hope to receive it under the present system.

Citing what he called the "overwhelming need" of the elderly poor in New Jersey, James Pennestri, director of the State Office on Aging pointed out:

"Our statewide goal is to feed 6,035 when fully operational, and there are over 9,000 elderly poor in Newark alone."

[Fourth of a series]

HOUSING FOR ELDERLY IN SHORT SUPPLY

(By Robert Rudolph)

Elderly New Jerseyans seeking to ease the burden of inflation by moving into low cost senior citizens housing projects are having their hopes dashed by one chilling fact—most will die before their names even come up on the vacancy lists.

The housing shortage for senior citizens in New Jersey is so acute that over 21,000 persons are now on waiting lists, and state officials claim that for most the situation is virtually "hopeless."

In some areas, the lists have been cut off because officials realize that most applicants "will never live that long."

And it is pointed out that the 21,000 figure is only "minimal"—most don't even bother to apply.

At senior citizens centers throughout the state, the topic of housing projects is a central theme, dominating the conversations.

Most of the elderly "know someone who had a friend" who was able to get into one of the projects. But for most there is no chance.

"Since there is a vacancy rate of only six to eight percent, most seniors feel it is just so hopeless that they've given up," declares Mrs. Vivian Carlin, a special consultant to the state for housing for the elderly.

She predicts that in the next ten years. New Jersey will need 101,103 apartments for the state's low and moderate income elderly—with some 75,000 units still to be built.

"The figures clearly indicate," she stated, "that the housing need for the elderly is not being met."

According to U.S. Sen. Harrison A. Williams (D-N.J.) chairman of the Senate Subcommittee on Housing for the Elderly, "the New Jersey experience is simply a more intensified example of the housing picture for senior citizens in every state."

Williams reported that a survey by his office indicated that over 155,000 elderly persons were presently on waiting lists for projects throughout the country—"or approximately one person on a waiting list for every unit occupied."

In East Orange, where the U.S. Department of Housing and Urban Development has ordered a cutoff on applications for senior citizens projects, officials noted that even if the current moratorium on housing for the elderly were lifted, it would be three to five years before the projects could be completed.

As a result, many residents remain in substandard apartments, paying rents far higher than they can afford, but afraid to move because there is nowhere else to go.

Case after case has been presented of senior citizens, living in squalor on an income so inadequate they cannot even afford to eat properly:

A South Jersey woman forced to grow her own vegetables and exist on farina and oatmeal.

A 92-year-old Essex County woman living on a Social Security allotment of $135 a month, forced to pay $120 rent for a room in a dilapidated rooming house.

A Perth Amboy woman, almost blind, found living in a shack after welfare workers forced open a window and discovered her in bed, freezing, without a bit of food in the house.

According to Mrs. Carlin, those living in apartments are oftentimes "afraid to report violations, because they are fearful of being put out."

She told of a case involving one elderly woman who hadn't been able to leave her apartment for three months because the stairways were so dark and deteriorated that she could not use them.

When workers found her, she told them she had been afraid to report the violations because she thought the landlord would evict her.

Mrs. Vera Weinlandt, New Jersey director of the American Association of Retired Persons, told of encountering senior citizens so desperate for a place to live that they were wandering the streets, carrying their clothes in a paper bag, knocking on doors asking homeowners if they had rooms to rent.

"I get calls every day," she said, "people looking for places to live."

Mrs. Carlin described instances in which the rent for some apartments has doubled, increasing from $80 to $160-a-month over the past few years.

"They pay the rent because they have no choice," she said, "instead they cut back drastically on food."

The state official explained that many of the elderly poor cannot find cheaper rent, and can only move "into badly deteriorated neighborhoods."

Faced with this alternative, she said, many choose to stay where they are "and cut back drastically."

"They stay there because there are no other places they can afford," she said. "Most older people simply have no choice on housing."

A report by the State Office on Aging on the problem of Senior Citizens housing points out that despite the crushing need, "it is fairly obvious that all the other New Jersey communities cannot even begin planning for any public housing programs for the elderly without first establishing local housing authorities. There are some of the obstacles in obtaining the necessary housing. There are many other well-known roadblocks, such as zoning restrictions, high costs of land and construction, and community resistance."

In Essex County, Bernard Gallagher, executive director of the county office on aging, charged that in that area, not only is there is no marketplace for apartments for the elderly, but "rent raises have been unconscionable here."

In particular, he said, there is a problem in getting communities to accept senior citizen housing.

One project, Gallagher noted, has been in the planning stages for over three years.

"For a good many senior citizens," he said, "that is a lifetime."

Calling the situation in Essex a "crisis," Gallagher stressed that the housing problem was of paramount importance, with other financial worries encountered by the elderly being far overshadowed by the problem of meeting rents or taxes.

"If we could solve the problem of housing," he declared, "we could solve the problem of the senior citizen."

A state report referring to the problem points out that "it is interesting to note that the private sector has build more units in retirement villages for the elderly able to afford them than all the federal and state programs combined."

The report notes, however, that "this housing is available to a comparatively small percentage of elderly—those in the middle and upper income range . . ."

An example of how the shortage of adequate low cost housing for senior citizens can affect a community was given recently at hearing conducted by Sen. Williams on the issue.

In Montclair, over 20 percent of the population is over the age of 60. Over 1,000 residents over the age of 65 exist on incomes below the poverty level.

Despite the fact that the community has the fourth highest density of elderly persons in the county, there is presently no publicly assisted housing for the aged.

In a statement delivered by the Rev. Elbert L. Maxwell at the Williams hearing, it was noted some 700 home owners were able to claim the $160 property tax deduction allowed by the state to elderly persons.

In addition, Maxwell pointed out that it has been estimated that one quarter of the town's residents are living on pensions, social security, investments or welfare.

"For a family that moved into Montclair during the 30s and 40s and purchased homes," Maxwell said, "the homes are now paid for, but where can these families go today in Montclair? They are being held hostage in their too large houses. It is increasingly difficult for them to sell, and if they did, where would they go?"

State officials also point out the other perils of conditions which force the elderly into leaving the homes they have lived in all their lives to seek out locations where they can afford to stay.

"Moving becomes a very traumatic experience for the elderly," one official remarked. "If they are forced to leave for economic reasons, their mental and physical health suffers. Each time the moves become harder and harder."

Mrs. Lee Faggioni, chairman of the Middlesex County Council on Aging, charged that the present tax system is "penalizing the old people for having worked and saved all their lives."

She noted that many of the elderly refuse to accept some of the relief available to them because it would mean sacrificing their way of life.

"They are proud," she said. "If you live all your life by a certain set of standards of principles, you're not about to give them up at the end."

James Pennestri, director of the State Office on Aging, said the New Jersey Legislature "must seriously look at the tax deduction for seniors" to determine if the $160 maximum should be increased. In addition, he said the Legislature should "question whether senior citizens should be paying the school tax."

At present, however, Pennestri contended that the problem is "to wake up the communities to do something about this on their own as well."

"Every community has a stake in this problem," he said.

[Fifth of a series]

TOO MUCH TIME POSES A PROBLEM

(By Robert Rudolph)

Some play shuffleboard. Others play cards. Their biggest problem is time.

For the thousands of elderly New Jerseyans who join the ranks of the retired each year, discovering ways to keep themselves occupied during their new abundant leisure time—with inflation boosting even the cost of recreation—can be the most difficult obstacle to overcome.

There are senior citizens clubs, organizations which sponsor trips, even college classes for those interested in picking up their education or turning to some field of study they just never seemed to have time for before.

"The main thing is don't sit down," says Russell Bryant, the 80-year-old state chairman of the New Jersey Old Guard, an organization of retirees.

"You have to get a hobby, do something," Bryant emphasizes. "You can't just sit in a rocking chair. It's all right to read a book, but you have to keep busy as well."

The secret, he claims, is to get out and meet people, to keep active—"so you don't think of your little pains in the leg."

A former officer with Standard Oil, Bryant says the main thing provided by groups such as the Old Guard is "fellowship."

"It gives us interests," he declared. "If it weren't for the group, I'd probably be sitting at home doing the crossword puzzle."

And those of the Old Guard do keep active.

A recent meeting of the organization in Nutley was opened by a brief concert by the group orchestra—comprised of 12 members ranging in age from 70 to 87—providing renditions of "Cruising Down the River" and "The Sidewalks of New York."

The orchestra, headed by 81-year-old Charles MacCormack, is augmented by a 20-member glee club and the two musical groups entertain regularly at nursing homes, retirement organizations and senior citizens centers.

MacCormack concurs with Bryant in maintaining that the key to enjoying the later years is "getting out and being active."

The oldest member of the group is 87-year-old Allan Riddle, the orchestra cellist.

A former oil company executive, Riddle now spends his spare time painting, an effort he never had time for when he was working.

"What else is there to do but enjoy yourself?" he asks. "The main thing now is to have fun."

But it is at the lower end of the economic spectrum, among the retirees forced to scrape by on meager Social Security payments and pensions which have fast become insignificant in the wake of booming prices, that the problem of the leisure hours is most dramatically felt.

"Their biggest worry is loneliness and inflation," says Tom Hamilton, executive director of Middlesex County Office on Aging, one of numerous such agencies throughout the state which operates senior citizens aid centers, providing the impoverished poor with something to eat as well as somewhere to go and something to do.

One of the workers at the county's Strawberry Hill senior citizens care center, Lawrence Edwards, a 63-year-old retired railroad worker who drives one of the cars used to transport persons to the center, noted that "companionship is the most important thing."

Edwards, who paints in his spare time, said he is dependent upon a pension from the railroad, but claimed it was not the need for extra money which brought him back to work.

"I was retired for two weeks and I couldn't take it," he said.

Edwards described the way the center has changed the lives of many of those who have come to attend regularly, to eat, to talk, and to take part in the various activities being provided by the center.

"Being alone is a dangerous thing," he said. "This gives them a new chance."

Many of those attending the center stressed their inability to get out, even to shop, because of the high prices and lack of transportation. Many are elderly women living alone.

One woman, a 75-year-old retired garment seamstress from Iselin, is living on $162 a month Social Security payment.

"There is no transportation," she declared. "Without transportation I can't go anywhere."

The woman pointed to the crowded hall, where senior citizens were seated watching a movie travelogue being provided for their entertainment.

"I don't need anything," she said. "I come here because I'm lonely."

But for those elderly striving to keep up their own homes, the loneliness can be even more severe.

Mrs. Vivian Carlin, a special consultant for the State Office on Aging, described what she termed the "invisible elderly."

"Every community has them," she said. "They don't organize, they don't protest, they don't sign petitions or carry signs."

According to Mrs. Carlin, many of these "invisible elderly" are those living alone, virtually trapped in their homes.

"They live by themselves," she said. "They are the ones called 'witches' by the neighborhood kids. They never go out; nobody much cares about them."

Alone, without money, their homes deteriorate into dangerous condition.

"They simply don't have the money to make repairs," she declared.

Mrs. Vera Weinlandt, the New Jersey director of the American Association of Retired Persons, told how her organization, which has 50 chapters in the state, is attempting to fight the battle of isolation among the elderly by "getting the older people out, getting them to meet each other, getting them to participate in public service programs."

"There is a great potential in these people," she said. "Now they can do things they never had time to do before."

In the area of leisure activities, the State Office on Aging has provided staff members who are working closely with senior citizens organizations and who have been able to establish numerous retired senior volunteer program projects.

In addition, officials are presently working on a planned expansion of the Foster Grandparent Program.

Morris County has recently established a program in which needy seniors can be provided with work for nonprofit agencies in the area at the rate of $2 an hour for a maximum of 15 hours a week.

According to Mrs. Janice Holmes, an officer with the Morris County Office on Aging, the program not only provides many seniors with a new purpose, something to do, and somewhere to go to meet people, but in terms of financial aid, "for many it's close to doubling their income."

But for those seniors who are able, the advice from their contemporaries remains the same—get out and do something. Chester Fell of Nutley, 79, has been a church organist for 30 years.

"I've got more things to do now that I'm retired than ever before," he beamed, "I really don't know how I get them all done."

[Sixth of a series]

RETIREMENT VILLAGES HELP PREVENT "SLOW DECLINE"

(By Robert Rudolph)

Most mornings, weather permitting. Charles Strang heads for the golf course.

Robert Zelley, 72, is more of an outdoorsman. He spends hours exploring old cranberry bogs in the pine forests of Ocean County looking for the perfect fishing hole.

Both men have one thing in common: They are residents of two of New Jersey's largest "retirement villages"—whole communities designed exclusively for retired persons and offering an entire spectrum of leisure time activities to help make their later years as full and enjoyable as possible.

Designed primarily for middle and upper income families, these communities have proliferated in the Jersey Shore areas, attracting thousands and thousands of retirees each year with promises of a "new way of life" for the older Jerseyan.

Charles and Muriel Strang, both 66, came to Leisure Village in Ocean County less than a year ago from Orange.

Today, he is director of the village's 60-member choral group while his wife has been finding a new world of interests through classes ranging from Yoga instruction to pointers on how to wipe out a bridge opponent with a redoubled grand slam.

"It's a vacation land," asserts Mrs. Strang. "There is absolutely no feeling of being left out of the swim of life, and it is certainly not boring."

Strang, a banking executive, retired from his job when he was 60. Shortly after that he suffered a heart attack. For five years, the couple lived with Mrs. Strang's parents.

Their decision to come to Leisure Village, the Strangs said, involved much careful consideration.

"We wanted a place where we could put down roots again," Mrs. Strang explained. "We wanted a place where we thought we would be able to be happy even in our 70s and 80s. We felt that living in an apartment would be a very lonely place."

Today, according to Strang, with the activities they have found available, and the friends they have made, life has become "fun."

"We've left business behind," he said, "we're starting a whole new life."

"We all have something in common," Strang explained, "retirement—and you don't know what a common denominator that is."

Robert Zelley lives at Crestwood Village, a separate retirement community located in Whiting Township.

In the several years he has been there, he has become vice-president of the village fishing club and describes the life style as "just this side of heaven."

"I'm enjoying myself," he declared "People seem to be reaching out for friendship."

A retired civil engineer from Trenton, Zelley likes to spend his days in the warmer weather out in the woods, sometimes hunting deer, sometimes just sitting beside a pond with his fishing rod in his hand.

He has also become acquainted with some of the local farmers and has been out picking strawberries—which his wife put up as preserves—and has worked the fields harvesting peas, or just wandering through the woods with a tin can around his neck collecting blueberries.

"I was out there at half past six," he said. "I even brought back some for the older people who aren't able to get out any more."

A spokesman for Leisure Village, noting the enthusiasm for living which seems to spark most of the residents, regardless of age, contended that the "slow decline" often associated with aging is not usually found among the inhabitants of retirement villages.

"The decline is usually psychological," he said. "You don't find that in a community such as this. They are active and productive right up to the end."

He noted that in the social structure of a retirement community, retirees can be "still of value."

"You find here," he said, "that you are either learning from your friends or teaching your friends."

George Trumpore, 69, a retired salesman, moved into Crestwood in 1970. Today he is the "mayor" of one of the villages within the community and is so busy that he has to keep an appointment book to keep track of his business.

Joseph Sabatini, 71, moved to the village from Saddle Brook. He finds his spare time taken up shooting pool, playing cards, or just walking.

At home, however, Sabatini likes to cook.

"I invent everything," he said, enthusiastically. "I can cook something today, it is great; tomorrow, it comes out lousy. I enjoy cooking, that's the way I do it."

Mrs. Margaret McDermott, 62, finds herself involved in "more activities now, than I ever was in my life."

A former resident of Bergenfield, Mrs. McDermott complained that where she lived before, "there just wasn't enough for older people to do." Now in addition to everything else, she is trying to organize a women's softball team.

"I'm constantly on the go—it keeps you younger," she said.

Mrs. Betty Bellis, 60, also finds her time taken up with bowling, dancing and women's club activities. In addition, some of the women have organized a group to visit with the older residents to make sure that they are getting on well and "just to see that they don't get lonesome."

Mrs. Astrid Sahagin, a 58-year-old former dental receptionist, now a resident of Leisure Village, noted that the life she has found there "is far different than I anticipated."

She admits that when she and her husband first came to the village, it "was a lark." Today, she describes it as "country club living."

Mrs. Amelia Finch, 62, also of Leisure Village, said they moved to the retirement community because "my husband got tired of fixing up our old home."

"We didn't want to be a burden to our children," she said. "We wanted to make a life of our own."

Today, in addition to taking part in the the regular activities offered by the village, she and her husband write a column for the local newspaper.

"We're always busy," she said. "There's no leisure here. I can't ever get done."

As with most retirement villages in the state, both Crestwood and Leisure Village have a rule restricting persons under the age of 52 from moving in.

However, spokesmen for both communities have noted that the retirees who have been moving in have been getting closer and closer to that minimum age.

David Wolfe of Crestwood stressed that the present economy "is forcing very active senior people to retire, and their lifestyles demand more and more activity."

An official at Leisure Village added that while the residents are becoming "noticeably younger," an increasing number of those persons moving in are still actively employed.

"We refer to these as the pre-retirees," he said. "They are gradually slipping into the retirement lifestyle."

According to a state report on the retirement villages, the problem of providing retirees with "something to do" during their free time is one of the main goals of these communities.

It is to meet these needs that many communities offer such activities as golf, swimming, boating and indoor arts and crafts such as woodworking, ceramics and sewing.

Leisure Village even offers its own closed circuit television studio where residents can learn to produce their own TV shows.

In another retirement community, Rossmoor in Middlesex County, some of the residents said they found the availability of such close-to-home recreation facilities as a welcome plus in the face of today's inflationary economy.

Mrs. Alice Seidel, a 64-year-old widow who called the retirement community concept the "nicest way of living," described how the funds she used to refer to as her "mad money" now must be used for "something necessary."

An avid golfer, Mrs. Seidel now welcomes the chance to spend her leisure hours on the village course "in place of taking a trip."

But the high costs of living are making themselves felt even in the retirement villages.

A spokesman for Crestwood noted that "inflation hits these people across the board, it erodes a fixed income."

To supplement their incomes, he noted, many of the residents have taken part-time jobs, some with the village itself.

'Approximately 40 per cent of ours employes here are residents," he said.

Many residents of the various retirement villages indicated the problem of rising taxes and the increasing costs of maintaining their own homes had caused them to seek out a retirement community as an alternative way of life.

An official at Leisure Village stressed that the mass buying power of a planned community such as a retirement village is also a plus factor in fighting inflation.

An official at Leisure Village stressed that the mass buying power of a planned community such as a retirement village is also a plus factor in fighting inflation.

However, some residents of retirement communities, despite the advantages, have found the rising cost of living causing them to cut back in different areas.

Arthur Gerlich of Rossmoor has had to curtail his travel plans.

The prices of food have left Mrs. Sally Curtin, also of Rossmoor, with the necessity of eating at home a lot more than previously.

State officials note: "The most important feature offered by retirement communities is one of safety and security."

Many of those interviewed at the villages indicated that it was just such a feeling of "security" which was one of the main factors bringing them to the retirement communities.

Most said they had far different ideas about what it would be like living in a retirement village than what they found after visiting them.

"Our friends thought we were nuts," one women remarked, "until they came down to visit us."

"They thought people just came to a retirement village to die—die nothing, we don't have time."

[Last of a series]

WILLIAMS ATTACKS NIXON POLICY ON AGED

(By Robert Rudolph)

The Nixon Administration's policy on federal assistance to the elderly "cried out for reversal" according to U.S. Senator Harrison A. Williams, (D–N.J.), who urges major offorts to provide more aid to the aged in such essential areas as housing, health care, employment opportunites and nutrition.

Williams, who is chairman of the Senate subcommittee on housing for the elderly and the former chairman of the Senate Committee on Aging, charged that while "paying lip service to the problem, the Administration in reality has literally turned its back on solving the problems of the aged."

Stressing that one fifth of the nation's elderly are living in poverty, Williams charge that "there is no mystery" to solving the problem of the aged poor.

"This is one problem to which we know what the solutions are—all it takes is money," Williams said.

The senator charged that the Nixon Administration's attitude toward the plight of the aged "can charitably be described as callous."

"They have fought meaningful increases in Social Security, they have frozen funds for housing for the elderly, they have attempted to make changes in Medicare which would increase the cost to most beneficiaries," he declared.

Another congressional expert on the problems of the elderly, Sen. Frank Church (D-Idaho), further warned that the Administration's proposed 1975 budget brings little hope of additional assistance to the aged.

In a statement delivered to Congress earlier this year, Church, the chairman of the Senate Committee on Aging, charged that the budget proposal is "characterized by retrenchment or 'standpatism' at a time when inflationary pressures are driving up the operating costs of service programs for the elderly."

In addition, Church maintained that the budget "deals serious blows" to efforts to assist the elderly in this country.

Among examples touched on by Church were:

The Administration has repeatedly rejected what was described as "the most effective housing program ever enacted for the aged."

No funding has been provided to a special program established to provide services and opportunities for the elderly poor.

No funding has been recommended to a program designed to provide senior citizens with employment opportunities in communities in community service projects.

A cutback of $2.1 million has been urged in the area of aging research and training at the National Institute of Child Health and Human Development.

At the same time Church contends that "age bias will continue at the same level, although 'ageism' is still a very real and serious employment problem today."

"As things now stand," Church said, "the disappointments in the new budget greatly outweigh the benefits for older Americans."

Both Church and Williams have noted that while the Administration's proposed budget calls for cutbacks in aid to the elderly, it includes "the largest military spending request in our history."

"The military budget is drawn out of yesterday," Williams charged. "It does not seem to reflect life today. We have come out of the war, and we are spending more than ever before, with the military budget up $3 to $4 billion."

Williams, stressing the need for money to fund the projects for the elderly, emphasized that "there can be substantial savings from the military." Some experts, he noted, have projected that a cut of up to 10 per cent could be accomplished with greater efficiency.

At the same time, Williams declared that Social Security benefits "are certainly not enough" and maintained that the elderly are being "caught short in all the basic needs of health care."

In addition, he charged that proposed Administration changes in the Medicare system have placed the program "in a state of retrenchment—which we're fighting."

The senator said he has placed particular hopes on a bill which was passed by the Senate on March 11. That measure, he declared, would provide a "giant step" in meeting the housing needs of the elderly, which he considers to be of primary importance in solving the problems of the aged poor.

Noting that the 1971 White House Conference on Aging called for an annual minimum of 120,000 units of new construction for the low income elderly, Williams pointed out that the bill proposes 117,500 units for the elderly "and comes very close to meeting that important recommendation."

In addition, Williams has proposed that one solution to the housing needs of the elderly would place "considerable emphasis on rehabilitation rather than construction."

The senator explained that deteriorating homes in older neighborhoods may be refashioned into living accommodations for the aged.

"This is one of our best hopes," he declared, "when faced with the staggering numbers of inadequate housing which have to be replaced."

Williams also stressed the need for "community centers" for the elderly which would be the "hub of any meaningful projects."

These centers, he said, are "vital to our efforts" and would provide the aged with a "community of friendship" where they would be offered dining, recreation, counseling and other needed services.

The senator claimed that the Administration "hasn't yet awakened to the possibilities" of utilizing the resources of non-profit agencies and church groups to administer housing and other assistance programs.

"They don't realize how these non-profit groups thirst for this type of housing," he declared. "And there are no better planners and no better managers for these projects."

Williams also stressed the need for revisions of the present Social Security program to better meet the needs of the elderly.

"We're faced with a very basic problem in this area," he declared. "We have gotten pretty close to the ceiling on taxes needed to raise the benefits."

He proposed that certain portions of Social Security such as health care and prescription drug subsidies be placed under general revenues rather than be funded out of the Social Security taxes.

He also contended that steps must be taken to encourage medical personnel to go into lower income areas through educational assistance programs for doctors and nurses who agree to become involved in poverty projects.

"Our needs in New Jersey," Williams declared, "are common with the needs of the elderly poor anywhere in the country."

"Housing, health care, opportunities for part time employment, nutrition programs—these are just about essential to take the starkness and terror out of the later years."

"There is hope," he said. "I know that there are answers. We know how to provide comfortable housing, nutritious meals; we must have to be willing to provide enough money to offer more than a promise, more than good will."

JOURNALISM AT ITS CONSTRUCTIVE BEST

Mr. BUCKLEY. Mr. President, in early 1973 President Nixon issued an Executive order authorizing the Agriculture Department to inspect the individual tax returns of every farmer. The Justice Department, a few months later, told a House Government Operations Subcommittee that this order was designed to serve as a prototype for every Federal agency. Although two House subcommittees held hearings on the Nixon order, there was virtually no public attention paid to the issue outside the farm community. Secretary of Agriculture Earl Butz, though requested to ask the President to revoke the order, refused to do so.

The issue remained static until the President's Feb. 25 press conference, at which Alan Emory, Washington correspondent for the Watertown, N.Y., Daily Times, asked the President how he reconciled the income tax order with his demand for confidentiality of White House materials and his new program to protect individual privacy. That focused administration attention on the issue and alerted Congress to the problem. The President turned the matter over to a new domestic council committee on privacy headed by Vice President FORD.

Mr. Emory continued to spotlight the issue in a series of articles, mostly in the Watertown Times, but two in the Washington Post, bringing out the background of the order and obtaining congressional reaction to an issue that had been largely ignored. On March 15 Mr. Emory broke the story that his efforts had been rewarded, that Vice President FORD would recommend revocation of the order and the President would agree. On March 21 the President did revoke the order, and Deputy White House Press Secretary Gerald Warren credited Mr. Emory's press conference question with having triggered the chain of events leading to the policy change.

Mr. Emory's articles were followed by the introduction of tax return safeguard legislation in the Senate by the Senator from Texas, Mr. BENTSEN, paralleling other legislation in the House.

Mr. President, I believe we have, in Mr. Emory's crusade, an example of journalism at its constructive best. I ask unanimous consent that Mr. Emory's articles 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, Mar. 11, 1974]

ADMINISTRATION ORDER PERILS PRIVACY OF TAX RETURNS

(By Alan Emory)

The Nixon administration has laid down a policy that could open the individual tax returns of almost every citizen to a broad range of federal departments. It runs contrary to the President's own policy of confidentiality of certain White House documents and conflicts with his new program designed to protect individual privacy.

The policy centers on an executive order, once modified, which President Nixon issued early in 1973, allowing the Agriculture Department to examine the tax returns of the country's 3 million farmers. At the time, there was no press announcement from the White House or the Agriculture Department. The order was published in the Federal Register, which, as one farm spokesman has observed, "is not everyday reading for the average farm family."

Don Paarlberg, director of agricultural economics for the department, says the order is "inoperative" but it is still in effect.

Mr. Nixon told a questioner at his Feb. 25 news conference that he thought the order should be considered by a new privacy committee headed by Vice President Ford.

Rep. Jerry Litton (D-Mo.), who discovered the order and held hearings on it, called it "strange" that Ford shoud be assigned to determine whether Mr. Nixon's action had been proper.

The real impact of the Nixon order is contained in an advisory opinion written by Assistant Attorney General Robert G. Dixon Jr., who says it was drawn up as a model so that tax returns could be used for statistical purposes by other federal agencies.

The order was "prepared by the Department of the Treasury . . . as a prototype for future tax-return inspection orders," Dixon said. This comment prompted Rep. Bill Alexander (D-Ark.) to observe that it constitutes a "frightening prospect that the administration is attempting to begin the process of making personal income information of whole classes of people available to various departments and agencies without regard to the private nature of the information."

Litton recalled that former Nixon aide John D. Ehrlichman had promoted a policy of making the Internal Revenue Service "more politically responsive" and wondered if the administration favored the order on farmers' returns because "if they coud get away with that they could try another field later."

Actually, the IRS was dead set against the Nixon order all the way.

In a recent letter to Rep. William S. Moorhead (D-Pa.), chairman of a House Government Operations subcommittee that looked into the order, IRS Commissioner Donald C. Alexander declared that he insists his agency "guard the taxpayer's right of privacy."

He says he will not allow the Agriculture Department to obtain anything more than "a mailing list of names and addresses of farmers." The commissioner says he supports legislation to make tax returns "explicitly confidential" except for tax administration and enforcement.

Alexander says tax returns should be "confidential and private" unless Congress "clearly specifies" to the contrary.

The House Ways and Means Committee is preparing to hold hearings on legislation, sponsored by Reps. Litton, Alexander, Jack F. Kemp (R-N.Y.) and Barber B. Conable Jr., (R-N.Y.), and others, designed to tighten the rules of privacy on individual tax returns.

The stand of IRS' Alexander puts him at odds with Agriculture Secretary Earl L. Butz, who twice rebuffed congressional requests to put the Nixon executive order in deep storage.

Butz says it is "essentially a matter of judgment" whether his department's inspection of individual farmers' tax returns amounts to an "invasion of privacy."

"The list development procedure we have in mind is clearly in the public interest," he told Moorhead.

Coincidentally, when former Agriculture Secretary Clifford M. Hardin originally requested, in 1970, certain farm data that could be matched with the names of farm operators obtained from sources outside the IRS he said he specifically was not seeking an examination of individual tax records.

Butz told Moorhead last year "no employee" of his department would examine an individual return under the Nixon order's authority, but he refused to ask that the order be scrapped. He said, instead, that the "effectiveness of the security handling of data" by the staff of his Statistical Reporting Service "has not been challenged."

Paarlberg maintains the department never sought the tax-return inspection authority, but that Treasury and Justice Department reviews had broadened it.

"We understand the first order was designed as a model to be used by other departments," he said.

When Rep. Charles Thone, (R-Neb.), asked why the Agriculture Department could not obtain its statistics from the Census Bureau as authorized by the White House, Paarlberg replied, "We do not care which department they come from."

"I do very much," Thone snapped back.

Paarlberg said he was not sure whether the decision not to announce the order publicly had come in a phone call from the Treasury Department "or whether it came from the President's staff men." He had been in touch with both, but he did say he had not talked to indicted Nixon aides Ehrlichman and H. R. Haldeman.

When John W. Dean III was Mr. Nixon's counsel he recommended that the IRS zero in on political targets by making a requested audit "of a group of individuals having the same occupation."

Congressman Alexander says blanket authority to inspect individual tax returns of any group "clearly constitutes an invasion of the right of privacy of that group."

He raises the possibility that the Commerce Department might inspect returns of businessmen it deals with; those of homeowners getting Federal Housing Administration-insured loans; union members dealing with the Labor Department, and those of individuals receiving grants aid from the Department of Health, Education, and Welfare.

In fact, in the first half of 1970 the IRS made available 14,000 tax returns to the Justice and Labor departments, Federal Communications and Securities and Exchange commissions, Federal Home Loan Bank, Renegotiation and National Labor Relations boards, Small Business and Social Security administrations and the old Post Office Department.

At one point Litton sponsored a bill to kill the Nixon order and allow the Agriculture Department just farmers' names and addresses. The department cold-shouldered the measure and refused comment.

After Litton introduced another bill to tighten IRS rules about who could see the returns, the department indicated an interest in the earlier legislation.

The congressman said he had asked why farm census funds were stricken from last year's budget and "I have yet to get an answer. The census form goes to every farmer. A tax return sampling would not be as complete. Either they need the information or they don't."

According to Litton, the question of farm information came up when George P. Shultz was budget director in 1970, but nothing happened. Three years later the order was drafted at the Treasury Department, where Shultz was secretary.

Former IRS disclosure staff chief Donald O. Virdin says there would be no problem giving Agriculture the names and addresses of farmers quickly "if that is all Agriculture wants."

Assistant Attorney General Dixon says the Justice Department was never asked to express a "policy judgment" on the Nixon order so it didn't.

IRS Commissioner Alexander says his agency is working toward a goal of "ensuring the confidentiality of federal tax return data."

Against a backdrop of IRS investigations of tax returns of White House "enemies" and the President's strong defense of confidentiality on White House documents and tapes, the continued existence of his 1973 executive order has Congress and the IRS worried.

The Paarlberg "inoperative" comment does not satisfy them.

Litton says he listened to President Nixon's State of the Union message and was surprised to hear "a man who proposed opening up 3 million tax returns talking about privacy."

IRS STILL OPPOSES SCRUTINY OF RETURNS

(By Alan Emory)

WASHINGTON.—The split within the Nixon Administration over opening up individual income tax returns is coming closer to the surface.

Internal Revenue Commissioner Donald C. Alexander, plainly uncomfortable over an executive order by President Nixon designed to allow all federal agencies a shot at individual returns says he is insisting his agency "guard the taxpayer's right of privacy."

The Nixon order, issued last year without a public hearing or any notice is drawing increasing fire in Congress, from farm groups—since it applies to Agriculture Department inspection of individual farmer's returns—and civil liberties organizations.

Rep. Bill Alexander, D-Ark.—no relation to the commissioner—one of the first to uncover the order and ask for Congressional action—calls it a "massive invasion of the rights of privacy of an entire class of Americans" and "an extremely dangerous precedent to all other groups of citizens of whatever occupation."

Despite the Nixon order, Commissioner Alexander revealed in a letter to Rep. William S. Moorhead, D-Pa., his agency is limiting "a mailing list of names and addresses of farmers."

Alexander said he supported legislation to make tax returns "explicitly confidential" except for tax administration and enforcement—a House Government Operations subcommittee on foreign operations and government information.

Moorhead is the sub-committee chairman.

Alexander says tax returns should be "confidential and private" unless Congress "clearly specifies" to the contrary.

He said the IRS was barring tax returns to outsiders except where there are "sound reasons" for their availability, and it was "consistently applying such a disclosure philosophy" while working toward a goal of "ensuring the confidentiality of federal tax return data."

Alexander said his policy on inspection of farmer's tax returns by Agriculture Department officials was to limit access to names and addresses. The sub-committee recommended that no personal financial data from the returns should be provided unless indi-

vidual taxpayers gave his voluntary consent "in writing."

"Ideally," the sub-committee said, "the farmers could provide this information directly to the Department of Agriculture."

The IRS say that in the first half of 1970 it made 14,000 tax returns available to the Department of Justice and Labor, the Federal Communications and Securities the Exchange Commissions, the Federal Home Loan Bank, Renegotiation, and National Labor Relations Board, the Small Business and Social Security Administrations and the Post Office Department.

The House Ways and Means Committee is expected to start hearings soon on a series of bills to protect tax returns sponsored, among others, by Reps. Jerry Litton, D., Mo.; Charles Thone, R., Neb.; Jack F. Kemp, R., Buffalo, and Barber B. Conable, Jr., R., Alexander.

TAX ORDER CALLED "THREAT TO PRIVACY"

(By Alan Emory)

WASHINGTON.—Sen. James L. Buckley has asked President Nixon to "rescind immediately" the President's controversial executive order on income tax returns.

The New York Conservative-Republican's message to the White House, calling the order an implicit invasion of privacy, has not been made public. It was dated Monday.

The 1973 Nixon order, which is being widely interpreted as a threat to the privacy of almost all individual income tax returns, has started to alarm Republicans, including some of the President's staunchest backers in Congress.

The Nixon policy, laid down in the executive order last year, authorizes the Agriculture Department to examine the tax returns of individual farmers, but the Justice and Treasury Departments have broadened the interpretation so that it serves as a "Prototype" for all federal agencies.

Nixon told a press conference Feb. 25 he would turn the issue over to a new committee studying privacy headed by Vice President Ford.

In his letter to Nixon, Buckley wrote:

"If you believe the executive order in question is not an invasion of privacy, then I think it would be in the interest of all Americans if you explained why this is so.

"If, on the other hand, this is an invasion of privacy, then your immediate rescinding of the executive order would be the best possible way of undoing the damage that has been or might be done by implementation of the order."

The directness of the New York Conservative-Republican's language was considered significant.

Although Don Paarlberg, director of agricultural economics, maintains the Nixon order is "inoperative," there has been no attempt to withdraw it, and Agriculture Secretary Earl L. Butz has flatly rejected Congressional requests that it be shelved.

The Buckley comments were pointed up today by the reaction of Senate Republican Leader Hugh D. Scott of Pennsylvania, who sided with Internal Revenue Commissioner Donald C. Alexander's refusal to give the Agriculture Department anything more than farmers' names and addresses.

Alexanders position constitutes defiance of the Nixon order.

A top Scott aide said the Senator "was not pleased" with the Nixon executive order and predicted, "There will be a move to deny what they are attempting to do."

A spokesman for a high Republican Party official said it was "quite evident, with the mood today being what it is, that the executive branch will be the loser on this."

Buckley's letter cited this reporter's question to Nixon about the executive order Feb. 25 and the President's response.

"I would like to take this opportunity to request that you put an end to the invasion of privacy implicit in Executive Order 11709," Buckley told the President, "by rescinding it immediately, rather than awaiting the recommendations that may be issued by the commission.

NIXON'S FARMERS TAX RETURN POLICY GIVEN

(By Alan Emory)

WASHINGTON.—President Nixon's controversial executive order opening up farmers' tax returns to the Agriculture Department applies to all returns going back to 1967.

The guidelines for the order can be changed at any time by the President without dvance notice or publicity.

Don Paarlberg, the Agriculture Department's economics chief, says he "would not be willing" to ask that the order be rewritten specifically to apply only to gross income—the index the department considers the best measure of farm size.

At one point in last year's hearings of the House Agriculture Committee, Rep. Jerry Litton, D., Mo., asked Harry C. Trelogan, administrator of the department's Statistical Reporting Service, "what measure do you want?"

"I do not know at this stage what is the best measure," Trelogan replied.

"Do you not think you should before you ask us to open up the tax returns?" Litton came back.

Although the Nixon Administration refused to budget funds last year for the periodic farm census, Trelogan concedes that "we can come out with more accurate results at less cost with a sampling procedure" than by using tax returns.

Paarlberg explained his "reluctance" to ask for a further refinement of the Nixon order by saying it might block the department from a sampling that might appear necessary later.

"So instead you sought such a broad authorization that you would be able to obtain any information from any farmer's tax return that would indicate any measure of size," Litton declared.

"No," Paarlberg said.

"That is what it says," Litton came back. "One or more measures."

"When I tell my secretary she can have (one or more) days off, that is not very restrictive," he added.

Paarlberg says gross income or gross sales are usually the best measure of size and "there may be particular cases in which we would want, as a measure of size, say for a cattle feeding operation, the number of animals fed or a dairy operation the number of cows."

"Does the tax return tell you how many cattle I fed last year?" Litton asked.

"The direct answer to your question is no," admitted William J. Smith, chief of the Internal Revenue Service's business statistics staff.

"It does not?" persisted Litton. "No, sir," said Smith.

Litton said if gross sales were all the department wanted the order could have said that.

Paarlberg said when initial farm organization and civil liberties protests started resounding over the first Nixon order, which was broader, he went to Agriculture Secretary Earl L. Butz, who told him, "See if you can get that order rewritten and get it rewritten just as tight as can be done so that there will not be a danger of breach of confidentiality.

Paarlberg said he worked with the Treasury Department and "with the people at the White House, and they were most cooperative."

"Everybody is a winner in this thing and there are no losers," he argued.

House Agriculture Committee records include a March 8, 1967, letter from Undersecretary of the Treasury Joseph W. Barr to Agriculture Secretary Orville L. Freeman, advising Freeman to make sure that when he signed a tax return inspection request he make sure "personally that all other avenues of information are foreclosed and that information on the return is essential."

Paarlberg was quoted last year as saying. "We do not want to see their profit or loss statements or how they figured their taxes. If anyone violates that, I am going to see he gets fired and you can quote me."

FARMERS' TAXES STAY CONFIDENTIAL

(By Alan Emory)

WASHINGTON.—Vice President Gerald R. Ford has recommended that President Nixon revoke his controversial executive orders opening up farmers' individual income tax returns, and the Preisdent reportedly has informally agreed.

A new order, drafted by the Office of Management and Budget at Ford's request, has been given to the White House. It specifically scraps the two Nixon orders on farmers' returns.

GAINS SUPPORT

The Vice President won support from Agriculture Secretary Earl L. Butz Monday night, although Butz had previously refused to urge Nixon to withdraw the order.

Still unsettled is a Justice Department opinion that the 1973 order serve as "a prototype" for all other federal agencies. This has spurred legislation tightening the safeguards around tax returns and will be one of the first items to come up before the new Domestic Council Committee on the Right of Privacy headed by Ford.

Ford told Butz that inspection of farmers' tax returns was not worth the threat to privacy in exchange for the data that might be obtained and added, informed sources say, that he thought the 1973 Nixon order was a bad idea.

MEMO TO NIXON

The Vice President's recommendation to Nixon to shelve the orders came in a memorandum from the Domestic Council setting out Ford's position and the endorsement from Butz.

Nixon has provided informal assurances he will sign the revocation.

Ford, who has named Grand Rapids, Mich., attorney Philip W. Buchen executive director of the privacy panel, says he does not intend to allow the group to be used as a "smokescreen" for Watergate.

"My own privacy had just been investigated more thoroughly than anybody's since Eve ate the apple," he told the National Governors' Conference here March 6.

He told an interviewer this week. "Having had my privacy invaded by two committees (of Congress) pretty extensively, I think I know a little bit more about how you can react." He specifically cited "laying out your income tax returns . . . putting it all out on the record."

UNDERSTANDS ANGER

Ford said he could understand people's resentment at having something they always considered private made public.

Ford's move on the Nixon order came just as Sen. Lloyd M. Bentsen, Jr., D., Tex., a member of the Senate Finance Committee, revealed he would introduce legislation Tuesday designed to restrict sharply the access of government agencies to individual tax returns.

Bentsen, who said he expected hearings to be held with Internal Revenue Commissioner Donald C. Alexander an "important witness," denounced the Nixon order for opening tax returns to "fishing expeditions."

Ford says he wants his panel to "establish

common-sense safeguards for the fundamental right of privacy."

"What we are going to do as long as I am chairman is to try to put a stop to unwarranted future invasions of individual privacy by the federal government or its agents, period," he said.

"Preservation of the right to privacy . . . has certainly been complicated by the immense growth of federal power and its concentration here in Washington," the Vice President said.

President Nixon told a Feb. 25 news conference he was turning the matter of his income tax orders and inspection policy over to the Ford privacy committee for review.

It appeared today, however, that the issue of the orders themselves might be settled even before the committee held its first hearing next week. The unit is directed to complete its study of individual privacy problems within four months.

Executive Director Buchen confirmed, in an interview, that the administration's overall policy on tax returns would be one of the first issues to be considered.

IRS Commissioner Alexander has refused to comply with the Nixon order to give the Agriculture Department individual tax returns and has said he would provide only the names and addresses of the farmers.

In a letter written Monday, Sen. James L. Buckley, C.-R., N.Y., called on Nixon to rescind the tax return orders "immediately" as an implicit invasion of privacy.

The House Ways and Means Committee is expected to take up tax return privacy legislation this year. Bentsen's move was the first on the Senate side.

The Texan said the Nixon order contained "great potential for abuse" and it would be impossible to maintain the integrity of voluntary self-assessment in filing tax returns if access were greatly broadened to a host of government agencies.

"The responsibility is ours here in the Congress," Bentsen said. "If all departments are going into fishing expeditions on tax returns this will lead to the politicizing of the Internal Revenue Service and prove a serious mistake."

Bentsen indicated reservations about leaving the final decision to the privacy panel headed by Ford.

In an interview this week, Ford said he was taking his privacy assignment seriously.

When asked about using the committee as a "smokescreen" for Watergate and the cover-up, Ford replied, "The mere fact that I am chairman helps" refute that argument. "I understand the problem."

The original Nixon orders were never made public in a general release or announcement, but were just published in the Federal Register. They opened up farmers' tax returns going back to 1967 in most important aspects.

Agriculture Department officials told Congress they had not requested such broad orders, but the policy had been formulated by the Justice and Treasury Departments. Don Paarlberg, chief of farm economics for the department, called the orders "inoperative," but rebuffed a Congressional request to ask the more recent one to be tightened.

One of Ford's top aides said the Vice President, after the Feb. 25 press conference and subsequent news stories, told Butz "the game wasn't worth the candle" and the executive order was a "lousy idea," in the aide's words.

After winning Butz' support, he then took his case to the White House. It appeared today he had won.

Nixon Expected To Reverse Stand on Auditing Tax Files

(By Alan Emory)

WASHINGTON.—President Nixon is expected to initiate a major change in income tax privacy policy within the next week.

White House sources confirmed that a new executive order would be published in the Federal Register officially killing two earlier orders that allowed the Agriculture Department to examine the individual tax return of America's 3,000,000 farmers.

The policy reversal is directly attributable to a recommendation by Vice President Gerald R. Ford in his first major act as chairman of a new government committee on privacy.

Ford's committee is expected soon to examine the full implications of the order, which, according to Assistant Attorney Gen. Robert G. Dixon, was designed to serve as a model for other federal agencies.

A memorandum from the Domestic Council to President Nixon said that Ford and Agriculture Secretary Earl L. Butz felt any benefit from the statistical information obtained from the tax returns was "outweighed by the impression created that it is an invasion of the privacy of the farmers filing the returns." The Times obtained excerpts from the memorandum.

Butz at first defended keeping the order on the books even though he had not ordered any use of the tax returns, but he bowed to Ford's request: he also recommended the order be shelved.

The Domestic Council memo argued that a modification of the first order in 1973 made clear that the only goal was general statistical information, but in spite of that, and a stand by the Internal Revenue Service that no individual tax information "whatsoever" would be released, the issue was still the subject of close Congressional scrutiny.

The word "whatsoever" was underlined in the memo.

White House officials repeated that the Agricultural Department had never used the order—one department expert recently labeled it "inoperative"—but said that since the tax availability program had apparently been "misunderstood" there seemed to be no point in keeping the order in an "active capacity."

The new Nixon order, however, is not expected to slow down Congressional efforts to tighten the laws safeguarding individual tax returns.

The House Ways and Means Committee has several bills ready for hearings, and Senate legislation was scheduled for introduction today by Sen. Lloyd M. Bentsen Jr., D., Tex., a member of the Finance Committee, which would handle it on his side of the Capitol.

President Nixon said at his Feb. 25 press conference, when asked about the controversial order on tax returns and the policy of making it a model for other agencies, that he would turn the issue over to the privacy panel headed by Vice President Ford.

In the face of Congressional hostility to the order an icy reaction at the IRS, a series of news articles in the Watertown Daily Times and one in the Washington Post, editorials in the Watertown Times and Washington Star-News and a strong letter from Sen. James L. Buckley, C.-R., N.Y., Ford recommended that Nixon revoke the order.

Congress Seeking More Safeguards for Tax Returns

(By Alan Emory)

WASHINGTON.—Congressional efforts to throw stronger safeguards around individual income tax returns are not slowing down with the agreement of President Nixon to scrap his executive order opening up the returns of America's 3,000,000 farmers.

"We really have not filled the big hole—the right of any president, by putting a few words in the seldom-read Federal Register, to open tax returns for snooping purposes." Rep. Jerry Litton, D., Mo., said in an interview.

Litton is the Congressman who uncovered Nixon's 1973 order on farmers' returns and has authored legislation to protect all returns from similar orders in the future.

The Congressman said he had outlined his thoughts in a letter to Vice President Gerald R. Ford, head of an administration special committee on privacy.

Ford recommended Nixon withdraw the tax return order, and the President reportedly agreed.

"Who's to say the President won't rescind the order and open the tax returns of any class of citizens?" Litton asked.

"The legislation has to move ahead. We now stand a better chance of getting the policy stopped in legislation than ever before."

Litton said the Nixon decision to shelve the order after revising it once after Congressional protests constituted an "admission the order was a wrong one in the first place. If it is wrong it ought to be stopped from a legislative standpoint to prohibit it from happening again."

Litton said neither he nor other legislators or newsmen had the time to "thumb through the Federal Register to make sure millions of tax returns are safe."

He predicted that legislation to be introduced today by Sen. Lloyd M. Bentsen, Jr., D., Tex., a member of the Senate Finance Committee, would help "a great deal."

Nixon's move to revoke the 1973 order will help the legislation, Litton declared, and "if the Administration really opposes the invasion of privacy it should not oppose legislation closing a loophole.

The Congressman said his letter to Ford asked if the Vice President intended to support the legislation.

Litton said if the Nixon order were wrong, then any similar move by any future president would be wrong, no matter which party he belonged to.

Nixon's change of position now, he warned, "only stops one order."

Times Reporter's Query Credited by White House in Scrapping Tax Order

WASHINGTON.—The White House Thursday attributed President Nixon's decision to scrap his executive order opening up farmers' income tax returns to the Agriculture Department to a question asked by Times Washington Correspondent Alan Emory at a Feb. 25 White House news conference and a subsequent recommendation by Vice President Ford, chairman of an administration committee on privacy.

The unusual cause-and-affect explanation was provided at a White House news briefing by Deputy Press Secretary Gerald Warren.

Sen. James L. Buckley, C.-R., N.Y., today hailed the Nixon action as "an example where reporting can call to the public attention, and to the attention of a president, abuses of executive authority."

Buckley, who on March 11 wrote the President urging him to rescind the order "immediately" as an implicit invasion of privacy, told The Times, "Let us hope that all similar directives are reviewed to make sure there is no violation of privacy, other than that specifically authorized by statute and necessary for public purposes."

Rep. Robert C. McEwen, R., Ogdensburg, said he "totally approved" of the President's reversing his 1973 order.

"I commend the President for honest correction of this grievous error," the Congressman declared. The confidentiality of individual taxpayers' returns should not be carelessly set aside."

McEwen continued, "Alan Emory, the Watertown Times Washington correspondent, did an outstanding job of tenaciously exploring the implications of the issue and keeping the attention of members of Congress and the administration on this matter, including a question put directly to the President at his news conference, with the happy result that this action has now been corrected."

TAX RETURN SAFEGUARD PROPOSED IN REFORMS

(By Alan Emory)

WASHINGTON.—Legislation to tighten safeguards around individual income tax returns may become part of this year's major tax bill.

Congress is expected to approve a tax measure some time late in the year. Lawmakers on both sides of the Capitol are now planning to fit in a section sharply restricting the access to individual taxpayer returns.

The issue was posed by President Nixon's 1973 executive order allowing the Agriculture Department to examine farmers' returns, although the President revoked that order a week ago today.

What has alarmed lawmakers and observers even more, however, was the opinion of the Treasury and Justice Departments that the order was designed as a "prototype" for other federal agencies, a prospect Rep. Bill Alexander, D., Ark., called "frightening."

That issue is now before an administration committee on privacy headed by Vice President Ford. Ford recommended that Nixon revoke the order on farmers' returns, and Nixon did so about a week later.

Sen. Lloyd M. Bentsen, Jr., D., Tex., a member of the Senate Finance Committee, said he expected his tax return privacy measure to be considered with other tax legislation late in 1974.

Bentsen introduced his bill Tuesday, declaring that, although President Nixon had revoked his year-old order on farmers' returns, the potential for "unwarranted intrusions" into privacy still existed and the 1973 Nixon order had established a precedent.

The fact that an "unwise" order was allowed to remain on the books for a year, said Bentsen, "clearly demonstrates that our laws must be changed."

"Congress and only Congress" should decide what changes should be made, Bentsen added, to close the door to potential abuse.

He said the legislation would not hamper the Internal Revenue Service from performing its regular duties.

FORD MAY SUPPORT TAX TIGHTENING LEGISLATION

(By Alan Emory)

WASHINGTON.—Vice President Gerald R. Ford said today he might support legislation designed to tighten the safeguards around individual income tax returns.

Ford heads a Nixon Administration committee looking into invasion of privacy. He persuaded President Nixon to revoke a 1973 executive order allowing the Agriculture Department to inspect the individual returns of farmers.

Ford said his committee would consider the problem posed by a Justice Deaprtment opinion that the farmers' return order was designed to serve as a "prototype" for all other federal agencies.

He said he did not know whether the recommendation would be for regulations to insure more tax return privacy or for legislation.

"If it is necessary for that protection," he said in an interview, "certainly I would lean that way at this point."

Legislation is pending in both the House and Senate and probably will become part of a tax bill later this year.

"I really think income tax returns, as such, are basically a matter of privacy between the individual and the government," Ford said.

He pointed out that his returns had been under careful scrutiny when he was nominated for Vice President and now "every candidate who runs has to expect that if he does not throw his returns out on the table he is going to be in trouble."

That, however, does not apply to individual citizens, Ford cautioned.

Nixon turned the tax return question over to Ford after being asked, at a Feb. 25 press conference, how he squared the executive order with his new privacy program and his strong defense of White House document confidentiality.

Ford's comments coincided with extended discussion on the House floor Tuesday about the whole privacy problem, including tax returns.

Rep. Jack F. Kemp, R., Buffalo, said the confidential treatment of federal tax returns had been "endangered" by the Nixon order, even though he accepted the Agriculture Department's word that the policy carried "no evil intent."

"The motive is not important," Kemp said, "the effect is."

While Kemp praised Nixon for revoking the order March 21, he said that should be only the first of "many steps which need to be taken to insure adequately the protection of privacy, especially with respect to the confidentiality of tax returns. I believe remedial legislation may still be required."

Rep. Jerry Litton, D., Mo., the man who uncovered the Nixon tax return order last year, has written Vice President Ford, urging his support for safeguarding legislation.

INVADING FARMERS' PRIVACY

More than a year ago, President Nixon issued an order, reportedly at the request of the Department of Agriculture, permitting the department to inspect the individual income tax returns of 3,000,000 farmers. Fortunately, reaction was so sharp that the department last fall temporarily abandoned its plan. Now into the picture enters Secretary Earl Butz. In his typically insensitive way, the secretary says that whether or not his department's inspection of returns is an invasion of privacy is "essentially a matter of judgment."

Americans who have always assumed that their income tax returns were matters between them and the Internal Revenue Service, and no one else, are learning from this governmental effort that such is not the case. Indeed, conflicting reports on how the executive order came about raises questions of intent and purpose. Furthermore, by the time the final draft of the order was ready, the Departments of Treasury and Justice had also played a role.

Apparently the Agriculture Department's Statistical Reporting Service wanted the names, address and gross income or product sales of farmers from the Internal Revenue Service in order to obtain better data. The order, it turns out, was to serve as a model for other agencies. Puzzling, however, is the statement by an Agriculture Department official that the department had never sought the authority to inspect income tax returns.

The author of a bill to tighten procedures to safeguard the privacy of income tax returns is right when he says that the Nixon order leaves a farmer's return an open book.

Other peculiarities about this long episode relate to the way the order was presented and whose judgment was the more understanding and sympathetic.

Anything as important as the examination of 3,000,000 tax returns should be cause for complete and candid announcement where the public could see it. Official compliance came through publication in the Federal Register. But how many farmers have access to the Register? In fact, how many who are supposed to even read the Register?

As for genuine sensitivity, the one agency which has conducted itself with understanding has been the Internal Revenue Service. The department has said it will not enforce the executive order. On the other hand, Secretary Butz insists on infuriating and alienating the farmers by refusing to comply with a congressional request that the orders be shelved until a House Government Operations subcommittee completes its inquiry into this issue.

Finally, why would not the Census Bureau be the more appropriate agency to approach in obtaining the data the Agriculture Department wants? And if the statistics are so terribly vital, why shouldn't the administration support funds for a special farm census from which the desired information could be derived?

From inspecting farmers' returns, it is a short step to inspecting the tax details of businessmen and anyone else, no matter how he earns a living. This executive order should be scrapped immediately and legislation passed assuring that income tax returns are as confidential as Americans have been led to believe.

VICTORY FOR PERSISTENCY

An executive order which never should have been sought nor issued is about to be rescinded. The report by our Washington correspondent Alan S. Emory, that President Nixon has agreed to revoke a January, 1973, decision permitting the Department of Agriculture to examine farmers' tax returns is good news for our food producers and for all Americans who cherish their privacy. Furthermore, it illustrates dramatically the power of persistence.

President Nixon's informal agreement to withdraw an edict which had angered the more than 3,000,000 American farmers was the result of increasing pressures and criticisms from members of congress. However, in this case, the effectiveness of the pressure came from the exposures made by a relatively few newspapermen who understood the order's full implication.

The directive, refined by the Justice Department, would be a model for various government agencies other than the Agriculture Department and thereby create a situation where anyone's income tax would be subject to examination. These returns thus would no longer be the confidential documents between taxpayer and the Internal Revenue Service as Americans have always believed.

Among the first, and perhaps the very first, to understand the order's implication was Mr. Emory, who reported last fall that the Agriculture Department had decided temporarily to scrap the order. A man of persistence, Mr. Emory kept inquiring into the details and meaning of the order. Last February 25 on President Nixon's televised news conference, Mr. Emory asked the president to explain the order in light of his strong defense of confidentiality for White House papers and his new protection-of-privacy policy for individual citizens. Mr. Nixon said he would turn over the issue to Vice President Gerald Ford and his new federal commission on privacy.

Yesterday Mr. Emory learned that the President had acceded to Vice President Ford's recommendation that the controversial order be revoked. Mr. Ford, having fairly recently undergone personal scrutiny, is sensitive to the feelings of farmers, especially on taxes, and can appreciate the concern of Americans over income tax privacy.

If Mr. Ford can now manage to eliminate a Justice Department opinion that the Nixon order serve as a prototype for other agencies, the job will be complete.

Many individuals can be applauded for this significant victory, the farmers, the congress and the civil liberties group. We do not hesitate to add the name of Mr. Emory.

FROM WASHINGTON: HEROES IN FIGHT FOR PRIVACY

(By Alan S. Emory)

There are several heroes involved in President Nixon's first step in pulling back from a policy that threatened the traditional privacy of everybody's income tax return. The White House tried to make it look as if

President Nixon himself had guided his advisers along the path to a change in policy, but that isn't quite true.

For one thing, there were the House hearings on the 1973 Nixon order authorizing the Agriculture Department to look at every farmer's tax return. They were triggered by a couple of very concerned Democrats, Jerry Litton of Missouri and Bill Alexander of Arkansas, but despite the hearings and some strong recommendations from a House Government Operations sub-committee public attention was pretty thin and the Nixon Administration's concern non-existent.

In fact, the Agriculture Department, which said it had consulted with the White House on the policy, refused to pull back an inch although given plenty of opportunity.

Another hero, in a restricted sense, was Internal Revenue Commissioner Donald C. Alexander, who refused to implement the policy, although he, too, declined to go to the President to point out what a bad one it was and the dangerous implications for the future.

A third hero was Sen. James L. Buckley of New York, who read a news story about the Nixon order and sat down and wrote the President on his own, calling for an immediate scrapping of the order as representing an "implicit invasion of privacy." Fortunately, Buckley mailed his letter a week before he called for Nixon's resignation, so it may have been read and considered.

Still another hero was Vice President Ford, who was not in on the earlier policy and had the political sensitivity to realize the direction in which it was heading. As soon as Nixon turned the issue over to Ford and his new government privacy committee, the Vice President moved quickly and called on Nixon to reverse himself. He even maneuvered Agriculture Secretary Butz into backing him up, and that combination convinced the President to backtrack.

The whole case was helped along by news coverage in this newspaper and the Washington Post, which, in turn, prompted an editorial in the Washington Star-News. And, it is likely, the President might never have been spurred to take any action had it not been for a question put to him at his Feb. 25 news conference. That question prompted him to toss the matter into Ford's lap.

The White House announcement of a change of heart Thursday indicated that Nixon had asked Ford to find out if the Agriculture Department tax snooping was "really necessary," but there is strong evidence that Ford was left largely on his own and it was his realization of what a bad policy this was that led to his recommendation.

The President, after all, looked pretty strange demanding confidentiality for White House materials and pointing the way for a new program to safeguard individual privacy and when only a year before he had launched a policy to open up tax returns across the board, starting with the country's 3,000,000 farmers.

The issue is not yet completely settled. Legislation is needed to make sure tax returns are as safe and private as every one assumed they were.

OUR AGRICULTURAL POLICIES

Mr. MONTOYA. Mr. President, in 1964 President Lyndon Johnson said:

> Our agricultural policies must never be made blindly. They must never be predicated upon a bias or prejudice against the farmer. Even though his numbers are smaller, the farmer and rancher still ranks as the first citizen of our success.

Those words of President Johnson reflect the feeling which Americans have historically had for the value of the farmer. Jefferson said that "cultivators of the earth are our most valuable citizens," and the history of our Nation has provided ample proof that he was right.

Unfortunately, in the last few months, I have detected a growing resentment against farmers, and a growing feeling that the inflation which plagues us is somehow the "fault" of our farm communities. Astronomical rises in the supermarket cost of food and a lack of understanding or experience in the real problems of farmers have combined to make many people feel that the farmer is somehow experiencing "windfall" profits which are out of line.

I think it is important that we look at the real facts, and some of the real causes of our food inflation.

As part of the administration campaign to convince us that inflation does not exist, the energy problem is over, and unemployment is not real, the real problems of farmers have been fuzzed over or not reported. Once again last month in Houston, Tex., the President laughingly dismissed a question about the rising cost of production for farmers and left many listeners with the feeling that farmers, like the rest of us, "never had it so good."

That is what I call the "peace, prosperity and poppycock" line. Farmers know better, and so should we all.

Let us be clear about the real record for America's farm programs. For many years a bipartisan effort was made in America for programs at the Federal level which would protect farm family income while also preserving our ability to feed our own Nation and much of the rest of the world. Through Federal programs like REA, Federal farm credit, a Federal loan program, price supports, the ever normal granary concept, rural development programs, and other federally supported voluntary farm programs, American farmers have increased production, built up strong reserves of storable commodities, and provided the basic input to world food programs like Food For Peace, famine relief, disaster relief in many areas of the post World War II world.

Gradually we saw many famine relief programs turn to sales as the western nations regained economic stability and the developing nations began to gain strength. Demand for American farm products rose. When our other economic problems developed, the American farmer stood ready with an exportable product in growing demand—and turned our unfavorable trade balance around in 1972 and 1973.

The export boom, combined with the 1972 drought in many grain growing countries, and an erratic and uncontrolled agricultural policy, all combined to create the exotic high prices of 1973. The "great grain robbery" of 1972 has been well reported, and I think most Americans are aware that farmers lost millions on wheat sales that year. In the Southwest, where my State of New Mexico is located, estimates are that farmers lost at least $150 million by selling 400 million bushels of wheat early, and the profits were not made by farmers that year, but by corporate grain exporters and the Russians.

What is not so well known or understood is that the same kind of mixup is still happening to farmers—and they are also now caught in a price-cost squeeze between rising production costs and demands for increased production to fill expanding export and domestic needs.

In 1973 most farmers sold wheat at the June-July price of $2.45, but by August the price was $4 a bushel. Farmers who sold early lost out again. The price is now $6 a bushel—and 1973–74 export contracts already account for 58 percent of our new crop. Our reserves are dangerously low—the lowest since 1945—and if we are "oversold" there will be no cushion to help us provide for any emergency. The important thing to remember in all of this is that farmers have not made the big profits in wheat or grain sorghums, although they are being blamed for rising prices and they may be blamed for a shortage if one occurs.

The same picture emerges when we examine other farm products. Soybean farmers sold 90 percent of the 1972–73 crop at $4 or less—but the price which traders got for that same crop was as high as $10. Export controls finally brought that price down to $7 a bushel. For 1973–74, 47 percent of the soybean crop is already contracted for export.

In 1973 cotton farmers forward-contracted 40 percent of their crop at 30 cents a pound. By August the price for that crop was up to 60 cents a pound. Farmers lost millions if they sold too early. Yet 37 percent of this year's crop is already contracted for export. If the price rises again, farmers will lose again, of course.

It is true that food prices are high, and right now farm prices are high for many products. But the farmer is not the man who makes the profit when prices leap up erratically. Often he has sold early at a much lower price, and suffers the inflationary result of rising prices just as others do.

Farm production is always a long-term planning problem. This year's profit must be applied to the debt which accrued in bad years, or must be put away to protect against future bad years. That has been true since the beginning of farming, and that will always be true. The year 1973 was a year in which many farmers made a profit, but it is important for us to remember that was often after many years of no profit or low profit.

Now, in 1974, the same old worries are returning to our Nation's farm families. There are staggering rises in the cost of most things which farmers must buy in order to produce crops: Fertilizer, fuels, machinery, trucks, baling wire, land. Labor costs are rising. Shortages exist or are growing in many of these items.

Fertilizer prices rose in 1972 and 1973 at astounding rates. They have now tripled in many areas. In addition there is a predicted 10 percent 1974 shortage, so even if farmers can afford to invest the additional money needed to produce bumper crops, they are not going to be able to buy all the fertilizer they need.

Equipment prices have risen 33 percent, and the shortage is so severe that farmers must wait 6 to 8 months for trac-

tors or other needed equipment. In New Mexico even second-hand machinery is selling for more than it once cost new—and it is hard to find.

Baling wire, after a nearly disastrous shortage in the last few months, will still present problems of supply this year, and will only be found at a higher price.

Fuel prices, as we all know, have gone up for all of us—but they have doubled for farmers. Even at those high prices fuel is unavailable in many farm areas, because some dealers have simply gone out of business. Liquefied petroleum to dry crops has doubled in price and will be short this year. In 1973 farmers spent nearly $2 billion for petroleum products—6½ billion gallons of gas and fuel oil alone went to our farms. If the price goes too high, or if farmers are not able to get the fuel they need at the time it is crucial to them, the chances of increasing production or even of staying even with last year's production are very slim.

Seed prices have doubled, and there are shortages in this vital input too. Since there is increased acreage in production this year and there is also competition from foreign markets, the shortages may be very real and very important.

Most difficult of all, the cost of farm land has gone up 20 percent to 30 percent—the second highest rise in farm land prices in history. Interest rates are up one-third. What this means is that the farmer who complies with our request for greater production must make a substantial long-term investment and yet he has no real insurance that prices will continue to provide him the income necessary to pay off the debt he will be incurring.

The target prices set by the Agriculture Act of 1973 as insurance against a drop in farm prices are already so low in comparison to expenses that they are of little value in protecting the farm family. The cost of production escalator which is part of that Act will not go into effect until 1976 or 1977. That is no protection for a farmer being asked to invest in land or fuel today.

As only one example of the kind of investment farmers must make today, let me quote from a statement by Arnold Nelson, head of the department of animal, range and wildlife sciences at New Mexico State University:

> The average rancher needs a capital investment of $1,100 for each cow per year. If you want to run 100 cows, you're talking about an investment of $110,000, much of it in land. Ranchers in general have made a profit margin of about one per cent on their investment in recent years.

I think we can sum up the farmer's dilemma with some very clear figures from the Wall Street Journal of March 11, 1974. In 1973 the gross farm income was $90.5 billion, up 31 percent over 1972. After expenses, the net farm income was $26.1 billion, compared to only $19.7 billion in 1972. That sounds good, but it is only part of the story.

For 1974 the gross predicted farm income is roughly the same $90 billion. But expenses for the farmer rose 19 percent in 1973 and will rise again this year by another 15 percent according to expert predictions. So the 1974 farmers' net income will be only $16 billion. That is roughly the same net income farmers had in 1969, 1970, and 1971.

Yet world demands for our farm products, like our own domestic demands, are rising constantly. There was an increase of 61 percent in our farm exports in 1972–73. This year will be another year when exports will take large percentages of our crops, and the demand for increased production from farmers is great.

Mr. President, I think all these figures make it clear that we had better think seriously before we complain about farmers' profits. We had better ask ourselves what the incentives are for farmers to continue to invest if they have no insurance against exploitation and inflation.

Perhaps it is time for us to think again about the free market agribusiness theories of the last few years. Perhaps it is time for us to return to a national food policy, with protections for both the American people and for the American farmer.

That policy should contain planning for "the good years" as well as provision for the "bad year," just as intelligent farm planning always has. It should contain incentives to build up farmer controlled food reserves, and set realistic target price insurance for the farmers' investment. We must not expect farmers to absorb inflation-caused price adjustments or shortage-caused price fluctuations.

Most important of all, we must speak up for the independent farmer. In New Mexico there are more than 37,000 people in our farm population. They have not made astronomical profits, no matter what the price at the supermarket suggests. Their median family income is $3,112. They are hardly the villains of the food price inflation of 1974.

We cannot allow our farm families to be made the scapegoat for the disastrous farm policies which have brought us to this inflated food economy. They are, as Lyndon Johnson said so clearly, the "first citizens of our success."

DECLINE IN U.S. DEFENSE STRENGTH

Mr. THURMOND. Mr. President, the noted newspaper columnist, Anthony Harrigan, recently published an article entitled, "Deterioration of U.S. Armed Forces Alarming." This article appeared in the April 1, 1974, issue of the Aiken Standard newspaper in Aiken, S.C.

The author points out that the military defense budget is actually declining when viewed in light of what the dollar will buy in today's market. This is a point all Americans should ponder.

Mr. President, I ask unanimous consent that this article 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:

DETERIORATION OF U.S. ARMED FORCES ALARMING

(By Anthony Harrigan)

The continuing deterioration of America's defenses should alarm every thoughtful citizen. The weakening of national security forces leaves the United States cruelly exposed to danger.

Yet the public is far from recognizing the peril facing the U.S. in the mid-1970s. Many people ask: How can America's defenses be deteriorating when the fiscal 1975 military budget calls for an increase of five to six billion dollars over fiscal 1974 as part of a record $85 billion defense budget?

The American Defense Preparedness Assn. has answered that question, saying: "Most of this increase will be eaten up by inflation and by military and civilian pay raises. Also taken into account are higher fuel prices, the dollar devaluation abroad, and shortages in U.S. weapons stockpiles made apparent by the Middle East War." When all these are compensated for, there will be little money left for modernization of our major weapons systems. Moreover, anti-defense forces in the Congress are likely to slash proposals for funding new weapons.

Things would be much worse but for the superb leadership of the armed forces by Adm. Thomas H. Moorer, USN, chairman of the Joint Chiefs of Staff. He has spoken out time and again, explaining America's military deficiencies. But defense leaders face tremendous obstacles. The New York Times, Washington Post, Newsweek and the TV networks do everything possible to downplay the need for strong defenses. They also downgrade the public image of the military profession. Indeed there are numerous commentators, as Joseph Alsop has written, who are "deathlessly devoted to a policy of national weakness."

President Nixon hasn't helped the situation by his constant reiteration of the "Generation of Peace" theme. What the nation faces is not a generation of peace but a generation of threats, nuclear blackmail, and increased Soviet pressure and intimidation on every front.

Secretary of State Kissinger has been a disaster for the United States, though he has received what columnist Thomas A. Lane refers to as the "adulation of an uncritical press." In the SALT–I talks, Dr. Kissinger agreed to a formula whereby the Soviet Union acquired an advantage of some 40 per cent in intercontinental ballistic missiles, the same edge in missile-launching submarines, and a 30 per cent advantage in submarine-launched ballistic missiles.

Writing in "Strategic Review," Dr. John Erickson of Edinburgh University, the leading British authority on Soviet armed forces said of SALT–I:

"More than one Soviet strategist and military planner must still be rubbing his eyes in order to make sure that he is not, after all, dreaming . . . whichever way they are read, the two basic documents on arms limitation can only be construed as heady encouragement for the USSR."

As a result of the actions of the anti-defense bloc in Congress and the policy of concessions favored by Dr. Kissinger, the United States has lost its commanding position in the world.

All is not lost, however. The new secretary of defense, James R. Schlesinger, seems determined that the U.S. regain lost ground. He is opposed to the Kissinger-State Department position, which would leave the USSR with quantitative superiority in nuclear arms. Mr. Schlesinger has retargeted America's missiles to give the country greater flexibility. He is pushing hard for increased defense research and development.

If the public will only wake to the realities and insist that the Congress provide the military equipment the nation needs, the deterioration of the U.S. armed forces will be arrested and the republic will be secure.

SPACE EXPLORATION

Mr. MOSS. Mr. President, as chairman of the Aeronautical and Space Sciences

Committee, I am often asked by constituents and colleagues alike: Why should we explore space? This question is not a new one. It has been asked ever since philosophers and scientists first contemplated the stars centuries ago. Yet, it is an important question, and its answer must be properly understood to insure adequate planning and preparation for our future and the future of our space program. "Exploration of the Solar System," a review recently published by the American Institute of Aeronautics and Astronautics, contains a section that is apropos in answering this question.

I ask unanimous consent that the material referred to be printed in the RECORD and I urge all Members to give the answer contained in the following paragraphs their attention.

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

THE PURPOSE OF SOLAR SYSTEM EXPLORATION

(1) Why must man explore the solar system?

From the earliest times, man's efforts to understand the solar system have been fundamental to his technological progress and his view of his place in the universe. Recognition of the seasons of the year and their relation to the times and places of sunrise and sunset was basic to the development of agriculture. The planting and harvesting of crops led to the first fixed settlements, to cities and to nations. In ancient Egypt, measurements of the times at which certain stars rose were used to forecast the flooding of the Nile and the correct time for planting.

The association of the positions of the Sun, Moon and stars with seasons, tides, and floods gave rise to astrology—the belief that heavenly bodies govern men's lives. Because of the importance of astrology, the ancients made accurate observations, using the unaided eye and sighting circles, of the motions of the planets—those star-like objects that wandered through the seemingly unchanging pattern of the stars. By the time of Ptolemy, about 130 B.C., these observations had been built by the contributions of the ancient philosophers into a rather complicated theory in which the Earth was the stationary center of the universe, and the Sun, Moon, planets, and stars revolved around it. In the Middle Ages, the Ptolemaic theory became part of the dogmatic philosophy to which all educated Europeans were expected to adhere.

Copernicus (and others before him) challenged the Ptolemaic theory, maintaining that only the Moon revolved about the Earth, which rotated on its own axis and, together with the other planets, moved about the Sun.

As others began to question the established doctrines, there followed all the inventiveness, curiosity, expansion, and openness of mind that have distinguished modern from medieval civilization. In 1609, Galileo looked at the skies with a telescope and confirmed the Copernican theory. He saw Jupiter as a globe with four moons circling it: a scale model of the solar system. He also was the first to see mountains and craters on the Moon, the crescent phases of Venus analogous to those of our Moon, and (first among Europeans) spots on the Sun.

Earlier, Galileo had been the first scientist to connect experiments with mathematics to explain the motion of falling objects here on Earth. It was now clear that a unifying principle must exist among celestial and terrestrial events. Isaac Newton established this principle in 1686 by publishing his laws of motion and gravitation. These laws were the beginning of modern physics and the basic tool of modern engineering.

In the mid-nineteenth century, another major advance took place. Fraunhofer's observations of the spectrum of sunlight and its identification with the spectra of chemical elements measured in the laboratory led to the recognition that the Sun and Earth contained the same substances. This knowledge helped open the door to modern chemistry and atomic physics.

These discoveries about the solar system have changed man's conception of his world and his place in it. Instead of the central figure in a mysterious and capricious universe, he sees himself as a small part of a nature he can hope to understand and perhaps in part to control. In recent years the use of space vehicles has made possible greatly increased understanding of the solar system. Spacecraft have placed telescopes above the Earth's atmosphere where they can observe radiation at all wavelengths, with all its information about planetary and solar atmospheres. They have placed detectors directly within the interplanetary gas. They have allowed photography of planetary surfaces at resolutions measured in hundreds of meters rather than hundreds of kilometers, and they have disclosed the interaction of some planets with the surrounding solar wind. The resulting gains in understanding of the universe have indirectly affected our daily lives in many subtle ways, and may be expected to influence our future progress substantially.

THE PERVASIVE EFFECT OF UNIONS ON OUR ELECTION PROCESS

Mr. FANNIN. Mr. President, during my almost 10 years in Congress, we have debated so-called election or campaign reform legislation many times. Yet, the Congress has failed in each instance to seriously consider the greatest threat to our free election system—the abuses of unions.

Once again we are considering campaign reform, and once again Congress chooses to remain blind to this issue.

Mr. President, the San Diego Union carried an editorial on March 28, 1974, which demonstrates the pervasive effect of unions on our election process, and why we need to bring this under control if we are to have meaningful reform. I ask unanimous consent that this editorial be printed in the RECORD.

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

CONGRESS AND CAMPAIGNS: LABOR DRIVES FOR CONTROL

One of its political goals for this fall, organized labor is not hesitant to say, is to elect about a dozen representatives and a half dozen senators who are favorable to its cause to assure a "veto-proof" Congress.

Initial indications are that labor is well on its way to achieving its goal for a number of reasons, all of them legal and legitimate under today's political codes.

First, labor has a political organization that is unique in the United States of America. Al Barkan, director of the AFL–CIO Committee on Political Education, recently told an audience in Washington that COPE is the only nation-wide organization that serves political candidates. A candidate whom COPE favors can be picked up at any airport, brought to a meeting hall rented by COPE, speak to an audience arranged by COPE and sleep in a room reserved by COPE. He can read the results of local COPE polls, receive information on 18 million Americans stored in COPE computers and, on election day, have the services of COPE to help turn out the voters. If necessary during his campaign, he could even receive, free, the services of political experts paid by COPE.

Organized labor has much money to pursue its political goals. In the 1972 presidential campaign, it spent an estimated $50 million. Neil McBride, labor writer for the Associated Press, estimates that backing by COPE is worth $10 million to a presidential candidate.

Moreover, while much is said about the contributions by business to various political candidates, little has been said about labor's assistance which, for instance, totalled $191,295 to members of the House Judiciary Committee alone. Of that total $30,293 went to Chairman Peter Rodino, and all but $2,100 went to Democrats. Indeed, some 98 per cent of labor's political muscle is exerted in behalf of Democrats.

The AFL–CIO already has some scalps hanging on its belt in the 1974 elections. More than a dozen labor groups were active in the 12th district in Pennsylvania to support the winner, Rep. John Murtha. Labor forces also claim credit for the election of Rep. Richard Vander Veen in the 5th district in Michigan.

Finally, not the least source of confidence among labor leaders that they are on their way to having a veto-proof Congress is the determined pressure in Washington for public financing of campaigns and strict limitations on campaign spending. If the contributions to those whom labor opposes are reduced, then the unions' non-financial contributions will be all the more effective.

If Congress has a goal of assuring fair elections it can do no less than place a dollar value on indirect assistance by such groups as COPE so that all candidates at least have equal campaign handicaps.

CONCLUSION OF MORNING BUSINESS

Mr. CANNON. Mr. President, is there any further morning business?

The PRESIDING OFFICER (Mr. HATHAWAY). Is there any further morning business? If not, morning business is concluded.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The PRESIDING OFFICER (Mr. HATHAWAY). 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.

The Senate resumed consideration of the bill.

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Texas (Mr. TOWER), No. 1153, with the time thereon to be divided 10 minutes to the Senator from Texas and 5 minutes to the Senator from Nevada (Mr. CANNON).

Mr. TOWER. Mr. President, I yield myself such time as I may require.

Mr. President, this amendment provides that on or before July 1 of each year, the Joint Committee on Internal Revenue Taxation shall obtain from the

Internal Revenue Service all returns of income filed by each Member of Congress for the previous 5 years. After receipt, the committee shall submit these returns to an intensive inspection and audit for the purpose of determining the correctness with respect to the Member's tax liability. The report of the committee shall be forwarded to each Member and to the Internal Revenue Service.

It does not take long to realize that this is the procedure which was followed on the income tax returns of President and Mrs. Nixon.

The question posed in this amendment is simple: will Congress vote to bring upon its Members the same, intensive audit that President Nixon underwent? Today's vote will provide the answer.

When certain facts about the President's income tax were leaked to the media some months ago, President Nixon stepped forward and offered the joint committee the opportunity to review his return. The committee did so and found the President owing. But, much to his credit, the President said he would pay every last cent he owed— and he even denied himself the appeals recourse available to every other American citizen.

I believe it is only right that the Congress take the same steps to insure that our quest for fiscal integrity not only extends to the executive branch, but to the legislative as well. If some members of Congress who were so eager to see the President's tax returns gone over with a fine-tooth comb would vote "yea" today, we would have passage with very few dissenters.

In this day of distrust for public office holders, I think it is imperative that members of Congress—as well as the President—open their tax returns for public inspection. The legislation which I propose is an important and essential part of any campaign reform. It, in my opinion, would do much to improve the attitude of the American people toward their elected representatives.

I strongly urge adoption of this amendment.

Mr. President, I reserve the remainder of my time.

Mr. CANNON. Mr. President, I yield 2 minutes to the Senator from Montana (Mr. MANSFIELD).

The PRESIDING OFFICER. The Senator from Montana is recognized for 2 minutes.

Mr. MANSFIELD. Mr. President, this morning, the distinguished Senator from Vermont asked for, through the leadership, and was granted, the privilege of consideration.

It is my intention to make that same request at the conclusion of my brief comments.

What I intend to do, if the Senate will allow me to do so, is to offer an amendment to the Tower amendment so that on page 1, line 6, after the word "Congress," to insert the following:

Each employee or official of the executive, judicial, and legislative branches whose gross income for the most recent year exceeds $20,000,

Mr. President, this is a proposal which I have been trying to have accepted by the Senate for more than a decade, because I feel that as long as we have three equal branches of Government, all three should be treated the same.

First, Mr. President, I ask unanimous consent at this time that the amendment which I have just proposed be considered in order as an amendment to the Tower amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. TOWER. Mr. President, reserving the right to object, if the amendment is considered, does that bar me from the use of my remaining time?

Mr. MANSFIELD. Not at all, because it comes within the 15 minutes, as I interpret it.

Mr. TOWER. Mr. President, I will not object, but I intend to speak against the amendment.

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

Mr. MANSFIELD. Mr. President, I offer my amendment at this time and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

Amendment to amend No. 1153, on page one, line six, after "Congress" insert ", each employee or official of the Executive, Judicial, Legislative Branch whose gross income for the most recent year exceeds $20,000,.

Mr. MANSFIELD. Mr. President, my intention is to ask for the yeas and nays on this, but first I ask unanimous consent that the distinguished assistant majority leader, the Senator from West Virginia (Mr. ROBERT C. BYRD) be added as a cosponsor of the amendment, as well as the distinguished Senator from Kansas (Mr. DOLE).

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

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TOWER. Mr. President, I would assume that as the sponsor of the original amendment, I have additional time to argue against the amendment of the Senator from Montana (Mr. MANSFIELD)?

Mr. MANSFIELD. Mr. President, if the Senator will yield to me briefly, on my time, I would ask that the name of the distinguished Senator from Florida (Mr. CHILES) also be added as a cosponsor of the amendment.

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

Mr. TOWER. Mr. President, I think that the amendment of the Senator from Montana would impose too great a burden on the joint committee and its staff because it would involve thousands of people. They are not elected public officials. My purpose with my amendment was to have the elected Members of Congress, the coordinate branch with the executive branch, submit to the same kind of scrutiny that the President of the United States has been subjected to. He and the Vice President are the only two elected members of the executive branch.

Therefore I think that the scope of the amendment should be confined at this time to elected Members of Congress.

I do not argue against the merits of what my distinguished friend from Montana seeks to do. It would seem to me that some other mechanism might be used for that purpose, such as the Comptroller General of the United States.

For that reason, I would not want to accept nor will I vote for the amendment of the Senator from Montana in its present form.

Mr. CANNON. Mr. President, I yield 1 minute to the Senator from Arkansas.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Arkansas will state it.

Mr. McCLELLAN.This amendment, if adopted, will it be subject to further amendment after adoption?

The PRESIDING OFFICER. Is the Senator asking whether or not he can offer an amendment to this amendment?

Mr. McCLELLAN. Yes. After this amendment has been disposed of.

The PRESIDING OFFICER. The Senator cannot do so without unanimous consent, unless this is an amendment that has been printed and is at the desk, and has been offered before cloture has been invoked.

Mr. McCLELLAN. I would have to have unanimous consent. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that I may offer an amendment after this amendment has been disposed of.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CANNON. Mr. President, what is the time situation?

The PRESIDING OFFICER. The question is now on the amendment of the Senator from Montana. The yeas and nays have been ordered.

The Senator from Nevada has 2 minutes remaining. The Senator from Texas has 5 minutes remaining.

Mr. TOWER. Mr. President, I would simply like to ask the distinguished Senator from Montana if he would not alter his amendment to give this responsibility to the General Accounting Office rather than the joint committee, because I think the joint committee should focus on the returns of the Members of Congress and that that attention should not be diluted by their having also to pay attention to all these other matters.

Mr. MANSFIELD. The Senator is proposing that the amendment offered by the Senator from Montana, which applies to the executive branch and the judicial branch, be under the supervision of the Comptroller General rather than the joint committee.,

Mr. TOWER. That is my suggestion, because I think the joint committee staff would have to be beefed up just to handle the returns of Members of Congress. If we go into all the myriad of bureaucracy, it will be a formidable task.

Mr. MANSFIELD. I would be delighted to agree to that, because I want to assert the principle that many of us have been trying for more than a decade to assert, and that is to treat the three equal branches of government on an equal

basis. If we are going to ask Senators to lay out their tax returns, then I think that members of the judicial branch and members of the executive branch earning $20,000 a year or more should accept the same responsibility. I am prepared to do it. I would be willing to.

I have been trying to do so for more than 10 years. So I would be glad to modify the amendment.

Mr. President, I ask unanimous consent that my amendment be modified along the lines of the suggestion made by the distinguished Senator from Texas.

Mr. CANNON. What is it?

Mr. MANSFIELD. It places it in the Comptroller General.

Mr. McCLELLAN. I had an amendment for that purpose.

Mr. MANSFIELD. Will the Senator join me in that change?

Mr. McCLELLAN. Yes.

I do not think the Joint Committee on Internal Revenue and Taxation should see our returns if we are not going to see theirs. I believe that this agency of Congress, the Comptroller General's Office, is the proper one to do it.

Mr. TOWER. Mr. President, I think I can clear up this matter.

If the Senator from Montana would temporarily withdraw his amendment, I will ask unanimous consent to modify my amendment to bring the entire matter under the jurisdiction of the Comptroller General, and then I think that would make it a little more simple for the Senate.

Mr. MANSFIELD. I must respectfully decline to do so. I am interested in a principle I have been trying to achieve for more than a decade. I would not object to the distinguished Senator from Texas changing it from the Joint Committee on Internal Revenue and Taxation, which would have supervision, to the Comptroller General. But the principle I am trying to achieve has to stay in, so far as I am concerned; and it is the principle that the Senator from Arkansas, the chairman of the Committee on Appropriations, is likewise trying to achieve, insofar as the supervisory factor is concerned.

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

Mr. MANSFIELD. I yield.

Mr. McCLELLAN. If we are going to do this, then the Joint Committee on Internal Revenue and Taxation is not the body to examine the Senator's returns and mine. They are Members of this body. Who would audit their returns? It ought to go to the Comptroller General.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, in one way or another, instead of the joint committee having the supervisory responsibility, that function be transferred in the amendment now pending to the Comptroller General of the United States.

Mr. TOWER. I think the Senator from Montana misunderstood me. I was going to modify my amendment, which would make it easier for his amendment to be attached. That, then, would not require any modification on the part of his amendment.

Mr. MANSFIELD. That would be fine. If the Senator will ask unanimous consent to make that substitution as to what and who the supervisory agency would be, I have no objection. I am trying to retain in there the principle I have been trying to achieve.

Mr. TOWER. Mr. President, I ask unanimous consent that it be in order that I propound the unanimous-consent agreement to amend my amendment as follows——

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The clerk will read the modification.

The legislative clerk proceeded to read the amendment as modified.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the modification be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment as modified will be printed in the RECORD.

The amendment as modified is as follows:

On page 1, line 4, strike "Joint Committee on Internal Revenue Taxation" and insert "Comptroller General of the United States".

On page 1, line 7, strike "committee staff" and insert "Comptroller General of the United States".

On page 2, line 3, strike "its" and insert "such".

On page 2, lines 3 and 4 strike "Joint Committee on Internal Revenue Taxation" and insert "Comptroller General of the United States".

On page 2, strike line 6 through "and to" on line 7.

On page 2, line 10, after "proper." insert "The Comptroller General of the United States shall deliver a copy of such report and results of such audit and inspection to the Members or candidate concerned.

"Section 2. The Internal Revenue Service shall assist the Comptroller General of the United States as necessary in administering the provisions of this title."

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. What is the pending business?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Montana.

Mr. TOWER. Provided the unanimous-consent agreement I propounded is not objected to.

The PRESIDING OFFICER. The unanimous-consent agreement has not been objected to, and it is so ordered.

Mr. TOWER. So that now the amendment of the Senator from Montana is in order. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Do Senators yield back their time on the amendment of the Senator from Montana?

Mr. TOWER. I yield back the remainder of my time.

Mr. CANNON. I yield myself 1 minute.

Mr. President, I would simply point out that this is exactly what we have required, in subtsance, elsewhere in the bill.

On page 79, we adopted heretofore, in S. 372—and it is in this bill—a provision, the Cannon amendment, in section 401. The only difference is between the amount of $20,000 and $25,000. In the bill as it now stands, it reads:

Who is compensated at a rate in excess of $25,000 per annum.

So the amendment of the Senator from Montana is $5,000 per annum more restrictive. But this requires a full and complete disclosure by every member of the executive, the legislative, and the judicial branches who is compensated in excess of that amount, and candidates for congressional seats, and the President and the Vice President, to make a full disclosure in accordance with the terms and provisions hereof; and it requires everything in there that is required on an income tax return.

Mr. TOWER. Mr. President, I submit that disclosure and audit are not the same thing; that the Senator from Montana with his amendment and I with my amendment require an audit; whereas, all that the current provision of the bill provides is for disclosure.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. McGEE), the Senator from Montana (Mr. METCALF), the Senator from Ohio (Mr. METZENBAUM), the Senator from West Virginia (Mr. RANDOLPH), are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH), would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG), the Senator from Arizona (Mr. GOLDWATER), the Senator from Kentucky (Mr. COOK), are necessarily absent.

I also announce that the Senator from Virginia (Mr. WILLIAM L. SCOTT), is absent on official business.

The result was announced—yeas 71, nays 16, as follows:

[No. 140 Leg.]

YEAS—71

Abourezk	Gravel	Moss
Aiken	Gurney	Muskie
Allen	Hart	Nelson
Bartlett	Hartke	Nunn
Bayh	Haskell	Packwood
Beall	Hathaway	Pastore
Bentsen	Helms	Pearson
Bible	Hruska	Pell
Biden	Huddleston	Proxmire
Brooke	Hughes	Ribicoff
Buckley	Humphrey	Roth
Burdick	Jackson	Schweiker
Byrd, Robert C.	Javits	Scott, Hugh
Cannon	Johnston	Sparkman
Case	Kennedy	Stafford
Chiles	Magnuson	Stevens
Clark	Mansfield	Stevenson
Cotton	Mathias	Symington
Cranston	McClellan	Thurmond
Curtis	McClure	Tower
Dole	McGovern	Tunney
Domenici	McIntyre	Weicker
Eagleton	Mondale	Williams
Eastland	Montoya	

NAYS—16

Baker	Dominick	Percy
Bellmon	Ervin	Stennis
Bennett	Fannin	Taft
Brock	Griffin	Talmadge
Byrd, Harry F., Jr.	Hansen	Young
	Hatfield	

NOT VOTING—13

Church	Hollings	Metzenbaum
Cook	Inouye	Randolph
Fong	Long	Scott, William L.
Fulbright	McGee	
Goldwater	Metcalf	

So Mr. MANSFIELD's amendment to Mr. TOWER's amendment was agreed to.

Mr. PERCY. Mr. President, I voted against the Mansfield amendment to the Tower amendment earlier today but voted for the Tower amendment as amended as I wanted to make it clear I have not the slightest objection to having my own tax returns audited. Even though I am sympathetic with Senator MANSFIELD'S concern for equality of treatment for Members of Congress, I voted against the Mansfield amendment as I feel it is wrong to simply single out the tax returns for the past 5 years of all legislative, executive and judicial branch employees making over $20,000 a year to be audited.

What is the manpower required by GAO to do this? No one knows. How many employees would this involve? No one could tell me before the vote, but it was assumed the number probably is in the hundreds of thousands.

How many millions of dollars a year will this cost? No one can tell me.

On a cost-effective basis, this could be an unnecessary waste of Federal Government funds. I am hopeful this amendment will never be implemented into law.

The PRESIDING OFFICER. The Senator from Arkansas (Mr. MCCLELLAN) is recognized.

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

Mr. MCCLELLAN. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, due to the very strong possibility of a number of votes on amendments following one another, there be a time limitation of 10 minutes on rollcalls from here on out.

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

Mr. MCCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MCCLELLAN. I believe I have unanimous consent to offer an amendment at this time. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. MCCLELLAN. Mr. President, the amendment which I intended to offer, and which I will now not offer, is the same modification that the distinguished Senator from Texas made to his original amendment. That modification corrects one of the flaws I observed in the original amendment. I did not want it; I did not think it was wise to have the Joint Committee on Internal Revenue Taxation auditing the Senator's return or my return. I did not know who was going to audit theirs. I thought it was better to have the Comptroller General audit them. I am satisfied with the amendment.

Mr. GRIFFIN and Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Texas. The yeas and nays have been ordered. All time has expired.

Mr. TOWER. Mr. President, I am supposed to have some more time, because was not time assigned to the Senator from Montana?

The PRESIDING OFFICER. No.

Mr. TOWER. That came out of my time?

The PRESIDING OFFICER. No.

Mr. TOWER. Mr. President, I ask unanimous consent that I may proceed for 2 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. TOWER. Mr. President, if I may have the attention of the Senator from Montana, was it not his intent that the results of such an extensive audit be made public information?

Mr. MANSFIELD. Yes.

Mr. TOWER. That is the intent of the Senator from Texas, so I want that understood as a part of the legislative history.

Mr. BUCKLEY. Mr. President, when I voted for the Mansfield amendment to the Tower amendment, it was not my understanding that the opinions of the Comptroller General would be published. I had assumed that the purpose of the Senator from Montana was to make sure that the tax returns of everyone in the Federal Government receiving $20,000 or more would be given the closest scrutiny, so that any question or irregularities would be called to the attention of the proper authorities, and any questions resolved in accordance with normal procedures and subject to normal safeguards.

However, in light or the colloquy between the Senators from Montana and Texas, I will have to reverse my position, and vote against the Tower amendment as amended. I simply see no legitimate purpose, in fact, to be served through this gratuitous invasion of privacy.

Mr. GRIFFIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRIFFIN. The question then is on the amendment of the Senator from Texas as amended by the amendment of the Senator from Montana. Is that not correct?

The PRESIDING OFFICER. That is correct.

The question is on agreeing to the amendment of the Senator from Texas, as modified, and as amended by the amendment of the Senator from Montana. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Ohio (Mr. METZENBAUM), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announced that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG) and the Senator from Arizona (Mr. GOLDWATER), are necessarily absent.

I also announce that the Senator from Virginia (Mr. WILLIAM L. SCOTT) is absent on official business.

The result was announced—yeas 69, nays 20, as follows:

[No. 141 Leg.]

YEAS—69

Abourezk	Fannin	Moss
Aiken	Gravel	Muskie
Allen	Griffin	Nelson
Bartlett	Gurney	Nunn
Bayh	Hartke	Packwood
Beall	Haskell	Pastore
Bellmon	Hathaway	Pearson
Bentsen	Helms	Pell
Bible	Hruska	Percy
Biden	Huddleston	Proxmire
Brooke	Hughes	Ribicoff
Burdick	Humphrey	Schweiker
Byrd, Robert C.	Jackson	Scott, Hugh
Cannon	Johnston	Sparkman
Case	Magnuson	Stafford
Chiles	Mansfield	Stevens
Clark	Mathias	Stevenson
Cook	McClellan	Symington
Cotton	McGovern	Thurmond
Curtis	McIntyre	Tower
Dole	Metcalf	Weicker
Domenici	Mondale	Williams
Eagleton	Montoya	Young

NAYS—20

Baker	Dominick	Kennedy
Bennett	Eastland	McClure
Brock	Ervin	Roth
Buckley	Hansen	Stennis
Byrd, Harry F., Jr.	Hart	Taft
	Hatfield	Talmadge
Cranston	Javits	Tunney

NOT VOTING—11

Church	Hollings	Metzenbaum
Fong	Inouye	Randolph
Fulbright	Long	Scott, William L.
Goldwater	McGee	

So Mr. TOWER's amendment (No. 1153), as modified, was agreed to.

Mr. TOWER. Mr. President, I call up my amendment No. 1131 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 76, between lines 18 and 19, insert the following:

"(3) For purposes of this section, with respect to a political committee which establishes, administers, and solicits contributions to a separate segregated fund supported by payments from a corporation or labor organization, as permitted under section 610, the term 'contribution' includes the fair market value of services which an individual who is an employee or member of such corporation or labor organization, respectively, provides to such a committee for, or for the benefit of, a candidate, or which such an individual provides to, or for the benefit of, a candidate at the direction of such a committee.".

On page 76, line 19, strike out "(3)" and insert in lieu thereof "(4)".

Mr. TOWER. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a limitation of 15 minutes on this amend-

ment, 10 minutes for the distinguished Senator from Texas (Mr. TOWER), sponsor of the amendment; and 5 minutes for the distinguished Senator from Nevada (Mr. CANNON), who is in charge of the bill.

Mr. GRIFFIN. Mr. President, I wonder if we could have a little more time on this amendment. It is a very important amendment, and there are other Senators, including the junior Senator from Michigan, who are very much interested in making certain that the Senate knows and understands what the amendment is all about and how important it is.

Mr. TOWER. Mr. President, I will certainly be agreeable to the granting of more time. May we make it 15 minutes to a side?

Mr. MANSFIELD. That is agreeable to me.

Mr. President, I withdraw my request.

Mr. TOWER. Mr. President, I yield myself such time as I may require.

This is a very simple amendment. Nevertheless, without it this bill cannot be objectively considered to be the "comprehensive" proposal that the proponents of it maintain it is.

This proposal amends title III of the bill, specifically section 615, dealing with limitations on contributions. As the bill now stands, an individual contribution is limited to $3,000 per candidate for each election and $6,000 for a political committee. The amendment specifically addresses the nature of a contribution by such a political committee by stating that "for purposes of this section with respect to a political committee which establishes, administers, and solicits contributions to a separate segregated fund supported by payments from a corporation or labor organization, as permitted under section 610, the term "contribution" includes the fair market value of services which an individual who is an employee or member of such corporation or labor organization, respectively, provides to such a committee for, or for the benefit of, a candidate, or which such an individual provides to, or for the benefit of, a candidate at the direction of such a committee."

This amendment would, therefore, have the fair market value of services provided at the direction of a political committee established by a labor organization or a corporation to a particular candidate counted toward the political committee's contribution limitation.

Mr. President, unless this amendment or an amendment similar in scope is approved, this so-called campaign reform bill will be nothing more than a sham. I, myself, have some philosophical reservations about imposing a contribution limitation on individual expenditures. Nevertheless, such a limitation seems inevitable. Therefore, if this legislation is to achieve the goal of controlling the aggregate impact which special interests have on our electoral process, then the limitation must apply to all contributions and not just direct cash contributions.

As far as the impact of special interests are concerned, what difference does it make whether that influence is obtained by direct cash contributions or services rendered. The influence obtained, and the danger to the political process that this bill is said to address, is not retarded or controlled when organizations are allowed to contribute thousands upon thousands of dollars in noncash services to candidates.

Under the bill as currently before us, the individual American who wishes to contribute a small sum to the candidate of his or her choice is given a subservient status when placed alongside the types and levels of contributions this amendment seeks to control and limit. The integrity of the small contributor and his or her contribution remains in doubt.

This amendment treats corporations and organized labor equally. Admittedly it has been labor unions which have impacted upon our political system by making their members available to engage in political activity by working on a candidate's campaign, doing direct mail solicitations and other traditional forms of activity. Nevertheless, I wonder whether, if this bill is passed without this amendment, corporations also will shift their emphasis to providing services to a candidate rather than direct contributions. The end effect will be that the political process will be subject to the same abuses that were apparent long before this bill was drafted.

Mr. President, a recent article in the Wall Street Journal highlighted the extent to which noncash contributions have been utilized by one particular union—the International Association of Machinists.

I want to emphasize that the vast amount of contributions in the nature of services were only obtained through a discovery proceeding as part of a legal case brought by a number of union members who successfully alleged that their dues money was being used illegally. If it were not for this discovery proceeding, the information would never have been made public. I ask unanimous consent that the article be printed in the RECORD at this point.

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

UNIONS AND POLITICS: MONEY'S JUST ONE TOOL MACHINISTS USE TO HELP FAVORED OFFICE SEEKERS—INDIRECT AID IS A BIG ITEM, COURT RECORDS INDICATE; HOW DEMOCRATS BENEFITED

(By Byron E. Calame)

LOS ANGELES.—Like the President himself, some of Richard Nixon's foes in organized labor have been surrending sensitive political records.

The International Association of Machinists, in a case initiated by a group of dissident members of the union, was forced by a federal court here to release thousands of documents. They reveal in unusual detail how the IAM goes about electing its friends to federal office.

This rare glimpse into the inner workings of one of the AFL–CIO's largest (800,000 members) and most politically active unions shows that there is a lot more to a union's political clout than the direct financial contributions reported to government watchdogs—and labor's political experts say the machinists probably adhere to the campaign spending laws as closely as any union.

The documents indicate that direct gifts are often overshadowed by various services provided free of charge to favored candidates under the guise of "political education" for union members. The indirect aid includes some of labor's most potent political weapons; assignment of paid staff members to candidates' campaigns, use of union computers, mobilization of get-out-the-vote drives.

TRIPS AND DINNERS

Dues have also been used, the documents indicate, to supply IAM-backed candidates with polls and printing services and to finance "nonpartisan" registration drives, trips by congressional incumbents back home during campaigns, and dinners benefiting office seekers endorsed by the machinists. Machinist-backed candidates are almost invariably Democrats.

An important question is whether these dues-financed activities violate federal laws that for decades have barred unions and corporations from using their treasury funds to contribute "anything of value" to candidates for federal office. Money for such direct contributions by unions must come from voluntary donations coaxed out of the members. The federal statutes do permit unions to spend dues for partisan politicking directed at the union's members and their families, on the theory that this sort of thing is internal union business, and the money used for this activity is called "education money," or "soft money."

The political activities of the machinists' union are, indeed, aimed at the union's members and are therefore proper, says William Holayter, director of the union's political arm, the Machinists Non-Partisan Political League.

DRAWING THE LINE

Even labor's critics concede that it is sometimes hard to draw the line between activities designed to sell a candidate to a union's members and those intended to sway voters in general. A member of the machinists assigned to promote a candidate among other machinists may inevitably find himself wooing other voters as well.

Still, the machinists' documents suggest that the union has often sought to provide maximum assistance to a candidate by use of soft money. "The problem," says one labor political strategist, "is that the machinists put too much in writing." The late Don Ellinger, the widely respected head of the Machinists Non-Partisan Political League who died in 1972, evidently had a penchant for memos.

Spending reports filed with the Senate for the 1970 campaign show that the Machinists Non-Partisan Political League openly gave Sen. Gale McGee $5,000; the internal records now disclose that the Wyoming Democrat also received at least $9,300 in noncash assistance. Direct donations to Texas Democrat Ralph Yarborough's unsuccessful Senate reelection bid in 1970 were listed at $8,950; one document indicates he got other help worth at least $10,680. While the league poured $15,200 directly into Democrat John Gilligan's unsuccessful 1968 bid for an Ohio Senate seat, the documents show it indirectly provided more, $15,500.

RECEIPT UNREPORTED

Available records indicate that few, if any, campaign committees for machinist-backed candidates listed indirect aid from dues money as contributions. Prior to a 1972 toughening of disclosure requirements, candidates evidently found it easy to spot loopholes that were used to avoid reporting such indirect assistance.

The dissident machinists who forced disclosure of their union's files had brought their suit with the backing of the National Right to Work Legal Defense Foundation. The dissidents wanted the court to bar the union from using dues money for any political ac-

tivity—including such clearly legal endeavors as politicking directed at its own members and traditional union lobbying efforts. The real goal of the right-to-work foundation is to eliminate the forced payment of dues. A federal judge dismissed the suit Dec. 19, largely because the union offered to start rebating the dues of any member who disagrees with the union's stand on political or legislative issues. The dissident group appealed the decision Jan. 10.

One questionable arrangement of the machinists helped reelect Sen. McGee in 1970. Alexander Barkan, director of the AFL–CIO Committee on Political Education, asked the machinists early that year to put the names of 65,000 "Democrats in Wyoming" on the machinists' computer for the Senator's use in "mailings, registration, etc." The minutes of the Machinists Non-Partisan Political League executive committee show that Mr. Ellinger recommended handling the chore but warned that it would have to be financed with "general-fund money" (the league's separate kitty composed of voluntary donations) and would be considered "a contribution toward the Gale McGee campaign."

Despite the warning, internal records show that bills totaling $9,302.74 for the operation were paid out of the league's political-education fund, built from dues money. Computing & Software Inc. was paid $4,696.84, Minnesota Mining & Manufacturing Co. received $414, and $4,191.90 went to reimburse the IAM treasury for cards it provided.

Doubts about such arrangements may be raised in the coming report by the Senate Watergate committee. Though Republican hopes for public hearings on union campaign contributions will probably be disappointed, the committee staff has asked unions broad and potentially explosive questions about the services provided to candidates.

Watergate revelations, some union politicians believe, have demonstrated that labor can never collect enough rank-and-file donations to rival campaign contributions by business bigwigs. "There is no way we can match them," says Mr. Holayter of the machinists. "It's silly to try." Hence the importance of the indirect contributions.

This is one reason why the AFL–CIO is pressing for public financing of federal campaigns: its strategists obviously figure that a ban on direct contributions would leave labor in a better position relative to business than it is in now.

If past performance is any guide, the machinists' union would still be a valuable supporter for its political favorites if public financing were adopted. Its indirect assistance in staffers' time alone has totaled in the tens of thousands of dollars, the court documents show.

Printing is another campaign expense that the IAM often helps its friends meet. With the 1970 elections coming up, an aide to Rep. Lloyd Meeds passed to the machinists a bill for the printing of the Washington Democrat's quarterly newsletter. "The newsletter went to every home in the Second District," the aide rejoiced in one of the released documents. "We had a tremendous, positive response to it." Although the newsletter had been distributed far beyond the IAM's ranks in an election year, a soft-money check for $695.17 to the printer was quickly dispatched to a local union official.

Early in the 1972 reelection drive of Sen. Thomas McIntyre, the Machinists Non-Partisan Political League agreed to spend $1,000 "for assistance in newsletters" put out by the New Hampshire Democrat. And earlier, during Rep. John Tunney's successful 1970 bid for a California Senate seat, the league picked up a $1,740 tab for printing of a brochure that compared the Democrat's voting record with that of the GOP incumbent, George Murphy. Some of the brochures were passed out at a county fair.

The amount of union staff time devoted to candidates' campaigns is difficult to pin down. Irving Ross, a certified public accountant retained by the suing dissident machinists to analyze the IAM documents, filed an affidavit giving "incomplete" tabulations. Mr. Ross says the time that IAM "grand lodge representatives" and "special representatives" spent on campaigns in 1972 was worth $39,175. The amounts were $58,241 in 1970 and $42,921 in 1968, he says. The IAM says the figures are too high, but it didn't challenge them in court.

A status report prepared by the machinists political unit in late August 1970 shows that at least one field representative was working full time on each of over 20 congressional campaigns. IAM agents often become almost part of the candidate's campaign staff. When Robert Brown was assigned full time to Indiana Sen. Vance Hartke's reelection campaign in May 1970, he set up an office right in the Democrat's headquarters and had the title of chairman of the Indiana Labor Committee for Hartke. Another IAM representative, William Wolfe, was assigned to Yarborough campaigns in Texas in 1970 and 1972—and was being paid out of the union treasury in May 1972 even though a new law effective in April 1972 specifically barred a union from using dues money to pay for services rendered to a candidate, thus spelling out more clearly an old prohibition.

The union also takes machinists out of the shop for campaign duty, giving them "lost time" compensation out of dues money to make up for the loss of regular pay. Thus, the files show, two Baltimore machinists got $282.40 a week while working for the Humphrey presidential campaign for five weeks in 1968. A Maryland IAM official said later that the two "did a first-rate job, especially in smoking out the local Democratic politicians who were inclined to cut the top of the ticket" and persuading them not to do so.

Rep. Richard Hanna of California got $500 from the machinists to help finance a $6,000 "nonpartisan" registration effort to help get him reelected in 1970. In a letter requesting the union's aid, the Democrat predicted that the drive would "raise the district to at least 53.5% Democratic . . . because most of the unregistered voters are Democrats." He said the registrars would be preceded by "bird dogs," meaning that Democratic workers would roam out ahead of the registrar to identify residence of unregistered Hanna supporters.

The machinists' union's airline credit cards come in handy when incumbents are eager to get home in election years. Early in 1969, the executive committee of the machinist political unit authorized the expenditure of $3,600 to buy plane tickets home for unnamed "western Senators" during the following year's campaign. The league's "education fund" provided Sen. Yarborough and his aides with $705.60 worth of tickets during his 1970 reelection campaign. The files show that $500 went to Sen. Albert Gore, Democrat of Tennessee, during his losing reelection effort in 1970.

Machinist officials contend the organization pays for such travel because the candidate speaks to a union group or "consults with union leadership" in his district. But correspondence in the files indicates that this is more of a rationalization than a reason. Take a 1969 Ellinger memo to Sen. Yarborough outlining procedures "for all transportation matters." It states:

"We would like our files to contain a letter . . . indicating that you intend to be in Texas on a particular date to consult with the leadership of our union. If a trip includes a member of your staff, the letter should also name the staff member as being included in the consultation."

"Appreciation dinners" for Senators and Representatives often serve as a conduit for "soft money." Consider the ten $100 tickets the IAM bought to a 1969 testimonial gathering for Sen. Frank Moss, Democrat of Utah, who faced an election in 1970. "Since Moss is not yet an announced candidate, we can use educational money for this event and later consider this as part of our overall contribution," the minutes of the league's executive committee explain.

Mr. TOWER. Mr. President, I want to emphasize that this amendment is drafted with the intent of controlling these kinds of noncash contributions without restricting voluntary services which an individual renders to a candidate solely at his own initiative independent from the political committee. The amendment is aimed at work done by employees of the corporation or members of the union which is under the control or direction of the political committee. The services could easily be contributed in the form of cash contributions but are not.

Mr. President, I say to all of my colleagues that if we are sincere about limiting individual contributions and consequently the aggregate impact which special interests have had on our electoral process, then we all must bite the bullet. It would be far worse to approve half-baked reforms than no reforms at all.

The PRESIDING OFFICER. Who yields time?

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

Mr. TOWER. I yield to the Senator from Vermont.

Mr. AIKEN. Would the Senator's amendment inhibit the granting of the use of a WATS line of a corporation, labor union, or Member of Congress?

Mr. TOWER. It does not prohibit it, but it must be charged against the limit, as far as its fair market value is concerned, that that organization can contribute.

Mr. AIKEN. If a corporation or a union feels that it would like to lend a fleet of cars for political purposes, would the amendment prohibit that?

Mr. TOWER. It would not prohibit it, but it would require that it be considered as a contribution within the limits imposed on the organization.

Mr. AIKEN. It would be charged to their allowable expense?

Mr. TOWER. It would be charged to their allowable, that is correct.

Mr. AIKEN. I thank the Senator. I have an amendment similar to this which I shall probably put in the RECORD later, but as long as the Senator from Texas has proposed his, it is so nearly like the one I have in mind that I probably will not offer mine.

Mr. TOWER. I thank my friend from Vermont.

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

Mr. TOWER. I yield to the Senator from Washington.

Mr. MAGNUSON. Suppose a person wanted to spend 10 days working on my or the Senator's campaign who happened to be a member of a union. How would the Senator handle that?

Mr. TOWER. This is a matter that I dealt with in my remarks. That would be legal, provided he was not doing so under the direction of his union or as an officer of a corporation, and it was not being done for or under the direction of the corporation or organization.

Mr. MAGNUSON. He could not be directed by the union?

Mr. TOWER. That is correct. In other words, if an official of BIPAC, let us say, which is a business and industrial political action committee, if an officer of that organization was working in a campaign at the direction of that committee, then his services would have to be counted.

Mr. MAGNUSON. But it in no way acts to prohibit an individual——

Mr. TOWER. No, I made that very clear, that this impacts not at all against the activities of individuals not under any control or direction.

Mr. MAGNUSON. They might take time out to do it on their own?

Mr. TOWER. That is right. I have individual volunteers working in my campaigns.

Mr. MAGNUSON. What would happen if a group of individuals got together on their own?

Mr. TOWER. That would be legal if they were not working under the direction of a political action committee.

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

Mr. TOWER. I yield to the Senator from South Carolina.

Mr. THURMOND. In the event that an individual of that group was or several were inspired by a union, then what would be the effect?

Mr. TOWER. I think this would have to be a matter of adjudication, probably, to determine it. If there was a complaint that someone was working at the direction of the organization, it could, of course, be a matter for adjudication.

Mr. THURMOND. In other words, if the individual or the group, of their own free will and accord, without any direction, suggestion, or inspiration from the union, goes out and works, that is all right?

Mr. TOWER. The Senator is correct.

Mr. THURMOND. But if they do so under direction, suggestion, or inspiration from them, that would violate this section, is that correct?

Mr. TOWER. That is right.

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

Mr. TOWER. I yield.

Mr. BIDEN. If the union endorses a candidate, and it so happens that an employee who is a member of a union ends up working for that candidate on his own, is it assumed that he is working for that union?

Mr. TOWER. No, it is not, and this would not be charged against any legal contribution that was made to the candidate by the organization endorsing him, as long as he is a self-starter, working on his own initiative and not under the direction of the contributing organization.

Mr. BIDEN. How is the direction determined?

Mr. TOWER. Well, if, for example, the union says, "All right, tomorrow morning you and you and you report to somebody's campaign headquarters and get to work and work 4 hours during the day," then you have to figure the fair market value of that 4 hours of labor as a part of the contribution. But if the individual union member, regardless of the fact that his union has endorsed a candidate, walks in and volunteers to work, that is his own business.

Mr. BIDEN. It sounds like a fairly equitable thing, but will it not turn out to be a sham? Will it not be understood that we are pulling another fraud on the American people?

Mr. TOWER. I think it depends on how the law is enforced. The whole act could be a sham, for all I know.

Mr. BIDEN. How could anyone legitimately enforce it, when there is no tighter determination as to what constitutes whether or not someone is working at the behest of a union leader? Suppose the union leader just says, "I think, TOWER, I like that guy BIDEN. Were I you, I would be out supporting the amendment and that ends it." Then you show up at my headquarters.

Mr. TOWER. If I had been coerced against my will——

Mr. BIDEN. You would not do that, would you?

Mr. TOWER. I would file a complaint.

Mr. BIDEN. I am not worried about coercion. I am worried about who determines whether you are chargeable to me.

Mr. TOWER. The court would make a determination of that, in a situation like that. The election commission—the organism set up in the bill

The point I am trying to make is if someone were directing a person to work in a campaign on the organization's time, someone who is an employee of that organization——

Mr. CANNON. That would be a direct violation of section 610 right now. That would be a violation of existing law.

Mr. TOWER. No, no—in a political committee.

Mr. CANNON. It is a violation for a union or a corporation to direct someone——

Mr. TOWER. That is not my understanding.

Mr. CANNON. To work in a campaign.

Mr. GRIFFIN. Mr. President, I was not intending to comment on the question of the distinguished chairman. If it is really a violation, then there would be no objection——

Mr. TOWER. That is right.

Mr. GRIFFIN. To accept the Senator's amendment. But I should like to ask a question on a different point, for purposes of trying to determine what the amendment does and would mean.

In 1970, in the election in Michigan for Governor, as I recall, there were allegations that the UAW gave members who were striking against General Motors at that time—in order to draw their strike benefits, they had to march in a picket line—the option, as I understand it, of going to work in the Democratic campaign. If they did work in the Democratic campaign then they were given credit as though they had walked the picket line and drew their strike benefits.

Would the Senator from Texas have some comment on what impact his amendment would have on that?

Mr. TOWER. It would be prohibited under the provisions of the amendment.

Mr. GRIFFIN. I thank the Senator from Texas.

Mr. TOWER. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. STAFFORD). Who yields time?

Mr. CANNON. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Nevada is recognized for 2 minutes.

Mr. CANNON. Mr. President, I simply point out that under section 610 of the Corrupt Practices Act at the present time, it is unlawful for any corporation whatever, or any labor organization, to make a contribution or expenditure in connection with any election, and so forth. Certainly, if a corporation or a labor union pays the salary of an individual and puts that person out to work for a candidate, that is unlawful. It is unlawful under existing law. I should like to know whether the Senator intends to go beyond that.

In section 610 as modified—we have amended 610 to clarify the definitions, and it says, as used in the section, the phrase "contributions or expenditures"—then it goes on to define them as follows:

> But shall not include communications by a corporation to its stockholders and their families or by a labor organization to its members and their families on any subject; nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and their families, or by a labor organization aimed at its members and their families; the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization: . . .

Is it the Senator's intention to change any part of that existing law that I have just referred to?

Mr. TOWER. It is the intention of the Senator from Texas. The language of the amendment reads this way:

> For purposes of this section, with respect to a political committee which establishes, administers, and solicits contributions to a separate segregated fund supported by payments from a corporation or labor organization, as permitted under section 610, . . .

The PRESIDING OFFICER. The time of the Senator from Nevada has expired. Does the Senator yield himself additional time?

Mr. CANNON. Mr. President, I am not yielding to him on my time. He is using his own time. I cannot yield my time, so I am not using up my time.

The PRESIDING OFFICER. The Chair is informed that the Senator yielded to the Senator from Texas for a question on his 2 minutes.

Mr. CANNON. Well, Mr. President, under the rule on cloture, a Senator cannot yield his own time. I would ask the Parliamentarian if that is correct. I yielded for a question but the answer has to come on the time of the person who is answering.

The PRESIDING OFFICER. The Chair would state that the time does not come out of the other side.

Mr. CANNON. For answering a question? I am not answering a question. I am still listening. [Laughter.]

Mr. TOWER. And I have already provided the answer.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Texas is recognized for 1 minute.

Mr. TOWER. Mr. President, most of this talk has been about labor organizations but the same kind of abuse can be practiced by a corporation as well. As I pointed out in my remarks, if this amendment is not passed, then corporations might be encouraged to contribute time and effort which is not measured in monetary terms.

The unions are solidly against this amendment, which is true, so in all probability it will not pass. Nonetheless, it should be understood it cuts both ways, against labor organizations as well as business organizations.

Mr. CANNON. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Nevada is recognized for 1 minute.

Mr. CANNON. It could appear that what the Senator is attempting to do is to prohibit any volunteers who are in a separate organization, on a voluntary basis, from working, without charging that time. I presume that would apply to the young Republicans, to the young Democrats, or to any other organization.

Mr. TOWER. No. It applies only to section 610. The specific reference is made to section 610.

Mr. CANNON. It certainly reaches into the "separate segregated funds" in which we have already determined——

The PRESIDING OFFICER. The 1 minute of the Senator has expired.

Mr. CANNON. Mr. President, I yield myself another minute.

The PRESIDING OFFICER. The Senator from Nevada is recognized for 1 additional minute.

Mr. CANNON. We have already tried to encourage the use of voluntary organizations and to encourage the establishment of "separate segregated funds" both in union organizations and in management organizations so that they can participate on a voluntary basis in the election process.

Mr. President, I submit that this is just an attempt to reverse the position that Congress has already taken and is well established.

The PRESIDING OFFICER. Who yields time?

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

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

The PRESIDING OFFICER. All time on this amendment has now been yielded back.

The question is on agreeing to the amendment of the Senator from Texas (No. 1131).

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 Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), the Senator from Ohio (Mr. METZENBAUM), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Oregon (Mr. HATFIELD) are necessarily absent.

I also announce that the Senator from Virginia (Mr. WILLIAM L. SCOTT) is absent on official business.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 40, nays 48, as follows:

[No. 142 Leg.]

YEAS—40

Aiken	Curtis	McClure
Allen	Dole	McIntyre
Baker	Domenici	Packwood
Bartlett	Dominick	Percy
Beall	Eastland	Roth
Bellmon	Ervin	Stafford
Bennett	Fannin	Stennis
Biden	Griffin	Stevens
Brock	Gurney	Taft
Buckley	Hansen	Thurmond
Byrd, Harry F., Jr.	Haskell	Tower
	Helms	Weicker
Chiles	Hruska	Young
Cotton	McClellan	

NAYS—48

Abourezk	Hathaway	Muskie
Bayh	Huddleston	Nelson
Bentsen	Hughes	Nunn
Bible	Humphrey	Pastore
Brooke	Jackson	Pearson
Burdick	Javits	Pell
Byrd, Robert C.	Johnston	Proxmire
Cannon	Kennedy	Ribicoff
Case	Magnuson	Schweiker
Clark	Mansfield	Scott, Hugh
Cook	Mathias	Sparkman
Cranston	McGovern	Stevenson
Eagleton	Metcalf	Symington
Gravel	Mondale	Talmadge
Hart	Montoya	Tunney
Hartke	Moss	Williams

NOT VOTING—12

Church	Hollings	Randolph
Fong	Inouye	Scott, William L.
Fulbright	Long	
Goldwater	McGee	
Hatfield	Metzenbaum	

So Mr. TOWER's amendment (No. 1131) was rejected.

Mr. TUNNEY addressed the Chair.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. COOK. Mr. President, will the Senator yield to me briefly?

Mr. TUNNEY. I yield.

OUTER CONTINENTAL SHELF LEASES

Mr. COOK. Mr. President, yesterday I was notified that the Department of the Interior had accepted 91 bids for their Outer Continental Shelf oil and gas drilling rights off the coast of Louisiana. At the same time, I was informed that 23 bids were rejected on the basis of insufficient returns to the Government.

The total bonus payments to the United States from acceptable bids were $2,092,510,853.50 for the rights to drill on 421,218 acres off the Gulf of Mexico. As the amount offered for the 23 bids rejected totalled $82,584,660, I requested that I be informed as to the value that the Government placed on these leases per barrel of recoverable oil or M ft^3 of recoverable gas. I was informed today by the Bureau of Land Management that a value of $5.50, $6.50, and $7.50 per barrell of oil had been used and a value of 45 cents, 55 cents, and 65 cents per M ft^3 placed on the gas.

Mr. President, this is very interesting in that at the present time the Federal Government requires that this natural gas be sold in interstate market and further sets the rate at which this gas be sold. Since this average rate in the interstate market is now some 27 cents per M ft^3 and much lower than the price established by the Federal Government on the value of the gas, it would seem to me that we are placing the industry itself at a great disadvantage. Accordingly, I intend to bring this matter to the attention of the Federal Power Commission and the Department of the Interior to determine if some reconciliation can be made concerning these valuable natural resources.

On several occasions on the floor of the Senate, I have raised my voice in opposition to the programs which have forced this Nation to become dependent on foreign powers for its energy fuels. I am convinced that we have not solved our problems, and while this Congress has passed a few pieces of emergency energy legislation, nothing has been done to address the long-range problems.

I submit to my colleagues that we must increase—not decrease—our efforts to find new energy sources and to develop those which we know to be available.

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. 1136

Mr. TUNNEY. Mr. President, I call up my amendment No. 1136.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 9, line 24, strike out all through page 10, line 2, and substitute in lieu thereof the following:

SEC. 503. (a) (1) Every eligible candidate is entitled to payments in connection with his primary election campaign in an amount which is equal to the amount of contributions received by that candidate or his authorized committees, except that no contri-

bution received as a subscription, loan, advance, or deposit, or as a contribution of products or services, shall be taken into account.

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

Mr. TUNNEY. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of 15 minutes on the pending amendment, 5 minutes to be allotted to the manager of the bill, the Senator from Nevada (Mr. CANNON) and 10 minutes to the sponsor of the amendment, the Senator from California (Mr. TUNNEY).

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

Mr. TUNNEY. Mr. President, this amendment relates only to primary campaigns and it specifies that only monetary contributions will be eligible for reimbursement from Federal funds. The contribution of services and products, and loans would not be eligible for matching once the threshold has been reached that will then trigger the contribution of Federal funds. The way the bill now reads there is a loophole as it relates to the contribution of services, products, and loans. These products, services, and loans cannot be used for the purpose of reaching the threshold of contributions which will then trigger the use of Federal funds.

Once the threshold is met, the language of the bill is silent as it relates to loans and contributions of products and services.

What could happen is that a person, after he reached the threshold and is eligible for Federal contributions, would have a fund-raising dinner at a hundred dollars a plate, but the notice sent out would read that the money contributed would only be a loan. Then, when the candidate received from the Federal Government on a matching basis the contribution as specified by the legislation, that $100 loan would be returned to the invitee. I think it would start a new rage in political dinners. I can foresee situations where many people would turn out to the dinner with the idea that their $100 was only going to be used on a loan basis and that they were going to get the money back. This would provide a greater contribution by the Federal Government to the primary campaigns than is envisioned in the law as written, because it is supposed to be on a 50–50 basis once the threshold is reached.

This amendment would close that loophole and make the donations conform to the language prior to the time the threshold is reached.

I hope the committee will accept the amendment.

Mr. CANNON. Mr. President, I yield myself 2 minutes.

I do not share any skepticism of the reliability of people who are candidates for public office, nor do I assume a person would have time to go out for a $100-a-plate fundraising dinner to pledge the people that their money would be returned after the candidate received matching funds from the Federal Government. It would be completely illegal under the present act.

However, I see no difficulty in providing that language and I would be happy to accept the language if it made the Senator feel better. It does not add anything to the legal portions of the bill.

Mr. President, I am willing to accept the amendment.

Mr. TUNNEY. Mr. President, I am prepared to yield back the remainder of my time.

Mr. CANNON. I yield back my time on the amendment.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 1176, AS MODIFIED

Mr. BROCK. Mr. President, I call up my amendment No. 1176 and I ask unanimous consent that the amendment may be modified as indicated.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

On page 77, between lines 5 and 6, insert the following:

"(g) This section does not apply to contributions made by the Democratic or Republican Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee,".

The PRESIDING OFFICER. The question is on agreeing to the modification. Without objection, the amendment is so modified.

Mr. BROCK. Mr. President, I raise this matter again because of the confusion we had in previous debate with regard to the effect of my exempting amendment of House and Senate campaign committees and the amendment of the junior Senator from Iowa which repealed, effectively, that first amendment.

This amendment is far more limited in impact and would achieve my original intent.

I have discussed this matter with the Chairman of the Committee on Rules and Administration and described what it does specifically. It removes only the committees from the law insofar as contributions are concerned. But it specifically does not affect their limitation of the $1,000 ceiling or the ceiling on contributions they can receive from an individual or group.

I hope the amendment will now prove satisfactory to this body.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I supported the principle of this amendment when the Senator first presented it. I have no objection to the amendment and I am prepared to accept it.

Mr. CLARK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Iowa?

Mr. CANNON. I yield to the Senator from Iowa on his time.

The PRESIDING OFFICER. The Senator from Iowa is recognized on his time.

Mr. CLARK. Mr. President, this amendment, of course, already has been debated and voted on. With respect to exempting the congressional and senatorial campaign committees from any contribution limitations, it is exactly the same amendment that was repealed in this body on Monday by a vote of 44 to 35.

The only thing that is changed about the amendment is one letter, which was just agreed to. Indeed, if there had been an objection to that change, the amendment would not have been in order.

It seems to me we are simply wasting a lot of the Senate's time by voting on substantially the same amendment we have already repealed. The Senate has expressed its will very clearly on this issue, and I, therefore, move to lay the amendment on the table, and ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to table. 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 Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), the Senator from Ohio (Mr. METZENBAUM), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I also announce that the Senator from Virginia (Mr. WILLIAM L. SCOTT) is absent on official business.

The result was announced—yeas 49, nays 40, as follows:

[No. 143 Leg.]

YEAS—49

Abourezk	Haskell	Nunn
Aiken	Hathaway	Packwood
Allen	Huddleston	Pastore
Bayh	Hughes	Pearson
Bible	Humphrey	Pell
Biden	Jackson	Proxmire
Brooke	Javits	Ribicoff
Burdick	Johnston	Roth
Byrd, Harry F., Jr.	Kennedy	Schweiker
	Magnuson	Stennis
Byrd, Robert C.	Mansfield	Stevenson
Case	Mathias	Symington
Chiles	McGovern	Talmadge
Clark	McIntyre	Tunney
Eagleton	Mondale	Weicker
Gravel	Montoya	Williams
Hart	Moss	

NAYS—40

Baker	Domenici	Metcalf
Bartlett	Dominick	Muskie
Beall	Eastland	Nelson
Bellmon	Ervin	Percy
Bennett	Fannin	Scott, Hugh
Bentsen	Griffin	Sparkman
Brock	Gurney	Stafford
Buckley	Hansen	Stevens
Cannon	Hartke	Taft
Cook	Hatfield	Thurmond
Cotton	Helms	Tower
Cranston	Hruska	Young
Curtis	McClellan	
Dole	McClure	

NOT VOTING—11

Church	Hollings	Metzenbaum
Fong	Inouye	Randolph
Fulbright	Long	Scott, William L.
Goldwater	McGee	

So Mr. CLARK's motion to lay on the table Mr. BROCK's amendment, as modified, was agreed to.

Mr. BROCK. Mr. President, I have another amendment; but before I address it, I should like to express my regret at the way the previous vote was brought upon us. I think that the Senator from Iowa (Mr. CLARK), as a matter of honest conviction, thought that the amendment I had offered was the same amendment as had been debated previously. He was in error. I have to assume that he did not know that. But the fact is that when we get into that kind of situation, when time is left on an amendment and a statement is made that could be rebutted, a motion to table precludes the opportunity for rebuttal. I regret very much that we did not have a chance to explain the amendment to the Senate.

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

Mr. BROCK. I yield.

Mr. CLARK. The Senator from Iowa consulted the Parliamentarian yesterday after the amendment of the Senator from Tennessee had been offered, and got an opinion from the Parliamentarian that the amendment was not in order as it was written. That was the basis for my statement. Obviously, having been given consent to amend the amendment by one letter, the amendment was in order.

As the amendment was printed, it was not in order, according to the advice of the Parliamentarian, Dr. Riddick. That was the basis of my statement.

Mr. BROCK. The statement is to the effect that the amendment was not changed by one word, not one phrase, not one fact.

I would say to the Senator from Iowa that perhaps he did not read the amendment, or perhaps he saw the wrong version, because the amendment, even as originally submitted at the desk, was not altered in a substantial way from that which was originally offered, from which we eliminated the section which resulted in the thousand dollar ceiling. We eliminated the first paragraph in its entirety. That paragraph related to section 614, on page 75.

We changed the language in the second paragraph to be specific in terms of the removal of exemption in terms of money.

But I would hope that Senators did not vote out of an erroneous impression. I am perfectly willing and prepared to lose a vote on the merits. I understand that. I hope that is the case in this particular instance. I wish we had had plenty of time to explain it. I would feel more comfortable if I had lost after I had had a chance to present a point of view different from that of the Senator from Iowa.

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

Mr. BROCK. Certainly.

Mr. CLARK. There is a very easy way to test the validity of that argument, because the Senator from Tennessee offered two amendments, Nos. 1176 and 1181, both of which are identical in every respect. Amendment No. 1181 is still available. If that amendment is in order, it could be called up at this time, and the Parliamentarian could rule on its validity.

Mr. BROCK. I think that even I would object to that, because it is identical to the original language in every jot and tittle. Perhaps that is how the Senator became confused in saying that they were the same, verbatim. They were not. But I shall not pursue that particular matter. I do not think that enough Senators are in the Chamber to change the outcome. I am not certain that the outcome is not pretty well predictable. We have set our course upon legislation that simply cannot be enacted. We have decided to exercise our privilege to amend the bill to the point where it is a disaster. It cannot be effectuated by any stretch of the imagination.

So perhaps we had better proceed with the charade. I cannot obviously support the bill as it is written. I consider it an insult to the American people and to their intelligence. I consider it an abridgement of their freedom and rights. But that is something they will have to decide when they face the issue.

Before I terminate my rather brief part in these proceedings, I should like to say one thing more. The members of the Committee on Rules and Administration have labored long and hard on the bill. The chairman, the distinguished Senator from Nevada (Mr. CANNON), and the ranking minority member, the distinguished Senator from Kentucky (Mr. COOK), have endured graciously and with a great deal of self-restraint. They have done an exquisite job, and to them I wish to pay my respects.

I should also like to pay my respects to the committee's chief counsel, Jim Duffy; to Jim Medill, the minority counsel of the subcommittee; and to Joe O'Leary, of the Committee on Rules and Administration.

I wish also to thank Lloyd Ator and Bob Cassidy, of the legislative counsel's office.

These men have done outstanding work on this bill. They have assisted me with candor, ability, and integrity. I am very grateful to them, and I desire to have the RECORD show my appreciation.

Mr. President, I thank my colleagues for their attention.

Mr. AIKEN. Mr. President, I advised the Senate last night that I had six amendments which I thought would strengthen the bill now before us and make it more acceptable and more workable.

However, I find that two of those amendments have already been discussed by this Senate. A third one was partially covered by the amendment offered by the Senator from Texas (Mr. TOWER), which was defeated earlier today; and I realize that no amendment is now going to improve the fortunes of this bill or of any other bill which proposes to strengthen our election laws at this time.

I am very much in favor of stronger election laws. I realized when we virtually insisted that the committee report out a bill by a certain date this spring that we were not giving them time enough to write a really good bill.

As the bill now stands, it is quite obvious that no bill at all will become law which resembles this one as it now stands.

I appreciate the fact that the Senate has given me the right to offer these amendments, the four which I have left, even though they were not printed. But at this time I feel that I would like to simply offer them, with a short description of each, for printing in the RECORD.

They are four good amendments, which would have made a better bill of this measure, but with the way the bill has been handled and treated up to now, with the amendments which have been defeated and the amendments which have been approved, it is worse than no bill at all, and it is my firm belief that if this bill is accepted by the Senate it will mean no strengthening of the election laws this year at all.

It could be possible to strengthen these laws if the bill were recommitted and the committee were to have a chance to profit by the examples of the past 2 weeks. But I am not going to make the motion to recommit. If it is to be recommitted, that will have to be moved by those who have been strongly in favor of the bill. As it is now, I ask unanimous consent that my four proposed amendments and a résumé of each be printed in the RECORD.

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

RÉSUMÉ No. 1

Mr. President, one way to cut down campaign expenses is to cut down campaign costs, and one way to do this is to shorten the time for campaigning.

It will cut down the time for spending.

There is no sense why we spend so much time campaigning.

The British and the Canadians accomplish the same end result in a far shorter time and for a fraction of our costs.

My amendment follows the intent, although not the language, of S. 343 which is pending before the House Elections Subcommittee.

This should be part of S. 3044.

This amendment requires that primary elections for Federal office be held during a period that extends from the Tuesday after the first Monday in June until general election date.

This will change our present situation which has primaries among the States scattered throughout the calendar year from Winter to Fall, but it still gives the States wide latitude in picking or choosing a time for their primaries to suit their specific requirements.

Presidential preference primaries would also be held anytime after the first Tuesday after the first Monday in June until convention time. Party conventions would be held beginning the 3rd Monday in August.

This amendment falls in line with the objectives of S. 3044 which seeks to reform our election laws.

This amendment is a step towards cutting down our election costs and expenditures.

On page 86, line 17, insert the following:

AMENDMENT

TITLE VI—TIMES OF CONDUCTING FEDERAL OFFICE PRIMARY ELECTIONS AND NATIONAL NOMINATING CONVENTIONS

CONGRESSIONAL PRIMARIES

SEC. 601. (a) If, under the law of any State, the candidate of a political party for election to the Senate or to the House of Representatives is determined by a primary election

or by a convention conducted by that party, the primary election or convention shall be held on or after the Tuesday after the first Monday in June. If a subsequent, additional primary election is necessary to determine the nominee of any political party in a State, that additional election shall be held within thirty days after the date of the first such primary election.

(b) For purposes of this section—

(1) the term "State" means each of the several States of the United States, the Commonwealth of Puerto Rico, the Territory of Guam, and the Territory of the Virgin Islands; and the District of Columbia.

(2) a candidate for election as Resident Commissioner to the United States, in the case of the Commonwealth of Puerto Rico, or as Delegate to the House of Representatives, in the case of the Territory of Guam or the Territory of the Virgin Islands, shall be considered to be a candidate for election to the House of Representatives.

PRESIDENTIAL PREFERENCE PRIMARY ELECTIONS

SEC. 602. (a) No State which conducts a presidential preference primary election shall conduct that election before the first Tuesday after the first Monday in June during any year in which the electors of the President and Vice President are appointed.

(b) For purposes of this section, the term—

(1) "presidential preference primary election" means an election conducted by a State, in whole or in part, for the purpose of—

(A) permitting the voters of that State to express their preferences for the nomination of candidates by political parties for election to the office of President, or

(B) choosing delegates to the national nominating conventions held by political parties for the purpose of nominating such candidates; and

(2) "State" means each of the several States of the United States, and the District of Columbia.

NATIONAL NOMINATING CONVENTIONS

SEC. 603. (a) The Congress finds that—

(1) the Presidential preference primary election (as defined in section 602(b)(1)) and the conventions held by national political parties for the purpose of nominating candidates for the office of President and Vice President constitute an integral part of the process by which such officers are chosen by the people of the United States;

(2) by limiting the length of time during which the general election campaign for election to such offices occurs, the integrity of the electoral process is better secured; and

(3) in order to protect the integrity of the Presidential election process and to provide for the general welfare of the Nation, it is necessary and proper for the Congress to regulate the part of that process relating to the nomination of candidates for election to the Office of President by prescribing the time during which such elections and conventions shall be held.

(b) Any political party which nominates its candidate for election to the Office of President by national nominating convention shall hold that convention beginning on the third Monday of August of the year in which the electors of the President and Vice President are appointed.

(c) The district courts of the United States shall have jurisdiction, upon application made by the Attorney General, to enjoin the members of a political party from conducting a national nominating convention for the purpose of nominating the candidate of that party for election to the Office of President in violation of the provisions of subsection (b).

RÉSUMÉ No. 2

Mr. President, the amendment I am offering would prohibit the short campaign advertising spot of ten, fifteen, twenty, or thirty seconds or up to five minutes unless it is a live or videotaped presentation by the candidate, speaking on his own behalf and without any props, backdrops or sound effects.

In other words, a candidate under this amendment can purchase short television advertising spots for his campaign only if it is of his speaking directly to the electorate.

He can be photographed seated at a table or perhaps standing at a lecturn, whatever his preference.

The focus is directly on the candidate and the purpose is to communicate stands and issues.

That is really what a campaign is about—to get one's positions and ideas to the voter to persuade the voter that these positions and ideas would best serve him.

Our campaigns have become too much of a Madison Avenue image and candidates are packaged as a commodity to be bought and sold.

And they are sold like many of our products on the market today—by the short spot which develops an image, but tells us substantially little about the product itself or the ingredients which make up this product.

A candidate can speak for himself.

Madison Avenue isn't needed.

Our campaigns are expensive and costs are increasing rather than being cut down.

And television advertising is a prime expense.

If adopted, this amendment will encourage discussion of specific issues.

It will also cut down costs because it can't be expensive to produce the short spot in which the candidate stands in a television studio in front of a television camera.

This is also an easy restriction to enforce.

If we are seriously interested in cutting down our campaign costs, this is an ideal amendment to support and include in this legislation.

AMENDMENT

On page 26, between lines 17 and 18, insert the following:

(d) Section 315 of such Act (47 U.S.C. 315) is amended by redesignating subsections (d), (e), (f), and (g) as (e), (f), (g), and (h), respectively, and by inserting after subsection (c) the following new subsection:

"(d) No television broadcasting station may sell or otherwise make available broadcast time in segments of less than five minutes duration for use by or on behalf of a legally qualified candidate in connection with his campaign for nomination for election, or election, to Federal elective office. The preceding sentence does not apply in the case of a personal appearance by a candidate photographed in a broadcasting studio without photographic, musical, or other embellishment, whether for simultaneous transmission or through the use of videotape, during which the candidate speaks for the duration of the broadcast."

On page 26, line 18, strike out "(d)" and insert in lieu thereof "(e)".

On page 27, line 14, strike out "(e)" and insert in lieu thereof "(f)".

RÉSUMÉ No. 3

Mr. President, this amendment would prohibit corporations or labor unions from setting up a special, segregated fund for the purpose of collecting funds for contribution to a candidate or to a campaign committee or other activities to exert influence in an election.

This does not deny an individual his constitutional rights.

This amendment still permits individual corporate employees, the president, clerk or line assemblyman—or a union member—local president, shop steward or journeyman—to participate in a campaign. They all can contribute the dollar amounts allowed by law and try to persuade their neighbors to vote their way.

It would eliminate the potential political mischief and abuse.

This amendment returns to the situation prior to 1971 Federal Election Campaign Act when Congressional sanction was given for corporations and labor unions to establish and administer separate, segregated funds for political purposes.

It would lessen to some extent the influence of these organizations in our campaigns and give the individual citizen a greater role in our elections, which election reformers say is needed.

That is what they are arguing: eliminate the force of the vested interests and give the man-in-the-street a more dominant influence in our elections.

One start in that direction is to eliminate the source of influence that can be exerted by an organization—business or otherwise—and by the political money pots these organizations can muster up.

AMENDMENT

On page 28, line 7, after the semicolon insert "or".

On page 28, line 11, strike out the semicolon and insert in lieu thereof a semicolon, closing quotation marks, and another semicolon.

On page 28, strike out lines 12 through 16.

On page 29, beginning with line 1 strike out through "organization" in line 5.

On page 30, beginning with line 19, strike out through line 2 on page 31 and insert in lieu thereof the following:

"(3) does not include the value of services rendered by individuals who volunteer to work without compensation on behalf of a candidate;";

On page 65, line 22, after the semicolon insert "and".

On page 66, line 2, strike out "party; and" and insert in lieu thereof "party.".

On page 66, strike out lines 3 through 5.

On page 71, strike lines 1 through 12 and insert in lieu thereof the following:

PROHIBITION OF THE ESTABLISHMENT OF SEPARATE SEGREGATED POLITICAL FUNDS BY CORPORATIONS AND LABOR ORGANIZATIONS

SEC. 303. Section 610 of title 18, United States Code, is amended by striking out the last paragraph and inserting in lieu thereof the following:

"It is unlawful for any national bank, corporation organized by authority of any Law of Congress, other corporation, or labor organization to establish, administer, or solicit contributions to a separate segregated fund to be utilized for political purposes or to encourage any person to make a contribution or expenditure by physical force, job discrimination, financial reprisals, or the threat thereof, or by requiring any person to make a contribution or expenditure as a condition of employment or as a condition of membership in a labor organization.".

On page 74, line 21, after the semicolon insert "and". On page 74, line 23, strike "party; and" and insert in lieu thereof "party.".

On page 74, beginning with line 24, strike out through line 4 on page 75.

RÉSUMÉ No. 4

Mr. President, if we want to control campaign contributions and expenditures. This amendment aims to cover one area pretty much left untouched by S. 3044.

When it comes to monetary contributions, the Committee is specific.

An individual can contribute no more than $3,000 to any single Federal candiate and no more than $25,000 in total political contributions during a calendar year.

Contributions of $100 or more must be by written instrument.

There is nothing to prevent my offering the use of my office in Town X, its desks, telephones, water lines, Xerox machine for campaign workers to use for one day, one weekend or more for the purpose of contacting voters or getting out the vote, or mass produced articles.

This is as important in a close contest as the television broadcast or the mailing, but there is a difference.

There is no way that this "in-kind" contribution is required to be on the reports of the candidates.

This amendment allows the monetary contribution; it allows the services of a campaign volunteer.

This amendment would require, however, that a candidate purchase and make a monetary expenditure for this campaign service.

Such an expenditure would have to be realistic and in accordance with going rates and expenses in the area for office space and equipment expenditures.

A dollar would not cover the cost of using, for instance, a mid-city office or even the basement of a home for a fund-raising cocktail party.

These are all extras that benefit a candidate and should very much be counted as part of his campaign.

To omit would be to misrepresent the actual campaign cost and violate the spirit and intent of S. 3044, which is to have complete disclosure and accounting for campaign activities.

AMENDMENT

On page 77, line 10, strike out "No" and insert in lieu thereof the following: "No person may make a contribution of goods or services to, or for the benefit of, any candidate or political committee other than a contribution of that person's personal services. "No".

Mr. AIKEN. I am sorry that the situation has turned out as it has. I very much wanted to strengthen our election laws, but I think any prospect of strengthening them has gone down the drain. I cannot even vote for the bill itself as it is now.

Mr. CANNON. Mr. President, I yield to the majority leader.

Mr. MANSFIELD. Mr. President, could we have a show of hands as to how many amendments there might still be to be considered?

It looks like three or four. Would the Senator from Ohio, who is to be recognized next, consider a further time limitation?

Mr. TAFT. Yes, I would be agreeable.

Mr. MANSFIELD. 15 minutes to be equally divided, or 10 minutes?

Mr. TAFT. 15 minutes would be adequate.

Mr. MANSFIELD. I make that unanimous consent request, Mr. President.

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

AMENDMENT NO. 1151

Mr. TAFT. Mr. President, I call up my amendment No. 1151, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment, which is as follows:

On page 52, line 8, change the period to a comma and insert thereafter the following: "except that a political committee described in section 301(d)(2) may be designated as the central campaign committee of more than one candidate for purposes of the general election campaign.".

Mr. TAFT. Mr. President, I ask unanimous consent to substitute a perfecting amendment changing the language of the bill.

The PRESIDING OFFICER. Without objection, the amendment will be so modified.

Mr. TAFT's amendment (No. 1151, as modified) is as follows:

On page 52, line 8, change the period to a comma and insert thereafter the following: "except that a political committee described in section 301(d)(2) may be designated as the central campaign committee of more than one candidate for purposes of the general election campaign. And if so designated, it shall comply with all reporting and other requirements of law as to each candidate for whom it is so designated as if it were the central campaign committee for that candidate alone.

Mr. TAFT. Mr. President, this amendment would exempt national and State political party organizations from the restriction that a "political committee" can serve as the "central campaign committee," or financial administrator, for only one political candidate's general election campaign. Its purpose and effect would be to allow the national and State party organizations to perform this bookkeeping function for as many candidates as desired. The amendment does not change the accounting and disclosure requirements which the bill imposes on each candidate's campaign operations, nor does it change the amount of contributions and expenditures allowable either for any single candidate or for the political parties acting as independent entities.

I believe that this amendment is necessary so that the political parties will be able to administer financial operations for any candidate who agrees that this approach is desirable, as the parties do now in some cases. As the Vice President emphasized in Chicago last Saturday, if the Republican National Committee had been responsible directly for financial administration of the 1972 Presidential campaign, the chances of a Watergate occurring might have been eliminated. By permitting total party financial operation of general election campaigns at the State and national levels, my amendment should provide an alternative that in some cases would foster better supervised and more professional campaign operations.

Specifically, it would eliminate the problem that has been pointed out so vividly with regard to CREEP. With this bill, as now amended, for all practical purposes we have institutionalized CREEP. We make it absolutely necessary and required by law that the national, and in the case of State elections the State, campaign committees could not act as the central campaign committee for financial or other purposes of the candidates who are nominated.

This, to me, is sheer foolishness. I have tried to get this amendment in previously. It is not in any way an attempt to change the reporting requirements. I think the language of the amendment as modified makes that abundantly clear; I thought it was clear previously.

For the purpose of the record, I would also say that a number of candidates in my own State in recent campaigns have used the State committee for this purpose, and it has been, I think, a very economical way to handle the campaigns. The present Attorney General of the United States, William Saxbe, as I recall, in his Senate campaign in 1968 used the Ohio State Committee as his campaign committee to do all the reporting required federally, statewide, or otherwise.

I think this is a change that makes sense. The bill still has a great many problems in it, but I think we at least ought to get this on record as expressing the desire of the Senate.

Mr. CANNON. I yield to the majority leader.

Mr. MANSFIELD. Mr. President, I ask unanimous consent, after discussing the matter with the interested parties, that on the Packwood-Baker amendment there be a 15-minute limitation, 10 minutes to the sponsors of the amendment and 5 minutes to the chairman of the committee, and that on the Allen amendments there be a 10-minute time limitation, 5 minutes to each, the time to be equally divided.

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

Mr. CANNON. Mr. President, I yield myself 1 minute.

In S. 372, passed just last year, we had a precise prohibition against a central campaign committee acting as such for more than one candidate. I think that is probably the reason it was carried over here in this bill.

The Senator from Ohio has now modified his amendment to make it absolutely clear that the campaign committee, if it were designated the political committee or the senatorial campaign committee for more than one candidate, would have to comply with precisely the same reporting provisions as if that were the sole candidate they were acting for.

With that restriction, as he has now modified his amendment, I am willing to accept that. I have discussed it with the minority representative, and we are willing to accept the amendment.

Mr. TAFT. I thank the chairman. I yield back the remainder of my time.

Mr. CANNON. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. HELMS). All remaining time having been yielded back, the question is on agreeing to the amendment (No. 1151) of the Senator from Ohio, as modified.

The amendment was agreed to.

AMENDMENT NO. 1058

Mr. ALLEN. Mr. President, I call up my amendment No. 1058 and ask that it be stated.

The PRESIDING OFFICER (Mr. HELMS). The amendment will be stated.

The legislative clerk read as follows:

On page 8, line 7, strike the period, insert in lieu thereof a comma and add the following: "with not less than $2,500 in matchable contributions having been received from legal residents of each of at least forty States.".

Mr. ALLEN. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 3 minutes.

Mr. ALLEN. This amendment has to do with the threshold amount required for a candidate for the Presidential nomination of one of the major parties. The threshold amount, before participation by the Federal Government is required, is set at $250,000. That could all be obtained in one city, one county, or one State. It would encourage the proliferation of minor candidates for the Presidency, with more Federal subsidies, and would not limit the race to the real contenders.

The purpose of the amendment is to say, in effect, that a person must have a national following before he is able to obtain Federal subsidies. It would require not less than $2,500 matchable contributions—these contributions up to $250,000—not less than that would have to be received from legal residents of 40 States, at least; in other words, $100,000 or $250 would have to be scattered out equally among the 40 States, assuring that we would have men of national caliber and reputation participating in the Federal subsidy and it would discourage entry of one-issue candidates, candidates of localized pressure groups.

I am hopeful that the chairman and the ranking minority leader would accept the amendment. It would strengthen the bill, if we already have public financing, which I hope we will not have.

Mr. CANNON. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Nevada is recognized for 2 minutes.

Mr. CANNON. There is a great deal of merit to what the distinguished Senator from Alabama has said, that we should not permit a single State candidate to be in a position to qualify under the bill, although I believe his provision of 40 States would be rather burdensome, which would require a potential candidate to campaign quite broadly throughout the country. That certainly might be burdensome because of the fact that many of the States are rather sparsely populated.

I have discussed this with the ranking minority member, and if the Senator were to change his amendment from a 40-State requirement to perhaps 15 or 20 States, we would be inclined to accept it, because it does seem to be rather burdensome to have the 40-State requirement.

Mr. ALLEN. In changing it to 20 States, say, if I should be agreeable to that suggestion, would the distinguished chairman and the distinguished ranking minority member agree that the $2,500 should be raised to $5,000, which would still require $100,000 equally divided among the 20 States?

Mr. COOK. That would be okay.

Mr. CANNON. That would be reasonable. If we could reduce it to 20 States, with $5,000, we would accept the amendment.

Mr. ALLEN. Mr. President, I ask unanimous consent that I may modify my amendment in that fashion in order that it can receive the backing of the chairman and the ranking minority leader.

The PRESIDING OFFICER (Mr. DOMENICI). Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered. Will the Senator please send his modification to the desk?

Mr. COOK. Mr. President, will the Senator from Alabama yield me some time?

Mr. ALLEN. I yield 2 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 3 minutes.

Mr. COOK. Mr. President, unless there is a prerequisite under the rules, I wonder whether the President of the Senate could request that the modification be made by the clerk in the amendment now at the desk, changing it from $2,500 to $5,000 and from 40 States to 20 States.

Mr. ALLEN. Mr. President, I have made the change and send the modification to the desk.

The PRESIDING OFFICER. The amendment is so modified. The clerk has already made the changes.

The text of the amendment, as modified, reads as follows:

On page 8, line 7, strike the period, insert in lieu thereof a comma and add the following: "with not less than $5,000 in matchable contributions having been received from legal residents of each of at least twenty States.".

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

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

The PRESIDING OFFICER. All time on this amendment has now been yielded back.

The question is on agreeing to the amendment as modified by the Senator from Alabama (Mr. ALLEN) (No. 1058).

The amendment as modified (No. 1058), was agreed to.

AMENDMENT NO. 1078

Mr. BAKER. Mr. President, is it in order to call up my amendment No. 1078 at this time?

The PRESIDING OFFICER. The amendment is in order.

Mr. BAKER. Mr. President, I call up my amendment No. 1078 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 25, strike out lines 15, 16, and 17 and insert in lieu thereof the following:

(b)(1) Section 315(b) of such Act (47 U.S.C. 315 (b)) is repealed.

(2) Subsections (c), (d), (e), (f), and (g) of such section are redesignated as subsections (b), (c), (d), (e), and (f), respectively.

Mr. BAKER. Mr. President, this amendment is offered on behalf of myself and the Senator from Oregon (Mr. PACKWOOD) and the Senator from Colorado (Mr. DOMINICK).

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, this amendment would repeal the lowest unit cost provisions of the Communications Act of 1934, as amended. It is entirely consistent with the pending legislation which repeals broadcast advertising spending limits in favor of overall expenditure limitations.

Three years ago when the Senate considered the question of lowering the cost of broadcast advertising, there was little expectation that we would later consider such comprehensive public financing of both Presidential and congressional campaigns. In fact, we probably would not have considered such an unprecedented approach to campaign financing had it not been for the events of the past 2 years. Nevertheless, as we debate this measure, it is important to remember the circumstances surrounding the enactment of the lowest unit cost requirement 3 years ago.

At that time, we were trying to grapple with the problem of limiting expenditures on broadcast advertising while making the cost for that advertising reasonable from the vantage of the least known challenger. However, we were not considering that question in the context of providing Government subsidies for up to 80 percent of the candidate's total campaign expenses. Thus, it would now seem reasonable to reconsider the question of whether the lowest unit cost provisions of the Communications Act are necessary. I firmly believe they are not.

Under the pending legislation, there is no limit on the amount of money that can be spent on broadcast advertising. There is, of course, the overall expenditure limitation, but there is no specific limit within that ceiling which affects that aspect of a particular campaign. That is consistent with the committee's objective of allowing the candidate the maximum degree of flexibility with regard to how his or her campaign funds are spent. At the same time, however, we are encouraging the excessive use of broadcast advertising by not only subsidizing a substantial portion of the candidate's campaign, but also by requiring that radio and TV time be offered at as much as 50 percent below the prevailing advertising rates. Moreover, we are per-

petuating what I consider to be an essentially unfair practice as it relates to both the individual broadcaster and the commercial advertiser.

That practice consists of affording political candidates a commercial discount which it takes other advertisers 13 weeks to earn. Obviously, candidates for public office are different from other advertisers in a number of ways, including their purpose for advertising and their ability to pay. However, substantial public financing of campaigns would clearly diminish the latter consideration and make qualified candidates more than able to afford the required amount of radio and TV advertising time. Thus, why require the stations to offer the time at a substantially reduced rate?

We do not require it of newspapers, so why should we continue to require it of broadcasters? Studies of 1972 campaigns for Federal office indicate that many radio and TV stations chose to refuse to sell political advertising time to any candidate rather than be forced to sell time to all candidates at the lowest unit cost. They did so because they still had the right to refuse a particular type of advertising as long as they refused it across the board. That does not necessarily mean that they neglected their responsibility to cover campaigns for public office, but rather that they would rather not accept any payment for political advertisements than to have to accept the lowest unit cost and the concomitant dislocation among their regular advertisers.

Granted there is ample precedent for the Federal Government regulating radio and TV broadcasters, but we do not impose similar limitations on the printed media for very good reasons; and I submit that there is no longer any reason to impose the lowest unit cost requirement on the broadcast media.

Title 47, section 312, subsection (a) (7) states that the Federal Communications Commission may revoke any station license or construction permit—

. . . for willful or repeated failure to allow reasonable access to or to permit purchase of reasonable amounts of time for the use of a broadcasting station by a legally qualified candidate for Federal elective office on behalf of his candidacy.

What that means is that every station has a statutory obligation to give reasonable coverage, either through advertising, or by other means to each legally qualified candidate for Federal office. However, if we continue to require stations to charge the lowest unit cost, an increasing number will decide against permitting political advertising in favor of providing a reasonable amount of another form of coverage, thereby reducing the flexibility of the candidate to choose how to run his own campaign.

This is not the intent of S. 3044, as I understand it, and I would urge that as long as candidates are financially able to afford broadcast advertising at the prevailing rates, that we no longer discriminate against stations by requiring them to charge the lowest unit cost.

Now, Mr. President, the distinguished Senator from Oregon (Mr. PACKWOOD) has a statement he wishes to make at this time, and I now yield to him such time as he may require.

Mr. PACKWOOD. Mr. President, in 1971 when this body considered the lowest unit rate provision of the Federal Election Campaign Act of 1971, I was highly skeptical that enactment of this provision would indeed end in an equitable situation for all parties concerned—the candidate, the broadcaster, and the voter. If anything, inequities have been underscored in the intervening period. A bad situation has developed which undercuts more than one-half of our candidates for Federal elective office, it has created a serious financial dilemma for broadcasters, and the resultant confusion has ill-served the voters of our Nation.

I supported in 1971 an amendment which would have struck the lowest unit rate provision from the measure we were debating. The amendment failed, and today, 3 years later, my past skepticism has been more than substantiated. I am cosponsoring the senior Senator from Tennessee's (Mr. BAKER) amendment which would repeal this unfair provision.

Three years ago, arguments heard in this Chamber professed that everyone would benefit from enactment of the lowest unit rate billing. More time, because advertising would be at its cheapest, would be available to the candidates. More candidate time on radio and television could only bode well for an informed vote in the primary or general election. And the broadcasters, well, their revenues would increase because of the new surge in political advertising during the designated period.

However well-intentioned this amendment might have been, it has not created a fair and equal access to the public for all candidates. Some broadcasters have taken the option of refusing broadcast time to political candidates altogether.

I do not blame them, Mr. President, when they, in order to respect business contracts of many years, refuse political advertising. But the consequences or our inane rule are regrettable and I do place blame on our decision of 3 years ago that forced some broadcasters into this position. The serious ramification we must face is that we, as incumbents, along with our public recognition, place nonincumbents at a terrific disadvantage without the availability of radio and television time to publicize their positions and beliefs. Time and time again, it has been proven the nonincumbent's greatest weapon is an effective media campaign. Thus, and perhaps we do not recognize it, selfishly we are the winners of the continuance of the lowest unit rate. But we are a small minority, for the challenger loses however right or wrong, the broadcaster loses, and in the end the public loses.

I believe we can do better. I believe the lowest unit rate should be repealed. Although it may increase advertising costs per unit, it will open up access to the public by all the candidates on an even basis. If one purpose of this bill, S. 3044, is to prevent campaign abuse, then surely we have a great opportunity, now, to eliminate an unfair advantage of incumbency by insuring access to all broadcast media.

I urge my colleagues' support for this amendment, and ask unanimous consent that a letter I received from Mr. Alan H. Davidson, sales manager for KNND Radio in Cottage Grove, Oreg., illustrating many of these very concerns, be printed in the RECORD.

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

KNND RADIO,
Cottage Grove, Oreg., April 5, 1974.

Senator BOB PACKWOOD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PACKWOOD: Today we received your press release concerning your call for repeal of the lowest unit rate requirements for political advertising on broadcast media. We as KNND wholeheartedly support this effort, not only from the monetary viewpoint, but generally for the reasons you listed.

As you are obviously aware, each election year radio and television stations are deluged with candidates who are interested in buying broadcast time. Selling this time at our lowest published rate imposes an undue burden upon the station since we are regulated by the Federal Government as to how much time we are allowed to sell.

We believe that a broadcast station should not be required to sell out its time at less than its worth. When this happens it also poses a hardship on the local advertiser who may want to advertise and pay the earned rate, but can not because of the lack of availabilities.

This is the reason of course that many stations are now limiting political availabilities or refusing political advertising, which in turn denies the candidate an opportunity to reach the people.

I sincerely hope that all of the broadcasters in the state of Oregon will support your efforts in this direction.

Respectfully,

ALAN H. DAVIDSON,
Sales Manager, KNND Radio.

Mr. PACKWOOD. Mr. President, let me explain what our experience has been in Oregon. It has not been a problem to me personally, but it has been to a number of other candidates seeking nomination for Federal office. Two Congressmen—one of them a Congresswoman, retired this year, and there are numerous candidates in each district seeking the Republican nomination and the Democratic nomination. There are also numerous candidates seeking the Democratic nomination for the Senate.

The problem they find is that they are having a very difficult time buying any time on television or radio. It is almost impossible to buy any prime time at all. It is perfectly understandable why they are not. We are asking radio and television stations to bear the burdensome cost of the campaign by selling time at the lowest unit rate, instead of selling it at the highest unit rate. This means the rate they charge their most frequent advertisers, those who advertise 25 or

100 times a months. Bear in mind that if they sell to one candidate, they have to offer to every other candidate in that race at the same time spot that they are selling to all. That is fine for the incumbents. Nothing could be better for us than if neither we nor the challenger, who might be unknown, could buy any television or radio time on prime time.

It is very unfair.

I believe that we made a mistake when we passed this lowest unit rate bill 3 years ago. I voted against it at the time. It has worked out as I feared that it would. It is not giving the candidates more access to the public but is denying the candidates any access to the public.

Therefore, I believe that we would be wise to repeal the amendment so that all candidates will have equal access to the public through the broadcast media.

Mr. CLARK. Mr. President, will the Senator from Oregon yield, on my time?

Mr. PACKWOOD. I yield.

Mr. CLARK. I should like to ask the Senator a question about his amendment. Is there anything to prevent TV and radio stations from charging the highest unit rate? It seems to me, in the past, that was the practice. At least it was in the campaign in which I was involved. I did not pay the average rate but the very, very high rate. Is there anything to prevent that from happening in the Senator's amendment?

Mr. PACKWOOD. There is nothing to prevent that from happening in the amendment. It would simply repeal the lowest unit rate.

Mr. CLARK. In view of the fact that in existing law there is a limitation as to how much a candidate must spend in the electronic media, would this amendment, if passed, have any real effect in lowering that limitation? In other words, if the costs go up, the Senator is not providing in his amendment for an additional limitation, as I read the amendment?

Mr. PACKWOOD. If you cannot purchase advertising at the lowest unit rate, or limit it to $50,000 in advertising, you cannot buy as much, so, you have to pay more. To that extent, it would lower it.

Mr. CLARK. I thank the Senator very much.

Mr. PASTORE. Mr. President, if the Senator will yield, on my time, in opposition——

Mr. BAKER. Mr. President, I asked that the Senator from Rhode Island be notified that this amendment was pending. The manager of the bill, the Senator from Nevada (Mr. CANNON), is not now in the Chamber. I wonder whether it might not be in order to give the Senator from Rhode Island the manager's time?

Mr. COOK. I have 5 minutes, and I yield 2 minutes to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, at the proper time, when the time has expired, I will move to table the amendment. I think the amendment comes up at a very unfortunate time.

This matter was discussed thoroughly before the Communications Committee, and we took a position that is absolutely contrary to the spirit and letter of this amendment.

Why do we give this rate to candidates? No. 1, a license is granted to perform a public service. All of us know that in this day and age, the most expensive item a candidate has to meet is the charges for radio and television, so much so that these charges have skyrocketed to the point where you have to go out and hold hundred-dollar dinners just to get radio time, especially if you run in a statewide election.

Mr. President, all we are trying to do is to say to the licensee, "If you have given a preferential rate to anybody—to anybody—at any time, you cannot charge during a campaign period, whether it be for President, whether it be for Senator, whether it be for Representative, whether it be for dogcatcher, one penny more than you charged the lowest rate." What is wrong about that? This is limited to a specific period of time.

The argument is made that the reason why these preferential rates are given is that some advertising concern has a regular program every week or every month. A candidate cannot have a program every week or every month. If you run for the Senate, you run every 6 years. If you run for the House, you run every 2 years. If you run for the Presidency, you run every 4 years. So how could you ever come under the terms and the standards of this preferential rate? That is precisely what the story is.

A suggestion was made not too long ago by Adlai Stevenson, Sr., and I think it has tremendous merit today, that within a certain period of time before the election; namely, about 8 weeks before the election—the national networks give free time to the prominent candidates running for the Presidency; and that is about the best public service they could afford to the people of this country. Unfortunately, the networks came in and opposed it. They said, "Don't make it mandatory. Just relieve us from section 315 and we'll give the proper time to the candidates."

I took their word for that, and they lived up to it. I submitted a resolution, and as a result, in 1960, we had the Kennedy-Nixon debates. That is how that all came about.

What this is intended to do is to take away from the candidates the same privilege of the lowest rate—instituted by whom? By the licensee, himself. He does not have to give anybody a preferential rate; but once he does, he cannot take it away from the candidate.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PASTORE. Can I take time out of my own time?

The PRESIDING OFFICER. The Senator can do so by unanimous consent.

Mr. PASTORE. I ask unanimous consent.

Mr. COOK. Mr. President, I ask unanimous consent that the Senator have such time as he may need out of his hour.

Mr. PASTORE. Out of my hour, because I am hitting high gear. [Laughter.]

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

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

Mr. PASTORE. I yield.

Mr. STEVENS. I worked with the Senator from Rhode Island on this matter, he will recall.

It is the lowest unit charge for the same class and for the amount of time, for the same period. With those protections, the same class and the amount of time for the same period, we are not getting any benefit from any other rate.

My little station survived under one of the heaviest onslaughts they ever had from candidates, in the last election.

This is a fair provision as it stands, and if we took it off, the rates for television and radio time would go sky high.

I am grateful to the Senator from Rhode Island for having accepted the limitation, but I cannot understand the comments of the Senator from Oregon in view of the limitations of section 315 (b) with regard to the same class of time, the same time frame—that is, whether or not it is prime time—and for the same period of time, which is for the 45 days preceding the election.

Mr. BAKER. Mr. President, I reserve the right to object. There has not yet been a ruling on the unanimous-consent request of the Senator from Rhode Island.

If we are going to extend the time for debate into the Senator's hour under rule XXII, it seems only fair that in the same unanimous request we extend the time on the other side.

I now ask unanimous consent that I be given the same time out of my hour that he has out of his hour.

Mr. PASTORE. That is all right. I will take only 2 minutes.

Mr. BAKER. So long as we have equal time.

Mr. PASTORE. I make this point very strongly——

The PRESIDING OFFICER. The Chair has ruled that the unanimous-consent request of the Senator from Tennessee and the Senator from Rhode Island is granted. It is granted for 2 minutes.

The Senator from Rhode Island.

Mr. BAKER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAKER. Do I correctly understand that I have similar treatment on this side?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I thank the Chair.

Mr. PASTORE. The point I am making, and I hope I can make it as emphatically as possible, is that this is not the time, this is not the place, this is not the bill in which to repeal something that has been thoroughly investigated, thoroughly studied, and passed almost unanimously by committee of Congress. I hope that at this junctive we will not disturb some-

thing that is as fundamental as the principle that is involved in the discussion we are having today.

When the time has expired, I am going to move to table the amendment.

Mr. BAKER. Mr. President, I have the distinction of serving as the senior Republican on the Subcommittee on Communications, on which the distinguished Senator from Rhode Island is the chairman. He and I joust a good bit and this and a few other issues from time to time. We are familiar with each other's arguments. There is no point in my trying to belabor those issues with him, because he has heard them before. He heard my opposition to this provision when it was considered by the subcommittee, when it was considered by the full committee, and when it was considered by the Senate, and he has heard by opposition to this provision at every opportunity I have had to express it for the last 3 years.

I was opposed to it at the time we first took it up, I am still opposed to it, and I am trying to repeal it. I think it is wrong, because by this section, we politicians have legislated to ourselves a subsidy out of the hides of everybody else who advertises on radio and television. We say that, because Procter & Gamble or General Motors, or whoever it is, earns a unit rate that is lower than a one-time or a five-time rate, we have to get the same unit rate. We do not do that to newspapers. We do not do it to magazines. We do it, because we have the authority to regulate radio and television stations and we have the right to lift their licenses. We pass a law that says, "Give us the lowest cost you give to everybody else at the same time on the networks, with the same quality of service, because we regulate you and we have the life-and-death power to give you a license or take it away." That is not fair play, in my book.

If we are going to do it for radio and television stations, we ought to do it for newspapers, magazines, billboards, the people who manufacture bumper stickers and fingernail files with campaign slogans on them, and for whatever other paraphernalia we use. We say, "Give us the low rate you charge your regular customers despite the fact that we order one-hundredth the amount of time that they order."

It seems to me that we single out the industry that we regulate and make them give us a rate we have not earned, when they would normally charge according to the quality and frequency of service acquired.

I reserve the remainder of my time.

Mr. PACKWOOD. Mr. President, let me elaborate further on the situation.

Take the city of Portland, Oreg., with a number of television stations. Six Democratic candidates, as I recall, vied for the nomination for Congress. Each of them is entitled, if they can get the time, to buy time on television at the lowest rate, at the same price paid by the Chevrolet dealer who advertises night after night. There are many other advertisements during prime time that are not at the lowest unit rate.

If a broadcaster sells an ad to one candidate at 6:30, he must make time available during prime time for every other candidate at the lowest unit rate.

We are asking them to bump off other ads from which they can collect more money in order to put us on. The upshot, at least in Oregon, is that many of them are saying, "To heck with it; we are not going to take any political ads; nobody is going to get on television."

That is fine for incumbents, but incumbents start out with a name advantage and a news advantage.

Now, they are justifiably going to say, "We are not going to bump off any of our advertisers who pay a higher rate in order to put on candidates for Federal office." That has been the effect of the amendment. If that is what the Senator from Rhode Island wants to protect incumbents, that is what he is getting.

The PRESIDING OFFICER (Mr. BROCK). All time of the proponents has expired. The opponents have 2 minutes remaining.

Mr. COOK. Mr. President, I yield 1 minute to my colleague from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. HUDDLESTON. Mr. President, I have a brief comment from the perspective of one who has operated under this law as a broadcaster and one who has operated under this law as a candidate. The bill as written is essential and we can talk about the problems it presents for broadcasters and certainly they would like the full rate. We can mention all of the other media that are not covered, but they do not utilize a public facility and they do not operate in the public interest as broadcasting stations.

This is little enough to require of an industry that gets to enjoy free the airways of this country. One big danger we have when we talk about election reform and the limitation on candidates and the money they spend and who can support them is that we deny the citizens of this country the opportunity to hear the candidates and to know their views. This is one way we can help facilitate that opportunity so that candidates can get on the air and let citizens know what they stand for.

Mr. COOK. Mr. President, I take the last minute to congratulate my colleague from Kentucky and to say if, in effect, stations are saying, "We are not going to take any of them, because we cannot get the higher rate in that time frame," if they want to help incumbents and as a matter of fact they are saying they want to help incumbents and are bumping everyone off of television, we better take a close look at it in committee, because the fact is that the law now provides that we pay them for the time we are using at the lowest cost at that time and not on the overall lowest cost of the station.

As bad as political speeches may be some nights, they cannot be any worse than some of the things we have to watch on television during the course of the week in prime time.

Mr. President, I shall support the Senator from Rhode Island in his motion to table the amendment.

The PRESIDING OFFICER. All time has expired on the amendment.

Mr. PASTORE. Mr. President, I move to lay on the table the amendment of the Senator from Tennessee.

Mr. BAKER. Mr. President, I ask for yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays are ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, will the Senator yield to me briefly?

Mr. CANNON. I yield.

ADJOURNMENT OF THE TWO HOUSES OF CONGRESS FOR THE EASTER HOLIDAY

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate the message from the House of Representatives on House Concurrent Resolution 475.

The PRESIDING OFFICER (Mr. BROCK). The Chair lays before the Senate House Concurrent Resolution 475, which will be stated.

The assistant legislative clerk read as follows:

H. CON. RES. 475

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, April 11, 1974, it stand adjourned until 12 o'clock noon on Monday, April 22, 1974, or until 12 o'clock noon on the second day after its Members are notified to reassemble in accordance with section 2 of this resolution, whichever event first occurs.

SEC. 2. The Speaker of the House of Representatives shall notify the Members of the House to reasemble whenever in his opinion the public interest shall warrant it or whenever the majority leader of the House and the minority leader of the House, acting jointly, file a written request with the Clerk of the House that the House reassemble for the consideration of legislation.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the concurrent resolution.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. MANSFIELD. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

Strike out line 2 and insert in lieu thereof the following: "when the two Houses adjourn on Thursday, April 11, 1974, they stand"

On line 4, strike out "its Members" and insert in lieu thereof the following: "their respective Members".

Strike out section 2 and insert in lieu thereof the following:

"SEC. 2. The Speaker of the House of Representatives and the President pro tempore of the Senate shall notify the Members of the House and Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it, or whenever the majority leader of the Senate and the majority leader of the House, acting jointly, or the minority leader of the Senate and the minority leader of the House, acting jointly, file a written request with the Secretary of the Senate and the Clerk of the House that the Congress reassemble for the consideration of legislation."

Amend title by adding after the word "House," "and Senate."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The concurrent resolution (H. Con. Res. 475), as amended, was agreed to, as follows:

H. CON. RES. 475

Resolved by the House of Representatives (the Senate concurring), That when the two Houses adjourn on Thursday, April 11, 1974, they stand adjourned until 12 o'clock noon on the second day after their respective Members are notified to reassemble in accordance with section 2 of this resolution, whichever event first occurs.

SEC. 2. The Speaker of the House of Representatives and the President pro tempore of the Senate shall notify the Members of the House and Senate, respectively, to reassemble whenever, in their opinions, the public interest shall warrant it, or whenever the majority leader of the Senate and the majority leader of the House, acting jointly, or the minority leader of the Senate and the minority leader of the House, acting jointly, file a written request with the Secretary of the Senate and the Clerk of the House that the Congress reassemble for the consideration of legislation.

Amend the title so as to read "Concurrent resolution providing for a conditional adjournment of the House and Senate from April 11 until April 22, 1974."

Mr. MANSFIELD. Mr. President, the resolution will stay at the desk until it is certain we will finish this bill.

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.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Tennessee.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. TAFT. Mr. President, on this vote I vote "present."

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), the Senator from Ohio (Mr. METZENBAUM), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Montana (Mr. METCALF), and the Senator from South Carolina (Mr. HOLLINGS), are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Hawaii (Mr. FONG), and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I also announce that the Senator from Virginia (Mr. WILLIAM L. SCOTT) is absent on official business.

The Senator from Ohio (Mr. TAFT) voted "present."

The result was announced—yeas 67, nays 19, as follows:

[No. 144 Leg.]

YEAS—67

Abourezk	Ervin	Muskie
Aiken	Gravel	Nelson
Bartlett	Hart	Nunn
Bayh	Hartke	Pastore
Beall	Haskell	Pearson
Bellmon	Hatfield	Pell
Bentsen	Hathaway	Percy
Bible	Huddleston	Proxmire
Biden	Hughes	Ribicoff
Brooke	Humphrey	Schweiker
Burdick	Jackson	Scott, Hugh
Byrd, Harry F., Jr.	Javits	Sparkman
Byrd, Robert C.	Johnston	Stafford
Cannon	Kennedy	Stennis
Case	Magnuson	Stevens
Chiles	Mansfield	Stevenson
Clark	Mathias	Symington
Cook	McClellan	Talmadge
Cotton	McGovern	Thurmond
Cranston	McIntyre	Tunney
Domenici	Mondale	Weicker
Eastland	Montoya	Williams
	Moss	

NAYS—19

Allen	Eagleton	McClure
Baker	Fannin	Packwood
Brock	Griffin	Roth
Buckley	Gurney	Tower
Curtis	Hansen	Young
Dole	Helms	
Dominick	Hruska	

ANSWERED "PRESENT"—1

Taft

NOT VOTING—13

Bennett	Hollings	Metzenbaum
Church	Inouye	Randolph
Fong	Long	Scott, William L.
Fulbright	McGee	
Goldwater	Metcalf	

So the motion to lay on the table Mr. BAKER'S amendment (No. 1078) was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED BILL 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 enrolled bill (H.R. 12109) to amend the District of Columbia Self-Government and Governmental Reorganization Act to clarify the provision relating to the referendum on the issue of the advisory neighborhood councils.

The enrolled bill was subsequently signed by the President pro tempore.

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. 1186

Mr. JAVITS. Mr. President, I call up my amendment No. 1186 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 35, line 15, after the word "election" insert the following: "on the tenth day of December in the year of an election,".

Mr. JAVITS. Mr. President, the only purpose of the amendment is to provide that in any election, instead of filing the final contributions to a campaign which come in after the 28th of the following January, or have been paid in the following January, that the filing be on the 10th of December immediately following the election.

The reason is that any disciplinary action to be taken by anybody with respect to contributions ought to be taken seasonably before the Representative or Senator is sworn in. Thereafter, it is a very hard row to hoe. That is the reason for the amendment.

I understand that the manager of the bill may be interested in accepting it.

Mr. CANNON. Mr. President, I yield myself 30 seconds.

The Senator from New York has correctly described the amendment. It does create some added burdens, but it does, I think, provide a better, more timely disclosure date after a general election, when it is too late to do anything about the election. The amendment provides a more timely reporting provision than we have in the bill. I am willing to accept the amendment.

Mr. JAVITS. I thank the Senator from Nevada.

Mr. BAKER. Mr. President, I commend the Senator from New York. I think he has submitted a worthwhile, important amendment. I am delighted that th manager of the bill has accepted it.

Senators may remember that I offered an amendment which required reporting before an election, but that amendment was defeated. I think this is a material improvement over the provision that requires reporting in January. I wish to congratulate the Senator from New York.

Mr. JAVITS. Mr. President, may the record show that the idea of the amendment is that of Charles Warren, my legislative aide. He is typical of the brilliant young men who work in all our offices. I am delighted to make this statement.

Mr. BAKER. Mr. President, for the

record, my amendment met with the very violent objection of my staff.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I yield myself 2 minutes on the bill. 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. BAYH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 1113

Mr. BAYH. Mr. President, I send to the desk a printed amendment, No. 1113. It has been slightly modified.

The PRESIDING OFFICER. Is there objection to the modification? The Chair hears none, and the amendment is so modified. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. BAYH. Mr. President, I ask unanimous consent that the further reading of the amendment be dispensed with.

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

Mr. BAYH. Mr. President, I yield myself 3 minutes.

This is an amendment that I have discussed with the distinguished floor manager of the bill. I understand that he agrees that the amendment is acceptable.

On reflection, after having stopped the clerk from a further reading of it, I think, with advance warning to the Senate, that if I read it and then sit down, there would be adequate explanation. So I shall read it.

At the appropriate place insert the following new section:

SEC. . Whoever, being a candidate for Federal office, as defined herein, or an employee or agent of such a candidate—

(a) fraudulently misrepresents himself or any committee or organization under his control as speaking or writing or otherwise acting for or on behalf of any other candidate or political party or employee or agent thereof on a matter which is damaging to such other candidate or political party or employee or agent thereof; or

(b) willfully and knowingly participates in or conspires to participate in any plan, scheme, or design to violate paragraph (a) hereof, shall, for each such offense, be fined not more than $50,000 or imprisoned not more than five years or both.

Mr. BAYH. The purpose of the amendment, Mr. President, is to direct the Senate's attention in the context of the pending bill, which is to be our principal legislative response to the past 18 months of Watergate revelations, to a particular and specific problem which would appear to require a statutory remedy. This is the problem of "dirty tricks." My amendment is intended to make the existing law somewhat more precise in this area and to increase the penalties for its violation.

It has come to the Senate's attention through the hearings conducted by the distinguished Senator from North Carolina (Mr. ERVIN) and his select committee that during the 1972 campaign there occurred at least two incidents in which an employee or agent of the Committee To Re-Elect the President distributed documents bearing the letterhead of Senator MUSKIE's campaign which falsely accused Senators HUMPHREY and JACKSON of the most bizarre type of personal conduct. It is this type of activity with which my amendment is designed to deal.

Under current law, as found in section 612 of title 18, United States Code, is a misdemeanor offense for anyone who is a candidate or agent thereof to distribute, through the mails or in interstate commerce, materials which fail to identify the candidate involved or a committee acting on his behalf. This is the statute to which Donald Segretti pleaded guilty for his activities in the Florida primary to which I have referred.

My amendment would modify section 612 in two respects. First, it would remove the jurisdictional restrictions of the old statute which limited its application to use of the U.S. mails or transportation in interstate commerce. Many of our older statutes have such limitations which were thought at the time to be constitutionally required, but which are clearly not necessary today as applied to candidates for office on the Federal level.

Second, my amendment would make such campaign offenses felonies rather than misdemeanors in those few cases where not only does the candidate or his agent know that statements about another candidate are false but that they are, in fact, damaging to him.

In short, Mr. President, I believe that the amendment will effectively deal with the specific campaign abuses which have been brought to our attention because of the 1972 campaign, without posing the difficult problems that a broader criminal libel statute presents in terms of first amendment guarantees.

Mr. CANNON. Mr. President, I have discussed the amendment with the distinguished Senator from Indiana, the sponsor, and also with the minority representative. We are willing to accept the amendment.

I yield back the remainder of my time.

Mr. BAYH. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was agreed to.

Mr. CANNON. Mr. President, I send to the desk an amendment and ask for its immediate consideration. I ask unanimous consent to dispense with the reading of the amendment. It is the usual technical, perfecting amendment to correct minor defects in various provisions, in conformity with the usual practice. I ask for the approval of the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 2, beginning with "TABLE OF CONTENTS", strike out through the item relating to section 502 on page 3.

On page 3, line 11, immediately before "'political committee'", insert the following: "'national committee',".

On page 6, line 16, strike out "campaign."

On page 6, line 17, strike out "campaign expenses" and insert in lieu thereof "expenditures".

On page 7, between lines 17 and 18, insert the following:

"(C) he is seeking nomination by a political party for election to the office of President and he and his authorized committees have received contributions for his campaign throughout the United States in a total of more than $250,000.

On page 8, beginning with line 3, strike out through line 7.

On page 8, line 21, strike out "to".

On page 10, line 2, strike out "accepts" and insert in lieu thereof "and his authorized committees receive".

On page 16, line 1, immediately after "State", insert "under subsection (a)(2)(A) of this section".

On page 16, line 17, strike out the comma and "or" and insert in lieu thereof a semicolon.

On page 16, line 20, strike out the period and insert in lieu thereof a semicolon and "or".

On page 16, between lines 20 and 21, insert the following:

"(C) a national or State committee of a political party in connection with a primary or general election campaign of that candidate, if such expenditure is in excess of the limitations of section 614(b) of title 18, United States Code.

On page 18, line 10, strike out "(h)" and insert in lieu thereof "(i)".

On page 29, line 13, strike out "(3)" and insert in lieu thereof "(2)".

On page 31, line 3, strike out "(7)" and insert in lieu thereof "(8)".

On page 31, line 4, strike out "(8)" and insert in lieu thereof "(9)".

On page 36, line 12, strike out "Presidential" and insert in lieu thereof "presidential".

On page 37, line 5, immediately after "inserting", insert "immediately".

On page 37, line 5, immediately after "semicolon", insert "a comma and".

On page 37, line 5, strike out the comma.

On page 39, line 17, strike out "Any" and insert in lieu thereof "Each".

On page 39, line 21, strike out "Any" and insert in lieu thereof "A".

On page 40, strike out beginning with line 3 through line 10 and insert in lieu thereof the following:

"(d) No person who sells space in a newspaper or magazine to a candidate, or to the agent of a candidate, for use in connection with that candidate's campaign, may change any amount for such space which exceeds the amount charged for comparable use of such space for other purposes.

On page 41, line 11, strike out "published regulation" and insert in lieu thereof "a rule".

On page 41, line 12, immediately before the comma, insert "which is published in the Federal Register not less than 30 days before its effective date".

On page 41, line 16, strike out "will not have any adverse affect on" and insert in lieu thereof "is inconsistent with".

On page 41, line 17, strike out "title" and insert in lieu thereof "Act".

On page 45, line 25, strike out "regulations" and insert in lieu thereof "rules".

On page 46, line 2, strike out "regulations" and insert in lieu thereof "rules".

On page 47, line 9, immediately before "testimony", strike out "or".

On page 47, line 19, immediately before "reasonable", insert "a" and, immediately after "period", insert "of time".

On page 53, line 1, strike out "held and".

On page 53, line 4, strike out "regulation" and insert in lieu thereof "rule".

On page 53, line 15, immediately before "all", insert a comma and "consolidate, and furnish".

On page 53, line 16, strike out the comma "and consolidate and furnish the reports".

On page 54, line 1, strike out "so".

On page 55, line 4, strike out "such".

On page 55, line 9, strike out "single".

On page 56, line 25, immediately after "inserting", insert "in lieu thereof".

On page 57, line 6, immediately after "inserting", insert "in lieu thereof".

On page 57, line 10, immediately after "inserting", insert "in lieu thereof".

On page 57, line 16, immediately after "inserting", insert "in lieu thereof".

On page 57, line 24, immediately after "inserting", insert "in lieu thereof".

On page 58, line 3, immediately after "inserting", insert "in lieu thereof".

On page 58, line 8, immediately after "inserting", insert "in lieu thereof".

On page 58, line 11, immediately after "inserting", insert "in lieu thereof".

On page 58, line 16, immediately after "inserting", insert "in lieu thereof".

On page 58, line 18, immediately after "inserting", insert "in lieu thereof".

On page 58, line 20, immediately after "inserting", insert "in lieu thereof".

On page 58, line 23, immediately after "inserting", insert "in lieu thereof".

On page 59, line 2, immediately after "inserting", insert "in lieu thereof".

On page 59, line 3, strike out the comma.

On page 59, line 4, immediately after "inserting", insert "in lieu thereof".

On page 59, line 9, immediately after "inserting" insert "in lieu thereof".

On page 59, line 25, strike out the comma.

On page 60, line 18, strike out "Any" and insert in lieu thereof "An".

On page 60, line 22, strike out "any" and insert "an".

On page 60, line 22, strike out "Any" and insert "A".

On page 62, line 21, strike out "any" and insert "a".

On page 63, line 14, strike out "campaign expenses" and insert in lieu thereof "expenditures".

On page 64, line 2, strike out "regulations" and insert in lieu thereof "rules".

On page 64, line 3, strike out "regulations" and insert in lieu thereof "rules".

On page 64, line 8, strike out the comma.

On page 64, line 20, strike out "$10,000," and insert in lieu thereof "$100,000,".

On page 65, line 2, strike out "regulations" and insert in lieu thereof "rules".

On page 65, line 13, strike out "out 'and" and insert in lieu thereof "out ', and".

On page 66, lines 1 and 2, strike out "central".

On page 66, line 19, strike out "and".

On page 66, line 25, after the second semicolon, insert "and".

On page 67, line 3, strike out the semicolon and insert in lieu thereof a period.

On page 68, line 9, immediately after "out", strike out "the".

On page 71, line 6, strike out "shall not constitute" and insert in lieu thereof "is not".

On page 71, line 12, strike out "shall not constitute" and insert in lieu thereof "are not".

On page 74, line 5, strike out "Presidential" and insert in lieu thereof "presidential".

On page 74, line 22, strike out "National" and insert in lieu thereof "national".

On page 75, line 2, strike out "of title 18, United States Code,".

On page 76, line 17, strike out "a" and insert in lieu thereof "the".

On page 77, lines 3 and 4, strike out "this section" and insert in lieu thereof "paragraph (1)".

On page 79, line 6, strike out "of a political party".

On page 81, line 10, strike out "In the case of any" and insert in lieu thereof "A".

On page 82, line 3, immediately after "fined" insert "not more than".

On page 82, line 7, strike out "regulations" and insert in lieu thereof "rules".

On page 82, line 10, strike out "shall be considered to have been" and insert in lieu thereof "is considered to be".

On page 82, line 13, strike out "served" and insert in lieu thereof "serves".

On page 82, line 19, strike out the comma and "as amended".

On page 82, lines 22 and 23, strike out the comma and "as amended".

On page 83, line 21, strike out "case" and insert in lieu thereof "adjudication".

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

AMENDMENT NO. 1180

Mr. ALLEN. Mr. President, I call up my amendment No. 1180 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be read.

The legislative clerk read as follows:

On page 75, line 23, strike out "exceeds $3,000." and insert in lieu thereof "exceeds—".

On page 75, between lines 23 and 24, insert the following:

"(1) in the case of a candidate for the office of President or Vice President, $2,000; and

"(2) in the case of any other candidate, $1,500.".

On page 76, line 2, strike out "exceeds $3,000." and insert in lieu thereof "exceeds—".

On page 76 between lines 2 and 3, insert the following:

"(A) in the case of a candidate for the office of President or Vice President, $2,000; and

"(B) in the case of any other candidate, $1,500.".

Mr. ALLEN. Mr. President, I yield myself 3 minutes.

Throughout the debate on the bill, it has been the effort of the Senator from Alabama not only to kill all portions of the bill having to do with the public subsidy of candidates for Federal election, but also to reduce the overall amount that candidates for Federal offices may spend in elections—that is, candidates for the House and for the Senate in primaries and in general elections, and candidates for the Presidency in primaries before the conventions and in the general election.

Already there have been turned back by the Senate amendments that would cut the amounts individual contributions to $250 in Presidential races and $100 in House and Senate races; and another amendment that would have limited contributions to $2,000 in Presidential races and to $1,000 in House and Senate races. Those amendments have been turned back. That has caused the Senator from Alabama to feel that many of those who advocate Federal subsidies in elections want the best of two words. They want, in the primary elections everything that they can get from providing contributions at the $3,000 level, which is a very high level in the view of the Senator from Alabama, and at the same time having Federal matching.

So I would hope that the Senate would go along with a reduction in the amount of the overall contributions in Presidential races to $2,000 and for the House and Senate to $1,500. I call attention to the fact that the Senate has voted—voted twice, as a matter of fact—to cut the amount of overall expenses of candidates by 20 percent, by cutting the amount that could be spent in general elections from 15 cents to 12 cents, and from 10 cents to 8 cents in primary elections. There should be no reason why we could not reduce the amount of individual contributions.

So I am hopeful that the Senate in its desire to have campaign reform, and not simply use campaign reform as a shibboleth to cover raiding the Federal Treasury and turn the bill over to the taxpayers, will be in favor of cutting the amount of individual contributions as suggested in the amendment to $2,000 in Presidential races in primary and general elections, and to $1,500 for House and Senate races in primary and general elections.

Mr. President, I reserve the remainder of my time.

Mr. CANNON. Mr. President, I yield myself 2 minutes.

I wish only to say that the distinguished Senator from Alabama really would like to have it both ways. He opposes the provision on public financing because he does not want to see public financing. On the other hand, he wants to cut private financing down to the point where it would drive the individual to public financing.

I suggest, Mr. President, that we have been up the hill and down the hill on this. We have considered limitations in almost every conceivable amount except this particular one, and I would hope that the Senator would be willing to abide by the votes we have already had on this matter, and let us dispose of the amendment by voice vote.

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

Mr. ALLEN. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. BROCK). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Alabama (Mr. ALLEN).

In the opinion of the Chair, the nays have it. The amendment is rejected.

Mr. MANSFIELD. Mr. President, if I may have the attention of the Senate, I believe the senior Senator from Massachusetts (Mr. KENNEDY) has one or may-

be two amendments. As far as I know, those will be the final amendments. So I ask at this time if the distinguished Senator would consider a reduction of the half-hour limitation.

Mr. KENNEDY. Five minutes will be sufficient.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of 10 minutes on each of the two amendments, the time to be equally divided between the Senator from Massachusetts (Mr. KENNEDY) and the manager of the bill.

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

Mr. BAKER. Mr. President, will the distinguished Senator from Massachusetts indicate whether he plans to have rollcall votes?

Mr. KENNEDY. I do not.

Mr. BAKER. Good.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

AMENDMENT NO. 1092

Mr. KENNEDY. Mr. President, I call up my amendment No. 1092, in behalf of myself and the Senator from Pennsylvania (Mr. HUGH SCOTT), and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. KENNEDY. I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. KENNEDY'S amendment (No. 1092) is as follows:

On page 58, line 16, strike out "and".

On page 68, between lines 16 and 17, insert the following:

"(j) 'State committee' means the organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of that political party at the State level, as determined by the Federal Election Commission; and".

On page 68, line 17, strike out "(j)" and insert in lieu thereof "(k)".

Mr. KENNEDY. Mr. President, I have had an opportunity to talk with the floor manager of the bill, and also the minority manager of the bill, and I believe that the amendment may be acceptable to them.

The purpose of the amendment is to add a definition of "State committee" parallel to the definition of "national committee" already contained in the bill.

The amendment is useful because it identifies the State committees that will be entitled to take advantage of the special "2 cents a voter" spending authority in the bill. Under this authority, a State committee of a political party is entitled to receive private contributions and make expenditures in a general election, above and beyond the expenditure ceiling of the party's candidate himself. In this way, S. 3044 provides a substantial additional role for the political parties at both the State and National level.

Mr. President, the amendment is a minor addition to the bill, and I hope that it may be accepted.

Mr. CANNON. Mr. President, I yield myself 30 seconds.

I have discussed this proposal with the Senator and with the ranking minority Member. The definition is acceptable. It parallels the definition of a State committee with that of the national committee.

I am prepared to yield back the remainder of my time.

Mr. KENNEDY. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. BROCK). All remaining time having been yielded back, the question is on agreeing to the amendment (No. 1092) of the Senator from Massachusetts (Mr. KENNEDY).

The amendment was agreed to.

AMENDMENT NO. 1093

Mr. KENNEDY. Mr. President, I call up my amendment No. 1093 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. KENNEDY'S amendment (No. 1093) is as follows:

On page 10, strike out line 24 and insert in lieu thereof the following: "election campaign in an amount equal to the greater of—

"(A) an amount which bears the same ratio".

On page 11, line 6, strike out "election." and insert in lieu thereof "election; or".

On page 11, between lines 6 and 7, insert the following:

"(B) an amount which bears the same ratio to the amount of payments to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by that eligible candidate as a candidate for that office (other than votes he received as the candidate of a major party for that office) in the preceding general election bears to the average number of popular votes received by the candidates of major parties for that office in the preceding general election.".

Mr. KENNEDY. This amendment is introduced in behalf of myself and the Senator from Pennsylvania (Mr. HUGH SCOTT). I have had a chance, again, to discuss it with the floor manager of the bill and also the minority manager, and I understand that it is acceptable to them.

The purpose of the amendment is to allow a minor party candidate to qualify for public funds on the basis of the total number of votes he received in the proceeding election, whether as the candidate of a single minor party or as the candidate of more than one minor party.

Under the present bill, a minor party candidate's proportion of public funds is based only on the showing in the preceding election of the minor party that nominated him. In certain cases, this provision might work unfairly to the disadvantage of a minor party candidate who was on the ballot in the previous election under more than one party label.

For example, in the 1968 Presidential election, George Wallace ran under nine separate minor party labels. Although he won a total of 13.5 percent of the votes cast in the election, the most he won under a single party label was 5.08 percent, as the candidate of the American Party.

Under the pending bill, if its provisions had been in effect for the 1972 election, Governor Wallace would have qualified for proportional public funds based on his 1968 track record as a minor party candidate based on his 5.08 percent showing as the candidate of the American party, rather than his 13.5 percent overall showing. Clearly, he should be entitled to use the higher figure, and the pending amendment would accomplish that goal.

Mr. President, I ask unanimous consent that two tables prepared by the Library of Congress, illustrating the votes received by Governor Wallace in 1968, may be printed in the RECORD.

Mr. President, I would note that the effect of the pending amendment is to restore the operation of the formula in the existing dollar checkoff law, enacted in 1971, which now allows minor party candidates to accumulate their votes in the preceding election. I believe that this is the intent of the formula in S. 3044, and I hope the Senate will accept the amendment Senator HUGH SCOTT and I are offering.

ANALYSIS OF VOTES CAST FOR GEORGE C. WALLACE IN THE PRESIDENTIAL ELECTION OF 1968 UNDER VARIOUS PARTY LABELS

Party	Number of States	Number of votes	Percent Wallace vote	Percent total vote
Democratic Party	1	691,425	6.97	0.94
Independent Party	9	1,320,872	13.33	1.80
American Independent Party	13	2,459,735	24.82	3.35
American Party	16	3,721,747	37.56	5.08
George Wallace Party	7	1,228,799	12.40	1.67
Conservative Party	1	88,921	.89	.12
Independent American Party	1	20,432	.20	.02
Courage Party	1	358,864	3.62	.49
George Wallace Independent Party	1	15,678	.15	.02
Total	[1] 50	9,906,473	100.00	13.49

[1] Wallace was not on the ballot in the District of Columbia.

Note: Items may not add to totals because of rounding.

NUMBER OF VOTES RECEIVED BY GEORGE C. WALLACE IN THE PRESIDENTIAL ELECTION OF 1968 UNDER VARIOUS PARTY LABELS, BY STATE

Democratic Party (one State)

Alabama	691,425

Independent Party (9 States)

Alaska	10,024
Illinois	390,958
Massachusetts	87,088
Mississippi	415,349
Oregon	49,683
South Carolina	215,430
South Dakota	13,400
Wisconsin	127,835
Wyoming	11,105
Total vote for Wallace under Independent Party label	1,320,872

American Independent Party (13 States)

Arizona	46,573
California	487,270
Colorado	60,813
Hawaii	3,469
Idaho	36,541
Iowa	66,422
Michigan	331,968
Missouri	206,126
New Mexico	25,737
Ohio	467,495
Pennsylvania	378,582
Utah	26,906
Virginia	321,833
Total vote for Wallace under American Independent Party label	2,459,735

American Party (16 States)

Arkansas	240,982
Delaware	28,459
Georgia	535,550
Kentucky	193,098
Louisiana	530,300
Maryland	178,734
Minnesota	68,931
Montana	20,015
Nebraska	44,904
North Carolina	496,188
North Dakota	14,244
Oklahoma	191,731
Tennessee	424,792
Texas	584,269
Washington	96,990
West Virginia	72,560
Total vote for Wallace under American Party label	3,721,747

George Wallace Party (7 States)

Connecticut	76,650
Florida	624,207
Indiana	243,108
Maine	6,370
New Hampshire	11,173
New Jersey	262,187
Vermont	5,104
Total vote for Wallace under George Wallace Party label	1,228,799

Conservative Party (1 State)

Kansas	88,921

Independent American Party (1 State)

Nevada	20,432

Courage Party (1 State)

New York	358,864

George Wallace Independent Party (1 State)

Rhode Island	15,678

Mr. CANNON. Mr. President, I yield myself 30 seconds.

I have discussed the amendment with the sponsor of the amendment and the ranking minority member of the committee, and we are prepared to accept the amendment.

I yield back the remainder of my time.

Mr. KENNEDY. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. BROCK.) All remaining time having been yielded back, the question is on agreeing to the amendment (No. 1093) of the Senator from Massachusetts (Mr. KENNEDY).

The amendment was agreed to.

Mr. DOMINICK. Mr. President, I have often expressed my deep concern about the crisis of confidence in our leadership and the deep sense of frustration and distrust toward our entire Government which has pervaded the mail I have received from Coloradans over the past year.

No government can survive without the confidence and support of the people. Ours has survived because each American has believed elections presented an opportunity for all citizens, candidates and parties to present their ideas fairly and honestly, and to have their views judged by the public.

Recent events have raised serious doubts in the minds of many Americans that this principle is being respected. The resulting crisis of confidence, therefore, goes to the core—the very survival—of our system of government. Out of this concern that we must take whatever action is necessary to restore the confidence of the American people in its leadership and Government, last July the Senate passed—and I voted for—the Federal Election Campaign Act of 1973, which provided for numerous needed reforms of election campaigns.

This act of 1973 represented a comprehensive campaign reform bill which required full identification of contributions, annual financial disclosure reports by Members of Congress and candidates. It also limits total expenditures in primary and general elections for Federal offices, individual contributions to candidates, and cash contributions and expenditures.

During consideration of the Federal Election Campaign Act of 1973, proponents of Federal subsidization of campaigns—so-called public financing—failed in their efforts to insert Federal subsidization provisions in the act. In December they failed to attach such provisions to the bill raising the debt limit, but did extract a promise from the Senate Rules Committee that it would report a bill on Federal subsidization. This bill is before us now. Title I contains provisions for Federal campaign subsidies in primary and general election campaigns for Federal offices. The other sections of this bill are similar to the provisions of the Federal Election Campaign Act of 1973 as it passed the Senate.

I support reform and have consistently voted for it. I am against—irrevocably against—efforts to establish a Federal financing system as proposed in title I of this bill.

I believe Federal subsidization represents a step backward in our efforts to restore the confidence of the American people in their system.

Giving taxpayers' money to politicians to run for election can only reduce further whatever confidence Americans retain in their political leadership and institutions. Taking away from the individual the decision as to whom their money will go excludes the individual from a vital part of the political process and reduces the voters' involvement, participation and commitment to candidates and parties. Reducing the dependence of candidates and elected officials upon the rank and file of their party and upon the individual citizen voter will insulate representatives further from individual taxpayers who will be, nonetheless, paying their campaign bills.

Federal subsidies would not only limit an individual's right to spend money to express his preferences and views, but they would also require that the individual's tax money go to someone whose views he opposes, as well as restricting the freedom of those who wouldn't want to support any candidate.

With one Senator elected as an independent and another as a third-party candidate currently sitting with us in the Senate, and a growing bloc of voters who regard themselves as "independents," legislation must treat independent candidates and minor or third parties fairly. Yet assuring independent voices and movements a fair hearing runs the risk of subsidizing frivolous and publicity-seeking campaigns. There would be no quicker way to discredit subsidization and the whole political process. Any legislation setting standards would inevitably discriminate against some individuals and movements and abridge the freedom of individuals to speak out and run for office.

It is equally difficult, if not impossible, to design regulations which apply to primaries, which in many States are more important than general elections. The bill before us does not even attempt to wrestle with other than Presidential primaries. In legislating how money will be distributed, the law can either strengthen a party organization's hold over candidates by channeling money through the parties, or increase the independence of candidates from parties. This is an inappropriate area to legislate, especially given the traditional flexibility and variety of this relationship and the growing numbers of independent voters.

The role of volunteer workers and of nonpartisan groups who work in the political arena is a Pandora's box of legal and constitutional issues whose lid has already been tilted ajar by existing legislation and which would be thrown wide open by Federal subsidization.

We are not going to encourage public participation and confidence in politics by reaching into taxpayers' pockets to finance election campaigns. The experience of the past decade should have taught that the solution of pouring Federal money—the tax money of the individual—on a problem and adding complex Federal regulations and a government bureaucracy, has never resolved any problem and in alleviating some symptoms has usually created more ills.

At a minimum we should give the 1971 and 1973 reforms a full trial. We should not be swept up by the hysteria of the current Watergate environment that we enact unnecessary and dangerous legislation on so-called public financing. The resultant loss of individual freedom and rights, and the extension of the dead hand of Federal bureaucracy and regulation would serve only to throttle further confidence of American citizens in the responsiveness and integrity of our system of government. To adopt "public financing" would be the ultimate evil legacy of the Watergate era.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

Mr. ALLEN. Mr. President, apparently there are no further amendments to be offered. That is correct, is it not?

Mr. MANSFIELD. As far as we know. Until third reading is achieved, we do not know.

Mr. ALLEN. Since all the amendments have been offered that Senators plan to offer, and since this matter has been under serious discussion under efforts to amend the bill—some of which have been very helpful, some not so helpful; since there is considerable confusion about just what the bill does provide; since there is a body of opinion in the Senate that a big mistake is being made, though I do not subscribe to that view, in not opening the general elections up to matching as well—there was an amendment offered by the distinguished Senator from Illinois (Mr. STEVENSON), the distinguished Senator from Minnesota (Mr. HUMPHREY), the distinguished Senator from New Mexico (Mr. DOMENICI), the distinguished Senator from Ohio (Mr. TAFT), the distinguished Senator from California (Mr. CRANSTON), the distinguished Senator from Minnesota (Mr. MONDALE), and the distinguished Senator from Maryland (Mr. BEALL) that would have set up a formula that would have permitted and, in fact, to get the full amount available could very well have required matching in general elections; I believe they had a formula of 25-percent advance Federal matching in House and Senate races, and then 50–50 the rest of the way, and in Presidential elections a 40-percent advance Federal subsidy, and then 50–50 the rest of the way—and since there are a number of other items in the bill that can be improved upon if this bill were to have further consideration by the Rules Committee; and in view of the fact that there are already bills over in the House that they have not yet digested, I am just wondering if we would serve the part of wisdom to send them another bill which, by the way, is 180 degrees different from the bill we sent them in July, that being S. 372, which does not provide for any Federal subsidies whatsoever.

So I wonder if it might not be well to send this bill back to committee for a little more of the baking process.

Mr. GRIFFIN. Mr. President, will the Senator yield to me for an inquiry?

Mr. ALLEN. I yield.

Mr. GRIFFIN. In the light of the explanation made by the distinguished Senator from Alabama that one of these amendments that would have required matching in the general election has been adopted, then, of course, the bill as it now is about to be voted on provides for full Federal taxpayer financing in the general election; is that the Senator's understanding?

Mr. ALLEN. Yes, that is true, except that there is available the option to participate in the Federal subsidy or not. If the candidate wants 100 percent Federal subsidy, he can get it. If he wants to get a little bit from the private sector, that comes off his public subsidy and, obviously, would not be resorted to.

Mr. GRIFFIN. In view of the rejection of that effort by Senator STEVENSON and others, and in view of the rejection of the amendment offered by Senator DOLE the other day, I wonder whether the Senator would agree with me that it is going to be a rather strange situation, if this bill should become law, because the requirements we now have under present law say that when a TV advertisement goes on the air promoting the candidacy of a particular campaign, there must be, in prominent letters and sound, what they call a disclaimer, "Paid for by the Committee on So-and-So."

Would it not be false and fraudulent advertising if all of that money was actually coming out of the U.S. Treasury? Would there be some kind of action that citizen consumer groups, and so forth, or someone else could take to the FCC, because here, on the one hand, they would be saying the cost was paid for by the committee of candidate Jones, but really it is all being paid for by the taxpayers. Is that the situation we would have?

Mr. ALLEN. I see the point of the distinguished Senator from Michigan and I agree with it. I would assume, however, that the public subsidy would go to the candidate or his committee and, in a sense, would be laundered by the committee.

Mr. GRIFFIN. Laundered?

Mr. ALLEN. So it probably would be a correct statement that the money, which is public money, having been laundered by the committee and used by the committee, it might be, then, that it would be an accurate statement to say it was paid for by the committee.

Mr. GRIFFIN. Does the Senator suppose that the laundering will then be described in some segment of the media as being campaign reform?

Mr. ALLEN. This is campaign reform.

Mr. GRIFFIN. I thank the Senator. I will certainly join him in supporting his motion to recommit the bill.

Mr. ALLEN. Mr. President, it is the intention of the Senator from Alabama to make a motion to recommit. Since that motion is debatable, the Senator from Alabama will, at this time, move that the bill be now recommitted to the Committee on Rules and Administration for further study.

Mr. AIKEN. Mr. President, may I just ask a question. In the laundering of this money by the committee, does the Senator from Alabama believe that a lot of soap would be used?

Mr. ALLEN. Yes, soft soap. [Laughter.]

Mr. ALLEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CANNON. Mr. President, I yield back whatever time I have.

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

The PRESIDING OFFICER (Mr. BROCK). All time has now been yielded back.

The question is on agreeing to the motion of the Senator from Alabama (Mr. ALLEN) to recommit the bill, S. 3044, to the Committee on Rules and Administration.

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 Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), the Senator from Ohio (Mr. METZENBAUM), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that the Senator from Alabama (Mr. SPARKMAN) is absent on official business.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I also announce that the Senator from Virginia (Mr. WILLIAM L. SCOTT) is absent on official business.

The result was announced—yeas 35, nays 53, as follows:

[No. 145 Leg.]

YEAS—35

Aiken	Curtis	McClellan
Allen	Dole	McClure
Baker	Dominick	Metcalf
Bartlett	Eastland	Nunn
Beall	Ervin	Roth
Bellmon	Fannin	Stennis
Bennett	Griffin	Stevenson
Brock	Gurney	Taft
Buckley	Hansen	Talmadge
Byrd, Harry F., Jr.	Helms	Thurmond
Cotton	Hruska	Tower
	Johnston	Weicker

NAYS—53

Abourezk	Hartke	Muskie
Bayh	Haskell	Nelson
Bentsen	Hatfield	Packwood
Bible	Hathaway	Pastore
Biden	Huddleston	Pearson
Brooke	Hughes	Pell
Burdick	Humphrey	Percy
Byrd, Robert C.	Jackson	Proxmire
Cannon	Javits	Ribicoff
Case	Kennedy	Schweiker
Chiles	Magnuson	Scott, Hugh
Clark	Mansfield	Stafford
Cook	Mathias	Stevens
Cranston	McGovern	Symington
Domenici	McIntyre	Tunney
Eagleton	Mondale	Williams
Gravel	Montoya	Young
Hart	Moss	

NOT VOTING—12

Church	Inouye	Scott, William L.
Fong	Long	Sparkman
Fulbright	McGee	
Goldwater	Metzenbaum	
Hollings	Randolph	

So the motion of the Senator from Alabama (Mr. ALLEN) to recommit the bill (S. 3044) to the Committee on Rules and Administration was rejected.

Mr. ROBERT C. BYRD. Mr. President, I think it would be outrageous to saddle the taxpayers of this country with the price tag of financing the campaigns of

Members of Congress. The public campaign financing bill now before the Senate would provide up to $90,000 out of the Public Treasury for any candidate for the House of Representatives in the general election and as high as $2 million for some candidates for the U.S. Senate in the general election.

At a time when so much money is needed to wage the war on cancer, at a time when many persons in this country cannot afford the high cost of medical care, and when I think of people who are dying in this country because they cannot get a kidney dialysis, it is obvious to me that we should not dig into the taxpayers' money to finance the elections of those of us who run for the House and Senate. I do not think the taxpayers ought to have to pay this price tag, and I shall vote against the bill.

Mr. PELL. Mr. President, as chairman of the Senate Subcommittee on Privileges and Elections and as the sponsor of the bill which formed the basis of our deliberations on public financing; I am delighted with its passage by the Senate.

The bill's basic and significant provisions have survived over strong opposition. We have expressed the will of our people weary at election abuses and frustrated by the scandalous influence of special interests. We have given back to the individual voter his rightful authority, and we have strengthened our democracy.

Mr. STEVENSON. Mr. President, for more than a decade, in and out of public office, I have worked for campaign finance reform. It is, therefore, with reluctance that I express my reasons for voting against this bill.

Most of the provisions in the bill have already been approved by the Senate and sent, in one form or another, to the House. They include limits on individual and committee contributions to campaigns for Federal office, a $25,000-limit on contributions of an individual to all Federal campaigns, ceilings on amounts which can be expended in Federal campaigns, a limit on cash contributions and independent enforcement of campaign finance laws. Among the provisions of the bill as passed by the Senate were many that I either coauthored in bills or brought up on the Senate floor as amendments.

The bill before us adds little, except provisions for public financing of Federal campaigns.

I believe in partial public financing of general election campaigns, and in fact introduced a bill for public financing. The bill before us provides for public financing of primaries, as well as general elections, and upon the easiest and most generous terms. The result of public financing in primaries will be to encourage the favorite son, regional and dark horse candidates, the insincere and the adventurers in our politics, too. What we must do is drive from our politics the large contributions, but not fragment our parties any further. The moneys made available from the Public Treasury by this bill for the financing of primaries will invite a proliferation of candidacies and with little regard to the legitimacy of the candidates' claim upon the public attention. It will invite high-pressured advertising, voter confusion, and will make it even more difficult for a serious candidate of the majority to win the nomination of a major party.

It would be wiser to act with less zeal and more prudence and defer this dangerous experiment until such time as public financing has enjoyed some experience in general election campaigns. We could, in an excess of recent enthusiasm, "reform" our two-party system out of existence by financing the candidacies of virtually all comers in primary campaigns for Presidency and the Congress.

From the beginning I have supported partial public financing of general elections campaigns.

When 100-percent public financing was proposed last fall in the Kennedy-Scott amendment to the debt limit bill, I testified in the Finance Committee in support of partial public financing. When the Kennedy-Scott amendment was considered on the floor in late November, I offered an amendment reducing the lump-sum subsidy from 100 percent to 50 percent. My amendment was narrowly defeated. Tuesday, with Senators TAFT, DOMENICI, CRANSTON, HUMPHREY, and MONDALE, I offered another partial public financing amendment. That amendment provided for a maximum of 70-percent public financing in Presidential elections and 62.5-percent public financing in congressional elections. Senator KENNEDY offered an amendment to mine which restored 100-percent public financing in Presidential general election campaigns. His amendment was adopted by a margin of one vote. Then he offered an amendment to increase public financing in congressional campaigns to 75 percent, and it failed by a margin of three votes. Obviously the Senate is closely divided on the issue of partial versus total public financing. But the Senate voted to table the remains of my amendment. The effect of that lopsided vote was to restore 100-percent public financing for both Presidential and congressional general election campaigns.

It has been said that my amendment improved the bill too much and that the vote then for total public financing sounded the death knell for any public financing. Whether or not that is true, the votes on the two Kennedy amendments provide a good measure of the Senate's true position on the question of partial versus total public financing. The Senate has grave reservations about 100-percent public financing. Those reservations are not reflected in this bill.

This bill provides for 100-percent financing from the Treasury. It permits the candidate to opt for private financing, but few would do so except for the doubtful purpose of waging a demogogic battle against those who dip into the public trough for their campaign funds. It would be tempting for some to wage that kind of campaign and with the public distrust of politics running strong, some might succeed against the publicly financed candidate. Making private financing optional thus weakens this bill. At best, it invites private money back in. At worst, it invites private money back in for demagogic purposes.

Most candidates, given a chance to collect $16 million from the Treasury as a Presidential candidate, or $800,000 as a Senate candidate in Illinois, would opt for public financing. Our debate has overlooked the enormous savings in fundraising expenses made possible by public financing. A $1 million grant from the Treasury may save the candidate another $100,000 or more in fundraising expense. And that is all to the good—but it means that few legitimate candidates would opt on these terms for private financing, especially with individual contributions limited to $1,500. Once a candidate opts for public financing, no one can give so much as a nickel to his support.

And that, Mr. President, is what causes me—reluctantly—to vote against this bill. No member of the Senate is more determined to rid our politics of the corrupting influence of large contributions. The amendment I offered would have done so and at the same time permitted small contributions by individuals to the candidates of their choice. It provided for partial public financing of Presidential and congressional general election campaigns and partial private financing from contributions of $3,000 or less in the case of individuals and $6,000 or less in the case of committees. The purpose of public financing is to eliminate the large, potential corrupting contributions, not the innocent small contributions.

Because most, if not all, candidates will be unable to resist the lure of 100-percent public financing, this bill would effectively eliminate small contributions. It will place a premium on the arts and artifices of Madison Avenue. The electorate could be misled by the high-priced hucksters as never before. Minority candidates will have a chance to succeed as never before. The fragmentation of the parties will follow. I fear for the continued existence of our two-party system should this bill, in its present form, become law.

I fear the consequences of such public largess. Candidates ought to be compelled, day in and day out, to listen to their constituents and solicit their favor. They ought to be forced to go out and seek—from housewives, teachers, businessmen, and farmers—small contributions. The Government is too far removed already from the people, the arts of the advertisers are too seductive already. We ought to sanitize our politics—not, with some belated enthusiasm for "reform," sterilize it.

This bill implicitly distrusts the people and their good sense. I think most people take their Government seriously. They want to be a part of it, and with rising levels of education and dissatisfaction with politics as usual, they will increasingly demand a voice in the electoral process. They want to feel that they can make a difference. They want, and rightly so, to contribute to the candidates of their choice. This bill would cut the money out—and that is to the good—but it would also cut the people out—and

that is terrible. There is nothing inherently corrupting about a 3 cents, $3, $300, or, for that matter, a $3,000 contribution. This bill says the citizen can contribute nothing to the candidate of his choice—work for him, yes, spend up to $1,000 in advertising of his own buying, yes—but to give him $5 or $1,000, no—because to do so, this bill implies, might corrupt a candidate for President of the United States or the Congress.

On the face of it that makes no sense. It is downright wrong.

This bill not only eliminates a meaningful form of participation by people in their Government, it also drives up the costs to the Treasury and the taxpayer.

It is more than most people will tolerate. They are willing to pay the necessary price for the elimination of the big contributions—but no more. This bill will be perceived as yet another transgression by the politician. After all, what reason is there for 100-percent public financing when 60 or 70 percent would eliminate the large contributions by the rich and the powerful and preserve the innocent contributions of the small and the weak—those who only want to serve their party and their country and have a voice.

Some "reform" groups opposed my amendment strenuously. And now they resent the obstinacy of myself, Senator HUMPHREY, and others who stood by their convictions and refused to knuckle under. If more of these well-intentioned individuals had ever sought election to public office, they might be more understanding of the decencies of the people and the innocence of participation by small contributors. They might understand the revulsion I feel as a candidate at the prospect of waiting to receive a check from the U.S. Treasury for $900,000. I do not need anywhere near that much public money to wage a successful campaign if I can continue to accept small private contributions.

The goal of reform, as I see it, is the removal of influences which cause public officials to lose their impartiality. The goal goes beyond that to seek the elimination of any appearance of impropriety. The appearance of impropriety can erode public confidence as effectively as its actuality.

The most corrupting influence in our politics is a system of campaign financing which permits wealthy groups and individuals to acquire undue influence by making large campaign contributions. I think this Congress is quite prepared to eliminate that influence—and any appearance of it—but not by itself appearing to wallow in the public trough. This bill could do more to undermine public confidence in the integrity of our political institutions than an unreconstructed system of private financing. The people will not take kindly to a law which effectively compels taxpayer financing of all the costs of political campaigns when for a lesser sum the evils of large contributions could be eliminated.

The Congress will be a more perfect instrument of popular self-government if Members of Congress are free to represent all their constituents, contributors and noncontributors alike, as best they can. There is only one institution which represents the people, and that is the Congress of the United States. It follows that the goal of reform will not be achieved unless we and only we do the legislating.

I say this with sadness because I have sought for a long time to eliminate the evils of money from politics. But I cannot be true to political reform and vote for the public financing provisions of this bill. In its other major particulars it has already been approved by the Senate and awaits action by the House. That being the case, there is no reason to vote for it. I must vote against it and urge my colleagues to do likewise. It would be wiser to start anew with another bill, one that can deserve and attract public support, win passage in the Congress and approval by the President and the courts.

Mr. DOMENICI. Mr. President, I am firmly committed to effective election reform. To be effective in reforming our election procedures, we must follow a comprehensive approach since it does no good to simply plug up some existing loopholes and leave or create others. In other words, we should not be satisfied with replacing an obviously deficient system with one which may be as weak.

My commitment to comprehensive improvement leads me to conclude that public financing is required to achieve the fundamental objectives of limited contributions and limited spending, both of which must be strictly enforced and completely disclosed. I therefore support the principle of helping to finance certain Federal elections through the use of public funds and committed myself to support S. 3044 if it had that effect.

After these long weeks of debate and seemingly endless manuvering, I have decided that I can support the bill on final passage despite what I view as glaring deficiencies.

There is no question that the bill contains many improvements over existing procedures. Spending and contribution limitations and full disclosure, although contained in other pending legislation, are significant improvements which must be supported.

Feeling as I do that public financing is a means to an end—election reform—rather than an end in itself, I am afraid that we have put more emphasis on public financing than its actual contribution to election reform would justify.

It appears to me that by this bill we have embraced public financing as a possible cure-all by providing that any candidate in congressional or Presidential general elections can receive 100 percent of the specified spending limit from public funds. To me there is nothing magic in money which has its source with the public rather than individuals or groups. Yet there is, Mr. President, something detrimental in discouraging people to put their financial support behind a candidate in the form of small contributions just as there is in relieving candidates of any inducement to present the merits of his candidacy to try to get those small contributions.

During the hours of debate I pointed out these deficiencies as did many of my colleagues. Senators STEVENSON and TAFT and I introduced and brought to the floor amendments designed to put public financing in its true perspective as a tool of election reform. We were, unfortunately, narrowly unsuccessful.

The end result of these inflexible attitudes is 100-percent public financing at the option of candidates in general elections which has the deficiencies I have previously mentioned.

Regarding primaries, Mr. President, I am not yet convinced that the public interest is actually served by allowing public financing with such a low-threshold requirement. In addition, abuse of public funding for both primary and general elections when neither has received public financing previously is not only possible but, in my opinion, highly probable. We should have been satisfied to test public financing in general elections before extending it to primary elections. Alternatively we could have limited our first venture into this complicated field to either congressional or Presidential elections instead of flying headlong into large-scale public financing of all primaries and total public financing of all general elections.

So, Mr. President, I am convinced that we are attempting to fly before we have even learned to walk and I am afraid the results will be at best, disappointing, and at the worst, disastrous. In spite of these misgivings I have concluded we would be better off trying to fly than mired down with our present system which has come to be so distrusted by so many concerned Americans. I cannot in good conscience vote for the status quo. Consequently, Mr. President, I will vote in support of final passage of S. 3044 and hope the remainder of the legislative process will correct some of the deficiencies I have outlined.

Mr. PERCY. Mr. President, earlier in the debate on S . 3044, title V was deleted from the bill as it dealt with amendments to the Tax Code which must come from the Finance Committee.

One of the provisions thus deleted was to double the currently allowable tax credits and tax deductions for political contributions—from $12.50 to $25 in the case of tax credits and from $50 to $100 in the case of tax deductions.

Mr. President, I understand why these provisions had to be deleted from the bill, but I feel strongly that such provisions should be enacted into law.

I have a bill pending before the Finance Committee to double tax credits and tax deductions for political contributions, and I have the intention to offer this bill as an amendment to the next appropriate bill reported from the Finance Committee.

I feel that we should take steps to encourage political contributions from a larger number of people, and doubling tax credits and tax deductions for political contributions should accomplish this end.

Mr. TAFT. Mr. President, during the debate on S. 3044, there were several votes I missed upon which I would like my constituents and others to know my position.

I would have voted yea on Baker amendment No. 1075, to forbid contribu-

tions within 10 days of an election and require contribution reports 5 days before the election; yea on the Allen unprinted amendment of April 4 to lower the maximum permissible private contribution to $1,000 for congressional races and $2,000 for Presidential races; yea on the Humphrey amendment No. 1150 to make election day a natitonal holiday; and nay on the Dole April 8 unprinted amendment to require identification of political advertisements partially or fully supported by public funds.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CANNON. Mr. President, I ask for third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

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

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill 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. STENNIS (after having voted in the negative). On this vote, I have a pair with the Senator from West Virginia (Mr. RANDOLPH). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), the Senator from Ohio (Mr. METZENBAUM), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Missouri (Mr. SYMINGTON) are necessarily abent.

I further announce that the Senator from Virginia (Mr. HARRY F. BYRD, JR.) and the Senator from Alabama (Mr. SPARKMAN) are absent on official business.

I further announce that, if present and voting, the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), and the Senator from Missouri (Mr. SYMINGTON) would each vote "yea."

On this vote, the Senator from Ohio (Mr. METZENBAUM) is paired with the Senator from Virginia (Mr. HARRY F. BYRD, JR.).

If present and voting, the Senator from Ohio would vote "yea" and the Senator from Virginia would vote "nay."

On this vote, the Senator from Idaho (Mr. CHURCH) is paired with the Senator from South Carolina (Mr. HOLLINGS).

If present and voting, the Senator from Idaho would vote "yea" and the Senator from South Carolina would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. FONG) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I also announce that the Senator from Virginia (Mr. WILLIAM L. SCOTT) is absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The result was announced—yeas 53, nays 32, as follows:

[No. 146 Leg.]

YEAS—53

Abourezk	Hartke	Moss
Bayh	Haskell	Muskie
Beall	Hatfield	Nelson
Bentsen	Hathaway	Packwood
Bible	Huddleston	Pastore
Biden	Hughes	Pearson
Brooke	Humphrey	Pell
Burdick	Jackson	Percy
Cannon	Javits	Proxmire
Case	Kennedy	Ribicoff
Chiles	Magnuson	Schweiker
Clark	Mansfield	Scott, Hugh
Cranston	Mathias	Stafford
Domenici	McGovern	Stevens
Eagleton	McIntyre	Tunney
Gravel	Metcalf	Williams
Gurney	Mondale	Young
Hart	Montoya	

NAYS—32

Aiken	Curtis	McClellan
Allen	Dole	McClure
Baker	Dominick	Nunn
Bartlett	Eastland	Roth
Bellmon	Ervin	Stevenson
Bennett	Fannin	Taft
Brock	Griffin	Talmadge
Buckley	Hansen	Thurmond
Byrd, Robert C.	Helms	Tower
Cook	Hruska	Weicker
Cotton	Johnston	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Stennis, against.

NOT VOTING—14

Byrd, Harry F., Jr.	Hollings	Scott, William L.
Church	Inouye	Sparkman
Fong	Long	Symington
Fulbright	McGee	
Goldwater	Metzenbaum	
	Randolph	

So the bill (S. 3044) was passed, as follows:

S. 3044

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 Election Campaign Act Amendments of 1974".

TITLE I—FINANCING OF FEDERAL CAMPAIGNS

PUBLIC FINANCING PROVISIONS

SEC. 101. The Federal Election Campaign Act of 1971 is amended by adding at the end thereof the following new title:

"TITLE V—PUBLIC FINANCING OF FEDERAL ELECTION CAMPAIGNS

"DEFINITIONS

"SEC. 501. For purposes of this title, the term—

"(1) 'candidate', 'Commission', 'contribution', 'expenditure', 'national committee', 'political committee', 'political party', or 'State' has the meaning given it in section 301 of this Act;

"(2) 'authorized committee' means the central campaign committee of a candidate (under section 310 of this Act) or any political committee authorized in writing by that candidate to make or receive contributions or to make expenditures on his behalf;

"(3) 'Federal office' means the office of President, Senator, or Representative;

"(4) 'Representative' means a Member of the House of Representatives, the Resident Commissioner from the Commonwealth of Puerto Rico, and the Delegates from the District of Columbia, Guam, and the Virgin Islands;

"(5) 'general election' means any regularly scheduled or special election held for the purpose of electing a candidate to Federal office or for the purpose of electing presidential and vice presidential electors;

"(6) 'primary election' means (A) an election, including a runoff election, held for the nomination by a political party of a candidate for election to Federal office, (B) a convention or caucus of a political party held for the nomination of such candidate, (C) a convention, caucus, or election held for the selection of delegates to a national nominating convention of a political party, and (D) an election held for the expression of a preference for the nomination by a political party of persons for election to the office of President;

"(7) 'eligible candidate' means a candidate who is eligible, under section 502, for payments under this title;

"(8) 'major party' means, with respect to an election for any Federal office—

"(A) a political party whose candidate for election to that office in the preceding general election for that office received, as the candidate of that party, 25 percent or more of the total number of votes cast in that election for all candidates for that office, or

"(B) if only one political party qualifies as a major party under the provisions of subparagraph (A), the political party whose candidate for election to that office in that election received, as the candidate of that party, the second greatest number of votes cast in that election for all candidates for that office (if such number is equal to 15 percent or more of the total number of votes cast in that election for all candidates for that office, and if, in a State which registers voters by party, that said party's registration in such State or district is equal to 15 per centum or more of the total voter registration in said State or district);

"(9) 'minor party' means, with respect to an election for a Federal office, a political party whose candidate for election to that office in the preceding general election for that office received, as the candidate of that party, at least 5 percent but less than 25 percent of the total number of votes cast in that election for all candidates for that office; and

"(10) 'fund' means the Federal Election Campaign Fund established under section 506(a).

"ELIGIBILITY FOR PAYMENTS

"SEC. 502. (a) To be eligible to receive payments under this title, a candidate shall agree—

"(1) to obtain and to furnish to the Commission any evidence it may request about his campaign expenditures and contributions;

"(2) to keep and to furnish to the Commission any records, books, and other information it may request;

"(3) to an audit and examination by the Commission under section 507 and to pay any amounts required under section 507; and

"(4) to furnish statements of expenditures and proposed expenditures required under section 508.

"(b) Every such candidate shall certify to the Commission that—

"(1) the candidate and his authorized committees will not make campaign expenditures greater than the limitations in section 504; and

"(2) no contributions will be accepted by

the candidate or his authorized committees in violation of section 615(b) of title 18, United States Code.

"(c)(1) To be eligible to receive any payments under section 506 for use in connection with his primary election campaign, a candidate shall certify to the Commission that—

"(A) he is seeking nomination by a political party for election as a Representative and he and his authorized committees have received contributions for that campaign of more than $10,000;

"(B) he is seeking nomination by a political party for election to the Senate and he and his authorized committees have received contributions for that campaign equal in amount to the lesser of—

"(i) 20 percent of the maximum amount he may spend in connection with his primary election campaign under section 504(a)(1); or

"(ii) $125,000; or

"(C) he is seeking nomination by a political party for election to the office of President and he and his authorized committees have received contributions for his campaign throughout the United States in a total amount of more than $250,000, with not less than $5,000 in matchable contributions having been received from legal residents of each of at least twenty States.

"(2) To be eligible to receive any payments under section 506 for use in connection with a primary runoff election campaign, a candidate shall certify to the Commission that he is seeking nomination by a political party for election as a Representative or as a Senator, and that he is a candidate for such nomination in a runoff primary election. Such a candidate is not required to receive any minimum amount of contributions before receiving payments under this title.

"(d) To be eligible to receive any payments under section 506 in connection with his general election campaign, a candidate must certify to the Commission that—

"(1) he is the nominee of a major or minor party for election to Federal office; or

"(2) in the case of any other candidate, he is seeking election to Federal office and he and his authorized committees have received contributions for that campaign in a total amount of not less than the campaign fund required under subsection (c) of a candidate for nomination for election to that office, determined in accordance with the provisions of subsection (e) (disregarding the words 'for nomination' in paragraph (2) of such subsection and substituting the words 'general election' for 'primary election' in paragraphs (2) and (3) of such subsection).

"(e) In determining the amount of contributions received by a candidate and his authorized committees for purposes of subsection (c) and for purposes of subsection (d)(2)—

"(1) no contribution received by the candidate or any of his authorized committees as a subscription, loan, advance, or deposit, or as a contribution of products or services, shall be taken into account;

"(2) in the case of a candidate for nomination for election to the office of President, no contribution from any person shall be taken into account to the extent that it exceeds $250 when added to the amount of all other contributions made by that person to or for the benefit of that candidate in connection with his primary election campaign; and

"(3) in the case of any other candidate, no contribution from any person shall be taken into account to the extent that it exceeds $100 when added to the amount of all other contributions made by that person to or for the benefit of that candidate in connection with his primary election campaign.

"(f) Agreements and certifications under this section shall be filed with the Commission at the time required by the Commission.

"ENTITLEMENT TO PAYMENTS

"SEC. 503. (a)(1) Every eligible candidate is entitled to payments in connection with his primary election campaign in an amount which is equal to the amount of contributions received by that candidate or his authorized committees, except that no contribution received as a subscription, loan, advance, or deposit, or as a contribution of products or services, shall be taken into account.

"(2) For purposes of paragraph (1)—

"(A) in the case of a candidate for nomination for election to the office of President, no contribution from any person shall be taken into account to the extent that it exceeds $250 when added to the amount of all other contributions made by that person to or for the benefit of that candidate for his primary election campaign; and

"(B) in the case of any other candidate for nomination for election to Federal office, no contribution from any person shall be taken into account to the extent that it exceeds $100 when added to the amount of all other contributions made by that person to or for the benefit of that candidate for his primary election campaign.

"(b)(1) Every eligible candidate who is nominated by a major party is entitled to payments for use in his general election campaign in an amount which is equal to the amount of expenditures the candidate may make in connection with that campaign under section 504.

"(2) Every eligible candidate who is nominated by a minor party is entitled to payments for use in his general election campaign in an amount equal to the greater of—

"(A) an amount which bears the same ratio to the amount of payments to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by the candidate of that minor party for that office in the preceding general election bears to the average number of popular votes received by the candidates of major parties for that office in the preceding general election; or

"(B) an amount which bears the same ratio to the amount of payments to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by that eligible candidate as a candidate for that office (other than votes he received as the candidate of a major party for that office) in the preceding general election bears to the average number of popular votes received by the candidates of major parties for that office in the preceding general election.

"(3)(A) A candidate who is eligible under section 502(d)(2) to receive payments under section 506 is entitled to payments for use in his general election campaign in an amount equal to the amount determined under subparagraph (B).

"(B) If a candidate whose entitlement is determined under this paragraph received, in the preceding general election held for the office to which he seeks election, 5 percent or more of the total number of votes cast for all candidates for that office, he is entitled to receive payments for use in his general election campaign in an amount (not in excess of the applicable limitation under section 504) equal to an amount which bears the same ratio to the amount of the payment under section 506 to which the nominee of a major party is entitled for use in his general election campaign for that office as the number of votes received by that candidate in the preceding general election for that office bears to the average number of votes cast in the preceding general election for all major party candidates for that office. The entitlement of a candidate for election to any Federal office who, in the preceding general election held for that office, was the candidate of a major or minor party shall not be determined under this paragraph.

"(4) An eligible candidate who is the nominee of a minor party or whose entitlement is determined under section 502(d)(2) and who receives 5 percent or more of the total number of votes cast in the current election, is entitled to payments under section 506 after the election for expenditures made or incurred in connection with his general election campaign in an amount (not in excess of the applicable limitation under section 504) equal to—

"(A) an amount which bears the same ratio to the amount of the payment under section 506 to which the nominee of a major party was or would have been entitled for use in his campaign for election to that office as the number of votes received by the candidate in that election bears to the average number of votes cast for all major party candidates for that office in that election, reduced by

"(B) any amount paid to the candidate under section 506 before the election.

"(5) In applying the provisions of this section to a candidate for election to the office of President—

"(A) votes cast for electors affiliated with a political party shall be considered to be cast for the Presidential candidate of that party, and

"(B) votes cast for electors publicly pledged to cast their electoral votes for a candidate shall be considered to be cast for that candidate.

"(c) Notwithstanding the provisions of subsections (a) and (b), no candidate is entitled to the payment of any amount under this section which, when added to the total amount of contributions received by him and his authorized committees and any other payments made to him under this title for his primary or general election campaign, exceeds the amount of the expenditure limitation applicable to him for that campaign under section 504.

"EXPENDITURE LIMITATIONS

"SEC. 504. (a)(1) Except to the extent that such amounts are changed under subsection (f)(2), no candidate (other than a candidate for nomination for election to the office of President) who receives payments under this title for use in his primary election campaign may make expenditures in connection with that campaign in excess of the greater of—

"(A) 8 cents multiplied by the voting age population (as certified under subsection (g)) of the geographical area in which the election for such nomination is held, or

"(B)(i) $125,000, if the Federal office sought is that of Senator, or Representative from a State which is entitled to only one Representative, or

"(ii) $90,000, if the Federal office sought is that of Representative from a State which is entitled to more than one Representative.

"(2)(A) No candidate for nomination for election to the office of President may make expenditures in any State in which he is a candidate in a primary election in excess of two times the amount which a candidate for nomination for election to the office of Senator from that State (or for nomination for election to the office of Delegate in the case of the District of Columbia, the Virgin Islands, or Guam, or to the office of Resident Commissioner in the case of Puerto Rico) may expend in that State in connection with his primary election campaign.

"(B) Notwithstanding the provisions of subparagraph (A), no such candidate may make expenditures throughout the United

States in connection with his campaign for that nomination in excess of an amount equal to ten cents multiplied by the voting age population of the Unted States. For purposes of this subparagraph, the term 'United States' means the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico, Guam, and the Virgin Islands and any area from which a delegate to the national nominating convention of a political party is selected.

"(b) Except to the extent that such amounts are changed under subsection (f)(2), no candidate who receives payments under this title for use in his general election campaign may make expenditures in connection with that campaign in excess of the greater of—

"(1) 12 cents multiplied by the voting age population (as certified under subsection (g)) of the geographical area in which the election is held, or

"(2)(A) $175,000, if the Federal office sought is that of Senator, or Representative from a State which is entitled to only one Representative, or

"(B) $90,000, if the Federal office sought is that of Representative from a State which is entitled to more than one Representative.

"(c) No candidate who is unopposed in a general election may make expenditures in connection with his general election campaign in excess of 10 percent of the limitation in subsection (b).

"(d) The Commissioner shall prescribe regulations under which any expenditure by a candidate for nomination for election to the office of President for use in two or more States shall be attributed to such candidate's expenditure limitation in each such State under subsection (a)(2)(A) of this section, based on the voting age population in such State which can reasonably be expected to be influenced by such expenditure.

"(e)(1) Expenditures made on behalf of any candidate are, for the purposes of this section, considered to be made by such candidate.

"(2) Expenditures made by or on behalf of any candidate for the office of Vice President of the United States are, for the purposes of this section, considered to be made by the candidate for the office of President of the United States with whom he is running.

"(3) For purposes of this subsection, an expenditure is made on behalf of a candidate, including a Vice Presidential candidate, if it is made by—

"(A) an authorized committee or any other agent of the candidate for the purposes of making any expenditure;

"(B) any person authorized or requested by the candidate, an authorized committee of the candidate, or an agent of the candidate to make the expenditure; or

"(C) a national or State committee of a political party in connection with a primary or general election campaign of that candidate, if such expenditure is in excess of the limitations of section 614(b) of title 18, United States Code.

"(4) For purposes of this section an expenditure made by the national committee of a political party, or by the State committee of a political party, in connection with the general election campaign of a candidate affiliated with that party which is not in excess of the limitations contained in section 614(b) of title 18, United States Code, is not considered to be an expenditure made on behalf of that candidate.

"(f)(1) For purposes of paragraph (2)—

"(A) 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics, and

"(B) 'base period' means the calendar year 1973.

"(2) At the begininng of each calendar year (commencing in 1975), as necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Commission and publish in the Federal Register the percentage difference between the price index for the twelve months preceding the beginning of such calendar year and the price index for the base period. Each amount determined under subsections (a) and (b) shall be changed by such percentage difference. Each amount so changed shall be the amount in effect for such calendar year.

"(g) During the first week of January, 1975, and every subsequent year, the Secretary of Commerce shall certify to the Commission and publish in the Federal Register an estimate of the voting age population of the United States, of each State, and of each congressional district as of the first day of July next preceding the date of certification. The term 'voting age population' means resident populaton, eighteen years of age or older.

"(h) Upon receiving the certification of the Secretary of Commerce and of the Secretary of Labor, the Commission shall publish in the Federal Register the applicable expenditure limitations in effect for the calendar year for the United States, and for each State and congressional district under this section.

"(i) In the case of a candidate who is campaigning for election to the House of Representatives from a district which has been established, or the boundaries of which have been altered, since the preceding general election for such office, the determination of the amount and the determination of whether the candidate is a major party candidate or a minor party candidate or is otherwise entitled to payments under this title shall be made by the Commission based upon the number of votes cast in the preceding general election for such office by voters residing within the area encompassed in the new or altered district.

"CERTIFICATIONS BY COMMISSION

"SEC. 505. (a) On the basis of the evidence, books, records, and information furnished by each candidate eligible to receive payments under section 506, and prior to examination and audit under section 507, the Commission shall certify from time to time to the Secretary of the Treasury for payment to each candidate the amount to which that candidate is entitled.

"(b) Initial certifications by the Commission under subsection (a), and all determinations made by it under this title, shall be final and conclusive, except to the extent that they are subject to examination and audit by the Commission under section 507 and judicial review under section 313.

"PAYMENTS TO ELIGIBLE CANDIDATES

"SEC. 506. (a) There is established within the Treasury a fund to be known as the Federal Election Campaign Fund. There are authorized to be appropriated to the fund amounts equal to the sum of the amounts designated by taxpayers under section 6096 of the Internal Revenue Code of 1954 not previously taken into account for purposes of this subsection, and such additional amounts as may be necessary to carry out the provisions of this title without any reduction under subsection (c). The moneys in the fund shall remain available without fiscal year limitation.

The Secretary of the Treasury may accept and credit to the fund money received in the form of a donation, gift, legacy, or bequest, or otherwise contributed to the fund.

"(b) Upon receipt of a certification from the Commission under section 505, the Secretary of the Treasury shall pay the amount certified by the Commission to the candidate to whom the certification relates.

"(c)(1) If the Secretary of the Treasury determines that the monies in the fund are not, or may not be, sufficient to pay the full amount of entitlement to all candidates eligible to receive payments, he shall reduce the amount to which each candidate is entitled under section 503 by a percentage equal to the percentage obtained by dividing (1) the amount of money remaining in the fund at the time of such determination by (2) the total amount which all candidates eligible to receive payments are entitled to receive under section 503. If additional candidates become eligible under section 502 after the Secretary determines there are insufficient monies in the fund, he shall make any further reductions in the amounts payable to all eligible candidates necessary to carry out the purposes of this subsection. The Secretary shall notify the Commission and each eligible candidate by registered mail of the reduction in the amount to which that candidate is entitled under section 503.

"(2) If, as a result of a reduction under this subsection in the amount to which an eligible candidate is entitled under section 503, payments have been made under this section in excess of the amount to which such candidate is entitled, that candidate is liable for repayment to the fund of the excess under procedures the Commission shall prescribe by regulation.

"(d) No payment shall be made under this title to any candidate for any campaign in connection with any election occurring before January 1, 1976.

"EXAMINATIONS AND AUDITS; REPAYMENTS

"SEC. 507. (a) After each Federal election, the Commission shall conduct a thorough examination and audit of the campaign expenditures of all candidates for Federal office who received payments under this title for use in campaigns relating to that election.

"(b)(1) If the Commission determines that any portion of the payments made to an eligible candidate under section 506 was in excess of the aggregate amount of the payments to which the candidate was entitled, it shall so notify that candidate, and he shall pay to the Secretary of the Treasury an amount equal to the excess amount. If the Commission determines that any portion of the payments made to a candidate under section 506 for use in his primary election campaign or his general election campaign was not used to make expenditures in connection with that campaign, the Commission shall so notify the candidate and he shall pay an amount equal to the amount of the unexpended portion to the Secretary. In making its determination under the preceding sentence, the Commission shall consider all amounts received as contributions to have been expended before any amounts received under this title are expended.

"(2) If the Commission determines that any amount of any payment made to a candidate under section 506 was used for any purpose other than—

"(A) to defray campaign expenditures, or

"(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray campaign expenditures which were received and expended) which were used, to defray campaign expenditures,

it shall notify the candidate of the amount so used, and the candidate shall pay to the Secretary of the Treasury an amount equal to such amount.

"(3) No payment shall be required from a candidate under this subsection in excess of the total amount of all payments received by the candidate under section 506 in connection with the camapign with respect to which the event occurred which caused the

candidate to have to make a payment under this subsection.

"(c) No notification shall be made by the Commission under subsection (b) with respect to a campaign more than eighteen months after the day of the election to which the campaign related.

"(d) All payments received by the Secretary under subsection (b) shall be deposited by him in the fund.

"INFORMATION ON EXPENDITURES AND PROPOSED EXPENDITURES

"SEC. 508. (a) Every candidate shall, from time to time as the Commission requires, furnish to the Commission a detailed statement, in the form the Commission prescribes, of—

"(1) the campaign expenditures incurred by him and his authorized committees prior to the date of the statement (whether or not evidence of campaign expenditures has been furnished for purposes of section 505), and

"(2) the campaign expenditures which he and his authorized committees propose to incur on or after the date of the statement.

"(b) The Commission shall, as soon as possible after it receives a statement under subsection (a), prepare and make available for public inspection and copying a summary of the statement, together with any other data or information which it deems advisable.

"REPORTS TO CONGRESS

"SEC. 509. (a) The Commission shall, as soon as practicable after the close of each calendar year, submit a full report to the Senate and House of Representatives setting forth—

"(1) the expenditures incurred by each candidate, and his authorized committees, who received any payment under section 506 in connection with an election;

"(2) the amounts certified by it under section 505 for payment to that candidate; and

"(3) the amount of payments, if any, required from that candidate under section 507, and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) The Commission is authorized to conduct examinations and audits (in addition to the examinations and audits under sections 505 and 507), to conduct investigations, and to require the keeping and submission of any books, records, or other information necessary to carry out the functions and duties imposed on it by this title.

"PARTICIPATION BY COMMISSION IN JUDICIAL PROCEEDINGS

"SEC. 510. The Commission may initiate civil proceedings in any district court of the United States to seek recovery of any amounts determined to be payable to the Secretary of the Treasury by a candidate under this title.

"PENALTY FOR VIOLATIONS

"SEC. 511. Violation of any provision of this title is punishable by a fine of not more than $50,000, or imprisonment for not more than five years, or both.

"RELATIONSHIP TO OTHER FEDERAL ELECTION LAWS

"SEC. 512. The Commission shall consult from time to time with the Secretary of the Senate, the Clerk of the House of Representatives, the Federal Communications Commission, and with other Federal officers charged with the administration of laws relating to Federal elections, in order to develop as much consistency and coordination with the administration of those other laws as the provisions of this title permit. The Commission shall use the same or comparable data as that used in the administration of such other election laws whenever possible.".

TITLE II—CHANGES IN CAMPAIGN COMMUNICATIONS LAW AND IN REPORTING AND DISCLOSURE PROVISIONS OF FEDERAL ELECTION CAMPAIGN ACT OF 1971

CAMPAIGN COMMUNICATIONS

SEC. 201. (a) Section 315(a) of the Communications Act of 1934 (47 U.S.C. 315(a)) is amended—

(A) by inserting "(1)" immediately after "(a)";

(B) by redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively; and

(C) by adding at the end thereof the following new paragraphs:

"(2) The obligation imposed by the first sentence of paragraph (1) upon a licensee with respect to a legally qualified candidate for any elective office (other than the offices of President and Vice President) shall be met by such licensee with respect to such candidate if—

"(A) the licensee makes available to such candidate not less than five minutes of broadcast time without charge;

"(B) the licensee notifies such candidate by certified mail at least fifteen days prior to the election of the availability of such time; and

"(C) such broadcast will cover, in whole or in part, the geographical area in which such election is held.

"(3) No candidate shall be entitled to the use of broadcast facilities pursuant to an offer by a licensee under paragraph (2) unless such candidate notifies the licensee in writing of his acceptance of the offer within forty-eight hours after receipt of the offer."

(b) Section 315(b) of such Act (47 U.S.C. 315(b)) is amended by striking out "by any person" and inserting "by or on behalf of any person".

(c)(1) Section 315(c) of such Act (47 U.S.C. 315(c)) is amended to read as follows:

"(c) No station licensee may make any charge for the use of any such station by or on behalf of any legally qualified candidate for nomination for election, or for election, to Federal elective office unless such candidate (or a person specifically authorized by such candidate in writing to do so) certifies to such licensee in writing that the payment of such charge will not exceed the limit on expenditures applicable to that candidate under section 504 of the Federal Election Campaign Act of 1971, or under section 614 of title 18, United States Code.".

(2) Section 315(d) of such Act (47 U.S.C. 315(d)) is amended to read as follows:

"(d) If a State by law imposes a limitation upon the amount which a legally qualified candidate for nomination for election, or for election, to public office (other than Federal elective office) within that State may spend in connection with his campaign for such nomination or his campaign for election, then no station licensee may make any charge for the use of such station by or on behalf of such candidate unless such candidate (or a person specifically authorized in writing by him to do so) certifies to such licensee in writing that the payment of such charge will not violate that limitation.".

(d) Section 317 of such Act (47 U.S.C. 317), is amended by—

(1) striking out in paragraph (1) of subsection (a) "person: *Provided*, That" and inserting in lieu thereof the following: "person. If such matter is a political advertisement soliciting funds for a candidate or a political committee, there shall be announced at the time of such broadcast a statement that a copy of reports filed by that person with the Federal Election Commission is available from the Federal Election Commission, Washington, D.C., and the licensee shall not make any charge for any part of the costs of making the announcement. The term"; and

(2) by redesignating subsection (e) as (f), and by inserting after subsection (d) the following new subsection:

"(e) Each station licensee shall maintain a record of any political advertisement broadcast, together with the identification of the person who caused it to be broadcast, for a period of two years. The record shall be available for public inspection at reasonable hours.".

(e) The Campaign Communications Reform Act is repealed.

CHANGES IN DEFINITIONS FOR REPORTING AND DISCLOSURE

SEC. 202. (a) Section 301 of the Federal Election Campaign Act of 1971 (relating to definitions) is amended by—

(1) striking out ", and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States" in paragraph (a), and by inserting "and" before "(4)" in such paragraph;

(2) striking out paragraph (d) and inserting in lieu thereof the following:

"(d) 'political committee' means—

"(1) any committee, club, association, or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

"(2) any national committee, association, or organization of a political party, any State affiliate or subsidiary of a national political party, and any State central committee of a political party; and

"(3) any committee, association, or organization engaged in the administration of a separate segregated fund described in section 610 of title 18, United States Code;";

(3) inserting in paragraph (e)(1) after "subscription" the following: "(including any assessment, fee, or membership dues)";

(4) striking out in paragraph (e)(1) "or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States" and inserting in lieu thereof the following: "or for the purpose of financing any operations of a political committee (other than a payment made or an obligation incurred by a corporation or labor organization which, under the provisions of the last paragraph of section 610 of title 18, United States Code, does not constitute a contribution by that corporation or labor organization), or for the purpose of paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office";

(5) striking out subparagraph (2) of paragraph (e), and amending subparagraph (3) of such paragraph to read as follows:

"(2) funds received by a political committee which are transferred to that committee from another political committee;";

(6) redesignating subparagraphs (4) and (5) of paragraph (e) as paragraphs (3) and (4), respectively;

(7) striking out paragraph (f) and inserting in lieu thereof the following:

"(f) 'expenditure'—

"(1) means a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of—

"(A) influencing the nomination for election, or the election, of any person to Federal office, or to the office of presidential and vice-presidential elector;

"(B) influencing the result of a primary election held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President;

"(C) financing any operations of a political committee; or

"(D) paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office; and

"(2) means the transfer of funds by a political committee to another political committee; but

"(3) does not include—

"(A) the value of services rendered by individuals who volunteer to work without compensation on behalf of a candidate; or

"(B) any payment made or obligation incurred by a corporation or a labor organization which, under the provisions of the last paragraph of section 610 of title 18, United States Code, would not constitute an expenditure by that corporation or labor organization;";

(8) striking "and" at the end of paragraph (h);

(9) striking the period at the end of paragraph (i) and inserting in lieu thereof a semicolon; and

(10) adding at the end thereof the following new paragraphs:

"(j) 'identification' means—

"(1) in the case of an individual, his full name and the full address of his principal place of residence; and

"(2) in the case of any other person, the full name and address of that person;

"(k) 'national committee' means the organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of that political party at the national level, as determined by the Commission; and

"(l) 'political party' means an association, committee, or organization which nominates a candidate for election to any Federal office, whose name appears on the election ballot as the candidate of that association, committee, or organization.".

(b)(1) Section 302(b) of such Act (relating to reports of contributions in excess of $10) is amended by striking ", the name and address (occupation and principal place of business, if any)" and inserting "of the contribution and the identification".

(2) Section 302(c) of such Act (relating to detailed accounts) is amended by striking "full name and mailing address (occupation and the principal place of business, if any)" in paragraphs (2) and (4) and inserting in each such paragraph "identification".

(3) Section 302(c) of such Act is further amended by striking the semicolon at the end of paragraph (2) and inserting "and, if a person's contributions aggregate more than $100, the account shall include occupation, and the principal place of business (if any);".

REGISTRATION OF CANDIDATES AND POLITICAL COMMITTEES

SEC. 203. (a) Section 303 of the Federal Election Campaign Act of 1971 (relating to registration of political committees; statements) is amended by redesignating subsections (a) through (d) as (b) through (e), respectively, and by inserting after "SEC. 303." the following new subsection (a):

"(a) Each candidate shall, within ten days after the date on which he has qualified under State law as a candidate, or on which he, or any person authorized by him to do so, has received a contribution or made an expenditure in connection with his campaign or for the purpose of preparing to undertake his campaign, file with the Commission a registration statement in such form as the Commission may prescribe. The statement shall include—

"(1) the identification of the candidate, and any individual, political committee, or other person he has authorized to receive contributions or make expenditures on his behalf in connection with his campaign;

"(2) the identification of his campaign depositories, together with the title and number of each account at each such depository which is to be used in connection with his campaign, any safety deposit box to be used in connection therewith, and the identification of each individual authorized by him to make any expenditure or withdrawal from such account or box; and

"(3) such additional relevant information as the Commission may require.".

(b) The first sentence of subsection (b) of such section (as redesignated by subsection (a) of this section) is amended to read as follows: "The treasurer of each political committee shall file with the Commission a statement of organization within ten days after the date on which the committee is organized.".

(c) The second sentence of such subsection (b) is amended by striking out "this Act" and inserting in lieu thereof the following: "the Federal Election Campaign Act Amendments of 1974".

(d) Subsection (c) of such section (as redesignated by subsection (a) of this section) is amended by—

(1) inserting "be in such form as the Commission shall prescribe, and shall" after "The statement of organization shall";

(2) striking out paragraph (3) and inserting in lieu thereof the following:

"(3) the geographic area or political jurisdiction within which the committee will operate, and a general description of the committee's authority and activities;"; and

(3) striking out paragraph (9) and inserting in lieu thereof the following:

"(9) the name and address of the campaign depositories used by that committee, together with the title and number of each account and safety deposit box used by that committee at each depository, and the identification of each individual authorized to make withdrawals or payments out of such account or box;".

(e) The caption of such section 303 is amended by inserting "CANDIDATES AND" after "REGISTRATION OF".

CHANGES IN REPORTING REQUIREMENTS

SEC. 204. (a) Section 304 of the Federal Election Campaign Act of 1971 (relating to reports by political committees and candidates) is amended by—

(1) inserting "(1)" after "(a)" in subsection (a);

(2) striking out "for election" each place it appears in the first sentence of subsection (a) and inserting in lieu thereof in each such place "for nomination for election, or for election,";

(3) striking out the second sentence of subsection (a) and inserting in lieu thereof the following: "Such reports shall be filed on the tenth day of April, July, and October of each year, on the tenth day preceding an election, on the tenth day of December in the year of an election, and on the last day of January of each year. Notwithstanding the preceding sentence, the reports required by that sentence to be filed during April, July, and October by or relating to a candidate during a year in which no Federal election is held in which he is a candidate, may be filed on the twentieth day of each month.";

(4) striking out everything after "filing" in the third sentence of subsection (a) and inserting in lieu thereof a period and the following: "If the person making any anonymous contribution is subsequently identified, the identification of the contributor shall be reported to the Commission within the reporting period within which he is identified."; and

(5) adding at the end of subsection (a) the following new paragraph:

"(2) Upon a request made by a presidential candidate or a political committee which operates in more than one State, or upon its own motion, the Commission may waive the reporting dates (other than January 31) set forth in paragraph (1), and require instead that such candidates or political committees file reports not less frequently than monthly. The Commission may not require a presidential candidate or a political committee operating in more than one State to file more than eleven reports (not counting any report to be filed on January 31) during any calendar year. If the Commission acts on its own motion under this paragraph with respect to a candidate or a political committee, that candidate or committee may obtain judicial review in accordance with the provisions of chapter 7 of title 5, United States Code.".

(b)(1) Section 304(b) of such Act (relating to reports by political committees and candidates) is amended by striking "full name and mailing address (occupation and the principal place of business, if any)" in paragraphs (9) and (10) and inserting in lieu thereof in each such paragraph "identification".

(2) Subsection (b)(5) of such section 304 is amended by striking out "lender and endorsers" and inserting in lieu thereof "lender, endorsers, and guarantors".

(c) Subsection (b)(12) of such section is amended by inserting immediately before the semicolon a comma and the following: ", together with a statement as to the circumstances and conditions under which any such debt or obligation is extinguished and the consideration therefor".

(d) Subsection (b) of such section is amended by—

(1) striking the "and" at the end of paragraph (12); and

(2) redesignating paragraph (13) as (14), and by inserting after paragraph (12) the following new paragraph:

"(13) such information as the Commission may require for the disclosure of the nature, amount, source, and designated recipient of any earmarked, encumbered, or restricted contribution or other special fund; and".

(e) The first sentence of subsection (c) of such section is amended to read as follows: "The reports required to be filed by subsection (a) shall be cumulative during the calendar year to which they relate, and during such additional periods of time as the Commission may require.".

(f) Such section 304 is amended by adding at the end thereof the following new subsections:

"(d) This section does not require a Member of Congress to report, as contributions received or as expenditures made, the value of photographic, matting, or recording services furnished to him before the first day of January of the year preceding the year in which his term of office expires if those services were furnished to him by the Senate Recording Studio, the House Recording Studio, or by any individual whose pay is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives and who furnishes such services as his primary duty as an employee of the Senate or House of Representatives, or if such services were paid for by the Republican or Democratic Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

"(e) Every person (other than a political committee or candidate) who makes contributions or expenditures, other than by contribution to a political committee or candidate, in an aggregate amount in excess of $100 within a calendar year shall file with the Commission a statement containing the information required by this section. Statements required by this subsection shall be filed on the dates on which reports by political committees are filed but need not be cumulative.".

(g) The caption of such section 304 is amended to read as follows:

"REPORTS".

CAMPAIGN ADVERTISEMENTS

SEC. 205. Section 305 of the Federal Election Campaign Act of 1971 (relating to reports by others than political committees) is amended to read as follows:

"REQUIREMENTS RELATING TO CAMPAIGN ADVERTISING

"SEC. 305. (a) No person shall cause any political advertisement to be published unless he furnishes to the publisher of the advertisement his identification in writing, together with the identification of any person authorizing him to cause such publication.

"(b) Each published political advertisement shall contain a statement, in such form as the Commission may prescribe, of the identification of the person authorizing the publication of that advertisement.

"(c) A publisher who publishes any political advertisement shall maintain such records as the Commission may prescribe for a period of two years after the date of publication setting forth such advertisement and any material relating to identification furnished to him in connection therewith, and shall permit the public to inspect and copy those records at reasonable hours.

"(d) No person who sells space in a newspaper or magazine to a candidate, or to the agent of a candidate, for use in connection with that candidate's campaign, may change any amount for such space which exceeds the amount charged for comparable use of such space for other purposes.

"(e) Each political committee shall include on the face or front page of all literature and advertisements soliciting contributions the following notice:

"'A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.'

"(f) As used in this section, the term—

"(1) 'political advertisement' means any matter advocating the election or defeat of any candidate but does not include any bona fide news story (including interviews, commentaries, or other works prepared for and published by any newspaper, magazine, or other periodical publication the publication of which work is not paid for by any candidate, political committee, or agent thereof); and

"(2) 'published' means publication in a newspaper, magazine, or other periodical publication, distribution of printed leaflets, pamphlets, or other documents, or display through the use of any outdoor advertising facility, and such other use of printed media as the Commission shall prescribe.".

WAIVER OF REPORTING REQUIREMENTS

SEC. 206. Section 306(c) of the Federal Election Campaign Act of 1971 (relating to formal requirements respecting reports and statements) is amended to read as follows:

"(c) The Commission may, by a rule of general applicability which is published in the Federal Register not less than thirty days before its effective date, relieve—

"(1) any category of candidates of the obligation to comply personally with the requirements of subsections (a) through (e) of section 304, if it determines that such action is consistent with the purposes of this Act, and

"(2) any category of political committees of the obligation to comply with such section if such committees—

"(A) primarily support persons seeking State or local office, and

"(B) do not operate in more than one State or do not operate on a statewide basis.".

ESTABLISHMENT OF FEDERAL ELECTION COMMISSION; CENTRAL CAMPAIGN COMMITTEES; CAMPAIGN DEPOSITORIES

SEC. 207. (a) Title III of the Federal Election Campaign Act of 1971 (relating to disclosure of Federal campaign funds) is amended by redesignating section 308 as section 312, and by inserting after section 307 the following new sections:

"FEDERAL ELECTION COMMISSION

"SEC. 308. (a)(1) There is established, as an independent establishment of the executive branch of the Government of the United States, a commission to be known as the Federal Election Commission.

"(2) The Commission shall be composed of the Comptroller General, who shall serve without the right to vote, and seven members who shall be appointed by the President by and with the advice and consent of the Senate. Of the seven members—

"(A) two shall be chosen from among individuals recommended by the President pro tempore of the Senate, upon the recommendations of the majority leader of the Senate and the minority leader of the Senate; and

"(B) two shall be chosen from among individuals recommended by the Speaker of the House of Representatives, upon the recommendations of the majority leader of the House and the minority leader of the House.

The two members appointed under subparagraph (A) shall not be affiliated with the same political party; nor shall the two members appointed under subparagraph (B). Of the members not appointed under such subparagraphs, not more than two shall be affiliated with the same political party.

"(3) Members of the Commission, other than the Comptroller General, shall serve for terms of seven years, except that, of the members first appointed—

"(A) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending on the April thirtieth first occurring more than six months after the date on which he is appointed;

"(B) one of the members appointed under paragraph (2)(A) shall be appointed for a term ending one year after the April thirtieth on which the term of the member referred to in subparagraph (A) of this paragraph ends;

"(C) one of the members appointed under paragraph (2)(B) shall be appointed for a term ending two years thereafter;

"(D) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending three years therafter;

"(E) one of the members appointed under paragraph (2)(A) shall be appointed for a term ending four years thereafter;

"(F) one of the members appointed under paragraph (2)(B) shall be appointed for a term ending five years thereafter; and

"(G) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending six years thereafter.

"(4) Members shall be chosen on the basis of their maturity, experience, integrity, impartiality, and good judgment. A member may be reappointed to the Commission only once.

"(5) An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member he succeeds. Any vacancy occurring in the office of member of the Commission shall be filled in the manner in which that office was originally filled.

"(6) The Commission shall elect a Chairman and a Vice Chairman from among its members for a term of two years. The Chairman and the Vice Chairman shall not be affiliated with the same political party. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman, or in the event of a vacancy in that office.

"(b) A vacancy in the Commission shall not impair the right of the remaining members to exercise all the powers of the Commission. Four members of the Commission shall constitute a quorum.

"(c) The Commission shall have an official seal which shall be judicially noticed.

"(d) The Commission shall at the close of each fiscal year report to the Congress and to the President concerning the action it has taken; the names, salaries, and duties of all individuals in its employ and the money it has disbursed; and shall make such further reports on the matters within its jurisdiction and such recommendations for further legislation as may appear desirable.

"(e) The principal office of the Commission shall be in or near the District of Columbia, but it may meet or exercise any or all its powers in any State.

"(f) The Commission shall appoint a General Counsel and an Executive Director to serve at the pleasure of the Commission. The General Counsel shall be the chief legal officer of the Commission. The Executive Director shall be responsible for the administrative operations of the Commission and shall perform such other duties as may be delegated or assigned to him from time to time by rules or orders of the Commission. However, the Commission shall not delegate the making of rules regarding elections to the Executive Director.

"(g) The Chairman of the Commission shall appoint and fix the compensation of such personnel as are necessary to fulfill the duties of the Commission in accordance with the provisions of title 5, United States Code.

"(h) The Commission may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

"(i) In carrying out its responsibilities under this title, the Commission shall, to the fullest extent practicable, avail itself of the assistance, including personnel and facilities, of the General Accounting Office and the Department of Justice. The Comptroller General and the Attorney General may make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request.

"(j) The provisions of section 7324 of title 5, United States Code, shall apply to members of the Commission notwithstanding the provisions of subsection (d)(3) of such section.

"(k)(1) Whenever the Commission submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit a copy of that estimate or request to the Congress.

"(2) Whenever the Commission submits any legislative recommendations, or testimony, or comments on legislation requested by the Congress or by any Member of Congress to the President or the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress or to the Member requesting the same. No officer or agency of the United States shall have any authority to require the Commission to submit its legislative recommendations, testimony, or comments on legislation, to any office or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

"POWERS OF COMMISSION

"SEC. 309. (a) The Commission has the power—

"(1) to require, by special or general orders, any person to submit in writing such reports and answers to questions as the Commission may prescribe; and such submission shall be made within such a reasonable period of time and under oath or otherwise as the Commission may determine;

"(2) to administer oaths;

"(3) to require by subpena, signed by the Chairman or the Vice Chairman, the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

"(4) in any proceeding or investigation to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (3) of this subsection;

"(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States;

"(6) to initiate (through civil proceedings for injunctive relief and through presentations to Federal grand juries), prosecute, defend, or appeal any civil or criminal action in the name of the Commission for the purpose of enforcing the provisions of this Act and of sections 602, 608, 610, 611, 612, 613, 614, 615, 616, 617, and 618 of title 18, United States Code, through its General Counsel;

"(7) to delegate any of its functions or powers other than the power to issue subpenas under paragraph (3), to any officer or employee of the Commission; and

"(8) to make, amend, and repeal such rules, pursuant to the provisions of chapter 5 of title 5, United States Code, as are necessary to carry out the provisions of this Act.

"(b) Any United States district court within the jurisdiction of which any inquiry is carried on, may, upon petition by the Commission, in case of refusal to obey a subpena or order of the Commission issued under subsection (a) of this section, issue an order requiring compliance therewith. Any failure to obey the order of the court may be punished by the court as a contempt thereof.

"(c) No person shall be subject to civil liability to any person (other than the Commission or the United States) for disclosing information at the request of the Commission.

"(d) Notwithstanding any other provision of law, the Commission shall be the primary civil and criminal enforcement agency for violations of the provisions of this Act, and of sections 602, 608, 610, 611, 612, 613, 614, 615, 616, 617, and 618 of title 18, United States Code. Any violation of any such provision shall be prosecuted by the Attorney General or Department of Justice personnel only after consultation with, and with the consent of, the Commission.

"(e)(1) Any person who violates any provision of this Act or of section 602, 608, 610, 611, 612, 613, 614, 615, 616, 617, or 618 of title 18, United States Code, may be assessed a civil penalty by the Commission under paragraph (2) of this subsection of not more than $10,000 for each such violation. Each occurrence of a violation of this Act and each day of noncompliance with a disclosure requirement of this title or an order of the Commission issued under this section shall constitute a separate offense. In determining the amount of the penalty the Commission shall consider the person's history of previous violations, the appropriateness of such penalty to the financial resources of the person charged, the gravity of the violation, and the demonstrated good faith of the person charged in attempting to achieve rapid compliance after notification of a violation.

"(2) A civil penalty shall be assessed by the Commission by order only after the person charged with a violation has been given an opportunity for a hearing and the Commission has determined, by decision incorporating its findings of fact therein, that a violation did occur, and the amount of the penalty. Any hearing under this section shall be of record and shall be held in accordance with chapter 5 of title 5, United States Code.

"(3) If the person against whom a civil penalty is assessed fails to pay the penalty, the Commission shall file a petition for enforcement of its order assessing the penalty in any appropriate district court of the United States. The petition shall designate the person against whom the order is sought to be enforced as the respondent. A copy of the petition shall be sent by registered or certified mail to the respondent and his attorney of record, and thereupon the Commission shall certify and file in such court the record upon which such order sought to be enforced was issued. The court shall have jurisdiction to enter a judgment enforcing, modifying, and enforcing as so modified, or setting aside in whole or in part the order and decision of the Commission or it may remand the proceedings to the Commission for such further action as it may direct. The court may determine de novo all issues of law but the Commission's findings of fact, if supported by substantial evidence, shall be conclusive.

"(f) Upon application made by any individual holding Federal office, any candidate, or any political committee, the Commission, through its General Counsel, shall provide within a reasonable period of time an advisory opinion, as to whether a specific transaction or activity may constitute a violation of any provision of this Act or of any provision of title 18, United States Code, over which the Commission has primary jurisdiction under subsection (d).

"CENTRAL CAMPAIGN COMMITTEES

"SEC. 310. (a) Each candidate shall designate one political committee as his central campaign committee. A candidate for nomination for election, or for election, to the office of President, may also designate one political committee in each State in which he is a candidate as his State campaign committee for that State. The designation shall be made in writing, and a copy of the designation, together with such information as the Commission may require, shall be furnished to the Commission upon the designation of any such committee.

"(b) No political committee may be designated as the central campaign committee of more than one candidate, except that a political committee described in section 301(d)(2) may be designated as the central campaign committee of more than one candidate for purposes of the general election campaign and if so designated, it shall comply with all reporting and other requirements of law as to each candidate for whom it is so designated as if it were the central campaign committee for that candidate alone. The central campaign committee, and each State campaign committee, designated by a candidate nominated by a political party for election to the office of President shall be the central campaign committee and the State campaign committee of the candidate nominated by that party for election to the office of Vice President.

"(c)(1) Any political committee authorized by a candidate to accept contributions or make expenditures in connection with his campaign for nomination for election, or for election, which is not a central campaign committee or a State campaign committee, shall furnish each report required of it under section 304 (other than reports required under section 311(b)) to that candidate's central campaign committee at the time it would, but for this subsection, be required to furnish that report to the Commission. Any report properly furnished to a central campaign committee under this subsection shall be, for purposes of this title, considered to have been furnished to the Commission at the time at which it was furnished to such central campaign committee.

"(2) The Commission may, by rule, require any political committee receiving contributions or making expenditures in a State on behalf of a candidate who, under subsection (a), has designated a State campaign committee for that State to furnish its reports to that State campaign committee instead of furnishing such reports to the central campaign committee of that candidate.

"(3) The Commission may require any political committee to furnish any report directly to the Commission.

"(d) Each political committee which is a central campaign committee or a State campaign committee shall receive, consolidate, and furnish all reports filed with or furnished to it by other political committees to the Commission, together with its own reports and statements, in accordance with the provisions of this title and regulations prescribed by the Commission.

"CAMPAIGN DEPOSITORIES

"SEC. 311. (a)(1) Each candidate shall designate one or more National or State banks as his campaign depositories. The central campaign committee of that candidate, and any other political committee authorized by him to receive contributions or to make expenditures on his behalf, shall maintain a checking account at a depository designated by the candidate and shall deposit any contributions received by that committee into that account. A candidate shall deposit any payment received by him under section 506 of this Act in the account maintained by his central campaign committee. No expenditure may be made by any such committee on behalf of a candidate or to influence his election except by check drawn on that account, other than petty cash expenditures as provided in subsection (b).

"(2) The treasurer of each political committee (other than a political committee authorized by a candidate to receive contributions or to make expenditures on his behalf) shall designate one or more National or State banks as campaign depositories of that committee, and shall maintain a checking account for the committee at each such depository. All contributions received by that committee shall be deposited in such an account. No expenditure may be made by that committee except by check drawn on that account, other than petty cash expenditures as provided in subsection (b).

"(b) A political committee may maintain a petty cash fund out of which it may make expenditures not in excess of $100 to any person in connection with a single purchase or transaction. A record of petty cash disbursements shall be kept in accordance with requirements established by the Commission, and such statements and reports thereof shall be furnished to the Commission as it may require.

"(c) A candidate for nomination for election, or for election, to the office of President may establish one such depository in each State, which shall be considered by his State campaign committee for that State and any other political committee authorized by him to receive contributions or to make expenditures on his behalf in that State, under regulations prescribed by the Commission, as his campaign depository. The campaign depository of the candidate of a political party for election to the office of Vice President shall be the campaign depository designated by the candidate of that party for election to the office of President.".

(b)(1) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(60) Members (other than the Comptroller General), Federal Election Commission (7)."

(2) Section 5315 of such title is amended by adding at the end thereof the following new paragraphs:

"(98) General Counsel, Federal Election Commission.

"(99) Executive Director, Federal Election Commission."

(c) Until the appointment and qualification of all the members of the Federal Election Commission and its General Counsel and until the transfer provided for in this subsection, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall continue to carry out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971 as such titles existed on the day before the date of enactment of this Act. Upon the appointment of all the members of the Commission and its General Counsel, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall meet with the Commission and arrange for the transfer, within thirty days after the date on which all such members and the General Counsel are appointed, of all records, documents, memorandums, and other papers associated with carrying out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971.

(d) Title III of the Federal Election Campaign Act of 1971 is amended by—

(1) amending section 301(g) (relating to definitions) to read as follows:

"(g) 'Commission' means the Federal Election Commission;";

(2) striking out "supervisory officer" in section 302(d) and inserting in lieu thereof "Commission";

(3) striking out section 302(f) (relating to organization of political committees);

(4) amending section 303 (relating to registration of political committees; statements) by—

(A) striking out "supervisory officer" each time it appears therein and inserting in lieu thereof "Commission"; and

(B) striking out "he" in the second sentence of subsection (b) of such section (as redesignated by section 203(a) of this Act) and inserting in lieu thereof "it";

(5) amending section 304 (relating to reports by political committees and candidates) by—

(A) striking out "appropriate supervisory officer" and "him" in the first sentence thereof and inserting in lieu thereof "Commission" and "it", respectively; and

(B) striking out "supervisory officer" where it appears in the third sentence of subsection (a)(1) (as redesignated by section 204(a)(1) of this Act) and in paragraphs (12) and (14) (as redesignated by section 204(d)(2) of this Act) of subsection (b) and inserting in lieu thereof "Commission";

(6) striking out "supervisory officer" each place it appears in section 306 (relating to formal requirements respecting reports and statements) and inserting in lieu thereof "Commission";

(7) striking out "Comptroller General of the United States" and "he" in section 307 (relating to reports on convention financing) and inserting in lieu thereof "Federal Election Commission" and "it", respectively;

(8) striking out "SUPERVISORY OFFICER" in the caption of section 312 (as redesignated by subsection (a) of this section) (relating to duties of the supervisory officer) and inserting in lieu thereof "COMMISSION";

(9) striking out "supervisory officer" in section 312(a) (as redesignated by subsection (a) of this section) the first time it appears and inserting in lieu thereof "Commission";

(10) amending section 312(a) (as redesignated by subsection (a) of this section) by—

(A) striking out "him" in paragraph (1) and inserting in lieu thereof "it";

(B) striking out "him" in paragraph (4) and inserting in lieu thereof "it"; and

(C) striking out "he" each place it appears in paragraphs (7) and (9) and inserting in lieu thereof "it";

(11) striking out "supervisory officer" in section 312(b) (as redesignated by subsection (a) of this subsection) and inserting in lieu thereof "Commission";

(12) amending subsection (c) of section 312 (as redesignated by subsection (a) of this section) by—

(A) striking out "Comptroller General" each place it appears therein and inserting in lieu thereof "Commission" and striking out "his" in the second sentence of such subsection and inserting in lieu thereof "its"; and

(B) striking out the last sentence thereof; and (13) amending subsection (d)(1) of section 312 (as redesignated by subsection (a) of this section) by—

(A) striking out "supervisory officer" each place it appears therein and inserting in lieu thereof "Commission";

(B) striking out "he" the first place it appears in the second sentence of such section and inserting in lieu thereof "it"; and

(C) striking out "the Attorney General on behalf of the United States" and inserting in lieu thereof "the Commission".

INDEXING AND PUBLICATION OF REPORTS

SEC. 208. Section 312(a) (6) (as redesignated by this Act) of the Federal Election Campaign Act of 1971 (relating to duties of the supervisory officer) is amended to read as follows:

"(6) to compile and maintain a cumulative index listing all statements and reports filed with the Commission during each calendar year by political committees and candidates which the Commission shall cause to be published in the Federal Register no less frequently than monthly during even-numbered years and quarterly in odd-numbered years and which shall be in such form and shall include such information as may be prescribed by the Commission to permit easy identification of each statement, report, candidate, and committee listed, at least as to their names, the dates of the statements and reports, and the number of pages in each, and the Commission shall make copies of statements and reports listed in the index available for sale, direct or by mail, at a price determined by the Commission to be reasonable to the purchaser;".

JUDICIAL REVIEW

SEC. 209. Title III of the Federal Election Campaign Act of 1971 is amended by inserting after section 312 (as redesignated by this Act) the following new section:

"JUDICIAL REVIEW

"SEC. 313. (a) An agency action by the Commission made under the provisions of this Act shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court by an interested person. A petition filed pursuant to this section shall be filed within thirty days after the agency action by the Commission for which review is sought.

"(b) The Commission, the national committee of any political party, and individuals eligible to vote in an election for Federal office, are authorized to institute such actions, including actions for declaratory judgment or injunctive relief, as may be appropriate to implement any provision of this Act.

"(c) The provisions of chapter 7 of title 5, United States Code, apply to judicial review of any agency action, as defined in section 551 of title 5, United States Code, by the Commission.

FINANCIAL ASSISTANCE TO STATES TO PROMOTE COMPLIANCE

SEC. 210. Section 309 of the Federal Election Campaign Act of 1971 (relating to statements filed with State officers) is redesignated as section 314 of such Act and amended by—

(1) striking out "a supervisory officer" in subsection (a) and inserting in lieu thereof "the Commission";

(2) striking out "in which an expenditure is made by him or on his behalf" in subsection (a)(1) and inserting in lieu thereof the following: "in which he is a candidate or in which substantial expenditures are made by him or on his behalf"; and

(3) adding the following new subsection:

"(c) There is authorized to be appropriated to the Commission in each fiscal year the sum of $500,000, to be made available in such amounts as the Commission deems appropriate to the States for the purpose of assisting them in complying with their duties as set forth in this section.".

CONTRIBUTIONS IN THE NAME OF ANOTHER PERSON

SEC. 211. Section 310 of the Federal Election Campaign Act of 1971 (relating to prohibition of contributions in name of another) is redesignated as section 315 of such Act and amended by inserting after "another person", the first time it appears, the following: "or knowingly permit his name to be used to effect such a contribution".

ROLE OF POLITICAL PARTY ORGANIZATION IN PRESIDENTIAL CAMPAIGNS; USE OF EXCESS CAMPAIGN FUNDS; AUTHORIZATION OF APPROPRIATIONS; PENALTIES

SEC. 212. Title III of the Federal Election Campaign Act of 1971 is amended by striking out section 311 and by adding at the end of such title the following new sections:

"APPROVAL OF PRESIDENTIAL CAMPAIGN EXPENDITURES BY NATIONAL COMMITTEE

"SEC. 316. (a) No expenditure in excess of $1,000 shall be made by or on behalf of a candidate who has received the nomination of his political party for President or Vice President unless such expenditure has been specifically approved by the chairman or treasurer of that political party's national committee or the designated representative of that national committee in the State where the funds are to be expended.

"(b) Each national committee approving expenditures under subsection (a) shall register under section 303 as a political committee and report each expenditure it approves as if it had made that expenditure, together with the identification of the person seeking approval and making the expenditure.

"(c) No political party shall have more than one national committee.

"USE OF CONTRIBUTED AMOUNTS FOR CERTAIN PURPOSES

"SEC. 317. Amounts received by a candidate as contributions that are in excess of any amount necessary to defray his expenditures (after the application of section 507(b)(1) of this Act), and any other amounts contributed to an individual for the purpose of supporting his activities as a holder of Federal office, may be used by that candidate or individual, as the case may be, to defray any ordinary and necessary expenses incurred by him in connection with his duties as a holder of Federal office, or may be contributed by him to any organization described in section 170(c) of the Internal Revenue Code of 1954. To the extent any such contribution, amount contributed, or expenditure thereof is not otherwise required to be disclosed under the provisions of this title, such contribution, amount contributed, or expenditure shall be fully disclosed in accordance with rules pro-

mulgated by the Commission. The Commission is authorized to promulgate such rules as may be necessary to carry out the provisions of this section.

"SUSPENSION OF FRANK FOR MASS MAILINGS IMMEDIATELY BEFORE ELECTIONS

"SEC. 318. Notwithstanding any other provision of law, no Senator, Representative, Resident Commissioner, or Delegate shall make any mass mailing of a newsletter or mailing with a simplified form of address under the frank under section 3210 of title 39, United States Code, during the sixty days immediately preceding the date on which any election is held in which he is a candidate.

"PROHIBITION OF FRANKED SOLICITATIONS

"SEC. 319. No Senator, Representative, Resident Commissioner, or Delegate shall make any solicitation of funds by a mailing under the frank under section 3210 of title 39, United States Code.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 320. There are authorized to be appropriated to the Commission for the purpose of carrying out its functions under this title, title V, and under chapter 29 of title 18, United States Code, not to exceed $5,000,000 for the fiscal year ending June 30, 1974, and not to exceed $5,000,000 for each fiscal year thereafter.

"PENALTY FOR VIOLATIONS

"SEC. 321. (a) Violation of any provision of this title is a misdemeanor punishable by a fine of not more than $10,000, imprisonment for not moe than one year, or both.

"(b) Violation of any provision of this title with knowledge or reason to know that the action committed or omitted is a violation of this title is punishable by a fine of not more than $100,000, imprisonment for not more than five years, or both.".

APPLICABLE STATE LAWS

SEC. 213. Section 403 of the Federal Election Campaign Act of 1971 is amended to read as follows:

"EFFECT ON STATE LAW

"SEC. 403. The provisions of this Act, and of rules promulgated under this Act, preempt any provision of State law with respect to campaigns for nomination for election, or for election, to Federal office (as such term is defined in section 301(c)).".

EXPEDITIOUS REVIEW OF CONSTITUTIONAL QUESTIONS

SEC. 214. Title IV of the Federal Election Campaign Act of 1971 is amended by adding at the end thereof the following new section:

"JUDICIAL REVIEW

"SEC. 407. (a) The Federal Election Commission, the national committee of any political party, and individuals eligible to vote for President are authorized to insititute such actions, including actions for declaratory judgment or injunctive relief, as may be appropriate to implement or construe any provision of this Act or of chapter 29 of title 18, United States Code. The district court shall immediately certify all questions of constitutionality of this Act to the United States court of appeals for that circuit, which shall hear the matter sitting en banc.

"(b) Notwithstanding any other provision of law or rule any decision on a matter certified under subsection (a) shall be reviewable by appeal directly to the Supreme Court of the United States. Such appeal must be brought within twenty days of the court of appeals decision.

"(c) It shall be the duty of the court of appeals and of the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any question certified under subsection (a)."

TITLE III—CRIMES RELATING TO ELECTIONS AND POLITICAL ACTIVITIES

CHANGES IN DEFINITIONS

SEC. 301. (a) Paragraph (a) of section 591 of title 18, United States Code, is amended by—

(1) inserting "or" before "(4)"; and

(2) striking out ", and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States."

(b) Such section 591 is amended by striking out paragraph (d) and inserting in lieu thereof the following:

"(d) 'political committee' means—

"(1) any committee, club, association, or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

"(2) any national committee, association, or organization of a political party, any State affiliate or subsidiary of a national political party, and any State committee of a political party; and

"(3) any committee, association, or organization engaged in the administration of a separate segregated fund described in section 610;".

(c) Such section 591 is amended by—

(1) inserting in paragraph (e)(1) after "subscription" the following: "(including any assessment, fee, or membership dues)";

(2) striking out in such paragraph "or for the purpose of influencing the election of delegates to a consistutional convention for proposing amendments to the Constitution of the United States" and inserting in lieu thereof the following: "or for the purpose of financing any operations of a political committee, or for the purpose of paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office";

(3) striking out subparagraph (2) of paragraph (e), and amending subparagraph (3) of such paragraph to read as follows:

"(2) funds received by a political committee which are transferred to that committee from another political committee;"; and

(4) redesignating subparagraphs (4) and (5) of paragraph (e) as paragraphs (3) and (4), respectively.

(d) Such section 591 is amended by striking out paragraph (f) and inserting in lieu thereof the following:

"(f) 'expenditure' means—

"(1) a purchase, payment, distribution, loan (except a loan of money by a National or State bank made in accordance with the applicable banking laws and regulations, and in the ordinary course of business), advance, deposit, or gift of money or anything of value, made for the purpose of—

"(A) influencing the nomination for election, or the election, of any person to Federal office, or to the office of Presidential and Vice-Presidential elector;

"(B) influencing the result of a primary election held for the selection of delegates to a national nominating convention of a political party for the expression of a preference for the nomination of persons for elections to the Office of President;

"(C) financing any operations of a political committee; or

"(D) paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office; and

"(2) the transfer of funds by a political committee to another political committee; but

"(3) does not include the value of service rendered by individuals who volunteer to work without compensation on behalf of a candidate;".

(e) Such section 591 is amended by striking out "and" at the end of paragraph (g), striking out "States." in paragraph (h) and inserting in lieu thereof "States;", and by adding at the end thereof the following new paragraphs:

"(i) 'political party' means any association, committee, or organization which nominates a candidate for election to any Federal office whose name appears on the election ballot as the candidate of that association, committee, or organization;

"(j) 'State committee' means the organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of that political party at the State level, as determined by the Federal Election Commission; and

"(k) 'national committee' means the organization which, by virtue of the bylaws of the political party, is responsible for the day-to-day operation of that political party at the national level as determined by the Federal Election Commission under section 301(k) of the Federal Election Campaign Act of 1971.".

EXPENDITURE OF PERSONAL AND FAMILY FUNDS FOR FEDERAL CAMPAIGNS

SEC. 302. (a)(1) Subsection (a)(1) of section 608 of title 18, United States Code, is amended to read as follows:

"(a)(1) No candidate may make expenditures from his personal funds, or the personal funds of his immediate family, in connection with his campaigns for nomination for election, and for election, to Federal office in excess, in the aggregate during any calendar year, of—

"(A) $50,000, in the case of a candidate for the office of President or Vice President;

"(B) $35,000, in the case of a candidate for the office of Senator; or

"(C) $25,000, in the case of a candidate for the office of Representative, or Delegate or Resident Commissioner to the Congress.".

(2) Subsection (a) of such section is amended by adding at the end thereof the following new paragraphs:

"(3) No candidate or his immediate family may make loans or advances from their personal funds in connection with his campaign for nomination for election, or election, to Federal office unless such loan or advance is evidenced by a written instrument fully disclosing the terms and conditions of such loan or advance.

"(4) For purposes of this subsection, any such loan or advance shall be included in computing the total amount of such expenditures only to the extent of the balance of such loan or advance outstanding and unpaid."

(b) Subsection (c) of such section is amended by striking out "$1,000" and inserting in lieu thereof "$25,000", and by striking out "one year" and inserting in lieu thereof "five years".

(c)(1) The caption of such section 608 is amended by adding at the end thereof the following: "out of the candidates' personal and family funds".

(2) The table of sections for chapter 29 of title 18, United States Code, is amended by striking out the item relating to section 608 and inserting in lieu thereof the following:

"608. Limitations on contributions and expenditures out of candidates' personal and family funds.".

(d) Notwithstanding the provisions of section 608 of title 18, United States Code, it shall not be unlawful for any individual who, as of the date of enactment of this Act, has outstanding any debt or obligation incurred on his behalf by any political committee in connection with his campaign prior

to January 1, 1972, for nomination for election, and for election, to Federal office, to satisfy or discharge any such debt or obligation out of his own personal funds or the personal funds of his immediate family (as such term is defined in such section 608).

SEPARATE SEGREGATED FUND MAINTENANCE BY GOVERNMENT CONTRACTORS

SEC. 303. Section 611 of title 18, United States Code, is amended by adding at the end thereof the following new paragraph:

"It is not a violation of the provisions of this section for a corporation or a labor organization to establish, administer, or solicit contributions to a separate segregated fund to be utilized for political purposes by that corporation or labor organization if the establishment and administration of, and solicitation of contributions to, such fund are not a violation of section 610.".

LIMITATIONS ON POLITICAL CONTRIBUTIONS AND EXPENDITURES; EMBEZZLEMENT OR CONVERSION OF CAMPAIGN FUNDS; EARLY DISCLOSURE OF PRESIDENTIAL ELECTION RESULTS

SEC. 304. (a) Chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new sections:

"§ 614. Limitation on expenditures generally

"(a)(1) No candidate may make expenditures in connection with his campaign for nomination for election, or for election, to Federal office in excess of the amount to which he would be limited under section 504 of the Federal Election Campaign Act of 1971 if he were receiving payments under the title V of that Act.

"(2) Expenditures made on behalf of any candidate are, for the purposes of this section, considered to be made by such candidate.

"(3) Expenditures made by or on behalf of any candidate for the office of Vice President of the United States are, for the purposes of this section, considered to be made by the candidate for the office of President of the United States with whom he is running.

"(4) For purposes of this subsection, an expenditure is made on behalf of a candidate, including a Vice Presidential candidate, if it is made by—

"(A) an authorized committee or any other agent of the candidate for the purposes of making any expenditure, or

"(B) any person authorized or requested by the candidate, an authorized committee of the candidate, or an agent of the candidate to make the expenditure.

"(5) The Federal Election Commission shall prescribe regulations under which any expenditure by a candidate for Presidential nomination for use in two or more States shall be attributed to such candidate's expenditure limitation in each such State, based on the voting age population in such State which can reasonably be expected to be influenced by such expenditure.

"(b)(1) Notwithstanding any other provisions of law with respect to limitations on expenditures or limitations on contributions, the national committee of a political party and a State committee of a political party, including any subordinate committees of a State committee, may make expenditures in connection with the general election campaign of candidates for Federal office, subject to the limitations contained in paragraphs (2) and (3) hereof.

"(2) The national committee of a political party may not make any expenditure in connection with the general election campaign of any candidate for President who is affiliated with that party which exceeds an amount equal to 2 cents multiplied by the voting population of the United States.

"(3) The national committee of a political party, or a State committee of a political party, including any subordinate committees of a State committee, may not make expenditure in connection with the general election campaign of a candidate for Federal office in a State who is affiliated with that party which exceeds—

"(A) in the case of a candidate for election to the office of Senator, or of Representative from a State where a Representative is required to run statewide, the greater of—

"(i) 2 cents multiplied by the voting age population of that State, or

"(ii) $20,000; and

"(B) in the case of a candidate for election to the office of Representative in any other State, $10,000.

"(4) For purposes of this subsection—

"(A) the term 'voting age population' means voting age population certified for the year under section 504(g) of the Federal Election Campaign Act of 1971; and

"(B) the approval by the national committee of a political party of an expenditure by or one behalf of the presidential candidate of that party as required by section 316 of that Act is not considered an expenditure by that national committee.

"(c)(1) No person may make any expenditure (other than an expenditure made on behalf of a candidate under the provisions of subsection (a)(4) advocating the election or defeat of a clearly identified candidate during a calendar year which, when added to all other expenditures made by that person during the year advocating the election or defeat of that candidate, exceeds $1,000.

"(2) For the purposes of paragraph (1)—

"(A) 'clearly identified' means—

"(i) the candidate's name appears;

"(ii) a photograph or drawing of the candidate appears; or

"(iii) the identity of the candidate is apparent by unambiguous reference;

"(B) 'person' does not include the national or State committee of a political party; and

"(C) 'expenditure' does not include any payment made or incurred by a corporation or a labor organization which, under the provisions of the last paragraph of section 610 would not constitute an expenditure by that corporation or labor organization.

"(3) This subsection does not apply to the Democratic or Republican Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

"(d) Any person who knowingly or willfully violates the provisions of this section, other than subsection (a)(5), shall be punishable by a fine of $25,000, imprisonment for a period of not more than five years, or both. If any candidate is convicted of violating the provisions of this section because of any expenditure made on his behalf (as determined under subsection (a)(4)) by a political committee, the treasurer of that committee, or any other person authorizing such expenditure, shall be punishable by a fine of not to exceed $25,000, imprisonment for not to exceed five years, or both, if such person knew, or had reason to know, that such expenditure was in excess of the limitation applicable to such candidate under this section.

"§ 615. Limitations on contributions

"(a)(1) No individual may make a contribution to, or for the benefit of, a candidate for that candidate's campaign for election, which, when added to the sum of all other contributions made by that individual for that campaign, exceeds $3,000.

"(2) No person (other than an individual) may make a contribution to, or for the benefit of, a candidate for nomination for election, or election, which, when added to the sum of all other contributions made by that person for that campaign, exceeds $6,000.

"(b)(1) No candidate may knowingly accept a contribution for his campaign from any individual which, when added to the sum of all other contributions received from that individual for that campaign exceeds $3,000, or from any person (other than an individual) which, when added to the sum of all other contributions received from that person for that campaign, exceeds $6,000.

"(2) (A) No candidate may knowingly solicit or accept a contribution for his campaign—

"(i) from a foreign national, or

"(ii) which is made in violation of section 613 of this title.

"(B) For purposes of this paragraph, the term 'foreign national' means—

"(i) a 'foreign principal' as that term is defined in section 611(b) of the Foreign Agents Registration Act of 1938, as amended, other than a person who is a citizen of the United States; or

"(ii) an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence, as defined in section 101(a)(20) of the Immigration and Nationality Act".

"(3) No officer or employee of a political committee or of a political party may knowingly accept any contribution made for the benefit or use of a candidate which that candidate could not accept under paragraph (1) or (2).

"(c)(1) For purposes of the limitations contained in this section all contributions made by any person directly or indirectly to or for the benefit of a particular candidate, including contributions which are in any way earmarked, encumbered, or otherwise directed through an intermediary or conduit to that candidate, shall be treated as contributions from that person to that candidate.

"(2) Contributions made to, or for the benefit of, a candidate nominated by a political party for election to the office of Vice President shall be considered, for purposes of this section, to be made to, or for the benefit of, the candidate nominated by that party for election to the office of President.

"(3) For purposes of this section, the term 'campaign' includes all primary, primary runoff, and general election campaigns related to a specific general election, and all primary, primary runoff, and special election campaigns related to a specific special election.

"(d)(1) No individual may make a contribution during any calendar year which, when added to the sum of all other contributions made by that individual during that year, exceeds $25,000.

"(2) Any contribution made for a campaign in a year, other than the calendar year in which the election is held to which that campaign relates, is, for purposes of paragraph (1), considered to be made during the calendar year in which that election is held.

"(e) This section does not apply to contributions made by the Democratic or Republican Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

"(f) Violation of the provisions of this section is punishable by a fine of not to exceed $25,000, imprisonment for not to exceed five years, or both.

"§ 616. Form of contributions

No person may make a contribution to, or for the benefit of, any candidate or political committee in excess, in the aggregate during any calendar year, of $100 unless such contribution is made by a written instrument identifying the person making the contribution. 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.

"§ 617. Embezzlement or conversion of political contributions

"(a) No candidate, officer, employee, or agent of a political committee, or person acting on behalf of any candidate or political committee, shall embezzle, knowingly convert to his own use or the use of another, or

deposit in any place or in any manner except as authorized by law, any contributions or campaign funds entrusted to him or under his possession, custody, or control, or use any campaign funds to pay or defray the costs of attorney fees for the defense of any person or persons charged with the commission of a crime; or receive, conceal, or retain the same with intent to convert it to his personal use or gain, knowing it to have been embezzled or converted.

"(b) Violation of the provisions of this section is punishable by a fine of not more than $25,000, imprisonment for not more than ten years, or both; but if the value of such property does not exceed the sum of $100 fine, the fine shall not exceed $1,000 and the imprisonment shall not exceed one year. Notwithstanding the provisions of this section, any surplus or unexpended campaign funds may be contributed to a national or State political party for political purposes, or to educational or charitable organizations, or may be preserved for use in future campaigns for elective office, or for any other lawful purpose.

"§ 618. Voting fraud

"(a) No person shall in a Federal election—

"(1) cast, or attempt to cast, a ballot in the name of another person,

"(2) cast, or attempt to cast, a ballot if he is not qualified to vote,

"(3) forge or alter a ballot,

"(4) miscount votes,

"(5) tamper with a voting machine, or

"(6) commit any act (or fail to do anything required of him by law),

with the intent of causing an inaccurate count of lawfully cast votes in any election.

"(b) A violation of the provisions of subsection (a) is punishable by a fine of not to exceed $100,000, imprisonment for not more than ten years, or both.

"§ 619. Early disclosure of election results in Presidential election years

"Whoever makes public any information with respect to the number of votes cast for any candidate for election to the office of Presidential and Vice-Presidential elector in the general election held for the appointment of Presidential electors, prior to midnight, eastern standard time, on the day on which such election is held shall be fined not more than $5,000, imprisoned for not more than one year, or both.

"§ 620. Fraudulent misrepresentation of campaign authority

"Whoever, being a candidate for Federal office, as defined herein, or an employee or agent of such a candidate—

"(1) fraudulently misrepresents himself or any committee or organization under his control as speaking or writing or otherwise acting for or on behalf of any other candidate or political party or employee or agent thereof on a matter which is damaging to such other candidate or political party or employee or agent thereof; or

"(2) willfully and knowingly participates in or conspires to participate in any plan, scheme, or design to violate paragraph (a) hereof, shall, for each such offense, be fined not more than $50,000 or imprisoned not more than five years or both."

(b) Section 591 of title 18, United States Code, is amended by striking out "and 611" and inserting in lieu thereof "611, 614, 615, 616, 617, 618, and 619".

(c) The table of sections for chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"614. Limitation on expenditures generally.
"615. Limitation on contributions.
"616. Form of contributions.
"617. Embezzlement or conversion of political contributions.
"618. Voting fraud.
"619. Early disclosure of election results in Presidential election years.
"620. Fraudulent misrepresentation of campaign authority.".

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)".

TITLE IV—DISCLOSURE OF FINANCIAL INTERESTS BY CERTAIN FEDERAL OFFICERS AND EMPLOYEES

FEDERAL EMPLOYEE FINANCIAL DISCLOSURE REQUIREMENTS

SEC. 401. (a) Any candidate for nomination for or election to Federal office who, at the time he becomes a candidate, does not occupy any such office, shall file within one month after he becomes a candidate for such office, and each Member of Congress, each officer and employee of the United States (including any member of a uniformed service) who is compensated at a rate in excess of $25,000 per annum, any individual occupying the position of an officer or employee of the United States who performs duties of the type generally performed by an individual occupying grade GS-16 of the General Schedule or any higher grade or position (as determined by the Federal Election Commission regardless of the rate of compensation of such individual), the President, and the Vice President shall file annually, with the Commission a report containing a full and complete statement of—

(1) the amount of each tax paid by the individual, or by the individual and the individual's spouse filing jointly, for the preceding calendar year, and for purposes of this paragraph "tax" means any Federal, State, or local income tax and any Federal, State, or local property tax;

(2) the amount and source of each item of income, each item of reimbursement for any expenditure, and each gift or aggregate of gifts from one source (other than gifts received from his spouse or any member of his immediate family) received by him or by him and his spouse jointly during the preceding calendar year which exceeds $100 in amount or value, including any fee or other honorarium received by him for or in connection with the preparation or delivery of any speech or address, attendance at any convention or other assembly of individuals, or the preparation of any article or other composition for publication, and the monetary value of subsistence, entertainment, travel, and other facilities received by him in kind;

(3) the identity of each asset held by him, or by him and his spouse jointly which has a value in excess of $1,000, and the amount of each liability owed by him or by him and his spouse jointly, which is in excess of $1,000 as of the close of the preceding calendar year;

(4) any transactions in securities of any business entity by him or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction during the preceding calendar year if the aggregate amount involved in transactions in the securities of such business entity exceeds $1,000 during such year;

(5) all transactions in commodities by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction during the preceding calendar year if the aggregate amount involved in such transactions exceeds $1,000; and

(6) any purchase or sale, other than the purchase or sale of his personal residence, of real property or any interest therein by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction, during the preceding calendar year if the value of property involved in such purchase or sale exceeds $1,000.

(b) Reports required by this section (other than reports so required by candidates for nomination for or election to Federal office) shall be filed not later than May 15 of each year. A person who ceases, prior to such date in any year, to occupy the office or position the occupancy of which imposes upon him the reporting requirements contained in subsection (a) shall file such report on the last day he occupies such office or position, or on such later date, not more than three months after such last day, as the Commission may prescribe.

(c) Reports required by this section shall be in such form and detail as the Commission may prescribe. The Commission may provide for the grouping of items of income, sources of income, assets, liabilities, dealings in securities or commodities, and purchases and sales of real property, when separate itemization is not feasible or is not necessary for an accurate disclosure of the income, net worth, dealing in securities and commodities, or purchases and sales of real property of any individual.

(d) Any person who willfully fails to file a report required by this section or who knowingly and willfully files a false report under this section, shall be fined not more than $2,000, or imprisoned for not more than five years, or both.

(e) All reports filed under this section shall be maintained by the Commission as public records, which, under such reasonable rules as it shall prescribe, shall be available for inspection by members of the public.

(f) For the purposes of any report required by this section, an individual is considered to be President, Vice President, a Member of Congress, an officer or employee of the United States, or a member of a uniformed service, during any calendar year if he serves in any such position for more than six months during such calendar year.

(g) As used in this section—

(1) The term "income" means gross income as defined in section 61 of the Internal Revenue Code of 1954.

(2) The term "security" means security as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b).

(3) The term "commodity" means commodity as defined in section 2 of the Commodity Exchange Act (7 U.S.C. 2).

(4) The term "transactions in securities or commodities" means any acquisition, holding, withholding, use, transfer, or other disposition involving any security or commodity.

(5) The term "Member of Congress" means a Senator, a Representative, a Resident Commissioner, or a Delegate.

(6) The term "officer" has the same meaning as in section 2104 of title 5, United States Code.

(7) The term "employee" has the same meaning as in section 2105 of such title.

(8) The term "uniformed service" means any of the Armed Forces, the commissioned corps of the Public Health Service, or the commissioned corps of the National Oceanic and Atmospheric Administration.

(9) The term "immediate family" *means* the child, parent, grandparent, brother, or sister of an individual, and the spouses of such persons.

(h) Section 554 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) All written communications and memorandums stating the circumstances, source, and substance of all oral communications made to the agency, or any office or

employee thereof, with respect to any adjudication which is subject to the provisions of this section by any person who is not an officer or employee of the agency shall be made a part of the public record of such case. This subsection shall not apply to communications to any officer, employee, or agent of the agency engaged in the performance of investigative or prosecuting functions for the agency with respect to such case."

(i) The first report required under this section shall be due thirty days after the date of enactment and shall be filed with the Comptroller General of the United States, who shall, for purposes of this subsection, have the powers and duties conferred upon the Commission by this section.

TITLE V—MISCELLANEOUS

SIMULTANEOUS POLL CLOSING TIME

SEC. 501. On every national election day, commencing on the date of the national elections in 1976, the closing time of the polling places in the several States for the election of electors for President and Vice President of the United States and the election of United States Senators and Representatives shall be as follows: 11 postmeridian standard time in the eastern time zone; 10 postmeridian standard time in the central time zone; 9 postmeridian standard time in the mountain time zone; 8 postmeridian standard time in the Pacific time zone; 7 postmeridian standard time in the Yukon time zone; 6 postmeridian standard time in the Alaska-Hawaii time zone; and 5 postmeridian standard time in the Bering time zone: *Provided,* That the polling places in each of the States shall be open for at least twelve hours.

FEDERAL ELECTION DAY

SEC. 502. Section 6103(a) of title 5, United States Code is amended by inserting between—

"Veterans Day, the fourth Monday in October." and the following new item:

"Thanksgiving Day, the fourth Thursday in November." the following new item:

"Election Day, the first Wednesday next after the first Monday in November 1976, and every second year thereafter.".

REVIEW OF INCOME TAX RETURNS

SEC. 503. (a) On or before July 1 of each and every year hereafter, the Comptroller General of the United States shall obtain from the Internal Revenue Service all returns of income filed by each Member of Congress, each employee or official of the executive, judicial, and legislative branch whose gross income for the most recent year exceeds $20,000 for the five previous years. Upon receipt of such returns, the Comptroller General of the United States shall submit such income returns to an intensive inspection and audit for the purpose of determining liability.

(b) Upon completion of such inspection and audit, the Comptroller General of the United States shall prepare and file a report of the results of his inspection and audit with the taxpayer concerned and the appropriate officer of the Internal Revenue Service for such further action with respect to such return as the Internal Revenue Service shall deem proper. The Comptroller General of the United States shall deliver a copy of such report and results of such audit and inspection to the taxpayer concerned.

(c) The Internal Revenue Service shall asisst the Comptroller General of the United States as necessary in administering the provisions of this section.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CANNON. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make such technical and clerical corrections in the engrossment of the bill, S. 3044, including changes in the designation of titles, sections, and subsections and cross-references thereto, as may be necessary to reflect any changes in the bill made by amendments adopted by the Senate.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that S. 3044, a bill to amend the Federal Election Campaign Act of 1971, be printed as passed.

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

Mr. CANNON. Mr. President, the Senate has demonstrated a genuine interest in true election reform by the adoption of the Federal Election Campaign Act of 1974.

Not only has the Senate agreed to set reasonable limitations on contributions by individuals and committees, but also strict limits on expenditures by candidates in primary and general elections.

Further, the Senate has agreed to provide Federal funds in primary elections on a matching grant basis and with full funding in general elections.

Candidates have the option under the bill S. 3044 to raise private funds for each election or to accept public funds in whole or in part.

With a strong and independent Federal Election Commission; with central campaign committees; with campaign depositories and timely and full disclosure of all receipts and expenditures, we have attempted to eliminate all weaknesses in the bill and the citizens of the United States will be encouraged to restore their confidence in the elective process.

Mr. President, I wish to commend my colleagues for their support in gaining passage of this bill.

And I wish to thank all of the staff members who worked with the Committee and the Senate in bringing about final passage:

Jim Duffy, Joe O'Leary, and Jim Medill, of the Committee on Rules and Administration.

Lloyd Ator and Bob Cassidy legislative counsel.

Cary Parker of Senator KENNEDY's staff.

Burt Wides of Senator HART's staff.

Ken Davis, assistant to the minority leader, and many others who gave of their time and efforts.

Mr. CHILES. Mr. President, I voted for final passage of S. 3044, the Federal election campaign financing bill. Although I was not completely satisfied with all of the features of this legislation I felt the time for change from the old way was due.

We must move away from an atmosphere of influencing Government decisions affecting the daily lives of our citizens from the prices they pay to the quality of their lives.

I believe that one of the crucial factors determining whether or not we consider a government democratic is not how much power the public officials have, but rather how public officials secure and retain their offices. Events surrounding the last general election have been and will, no doubt, continue to be examined and investigated in an effort to determine the source of enormous amounts of campaign moneys. Coupled with these investigations are repeated cries for reform, for changes in the law concerning campaign financing. And surely some changes are in order.

Mr. President, I do not think anyone can provide a simple answer to the question, "Does money win elections?" It is undeniable that money does play a major role in winning. It does not guarantee victory, but the amount of money collected and spent can in some cases be decisive. Money cannot totally obliterate the influence of issues and candidates' party orientation on voting decisions. but it can and often does make a difference.

No longer should ambassadorships be given as a basis of huge campaign contributions nor should decisions for milk supports be swayed by political contributions.

Some Americans view public policymaking as a sordid process where the wealthy control elected officials. And while there is some corruption, I believe its reputation for moving the wheels of government is far greater than its performance. But money can twist policy in subtle ways—and any effort we can make to erect a barrier between the direct translation of money into policy decisions must be made.

After weeks of debate on this bill and amendments to it, I felt the Senate has made a close examination of the concept of specific proposals for public financing. While I wish the tax checkoff system would adequately provide funds for this approach, I am convinced that it will not and I am now ready to vote for and approve the spending of other tax dollars to finance Presidential campaigns.

Public financing of congressional elections needs additional consideration, however. It is my understanding that the feeling in the House of Representatives is such that little—if any—public financing of congressional elections will be accepted. For now, this may be just as well, for if I had to draft a public financing bill for congressional elections that would be fair and workable, I am not sure that I could. However, I did support an effort by Senator STEVENSON to allow a partial funding of congressional elections without going the entire way.

The purpose of public financing is to eliminate the large and potentially corrupting contributions of big money from our politics. This amendment would have accomplished that purpose but it would not have eliminated the innocent, small contributions which are a healthy form of participation in our political system.

This amendment would have limited the campaign contributions of individuals to Federal campaigns to $3,000 in primaries and $3,000 in general election campaigns. In that respect, it did not

alter the provisions of the bill reported by the Rules Committee.

It would also have limited the contributions of committees to $6,000, which could be allocated between a general election campaign and a primary election campaign as the committee sees fit.

It established a system of partial public financing as opposed to the 100 percent public financing which is established in the bill reported by the Rules Committee. Instead of 100-percent, public financing, congressional candidates would have received a front-end subsidy 25 percent of the expenditure limit applicable to congressional campaigns. In addition, private contributions of $100 or less would have been matched with public funds on a dollar-for-dollar basis.

When I was thinking about running for the Senate, I discovered I was not going to be able to raise a large war chest to finance my campaign. So, I had to run a different kind of campaign that was less expensive than the conventional way. During my walk through Florida, I talked with thousands of people who were encouraged by this kind of campaign; one of the primary reasons was that my campaign was not costing huge sums of money.

In sum, I voted for this bill even though it contained the large funding for congressional elections because I believe the public funding concept is vitally important. Even though I am not satisfied with the congressional funding provisions, I feel this legislation should be sent to the House for their consideration.

To vote against this legislation would be a signal that I am against public funding of Presidential elections. I feel this part of the legislation is absolutely necessary and vital. I hope that the House will favorably consider plans for public funding of Presidential elections and begin some efforts toward public funding on congressional races so at least we may have a plan in this area to move with.

TRIBUTE TO SENATORS ON PASSAGE OF CAMPAIGN REFORM

Mr. MANSFIELD. Mr. President, I wish to pay well-deserved tribute to the many Senators who were responsible for this magnificent achievement—one of the most significant reform proposals that in my judgment has passed the Senate. What it says fundamentally is that public officials will answer first and last to the public and not to this or that special interest group. It is an essential step that must be taken to restore public faith and confidence in the institutions of Government. I am proud, indeed, of the Senate's great initiative on this issue.

Senator CANNON, the distinguished chairman of the Committee on Rules deserves the highest commendation for his leadership and devotion. So, too, does Senator COOK. They joined in cooperative efforts to handle this most important proposal and they assumed the task with the greatest skill and ability.

The Senator from California (Mr. CRANSTON) deserves praise for his many outstanding efforts to assure this success. His work in behalf of public election reform indeed was indispensable. The same may be said of the efforts of Senator KENNEDY, Senator PELL, and the many others whose inititiative started this process some time ago.

I was particularly impressed with the leadership of the able Republican leader (Mr. HUGH SCOTT) without whose efforts a measure as effective as this could not have been possible. And to Senator BROCK, Senator CLARK, Senator STEVENSON, Senator BAKER, Senator ALLEN, and the many others who joined with statements, with amendments, and with viewpoints, we are especially indebted for providing a debate and discussion of the highest order.

All in all, the Senate may take great pride in this achievement.

Mr. KENNEDY. Mr. President, the final passage, achieved today, of the legislation for campaign reform and public financing of elections is one of the finest hours of the Senate in this or any other Congress.

Most, if not all, of the things that are wrong with government today have their roots in the way we finance campaigns for public office. The corrosive influence of private money in public life is the primary cause of the lack of responsiveness of government to the people.

Now, through public financing, we can change all that. Once public financing is signed into law, it will begin to have an immensely salutary effect on every dimension of government, as it sends ripples through every issue with which Congress and the administration have to deal.

At least, the stranglehold of wealthy campaign contributors and special interest groups on the election process will be broken, and democracy will be the winner. Only when all the people pay for elections will all the people be truly represented by their Government.

No one believes that public financing is a panacea for America's every social ill. What we do believe is that it is the nation's preeminent reform, the reform that must lead all the rest if we are serious about bringing integrity back to government and giving fair, honest, and clean elections to the people.

Long before Watergate, we knew about the problem. Now, because of Watergate, we have gained the strength to solve it. By voting for public financing, we are telling the Nation that the day of the dollar in public financing is over, that elective office is no longer for sale to the highest private bidder.

Rarely has the Senate sent so clear a message to every citizen. I praise MIKE MANSFIELD, HUGH SCOTT, ROBERT BYRD, HOWARD CANNON, ALAN CRANSTON, and all the other Senators and public interest groups, especially Common Cause and the Center for Public Financing, who did so much to bring this legislation to the Senate floor, to win the fight for cloture, and to make this victory possible.

Finally, Mr. President, I do not think we should close this particular chapter of the campaign financing effort of the Senate without recognition of the special contributions by many Members of this body who worked so hard in this important area.

As one who has been interested in this issue for some time, I wish to express great admiration for the work done by the manager of the bill, the distinguished Senator from Nevada (Mr. CANNON) and his able staff. He has been on the floor continuously these past 3 weeks, available for discussion and debate on the extremely complex and difficult issues posed in this legislation. I think he has done a brilliant job. All the members of the Committee on Rules and Administration are to be commended, and the staff is also to be commended for their extraordinary efforts.

I also praise the especially important role played by the Senate leadership. The distinguished majority leader (Mr. MANSFIELD), the distinguished Republican leader (Mr. HUGH SCOTT), and the distinguished Democratic whip (Mr. ROBERT C. BYRD) were the keys to the successful struggle for cloture this week. Without their effort, we could not have won today. We could not have obtained cloture or been successful in passing this legislation if we had not had the very strong leadership that the three of them provided, not only in rounding up the votes, but also in presenting to our colleagues the significance and importance of action by the Senate at the present time. Their contributions were immense, and all of us are in their debt.

Many other Senators also played a key role. The Senator from Rhode Island (Mr. PELL) was chairman of the subcommittee that held extensive hearings on this issue, hearings that laid a solid foundation for our present action, and he should be commended.

When we consider public financing, we have to recognize as well that this legislation really builds on the genius of the distinguished Senator from Louisiana (Mr. LONG), who initially presented the $1 checkoff for Presidential elections in 1966 and who helped to lead the successful effort to cement the checkoff into law in 1971. Many of the most important aspects of this legislation build on the work of Senator LONG, the chairman of the Committee on Finance.

Another very important part of the debate was the distinguished senior Senator from Rhode Island (Mr. PASTORE), who also helped to lead the effort for the enactment of the $1 checkoff measure in 1971, and who has always been such an eloquent spokesman for campaign reform.

Then when we consider the history of the present movement, I would single out the Senator from Michigan (Mr. HART) for special praise. He was the first Senator to introduce legislation for comprehensive public financing of all Federal elections, primaries as well as general elections. In a very real sense, he started the ball rolling in this Congress, and he never let the momentum fade.

Senator ALAN CRANSTON of California, was tireless in his efforts, not only in preparing the legislation itself, but also in rounding up the votes. Although the latter work is not a role which is generally acclaimed or understood outside

the Halls of Congress, no one here is unaware of his effective work on the Senate floor. I doubt that we could have won today without his careful and successful daily attention to the bill.

Senators MONDALE and SCHWEIKER were also real leaders in developing the concept of public financing, especially the concept of matching grants for primaries. Their early efforts led to a strengthening of the proposals for this legislation, and a new awareness that it would be possible to include primary elections in the bill for public financing.

Senator CLARK of Iowa was another pillar of the Senate effort, both in the early stages of the legislation and in the floor debate, and I congratulate him on the leadership he has displayed.

Senator MATHIAS and Senator STAFFORD also worked closely in these early efforts, and were particularly instrumental in giving this bill the broad bipartisan support it had to have if final passage was to be achieved.

Finally, the Senator from Illinois (Mr. STEVENSON) was very active in the whole debate and discussions. There were points on which we disagreed, but he has been an outstanding pioneer in bringing this issue to the attention of the Senate and the people, and there was no fundamental disagreement on the importance of public financing of political campaigns.

Finally, I would like to commend the public interest groups, led by Common Cause and the Center for Public Financing of Elections. I do not think the public interest has ever been better served than by the joint efforts of those in and out of Congress with whom they worked. These two groups, and others with whom they worked were extremely successful in making these issues plain and clear to the Members of this body and to the country, and I am hopeful that they will be as successful with the House of Representatives.

I think the action that has been taken by the Senate shows the American people that the Senate can act, and that it can act effectively in the important and sensitive area of election reform. I think we have demonstrated quite clearly that the Senate is aroused by the crisis over Watergate, and that we have responded in the most effective legislative way we could in assuring that future elections of Members of the Senate and the House and for the Presidency will be free of the corrosive and corruptive power of large campaign contributions.

I think this is really one of the finest efforts for reform I have ever seen in this body. Public financing of elections will rank with the great reforms of the political process in our history, a milestone of which every Member of this body should be proud.

I think the American people can be reassured that the Senate is alive and well in Washington, and that in what we achieved today, we acted in the best interests of all the people of this Nation. Public financing can be one of democracy's finest hours, and I hope that the issue will do as well as it navigates its difficult course through the House of Representatives and to the President for his signature.

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

Mr. KENNEDY. I yield.

Mr. CRANSTON. I want to echo and endorse the praise the Senator from Massachusetts has given to Senator Cannon, the leadership, and many others who have worked so hard on this measure, which is fully as important as the Senator from Massachusetts has stated. I thank the Senator for his kind words on my behalf.

I want to add that if we had not had the imaginative and successful and bold efforts of the Senator from Massachusetts, we would not have achieved the result that has been achieved in recent days and on the floor of the Senate today. The Senator from Massachusetts initially, in joining with the Senator from Pennsylvania, provided the impetus which gave great strength to this effort. At every point when his strength was required, the Senator from Massachusetts moved into it swiftly, wherever it was necessary and effectively, and with great imagination, and we all owe him a great debt of gratitude.

AUTHORIZATION OF APPROPRIATIONS TO THE ATOMIC ENERGY COMMISSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 745, S. 3292, a bill to authorize appropriations to the Atomic Energy Commission. It is my understanding that this measure will not take long, that there is agreement, and it is not anticipated there will be a rollcall vote.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 3292) 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.

The Senate proceeded to consider the bill.

Mr. PASTORE. Mr. President, the bill now under consideration, S. 3292, would authorize appropriations totaling $3,676,833,000 for both "operating expenses" and "plant and capital equipment" for the coming year. That amount is approximately 2 percent more than the amount requested by the Commission. Approximately 42 percent of the Commission's fiscal year 1975 estimated program costs will be for military applications and the balance for civilian applications. Last year the portion for the military program was about 46 percent. This indicates a continued shift of the fraction of work away from military programs. The proposed authorization also emphasizes energy R. & D. programs. The energy R. & D. programs in this authorization bill are 32 percent greater than last year. The civilian applications portion includes $132.2 million in operating costs for the high energy physics program for which the AEC acts as principal funding agent for the entire Federal Government.

OPERATING FUNDS

Turning to the bill itself, the individual sections are explained in the section-by-section analysis beginning at page 46 of the committee report. Very briefly, section 101(a) would authorize $2,551,533,000 for operating expenses and this total figure consists of the programs listed in the table on page 3 of the committee report with a detailed discussion of each portion thereof beginning at page 7 of the committee report. You will note from the table on page 3 that the committee has recommended several adjustments to the AEC's requested authorization, the net total of which is an increase of $82,110,000.

I would like to highlight some of the significant areas affected by the committee's recommendations. Recognizing the Nation's need for increasing amounts of clean energy, the committee recommended an increase of $9.2 million for the light water breeder reactors, $8.9 million for nonnuclear energy programs and $9 miliion for controlled fusion energy research. We have also recommended an increase of $12.7 million in the Commission's licensing and regulatory program to permit a reduction in the licensing time for powerplants.

The committee also is recommending a $15 million increase in the nuclear weapons program. Although the increase is only about 1½ percent above the Commission's request, it is for a very critical area in our nuclear weapons program which is the testing program. We have looked into this matter very carefully and found that if this work is not strengthened, there is a high probability that our nuclear weapons technology would be frozen.

CONSTRUCTION FUNDS

With regard to the plant and capital equipment portion of the budget, contained in section 101(b) of the bill, a total of $1,125,300,000 is recommended which is a reduction of $5,550,000 from the amount requested by the AEC. The bill authorizes $273,300,000 for new construction projects, $208,850,000 for capital equipment not related to construction, and a $643,150,000 increase in authorization for previously authorized projects.

The major changes recommended in this area are a $26.9 million reduction for two reactor development facilities and an increase of $7.1 million for improving our uranium enrichment plants.

Sections 102, 103, and 106 of the bill set forth certain limitations regarding the application of the funds authorized by this bill. These are similar to provisions incorporated in previous authorization acts. Sections 104 and 105 authorize the Commission to retain certain receipts and to transfer operating funds to other Federal agencies for the performance of specific items of work. These sections were previously included in appropriations acts.

Section 107 provides required legislation concerning the Commission's highest priority reactor development program which is the liquid metal fast breeder program. This section concerns indemnification and ownership of the first LMFBR demonstration plant which is

being carried out as a cooperative project with industry.

CONCLUSION

These are the highlights of the bill. The Joint Committee believes that the bill provides for a minimum authorization necessary to carry out at a viable level the essential programs and activities of the Commission. It was reported out without dissent by either House or Senate members of the committee.

Mr. President, I ask unanimous consent that a section-by-section analysis, which appears on page 46, beginning with section 101, and continuing through pages 47, 48, 49, and 50, and concluding on page 51, ending on the last line of page 51 with the words "Commission rather than the GAC," be printed in the RECORD.

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

SECTION-BY-SECTION ANALYSIS

Section 101

Section 101 of the bill authorizes appropriations to the Atomic Energy Commission, in accordance with the provisions of section 261 of the Atomic Energy Act of 1954, as amended, for "Operating expenses" and "Plant and capital equipment."

Section 101(a) of the bill deals with the authorization of appropriations for "Operating expenses." The Commission's authorization request under this heading was presented to the committee in terms of costs to be incurred during fiscal year 1975, adjusted in total to the obligations to be incurred during the fiscal year.

The Joint Committee is recommending authorization of $2,551,533,000 for "Operating expenses," not to exceed $132,200,000 in operating costs for the high-energy physics program category. It is the Joint Committee's intent that the amount specified for any program or category shall be exceeded only in accordance with specific arrangements which have been developed between the Commission and the committee. These arrangements include provisions for periodic reporting to the committee of changes in estimates of authorized programs. These informal procedures, embodied in an exchange of correspondence between the Atomic Energy Commission and the committee, have operated efficiently. It is the Joint Committee's belief that legislative measures or other formal devices that would impose legal limitations upon the reprograming of Commission funds are not necessary at this time. It is the committee's intent that the procedures specified in this exchange of correspondence shall remain in effect during fiscal year 1975.

It is intended that costs incurred pursuant to the authorization contained in this act shall be generally in accordance with the analysis of the proposed bills submitted by the AEC and other background and explanatory materials furnished by the Commission in justification of the AEC's fiscal year 1975 authorization bill.

Plant and capital equipment obligations are provided in two sections of the bill. Under section 101(b), authorization is provided for new construction projects and capital equipment not related to construction. This authorization, together with the changes in prior-year project authorizations provided for in section 107, comprise the total authorization for plant and capital equipment provided in this bill. The AEC's request for authorization for these purposes was presented on the basis of new obligational authority required. New construction projects authorized under subsections (1) through (13) of section 101(b) of the bill total $273,300,000.

It is intended that the projects under this authorization be related, as in previous years, to the analysis of the proposed bills submitted by the AEC and other background and explanatory materials furnished by the Commission in justification of the AEC authorization bill. It is not intended to prevent technical and engineering changes which are considered necessary or desirable by the Commission consistent with the scope and purpose of the project concerned.

Pursuant to section 101(b)(11), appropriations are authorized for capital equipment not related to construction in the amount of $208,850,000. This equipment is necessary to replace obsolete or worn-out equipment at AEC installations. Additional equipment is required to meet the needs of expanding programs and changing technology. Examples of typical equipment include machine tools, computers, and office equipment. The Joint Committee expects to receive a report from the Commission at least semiannually on obligations incurred pursuant to this authorization.

Section 102

Section 102 of the bill provides limitations similar to those in prior authorization acts.

Subsection (a) provides that the Commission is authorized to start projects set forth in certain subparts of subsection 101(b) only if the currently estimated cost of the project does not exceed by more than 25 percent the estimated cost for that project set forth in the bill.

Subsection (b) provides similar limitations for projects in other subparts of subsection 101(b), except that the increase may not exceed 10 percent of the estimated cost shown in the bill.

Subsection (c) provides limitations on general plant projects authorized by subsection 101(b)(9), whereby the Commission may start such projects only if the currently estimated cost of such project does not exceed $500,000 and the maximum currently estimated cost of any building included in such project does not exceed $100,000; provided that the building cost limitation may be exceeded if the Commission determines that it is necessary in the interests of efficiency and economy. Additionally, section 102(c) provides that the total cost of all general plant projects shall not exceed the estimated cost set forth in subsection 101(b)(9) by more than 10 percent.

Under arrangements previously agreed to by the Commission and the Joint Committee, the Commission shall report to the Joint Committee and the Appropriations Committee after the close of each fiscal year concerning the use of general plant project funds, and such report shall identify each project for which the proposed new authority has been utilized.

Subsection (d) complements subsection (a) and provides that the Commission is not authorized to incur obligations in excess of 125 percent of the estimated cost set forth for certain projects described in subsection 101(b), unless and until additional appropriations are authorized under section 261 of the Atomic Energy Act. Illustratively, if the estimated cost set forth in the act were $10 million, the Commission would not be able to incur obligations for this project in excess of $12,500,000 without first obtaining an additional authorization for appropriations. This limitation does not apply to any project with an estimated cost less than $5 million.

Subsection (e) complements subsections (b) and (c) and imposes a similar limitation on certain projects described in other subparts of subsection 101(b), except that the increase may not exceed 10 percent of the estimated cost shown in the bill. This subsection likewise, is inapplicable to projects with an estimated cost less than $5 million.

Section 103

Section 103 of the bill authorizes the Commission to undertake engineering design (titles I and II) on construction projects which have been included in a proposed authorization bill transmitted to the Congress by the Commission. It is understood that this work would be undertaken on projects which the Commission deems are of such urgency that physical construction should be initiated as soon as appropriations for the project have been approved.

Section 104

Section 104 of the bill authorizes the Commission to retain and credit to its "Operating expenses" appropriation any moneys received by the Commission (except moneys received from disposal of property under the Atomic Energy Community Act of 1955, as amended), notwithstanding the provisions of section 3617 of the Revised Statutes. This provision has been included in previous appropriations acts for the AEC, but more properly belongs in the authorizing legislation.

Section 105

Section 105 authorizes the Commission to transfer sums from its "Operating expenses" appropriation to other agencies of the Government for performance of the work for which the moneys were appropriated. This provision has also been included in previous appropriation acts.

Section 106

Section 106 of the bill provides authorization for the transfer of amounts between the "Operating expenses" and the "Plant and capital equipment" appropriations as provided in the appropriation acts. The AEC appropriation acts have, in past years, provided that not to exceed 5 percent of the appropriations for "Operating expenses" and "Plant and capital equipment" could be transferred between such appropriations, provided, however, that neither appropriation could be increased by more than 5 percent by any such transfer. It is understood that any such transfer shall be reported promptly to the Joint Committee on Atomic Energy.

Section 107

Section 107 of the bill amends prior-year authorization acts as follows:

"(*a*) Section 101 of Public Law 89–428, as amended, is further amended by striking from subsection (b)(3) project 67–3–a, fast flux test facility, the figure '$87,500,000', and substituting therefor the figure '$420,000,000'.

"(*b*) Section 101 of Public Law 91–273, as amended, is further amended by striking from subsection (b)(1), project 71–1–f, process equipment modifications, gaseous diffusion plants, the figure '$172,100,000' and substituting therefor the figure '$295,100,000'.

"(*c*) Section 106 of Public Law 91–273, as amended, is further amended by striking from subsection (a) the figure '$2,000,000' and substituting therefor the figure '$3,000,000,' and by adding thereto the following new subsection (c):

"'(*c*) The Commission is hereby authorized to agree, by modification to the definitive cooperative arrangement reflecting such changes therein as it deems appropriate for such purpose, to the following: (1) to execute and deliver to the other parties to the AEC definitive contract, the special undertakings of indemnification specified in said contract, which undertakings shall be subject to availability of appropiations to the Atomic Enegy Commission (or any other Federal agency to which the Commission's pertinent functions might be transferred at some future time) and to the provisions of section 3679 of the Revised Statutes, as amended; and (2) to acquire ownership and custody of the property constituting the Liquid Metal Fast Breeder Reactor power-

plant or parts thereof, and to use, decommission, and dispose of said property, as provided for in the AEC definitive contract.'

"These authorizations are required under the terms of the definitive cooperative arrangement before the project may proceed into the construction phase. The AEC contract specifies that construction of the plant cannot begin unless these features are contractually in effect. Subdivision (1) is concerned with indemnity protection to the other parties to the AEC definitive contract to effectuate the intention of the contracting parties that project costs and expenses are to be borne by AEC, except to the extent otherwise specifically indicated in the contract. The undertakings in the indemnity agreement are subject to the availability of appropriations and to the provisions of section 3679 of the Revised Statutes as amended. Subdivision (2) would provide AEC with the necessary legislative authority to undertake to take over the Liquid Metal Fast Breeder Reactor powerplant, or parts thereof as the case may be, and to use and dispose of said property, as provided for in the AEC definitive contract, in the event the Tennessee Valley Authority does not decide to retain ownership of the facility, or in the event of an early termination of the project, as provided for in the contract.

"Also, legislative authorization for subdivision (2) would enable AEC to determine whether to exercise an AEC option in the contract to acquire ownership of the powerplant; under the terms of the contract, this option is exercisable at any time prior to the time for formal application for a construction permit. Should AEC acquire ownership of the plant, either by exercising its option or pursuant to its undertaking to do so as indicated above, it would do so as agent of and on behalf of the United States.

"(*d*) Section 101 of Public Law 92–314, as amended, is further amended by striking from subsection (b)(4), project 73–4–b, land acquisition, Rocky Flats, Colorado, the figure '$8,000,000' and substituting therefor the figure '$11,400,000'.

"(*e*) Section 101 of Public Law 93–60 is amended by (1) striking from subsection (b)(1), project 74–1–a, additional facilities, high level waste storage, Savannah River, S.C., the figure '$14,000,000' and substituting therefor the figure '$17,500,000', (2) striking from subsection (b)(1), project 74–1–g, cascade uprating program, gaseous diffusion plants, the words '(partial AE and limited component procurement only)' and further striking the figure '$6,000,000' and substituting therefor the figure '$183,100,000', and (3) striking from subsection (b)(2), project 74–2–d, national security and resources study center, the words '(AE only), site undesignated' and substituting therefor the words 'Los Alamos Scientific Laboratory, N. Mex.,' and further striking the figure '$350,000' and substituting therefor the figure '$4,000,000'."

Section 108

Section 108 rescinds, except to the extent that funds have already been obligated, the authorization for bedrock waste storage (AE and site selection drilling only), Savannah River, S.C. (Project 70–1–b, Public Law 91–44, $4,300,000), the authorization for a national radioactive waste repository, site undetermined (Project 72–3–b, Public Law 92–84, $3,500,000), and the authorization for accelerator improvements, Cambridge Electron Accelerator, Massachusetts (Project 73–6–c, Public Law 92–314, $75,000).

TITLE II

Section 201

Title II provides for an amendment to section 157(b)(3) of the Atomic Energy Act of 1954, as amended, to delete the limitation that the Atomic Energy Commission may grant awards for especially meritorious contributions to the development, use, or control of atomic energy only upon recommendation of the General Advisory Committee (GAC), and substitutes therefor a requirement that the Commission consult with the GAC prior to granting such an award. The requirement for presidential approval of such awards remains unchanged. This change more properly reflects the GAC's advisory role, and places the initiative for such awards in the Commission rather than the GAC. Furthermore, the Fermi Award, considered to be authorized by section 157(b)(3), can be presented for contributions to the direction and management of scientific and engineering endeavors, as well as for scientific and technical achievements. Contributions of the former type are more likely to be within the knowledge of the Commission rather than the GAC.

Mr. PASTORE. Mr. President, I have made my major explanation. I am prepared to answer any questions, if there are any questions, but I again say that this bill is the unanimous decision of the Joint Committee, which consists of nine Members of the House and nine Members of the Senate. Every item was considered very carefully. This is considered to be the minimum authorization to do a creditable job in this area.

Mr. AIKEN. Mr. President, I am glad to see that Congress is getting busy on the authorization bills for the coming year, because it is necessary to take action on those bills before the Appropriations Committee can get busy to determine the actual amounts of the appropriations which should be made.

I do not intend to take much time of the Senate tonight. Senator PASTORE has expressed the situation very completely.

The bill now under consideration would authorize appropriations for the Atomic Energy Commission for fiscal year 1975 in the amount of $3,676,833,000. This is an increase of $1,207,078,000 or about 46 percent over the amount authorized for fiscal year 1974.

This year the Commission's program efforts relating to our national security amount to 42 percent of the total budget, with the remainder, or 58 percent, planned for the conduct of programs in the civilian applications of atomic energy.

The recommendations of the Joint Committee on Atomic Energy represents a net increase of $76,560,000 above the amount requested by the Commission in the submittal to the Congress. The principal changes among these relate to the central station power development program, the controlled thermonuclear fusion program, the Commission's regulatory program, the nuclear weapons program, and a variety of construction projects. These recommendations arise as a consequence of the committee's careful consideration of the programs proposed by the Commission and reflect the committee's judgment that in certain areas additional emphasis is needed. Many of these increases are related to long-range energy research and development which hopefully will lead to at least partial solutions to our Nation's energy needs.

I believe that a few words are in order concerning the recommended $12.7 million increase in funding above that requested for the Commission's regulatory program. There has been criticism voiced by some members of the public concerning the manner in which the Commission has conducted this program. Some of the concerns have been well-founded, the majority appear to be without basis. Nevertheless, it is worth noting that with the increasing regulatory workload and the overriding desire to maintain the high quality of the technical review, a larger number of scientific and professional personnel will be needed to develop standards, check reactor designs, and inspect reactor plants to assure that they are constructed properly so that they will operate in a safe and reliable manner.

Additionally, there would be increased staffing to reduce the time required for conduct of the safety review of license applications. This would be in consonance with the President's expressed desire to bring about a decrease in the time required for licensing and construction of nuclear powerplants from the present 8- to 10-year time period to 5 or 6 years. I am not saying that this increase would bring about a reduction of the magnitude in review time but it should contribute toward the attainment of that objective.

Mr. BAKER. Mr. President, I wish to commend the distingiushed vice chairman (Mr. PASTORE) and my colleagues on the Joint Committee on Atomic Energy for the fiscal year 1975 authorization bill presently pending before the Senate. This bill, in my judgment, represents a clear and comprehensive response to the growing energy needs of our country throughout the remainder of this decade and well into the 1980's and 1990's. Unlike some other sources of energy, nuclear power requires an unusually long lead time before various concepts can be translated from the experimental stage to actual commercial use. Moreover, the need to act with greater precaution and concern for the health, safety, and environmental impact of nuclear powerplants has further extended the required lead time. Nevertheless, I am convinced that the program authorized in this bill attempts to balance those concerns with the need to develop alternative sources of energy in the next 10 to 20 years. I am particularly pleased with the committee's decision to go forward with the development of a number of new technologies which presently show enormous promise.

Among those technologies is controlled thermonuclear research for which the committee authorized $91 million for the next fiscal year. The committee increased the amount requested by the AEC by $9 million in an effort to bring about the operation of a CTR demonstration powerplant before the present schedule of the later nineties.

Another technology of great potential is heavy ion research facilities for which the committee authorized $19.2 million. Although this is a substantial reduction in the amount originally requested by the AEC to the Office of Management and Budget, it is in accordance with AEC plans to sharply increase the

amount spent on heavy ion research in the future. Moreover, an ad hoc panel formed by the National Academy of Sciences praised very highly the potential benefits of developing the heavy ion concept.

A third concept of substantial interest and encouragement to me is molten salt breeder technology. It was originally decided to conclude work on molten salt in fiscal year 1974. However, the Commission wisely reconsidered that decision and opted in favor of resuming study of molten salt as a supplement to the development of the liquid metal fast breeder reactor. They did so by spending $2 million this fiscal year and requesting $4 million for the next year. The primary purpose of this money is to reassemble the team of scientists and engineers who had worked on the original project and begin work on some technical problem before requesting a substantial increase in funding. Nevertheless, the AEC testified that they plan to increase funding for molten salt in fiscal years 1976 and 1977; and I have every intention of supporting those requests when they are considered by the Joint Committee.

In addition to the $4 million authorized by the committee for work on molten salt breeder technology to be undertaken primarily at the Oak Ridge National Laboratory, the committee also agreed to authorize $1.5 million for a molten salt breeder reactor demonstration plant. That money is to be spent on preliminary planning, engineering, and development work to be undertaken by appropriate industrial interests under the auspices of the AEC with the assistance and support of other governmental and nongovernmental concerns. Such an industrial-governmental approach to construction of a molten salt demonstration plant was first suggested by a consortium of industrial interests known as EBASCO. During hearings before the committee in February, EBASCO testified regarding the possibility of undertaking a 7- to 9-year tripartite effort to build a molten salt demonstration plant. Their proposal would integrate the efforts of the Atomic Energy Commission, U.S. electric utilities, and the Japanese Government to collectively fund construction of a test reactor, first in a 60-MWt phase and then a 250-MWe phase, followed by a commercially attractive 1,000–MWe molten salt breeder reactor demonstration plant. Such an approach is very similar to the present liquid metal fast breeder reactor program in which the AEC, the Tennessee Valley Authority, and a group of utilities represented by Commonwealth Edison are parties. Under the LMFBR program, the TVA and Commonwealth Edison are obligated to provide $250 million of the estimated $750 million, while the AEC provides a minimum of $450 million and whatever cost overruns might result. The idea is to tap the financial, scientific, and technological resources of private and semiprivate industry so as to develop this very expensive, but potentially vital source of nuclear power.

What is proposed in the committee's $1.5 million authorization for a molten salt demonstration plant is not the same sort of firm long-term commitment which has been given the LMFBR, but rather the seed money to investigate the possibility of undertaking a similar effort in the area of molten salt. If a tripartite deal can be reached and if it is shown that the proposal laid before the committee is the most reasonable approach to the eventual construction of a molten salt demonstration plant, then I believe we should consider continued funding of such a cooperative effort. The point is, however, that molten salt holds great potential as an alternative source of nuclear power and the Nation can ill afford to unnecessarily delay the development of such a promising concept.

I was also very pleased by the committee's approval of a number of AEC requests regarding Oak Ridge National Laboratory and the residents of the surrounding communities.

The committee agreed to the authorization of $3 million for a high temperature gas reactor fuel refabrication plant. That plant is needed to demonstrate the process and equipment engineering, to provide tests of the maintenance methods and to provide economic data concerning the refabrication methods for HTGR fuels.

The committee also approved $9.5 million for intermediate-level waste management facilities. This money will be used to study the best possible method of disposing of radioactive wastes in anticipation of the large volume of waste to be created by the late 1970's.

The committee also approved $8.8 million for the construction of an Environmental Sciences Laboratory at ORNL. I am hopeful that this new facility will play a major role in assisting our country in its efforts to reconcile the need for more power with the need for a clean and healthy environment.

With regard to the actual environment at the Oak Ridge National Laboratory, the committee agreed to a $2.1 million request by the AEC to upgrade lab facilities in general at ORNL. This is consistent with the committee and the Commission's desire to maintain Oak Ridge as the top nuclear energy lab in the country.

And finally, I was most encouraged by the committee's decision to provide $250,000 to Anderson County, Tenn., and $295,000 to Roane County, Tenn., as payments in lieu of taxes under section 168 of the Atomic Energy Act. Although I am glad to see that these two counties are finally receiving additional compensation for the tax loss suffered as a result of their unusual tax situation vis-a-vis Oak Ridge, I am not convinced that this problem has been completely resolved. For this reason, I urged the committee and the Commission to continue to study this matter and to investigate the possibility of eligibility for additional payments under the provisions of the act.

Mr. President, I again wish to extend my congratulations and commendations to the distinguished Senator from Rhode Island and the distinguished Senator from Vermont, both of them members of the Joint Committee on Atomic Energy, for producing the bill for our early consideration.

It is a good bill. I commend it to the Senate for its consideration. I also extend congratulations to the staff for its fine work.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for third reading, was read the third time, and passed, as follows:

S. 3292

An act 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

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

SEC. 101. There is hereby authorized to be appropriated to the Atomic Energy Commission in accordance with the provisions of section 261 of the Atomic Energy Act of 1954, as amended:

(a) For "Operating expenses", $2,551,533,000 not to exceed $132,200,000 in operating costs for the high-energy physics program category.

(b) For "Plant and capital equipment" including construction, acquisition, or modification of facilities, including land acqusiton; and acquisition and fabrication of capital equipment not related to construction, a sum of dollars equal to the total of the following:

(1) NUCLEAR MATERIALS.—

Project 75–1–a, additional facilities, high-level waste handling and storage, Savannah River, South Carolina, $30,000,000.

Project 75–1–b, replacement ventilation air filter, H chemical separations area, Savannah River, South Carolina, $6,000,000.

Project 75–1–c new waste calcining facility, Idaho Chemical Processing Plant, National Reactor Testing Station, Idaho, $20,000,000.

Project 75–1–d, waste management effluent control, Richland, Washington, $3,500,000.

Project 75–1–e, retooling of component preparation laboratories, multiple sites, $4,500,000.

Project 75–1–f, atmospheric pollution control facilities, stoker fired boilers, Savannah River, South Carolina, $7,500,000.

(2) NUCLEAR MATERIALS.—

Project 75–2–a, additional cooling tower capacity, gaseous diffusion plant, Portsmouth, Ohio, $2,200,000.

(3) WEAPONS.—

Project 75–3–a, weapons production, development, and test installations, $10,000,000.

Project 75–3–b, high energy laser facility, Los Alamos Scientific Laboratory, New Mexico, $22,600,000.

Project 75–3–c, TRIDENT production facilities, various locations, $22,200,000.

Project 75–3–d, consolidation of final assembly plants, Pantex, Amarillo, Texas, $4,500,000.

Project 75–3–e, addition to building 350 for safeguards analytical laboratory, Argonne National Laboratory, Illinois, $3,500,000.

(4) WEAPONS.—

Project 75–4–a, technical support relocation, Los Alamos Scientific Laboratory, New Mexico, $2,800,000.

(5) CIVILIAN REACTOR RESEARCH AND DEVELOPMENT.—

Project 75–5–a, transient test facility, Santa Susana, California, $4,000,000.

Project 75–5–b, advanced test reactor control system upgrading, National Reactor Testing Station, Idaho, $2,400,000.

Project 75–5–c, test reactor area water recycle and pollution control facilities, National Reactor Testing Station, Idaho, $1,000,000.

Project 75–5–d, modifications to reactors, $4,000,000.

Project 75–5–e, high temperature gas reactor fuel reprocessing facility, National Reactor Testing Station, Idaho, $10,100,000.

Project 75–5–f, high temperature gas reactor fuel refabrication pilot plant, Oak Ridge National Laboratory, Tennessee, $3,000,000.

Project 75–5–g, molten salt breeder reactor (preliminary planning preparatory to possible future demonstration project), $1,500,000.

(6) PHYSICAL RESEARCH.—

Project 75–6–a, accelerator and reactor improvements and modifications, $3,000,000.

Project 75–6–b, heavy ion research facilities, various locations, $19,200,000.

Project 75–6–c, positron-electron joint project, Lawrence Berkeley Laboratory and Stanford Linear Accelerator Center, $900,000.

(7) BIOMEDICAL AND ENVIRONMENTAL RESEARCH AND SAFETY.—

Project 75–7–a, upgrading of laboratory facilities, Oak Ridge National Laboratory, Tennessee, $2,100,000.

Project 75–7–b, environmental research laboratory, Savannah River, South Carolina, $2,000,000.

Project 75–7–c, intermediate-level waste management facilities, Oak Ridge National Laboratory, Tennessee, $9,500,000.

Project 75–7–d, modifications and additions to biomedical and environmental research facilities, $2,850,000.

(8) BIOMEDICAL AND ENVIRONMENTAL RESEARCH AND SAFETY.—

Project 75–8–a, environmental sciences laboratory, Oak Ridge National Laboratory, Tennessee, $8,800,000.

(9) GENERAL PLANT PROJECTS.—$55,650,000.

(10) CONSTRUCTION PLANNING AND DESIGN.—$2,000,000.

(11) CAPTIAL EQUIPMENT.—Acquisition and fabrication of capital equipment not related to construction, $208,850,000.

(12) REACTOR SAFETY RESEARCH.—

Project 75–12–a, reactor safety facilities modifications, $1,000,000.

(13) APPLIED ENERGY TECHNOLOGY.—

Project 75–13–a, hydrothermal pilot plant, $1,000,000.

SEC. 102. LIMITATIONS.—(a) The Commission is authorized to start any project set forth in subsection 101(b) (1), (3), (5), (6), (7), (12), and (13) only if the currently estimated cost of that project does not exceed by more than 25 per centum the estimated cost set forth for that project.

(b) The Commission is authorized to start any project set forth in subsection 101(b) (2), (4), (8), and (10) only if the currently estimated cost of that project does not exceed by more than 10 per centum the estimated cost set forth for that project.

(c) The Commission is authorized to start any project under subsection 101(b) (9) only if it is in accordance with the following:

(1) The maximum currently estimated cost of any project shall be $500,000 and the maximum currently estimated cost of any building included in such project shall be $100,000: provided that the building cost limitation may be exceeded if the Commission determines that it is necessary in the interest of efficiency and economy.

(2) The total cost of all projects undertaken under subsection 101(b) (9) shall not exceed the estimated cost set forth in that subsection by more than 10 per centum.

(d) The total cost of any project undertaken under subsection 101(b) (1), (3), (5), (6), (7), (12), and (13) shall not exceed the estimated cost set forth for that project by more than 25 per centum, unless and until additional appropriations are authorized under section 261 of the Atomic Energy Act of 1954, as amended, provided that this subsection will not apply to any project with an estimated cost less than $5,000,000.

(e) The total cost of any project undertaken under subsection 101(b) (2), (4), (8), (9), and (10) shall not exceed the estimated cost set forth for that project by more than 10 per centum, unless and until additional appropriations are authorized under section 261 of the Atomic Energy Act of 1954, as amended, provided that this subsection will not apply to any project with an estimated cost less than $5,000,000.

SEC. 103. The Commission is authorized to perform construction design services for any Commission construction project whenever (1) such construction project has been included in a proposed authorization bill transmitted to the Congress by the Commission, and (2) the Commission determines that the project is of such urgency that construction of the project should be initiated promptly upon enactment of legislation appropriating funds for its construction.

SEC. 104. Any moneys received by the Commission (except sums received from the disposal of property under the Atomic Energy Community Act of 1955, as amended (42 U.S.C. 2301)) may be retained by the Commission and credited to its "Operating expenses" appropriation notwithstanding the provisions of section 3617 of the Revised Statutes (31 U.S.C. 484).

SEC. 105. Transfers of sums from the "Operating expenses" appropriation may be made to other agencies of the Government for the performance of the work for which the appropriation is made, and in such cases the sums so transferred may be merged with the appropriation to which transferred.

SEC. 106. When so specified in an appropriation Act, transfers of amounts between "Operating expenses" and "Plant and capital equipment" may be made as provided in such appropriation Act.

SEC. 107. AMENDMENT OF PRIOR YEAR ACTS.—(a) Section 101 of Public Law 89–428, as amended, is further amended by striking from subsection (b)(3) project 67–3–a, fast flux test facility, the figure "$87,500,000", and substituting therefor the figure "$420,000,000".

(b) Section 101 of Public Law 91–273, as amended, is further amended by striking from subsection (b)(1), project 71–1–f, process equipment modifications, gaseous diffusion plants, the figure "$172,100,000" and substituting therefor the figure "$295,100,000".

(c) Section 106 of Public Law 91–273, as amended, is further amended by striking from subsection (a) the figure "$2,000,000" and substituting therefore the figure $3,000,000," and by adding thereto the following new subsection (c):

"(c) The Commission is hereby authorized to agree, by modification to the definitive cooperative arrangement reflecting such changes therein as it deems appropriate for such purpose, to the following: (1) to execute and deliver to the other parties to the AEC definitive contract, the special undertakings of indemnification specified in said contract, which undertakings shall be subject to availability of appropriations to the Atomic Energy Commission (or any other Federal agency to which the Commission's pertinent functions might be transferred at some future time) and to the provisions of section 3679 of the Revised Statutes, as amended; and (2) to acquire ownership and custody of the property constituting the Liquid Metal Fast Breeder Reactor powerplant or parts thereof, and to use, decommission, and dispose of said property, as provided for in the AEC definitive contract."

(d) Section 101 of Public Law 92–314, as amended, is amended by striking from subsection (b)(4), project 73–4–b, land acquisition, Rocky Flats, Colorado, the figure "$8,000,000" and substituting therefor the figure "$11,400,000".

(e) Section 101 of Public Law 93–60 is amended by (1) striking from subsection (b)(1), project 74–1–a, additional facilities, high level waste storage, Savannah River, South Carolina, the figure "$14,000,000" and substituting therefor the figure "$17,500,000", (2) striking from subsection (b)(1), project 74–1–g, cascade uprating program, gaseous diffusion plants, the words "(partial AE and limited component procurement only)" and further striking the figure "$6,000,000" and substituting therefor the figure "$183,100,000", and (3) striking from subsection (b)(2), project 74–2–d, national security and resources study center, the words "(AE only), site undesignated" and substituting therefor the words "Los Alamos Scientific Laboratory, New Mexico" and further striking the figure "$350,000" and substituting therefor the figure "$4,000,000".

SEC. 108. RESCISSION.—(a) Public Law 91–44, as amended, is further amended by rescinding therefrom authorization for a project, except for funds heretofore obligated, as follows:

Project 70–1–b, bedrock waste storage (AE and site selection drilling only), Savannah River, South Carolina, $4,300,000.

(b) Public Law 92–84, as amended, is further amended by rescinding therefrom authorization for a project, except for funds heretofore obligated, as follows:

Project 72–3–b, national radioactive waste repository, site undetermined, $3,500,000.

(c) Public Law 92–314, as amended, is further amended by rescinding therefrom authorization for a project, except for funds heretofore obligated, as follows:

Project 73–6–c, accelerator improvements, Cambridge Electron Accelerator, Massachusetts, $75,000.

TITLE II

SEC. 201. Section 157b.(3) of the Atomic Energy Act of 1954, as amended, is amended by striking out "upon the recommendation of" and inserting in lieu thereof "after consultation with".

Mr. PASTORE. Mr. President, I could not leave without a word of praise for the staff. They worked assiduously on the bill. They did a magnificent job and deserve the congratulations of the Senate and, indeed, the people of the country.

Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. AIKEN. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR COMMITTEE ON COMMERCE TO FILE LATE REPORTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Commerce be allowed to file late reports, by midnight tomorrow, on S. 1485, a bill to establish an International Commerce Service within the Department of Commerce; S. 1486, a bill to authorize the Secretary of Commerce to engage in certain export expansion activities; and S. 1488, a bill to provide for a system of uniform commodity descriptions and tariffs filed with the Federal Maritime Commission.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

ORDER FOR CONSIDERATION OF S. 3231—INDEMNITY PAYMENTS TO POULTRY AND EGG PRODUCERS

Mr. MANSFIELD. Mr. President, on the basis of a statement made the other day, I ask unanimous consent that Calendar No. 744 S. 3231, a bill to provide indemnity to poultry and egg producers, which was to have come up today, be called up on Tuesday, the 23d of April.

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

Mr. MANSFIELD. Mr. President, a 1-hour agreement was granted by the Senate yesterday. Within the 1-hour agreement were three amendments, each to have 10 minutes, and one for 20 minutes. In order to clarify the situation, which has caused some confusion, I ask unanimous consent that the 1 hour be separate and apart from the time agreed to on the three amendments to be offered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR ADJOURNMENT TO MONDAY, APRIL 22, 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 o'clock noon on Monday, April 22, 1974.

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

ORDER FOR RECOGNITION OF SENATOR PROXMIRE ON MONDAY, APRIL 22, 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the two leaders have been recognized on Monday, April 22, 1974, the distinguished Senator from Wisconsin (Mr. PROXMIRE) be recognized to speak for not to exceed 15 minutes.

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

DETAIL OF PERSONNEL AND TO LOAN EQUIPMENT TO BUREAU OF SPORT FISHERIES AND WILDLIFE, DEPARTMENT OF THE INTERIOR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Chair lay before the Senate a message from the House of Representatives on H.R. 8101, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

H.R. 8101. An act to authorize certain Federal agencies to detail personnel and to loan equipment to the Bureau of Sport Fisheries and Wildlife, Department of the Interior.

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read twice by its title, and the Senate will proceed to the consideration of the bill.

Mr. BAKER. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. BAKER. I noted in the announcement of the distinguished majority leader a request that the Senate proceed to the consideration of the poultry bill on Tuesday, the 23d of April. Might I inquire of the majority leader when he intends that we shall take up the no-fault insurance bill?

Mr. MANSFIELD. I am glad that the Senator reminded me of that. I shall try to keep my word.

NATIONWIDE SYSTEM OF NO-FAULT MOTOR VEHICLE INSURANCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 662, S. 354, and that it be made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 354), to establish a nationwide system of adequate and uniform motor vehicle accident reparation acts and to require no-fault motor vehicle insurance as a condition precedent to using a motor vehicle on public roadways in order to promote and regulate interstate commerce.

Mr. BAKER. I thank the distinguished majority leader. If I correctly understand the situation, the no-fault insurance bill has now been laid before the Senate and is the pending business.

Mr. MANSFIELD. That is correct.

Mr. BAKER. And will be considered on Monday, April 22?

Mr. MANSFIELD. That is correct.

The PRESIDING OFFICER. The Senate has a matter pending before it.

DETAIL OF PERSONNEL AND TO LOAN EQUIPMENT TO BUREAU OF SPORT FISHERIES AND WILDLIFE, DEPARTMENT OF THE INTERIOR

The Senate resumed the consideration of the bill H.R. 8101, to authorize certain Federal agencies to detail personnel and to loan equipment to the Bureau of Sport Fisheries and Wildlife, Department of the Interior.

The PRESIDING OFFICER. The amendment of the Senator from Montana will be stated.

The legislative clerk read as follows:

Insert at the end of the new subparagraph (2) the following new matter:

"(C) The Director of the Bureau of Sport Fisheries and Wildlife shall make an annual report at the end of each fiscal year to the Congress concerning the utilization of the provisions of this subparagraph and the additional cost, if any, to the Federal Government resulting therefrom. Such annual report shall be referred in the Senate to the Committee on Commerce and in the House of Representatives to the Committee on Merchant Marine and Fisheries."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

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

The bill (H.R. 8101) was passed.

NO-FAULT INSURANCE AND OTHER SENATE BUSINESS COMMENCING MONDAY, APRIL 22, 1974

Mr. MANSFIELD. Mr. President, now that we are back on the pending business—the unfinished business which is the no-fault bill—I call attention to the fact that the chairman of the Committee on Commerce, the distinguished Senator from Washington (Mr. MAGNUSON), has been most desirous that this measure be brought up. He will make a brief opening statement tonight and I would hope that he and the distinguished Senator from New Hampshire (Mr. COTTON), the ranking Republican member of the committee, will be here on Monday, April 22, to begin the debate on this most important measure. Should the need arise, however, it will be the intention of the leadership to endeavor to clear as many bills as possible so that if gaps do arise for any reason beginning on Monday, April 22, there are a number of bills and conference reports that may be considered. All Senators should be on notice. Matters in this category include the following: H.R. 11385 dealing with health services research and medical libraries; S. 411, dealing with the Postal Service, S. 3203, dealing with the National Labor Relations Act; S. 2986, dealing with the International Economic Policy Act; and the conference report on energy. I urge all Senators to take note of this and to be prepared beginning the day we reconvene.

Mr. MAGNUSON. Mr. President today the Senate begins floor consideration of S. 354, the National No-Fault Motor Vehicle Insurance Act. After weeks of hearings and hours of executive deliberation, two committees of the Senate have favorably reported S. 354 to the Senate floor.

A majority of both the Senate Commerce Committee and the Senate Judiciary Committee have recommended that S. 354 be passed by the full Senate. While opponents of the legislation will engage in hours and hours of debate on the particular details of S. 354, the basic issues are simple:

First, should every automobile accident victim in the United States receive timely compensation without regard to fault for the economic losses he sustains in an automobile accident?

Second, should automobile insurance consumers be afforded over a billion dollars a year in premium savings?

If a Senator wants to provide timely compensation for each auto victim *while* simultaneously reducing premium costs, he will vote for S. 354. If he does not want to assure timely compensation to each and every automobile accident victim or afford them significant premium reduction, he will vote against S. 354. It is as simple as that.

Some of my colleagues will attempt to run away from the issue by hiding

behind the claim that S. 354 will produce premium increases in their particular State. That argument, however, has no substance because of the independent actuarial study by Milliman and Robertson, Inc., which reports that average personal injury insurance premiums in every State will go down if S. 354 is enacted. Milliman and Robertson, you will recall was selected by the State insurance commissioners, themselves, to develop reliable, unbiased cost information on various no-fault bills.

Some of my colleagues will argue that they are in favor of no-fault but believe that the States should be free to enact their own no-fault plans. The fact of the matter is that the Supreme Court of the United States has declared insurance to be a matter of interstate commerce. Therefore, it is incumbent upon the Congress of the United States to exercise its constitutional responsibility and at least establish minimum Federal standards for no-fault automobile insurance reform.

No one can argue that the States have not been given the chance to enact their own no-fault plans. Some States have moved toward no-fault; others have enacted add-on plans which provide timely compensation for automobile accident victims up to certain limits but which do nothing to protect the consumer's pocketbook against the waste and inefficiency of the present lawsuit system. The sad fact is that many States have done nothing and will continue to do nothing unless Congress acts.

I am sure that some of my colleagues will profess their support for no-fault but argue that the standards in S. 354 are too high. They will argue that automobile accident victims should not be entitled to payment for all their medical and rehabilitation expense or for lost wages up to $15,000 as required in S. 354.

What, then, is the injured automobile accident victim entitled to? Who is going to stand here and tell the wife or children of a seriously injured automobile accident victim that their husband or father is not entitled to medical expense protection beyond a mere $3,000 or $5,000 because Members of Congress decided that the States should be free to deny such compensation to automobile accident victims? Who is going to tell them that in order to pay for extensive medical bills or rehabilitation care that they're going to have to "hawk" all their possessions and go on welfare? Who is going to tell them that their father or husband will never walk again because a State should be free to deny the auto accident victim proper rehabilitation services?

I ask my colleagues to keep in mind the two central issues—the issue of timely compensation for each and every automobile accident victim and the issue of insurance premium cost reduction—as the debate focuses on whether or not S. 354 is constitutional or whether it properly limits the right to sue for noneconomic detriment. As President Nixon continues to say, "no-fault is an idea whose time has come." Pious pronouncements, however, will not translate the idea of no-fault insurance into reality; Members of the U.S. Congress must take positive action to establish a minimum national no-fault automobile insurance program.

Mr. President, I ask unanimous consent that a detailed description of S. 354 be included in the RECORD at this point.

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

DESCRIPTION

(1) GENERAL

The technical basis for the bill is the Uniform Motor Vehicle Accident Reparations Act (hereinafter UMVARA), which was promulgated in August 1972 by the National Conference of Commissioners on Uniform State Laws, an organization of State government officials named pursuant to the laws of each of the 50 States to promote uniformity of law in areas of common concern. The bill would create a nationwide automobile insurance system which would, in the event of a motor vehicle accident, pay the cost of restoring to the maximum extent feasible, all occupants and pedestrians who are injured, and compensate, subject to reasonable limitation, the economic loss of all deceased victims. While extending this *right to recover benefits to all persons*, S. 354 would simultaneously restrict each person's *right to sue* because of the fault of another to cases of serious injury.

The bill would preempt any provision of any State law which would prevent the establishment or administration in any State of a no-fault plan for motor vehicle insurance in accordance with title II or title III of the bill (section 201(a)).

Each State could establish a State no-fault plan which meets or exceeds the national standards set forth in S. 354 at any time prior to the completion of the first general session of the State legislature that convenes after the bill is enacted. The Secretary of Transportation would determine whether a State plan was in accordance with title II, *i.e.* meets or exceeds national standards (sections 201(b), (c)). The national standards (defined in section 202(a)) are met or exceeded by a State plan's provisions if the State provisions are in substance the same, equivalent, more favorable or beneficial to an insured or a claimant, or more restrictive of tort liability than the national requirements. State plan provisions as to which there are no corresponding provisions in the national standards are permitted so long as they are not inconsistent with the policy of the bill (section 202(b)).

If a State does not establish a no-fault plan in accordance with title II during its first legislative session, an alternative State no-fault plan for motor vehicle insurance, title III of the bill, would become applicable and go into effect in that State nine months later. If, at any time, a title III State establishes a State no-fault plan that meets or exceeds national standards, the alternative plan would cease to apply in that State and would be replaced by the State's own plan. Conversely, if a title II State ceased to maintain its no-fault plan in accordance with title II, that plan would cease to be in effect and the alternative State no-fault plan under title III would become effective on a date to be designated by the Secretary (sections 201(d)–(f)).

Determining whether a State no-fault plan is initially and continually in accordance with the national standards is the *only* operational responsibility of the Federal Government. All other activities—regulation of insurance, setting of rates, taxing, management of motor vehicle registration, investigation of claims, and litigation procedures—remain the responsibilities of State and local government in accordance with State law. Having set the national standards as a basic floor, the Federal Government goes no further. S. 354 leaves each State free to develop its no-fault plan beyond the minimum standards and, except for the periodic review under section 201, free from any further new involvement with any Federal agency.

The national standards cover only the primary requirements for a system that will operate coast-to-coast to assure that every victim of a motor vehicle accident anywhere in the United States gets an acceptable degree of treatment and compensation. Non-essential requirements are not mandated for the nationwide system (*i.e.* there is no national standard as to whether residual tort liability insurance should or should not be compulsory; as to whether motor vehicle damage and other property damage loss should or should not be included within the no-fault system; as to how motorcycles should be treated; or as to whether victims should be required to undergo insurance company-administered compulsory physical examinations).

At a minimum, a State establishing a no-fault plan for motor vehicle insurance in accordance with title II of the bill would require each owner of a motor vehicle present or registered in the State to continuously provide security (via an insurance policy or approved self-insurance) for the payment of "basic restoration benefits." This security must pay basic restoration benefits (on a periodic basis as loss occurs) up to at least the following levels:

(1) *all* reasonable charges for medical treatment and care, emergency health services, and medical and vocational rehabilitation services grouped together under the heading "allowable expense" (section 204(a));

(2) reimbursement for all of a victim's work loss—

(A) up to his monthly earned income prior to the accident if the amount was disclosed and agreed to in the insurance policy before the injury, or $1,000 times a formula which reflects differences in average per capita income in different States, whichever is less, and

(B) up to a total amount of $25,000 times a formula which reflects differences in average per capita income in different States. (Applying the formula, the maximum basis restoration benefits for work loss would range from $17,101.27 to $35,135.33.) (section 204(b)) (under section 204(b)(2) a State may determine to lower total work loss protection to $15,000).

(3) reimbursement for replacement services loss (cost of obtaining services victim would have performed personally but for the accident—*e.g.* cooking) subject to reasonable limitations set by the State (section 204(c));

(4) reasonable charges, not to exceed $1,000, for funeral and burial expenses; and

(5) compensation for survivor's loss subject to reasonable limitations set by the State (section 103(2), 204(d)).

With respect to claims by an insured (person named in a policy or residing in the same household as a named insured), the bill authorizes a State to allow deductibles not to exceed $100 per individual, and a no-benefits waiting period not to exceed one week.

The State plan may, of course, require that basic restoration benefits include greater work loss benefits and, in addition, may require payment of such added restoration benefits as compensation for noneconomic detriment (pain and suffering). Basic restoration benefits would not pay any claims for damage to property, but coverage for property loss (i.e. physical damage to a motor vehicle) must be *offered* to each owner as added restoration insurance (section 209(b)). Under national standards, a State plan may treat auto damage on a fault basis as it is presently treated or place it under a no-fault system.

Lawsuits to recover economic losses (termed "loss" in the bill) would be permitted when loss exceeds basic restoration benefit limits. Lawsuits for noneconomic detriment (subject to a $2,500 deduction) would not be permitted unless a motor vehicle accident victim died, suffered serious and permanent disfigurement or other serious and permanent injury, or suffered more than 6 continuous months of total disability (section 206).

Under the national standards, motor vehicle insurance (security for the payment of basic restoration benefits) is the primary source for payment of the losses of victims and the survivors of deceased victims. To prevent problems that the primacy of auto insurance could present to persons who presently receive all-encompassing health insurance and other benefits from insurance plans paid for in whole or in part by their employers, each State is specifically required to permit such benefits to be coordinated with no-fault benefits. The purchaser of such benefits (i.e. the employer) is required to pass on the savings from this coordination to the other individuals for whom he is acting (i.e. employees) through direct payment or substitute benefits. (section 204(f)).

In order for a State no-fault plan to be in accordance with title II of the bill, it must also meet a standard designed to make motor vehicle insurance available to all, including the economically disadvantaged (section 105(a)(5)); provide interest assessments for an insurer that fails to pay no-fault benefits promptly and requires the insurer to pay attorney's fees if a victim must go to court to obtain such benefits (sections 106, 107); provide a system for payment of assigned claims (section 108); provide the means to enable consumers to compare prices being charged by insurers (section 109(b)); authorize the State insurance commissioner to provide an accountability program for medical and vocational rehabilitation services and to take steps to assure the availability of emergency health services and medical and vocational rehabilitation services in the State (section 109(c) and (d)); require that a no-fault system operate between insurance companies as well as between motorists (section 111); implement the system of priorities for the payment of basic restoration benefits in cases in which more than one source is available (section 205); and require insurers to *offer* motorists certain added restoration benefits coverages (section 209).

The alternative State no-fault plan for motor vehicle insurance (title III) places no limitations on the *total* benefits that a victim or the survivor of a deceased victim could receive. Work loss benefits would be paid up to $1,000 a month times a formula which reflects differences in average per capita income in different States but there would be no limitation on the total amount of basic restoration benefits for work loss (section 302 (a)). Benefits for replacement services loss and survivor's loss would be paid for as long as the loss resulting from injury arising out of the maintenance or use of a motor vehicle lasts, subject to a $200 per week ceiling (section 302(c)). The right to sue in the hope of recovering damages for economic or noneconomic detriment in most situations would be eliminated. Compensation for economic loss would be provided by the basic restoration insurance, and compensation for noneconomic detriment would be available to each person who chooses to purchase insurance providing added restoration benefits for noneconomic detriment to a victim in such amounts and upon such conditions as the insured selects. This "no-fault pain and suffering" option must be offered by each insurer writing basic restoration insurance in the State (section 304(b)).

Under both a State no-fault plan in accordance with title II and the alternative State no-fault plan, no benefits would be paid to a victim or the survivors of a deceased victim for intentionally-inflicted injuries or to a victim who had stolen the motor vehicle involved in the accident resulting in injury (section 210). A motor vehicle owner driving without the necessary motor vehicle insurance who suffers injury is entitled to receive basic restoration benefits from the assigned claims plan *minus* all the optional deductibles and exclusions required to be offered in the State and *minus* $500 in benefits for each year of the owner's failure to provide the necessary security except that no deduction would be made from allowable expense items—medical care, emergency health services, medical and vocational rehabilitation services (section 108 (a)(4)).

The bill provides easily applied and consistent rules for resolving questions arising when persons travel from State to State (section 110). If an owner satisfies the security requirements in the State in which he registers his vehicle, he is deemed to have satisfied the security requirements in every State through which he drives while the insurance is in effect. When an individual is injured in an auto accident, the benefit levels of the plan in effect in his State of domicile determine his level of recovery no matter what his source of recovery (*e.g.* his own policy, someone else's policy, a self-insurer, or an assigned claims plan). An insurer is obligated to pay benefits to a claimant based upon his place of domicile. An accident victim's lawsuit rights are also governed by the law of the State of domicile. If a person from a State which has not yet enacted no-fault is injured or if a person is not domiciled in any State (*e.g.* a foreign tourist), then the no-fault plan in effect in the State in which the accident occurs controls questions as to the level of benefits and lawsuit rights. The provisions in section 110 make the national standards system practical and workable by permitting State by State variation above the minmum standards without creating impossible burdens on interstate motorists and their insurers.

(2) GLOSSARY OF SPECIALIZED TERMS USED IN THE BILL

Basic restoration insurance is insurance by which an insurer, self-insurer, or obligated government is required to pay a victim basic restoration benefits, on a no-fault basis, for his net loss from injury arising out of the maintenance or use of a motor vehicle. Basic restoration insurance (also termed security for the payment of basic restoration benefits and basic restoration benefits coverage) is compulsory for all motor vehicle owners (section 104).

Added restoration insurance is optional insurance (although some coverages must be offered for sale to the insured by each insurer providing basic restoration insurance) which provides security for the payment (by an insurer, self-insurer, or obligated government) of added restoration benefits.

Restoration obligor is an entity required to pay basic restoration benefits and, where applicable, added restoration benefits. A restoration obligor is either an insurer, a self-insurer, or an obligated government.

Insurer is any legal entity, other than a self-insurer or obligated government, which is authorized by State law to provide required motor vehicle insurance, including where authorized in a State, a private insurance company, a Blue Cross association, a State established or supervised plan under section 105(a), or a State fund such as the A.C.C.A. in Puerto Rico.

Loss is economic loss for which a victim or the survivors of a deceased victim are entitled to receive basic restoration benefits reduced, if applicable, by social security disability, medicare, workmen's compensation, and similar government or government-required benefits or advantages specified in section 208. *Net loss* is loss minus the above enumerated collateral benefits or advantages and an amount equal to any income tax savings not to exceed 15%. Loss is subdivided into four distinct and separate categories:

(*a*) *Allowable expense* is the reasonable cost of medical treatment and care, emergency health services, medical and vocational rehabilitation services, and funeral and burial services (up to $1,000).

(*b*) *Work loss* is wages and earnings lost as a consequence of the motor vehicle accident. It includes loss of income, even projected future earnings of a person not presently employed, and the cost of a substitute or special services to mitigate loss of income. With respect to lost future earnings, adjustments will be made to compensate for inflationary changes in the value of the dollar (section 207(d)(2)).

(*c*) *Replacement services loss* is the reasonable cost of obtaining ordinary and necessary services (which are not income producing) in lieu of those the victim would have performed for his own benefit, or that of his family, but for the accident and injury.

(*d*) *Survivor's loss* is the loss to the survivor of a deceased victim of the income the deceased victim would have earned and contributed to the survivor, but for the accident, and the cost of obtaining ordinary and necessary services in lieu of those the deceased victim would have performed for the benefit of the survivor, minus expenses avoided by reason of the death.

Basic restoration benefits are the benefits to be paid to each victim or the survivor of a deceased victim. Basic restoration benefits are required to be paid for net loss, subject to the national standard on limitations on such benefits (section 204).

Added restoration benefits are the benefits to be paid to a person who purchases optional insurance in addition to basic restoration benefits coverage. It may include collision coverage for damage to a motor vehicle, benefits for noneconomic detriment (pain and suffering), and excess coverages beyond the limitations on basic restoration benefits.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the concurrent resolution (H. Con. Res. 475) providing for a conditional adjournment of the House from April 11 until April 22, 1974.

The message also announced that the House insisted upon its amendment to the bill (S. 3062) entitled the "Disaster Relief Act Amendments of 1974"; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES of Alabama, Mr. ROBERTS, Mr. JOHNSON of California, Mr. HARSHA, and Mr. SNYDER were appointed conferees on the part of the House at the conference.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

A message from the House of Representatives, delivered by Mr. Hackney, one of its clerks, announced that the House had agreed to the amendment of the Senate to House Concurrent Resolution 475, providing for an adjournment of the Congress until Monday, April 22, 1974, at 12 noon.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, April 11, 1974, he presented to the President of the United States the enrolled bill (S. 1745) to provide financial assistance for research activities for the study of sudden infant death syndrome, and for other purposes.

LEGISLATIVE ACHIEVEMENTS, 93D CONGRESS, 2D SESSION

Mr. MANSFIELD. Mr. President, since convening on January 21, some major legislation has been passed as a result of many hours of work by Senators in committee, on the floor, and often in House-Senate conference. Most important among the measures passed in the last 2½ months are the budget reform bill, the minimum wage increase—which has become law—the creation of an independent Legal Services Corporation, a comprehensive housing and community development program, a campaign reform measure, and a bill seeking to promote maximum Indian participation in the government and education of the Indian people.

As some indication of progress, I would like to note that of the nine priority legislative items which I mentioned in a televised account of the state of the Congress on February 1, five of these measures have already passed the Senate while two others—the education bill and no-fault auto insurance—are on the Senate calendar and will be considered after Easter.

The status of these nine priority items is as follows:

First. National health insurance—House hearings begin on April 24.

Second. Housing program—passed Senate March 11, 1974.

Third. Private pension plan reform—in conference.

Fourth. Minimum wage increase—Public Law 93–259.

Fifth. No-fault auto insurance—on calendar.

Sixth. Budget reform—passed Senate March 22, 1974.

Seventh. Education bill—on calendar.

Eighth. Tax reform—House hearings completed.

Ninth. Campaign reform—passed Senate April 11, 1974.

In addition to these major measures, the Senate has passed a number of other bills, 142 in total. It has confirmed 10,443 nominations and acted on two treaties, having met for 46 days with a total of 138 rollcall votes.

I ask unanimous consent that a report, with subject index, prepared by the Senate Democratic policy committee, containing a summary of measures passed by the Senate this session be inserted in the RECORD at this point.

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

SENATE LEGISLATIVE ACTIVITY INDEX
(93D CONGRESS, 2D SES.)

(By Senate Democratic Policy Committee)

AGRICULTURE

Animal Health Research (H.R. 11873)
Fertilizer (S. Res. 289)
Forest Management (S. 2296)
Rice Allotment Transfers (S. 3075)
Wheat Supplies (S. Con. Res. 70)

APPROPRIATIONS 1974

Veterans' Administration Supplemental (H.J.Res. 941)

CONGRESS

Budget Reform (H.R. 7130)
Senate Committee Employees Pay—Franked Mail (S. 2315)
Senate Confirmation of Presidential Appointments:
Office of Management and Budget (S. 37)

CRIME-JUDICIARY

Canal Zone Marriage Licenses (S. 2348)
Commission on Revision of the Federal Appellate System (S. 3052)
Legal Services Corporation (H.R. 7824)
Mandatory Death Penalty (S. 1401)
Narcotics Treatment (S. 1115)

DEFENSE

Enlisted Personnel Bonus—Female Appointments to Academies (S. 2771)
Medical Officers' Pay (S. 2770)

DISTRICT OF COLUMBIA

Advisory Neighborhood Councils (H.R. 12109.
Taxability of Certain Dividends—D.C. Election (H.R. 6186).

ECONOMY-FINANCE

Abandoned Money Orders and Traveler's Checks (S. 2705).
Check Forgery Insurance (H.R. 6274).
Housing and Community Development (S. 3066).
Pension Reform (H.R. 2 [H.R. 4200]).
Securities and Exchange Commission (SEC) Paperwork Reduction (S. Res. 173).
Supplemental Security Income—Unemployment Compensation (H.R. 13025).

EDUCATION

Educational Funding and Guaranteed Student Loans (H.R. 12253).

ELECTIONS

Campaign Reform (S. 3044).
Watergate Committee (S. Res. 287), (S. Res. 288), (S. Res. 286).

ENERGY

*Energy Emergency (S. 2589).
Federal Energy Administration (H.R. 11793 [S. 2776]).
Oil Price Increase (S. Res. 249).
Truck Fuel Prices (S.J. Res. 185).
Washington Energy Conference (S. Res. 279).

ENVIRONMENT

Environmental Education (S. 1647).
Ocean Dumping (H.R. 5450).
Oil Pollution (S. 1070).
Woodsy Owl (S. 1585).

GENERAL GOVERNMENT

Atomic Energy Commission Authorization (S. 3292).
Disaster Relief (S. 3062).
Federal Procurement Policy (S. 2510).
Idaho Admission Act (S. 939).

GOVERNMENT EMPLOYEES

Civil Service Retirement Annuities (S. 1866).
Civil Service Survivors Eligibility (S. 2174).
Pay Raises for Members of Congress, Federal Judges, and Top Executive Branch Officials (S. Res. 293).
Privacy and Rights of Federal Employees (S. 1688).

HEALTH

Alcohol Abuse and Alcoholism Prevention (S. 1125)
Biomedical Research (H.R. 7724)
Diabetes Mellitus (S. 2830)
Medical Devices (S. 2368)
National Cancer Program (S. 2893)
Sudden Infant Death Syndrome (S. 1745)

INDIANS

Assistant Secretary for Indian Affairs (S. 2777)
Constitutional Rights of Indians (S. 969)
Indian Financing (S. 1341)
Indian Self-Determination (S. 1017)

INTERNATIONAL

China Indemnification Agreement (S. 3304)
American Hospital of Paris, Inc. (S. 1836)
Foreign Service Buildings (H.R. 12465)
International Ocean Exposition '75 (S. 2662)
Military Assistance to Greece (S. 2745)
Missing in Indochina (S. Con. Res. 81)
Missing Newsmen (S. Res. 291)
Overseas Private Investment Corporation (OPIC) (S. 2957)
State Department Supplemental Authorization (H.R. 12466)
Treaties:
Customs Convention on the International Transit of Goods (Ex. P, 93d–1st)
Extradition Treaty with Denmark (Ex. U, 93d–1st)
1980 Winter Olympic Games (S. Con. Res. 72)

LABOR

Minimum Wage Increase (S. 2747)

MEMORIALS—TRIBUTE

B. Everett Jordan, Death of (S. Res. 298)
Georges Pompidou, Death of S. Res. 304)
Hank Aaron Home Run Record (S. Res. 303), (S. Res. 305)
Lyndon B. Johnson Conservation Corps Center and Lyndon B. Johnson National Grasslands (S. 2835)

NATURAL RESOURCES

Fish and Wildlife Service (H.R. 13542)
Lone Rock Lake Project (S. 1961)
National Ocean Policy Study (S. Res. 222)
Rivers and Harbors—Public Works (H.R. 10203 [S. 2798])
Rocky Mountain National Park, Colorado (S. 2394)
Special Recreation Use Fees (S. 2844)
Wild and Scenic Rivers—Chattooga River (H.R. 9492 [S. 921])
Wilderness Areas:
Weminuche Wilderness (S. 1863)

PROCLAMATIONS

National Agriculture Week (S.J. Res. 163)
National Volunteer Week (S.J. Res. 179)

TRANSPORTATION-COMMUNICATIONS

Aircraft Piracy (S. 872)
Aircraft Hijacking (S. 39)
Coast Guard Laws (H.R. 9293)
Cumbres and Toltec Scenic Railroad (S. 2362)
Urban Mass Transit (S. 386)
Vessel Tonnage Deductions (S. 1353)

VETERANS

American War Mothers, Inc. (S. 2441)
Life Insurance (H.R. 6574)
POW Families, Funeral Transportation for (S. 3228)

SENATE LEGISLATIVE ACTIVITY, 93RD CONGRESS, 2D SESSION

(By Senate Democratic Policy Committee)

Days in Session, 46.
Hours in Session, 263:21.
Total Measures Passed, 142.

Public Laws, 16.
Treaties, 2.
Confirmations 10,443.
Record Votes, 138.

Symbols: P/H, Passed House; P/S, Passed Senate; *, Vetoed 1974; (VV), Passed by Voice Vote; numbers in parenthesis indicate number of record vote on passage, conference report, or reconsideration.

AGRICULTURE

Animal health research

Authorizes $75 million annually to increase funding for animal health research at colleges of veterinary medicine, or, at institutions where there are no such colleges, the State agriculture experiment stations conducting animal health research; sets a formula for distribution of funds based on the value of and income generated by livestock and poultry in each State and on the animal health research capacity at the eligible institutions; provides for additional grants for research on specific national or regional animal health problems; and establishes an Advisory Board appointed by the Secretary of Agriculture to make recommendations on matters related to the administration of the Act. H.R. 11873. P/H Feb. 7, 1974; P/S amended Mar. 28, 1974. (VV)

Fertilizer

Expresses a sense of the Senate that: all Federal agencies should give the highest priority to the U.S. fertilizer industry in establishing allocation priorities of distribution; the U.S. fertilizer industry should distribute fertilizer supplies among farmers in a timely and equitable manner, and at reasonable prices; the Federal Power Commission, and appropriate State regulatory agencies, should establish priorities for the allocation of natural gas to nitrogen fertilizer producers sufficient to insure them of supply levels required to maintain maximum production levels; the Federal Energy Office should give the highest priority allocation to the fertilizer industry's needs for gasoline, middle-distillates, and other liquid fuels utilized in the production, distribution, and application of fertilizer; the Cost of Living Council and the Departments of Agriculture and Commerce should continue their monitoring and reporting of fertilizer supply availabilities, wholesale and retail prices, and export shipments; and the Cost of Living Council should establish a monitoring and investigatory program through the office of the IRS to determine the factual basis of any alleged price gouging involving either fertilizer wholesalers or retailers. S. Res. 289. Senate adopted Feb. 27, 1974. (VV)

Forest management

Requires the Secretary of Agriculture to prepare a National Renewable Resource Assessment not later than December 31, 1974, and to update it during 1979 and each 10th year thereafter; expands the resource surveys under 16 USC 581h to include all renewable resources, and changes the authorization therefor from $5 million annually to the amount needed; requires the Secretary to prepare a Forest Service Renewable Resource Program not later than December 31, 1974, covering the five fiscal years beginning July 1, 1975, and at least each of the next 4 fiscal decades, and to update such program each five years thereafter; requires transmission of the Assessment and Program to Congress in 1975 and after each updating; requires expenditure of appropriated funds except to the extent the appropriation act provides for discretion, or events occurring after enactment of the appropriation prevent the accomplishment of its purpose; requires an annual progress report by the Secretary; requires national forest system management to be on a current basis by the year 2000; encourages the use of appropriated funds for forest road and trail construction; directs the Secretary to avoid use of purchaser road construction authority in a manner that would unduly affect forest revenues and payments to a particular county; and requires Forest Service offices to be located near Forest Service operations. S. 2296, P/S Feb. 21, 1974. (VV)

Rice allotment transfers

Permits rice growers who are unable to plant part or all of their farm acreage allotments because of floods or other natural disasters to transfer their allotments to other farms in the same or a near county on which they will have an interest in the particular commodity. S. 3075. P/S Mar. 13, 1974. (VV)

Wheat supplies

States a sense of the Senate that the Secretary of Agriculture should: immediately conduct a survey of all wheat milling firms and bakeries to determine their position with regard to wheat supplies and requirements during the remainder of the 1973–74 marketing year; conduct a county-by-county survey to determine the amount of uncommitted wheat stocks remaining in the ownership of all grain dealers and farmers; and work with the Interstate Commerce Commission to expedite transportation of existing wheat stocks to the millers and bakers in need of additional supplies. S. Con. Res. 70. Senate adopted Feb. 25, 1974. (VV)

APPROPRIATIONS, 1974

Veterans' Administration supplemental

Appropriates $750 million to the Veterans' Administration to insure the availability of funds for financing Readjustment Benefits of the Nation's post-Korean conflict veterans, their sons and daughters, and their wives and widows. H.J. Res. 941. Public Law 93–261, approved Apr. 11, 1974. (VV)

CONGRESS

Budget reform

Establishes a new congressional budget process; establishes a standing Senate Committee on the Budget with members selected in the same manner as other standing committees; creates an independent office of the Congress called the Congressional Office of the Budget (COB);

Changes the Federal fiscal year from July 1–June 30 to October 1–September 30 and establishes the following timetable for the budget process:

By November 10: The President submits the current services budget (a document showing programs and funding levels for the year just past), thus giving the Congress line-item information with which to begin analysis and preparation of the budget for the coming fiscal year prior to receipt of the President's budget;

By February 15: The President submits his budget;

By April 1: Committees and joint committees submit reports to the Budget Committees;

By April 15: COB submits its report to Congress;

By May 1: The Budget Committees report the first concurrent resolution on the budget to their Houses, setting forth (1) the appropriate levels of total budget outlays (including outlays from carryover budget authority) and total new budget authority, (2) an estimate of budget outlays and an appropriate level of new budget authority for each major functional category, for contingencies and for undistributed intra-government transactions, (3) estimated revenues and their major sources, (4) the recommended surplus or deficit, (5) appropriate level of and recommended changes, if any, in the statutory limit on the public debt, and (6) such other matters relating to the budget as may be appropriate;

By May 15: The appropriate committees report authorization bills;

By June 1: Completion of all action on the first concurrent budget resolution;

By August 7 or 5 days before August adjournment: Completion of enactment into law of all authorization bills;

By August 15 or 3 days before August adjournment: The Budget Committees report a second required concurrent budget resolution assessing actions to date and either reaffirming or revising the most recent concurrent resolution (either the first required budget resolution or if other later resolutions have been adopted, the latest budget resolution), and specifying any needed remedial changes in budget authority, revenues, or the statutory public debt limit legislative action (which after preparation by the appropriate committees, shall be incorporated into a reconciliation bill);

Three days after the end of August adjournment or 4 days after Labor Day when no August adjournment: Completion of all action on the second required concurrent budget resolution;

By September 25: Completion of action on reconciliation bill containing provisions necessary to accomplish any change or changes in budget authority, revenues, or the statutory public debt directed by the second required budget resolution;

October 1: The fiscal year begins; And contains other provisions. H.R. 7130. P/H Dec. 5, 1973; P/S amended Mar. 22, 1974; in conference. (81)

Senate committee employees pay—Franked mail

Eliminates the statutory minimum rate of compensation for Senate committee employees and eliminates the requirement that the words "Postage paid by Congress" be printed on franked mail. S. 2315. Public Law 93–255, approved Mar. 27, 1974. (VV)

Senate confirmation of Presidential appointments

Office of Management and Budget

Amends the Budget and Accounting Act, 1921, to require Senate confirmation of future appointments to the offices of Director and Deputy Director of the Office of Management and Budget, effective in each case, immediately after the individual holding that office on the date of enactment ceases to hold the office and, effective immediately in the case of a vacancy in either position on the date of enactment. S. 37. Public Law 93–250, approved Mar. 2, 1974. (VV)

CRIME-JUDICIARY

Canal Zone marriage licenses

Transfers the duties for issuing and recording marriage licenses and related activities, from the United States District Court of the Canal Zone to the civil affairs director of the Canal Zone Government. S. 2348. P/S Mar. 29, 1974. (VV)

Commission on Revision of the Federal Appellate System

Extends the final date for the report of the Commission on Revision of the Federal Court Appellate System from September 21, 1974, to June 21, 1975, and increases its authorization from $270,000 to $1 million. S. 3052. P/S Mar. 26, 1974. (VV)

Legal Services Corporation

Establishes a private nonprofit, federally funded legal services corporation (to which the duties and responsibilities of the current legal services program in the Office of Economic Opportunity will be transferred) for the purpose of providing high quality legal assistance to those who cannot afford adequate legal counsel; places the administration of the Corporation in a Board of Directors consisting of 11 members appointed by the President with the advice and consent of the Senate and provides that not more than six shall be of the same political party, that a majority be members of

the bar of the highest court of any State, and that none be full-time employees of the United States; provides that the Chairman shall be selected from the Board members by the President for a 3-year term and thereafter the Board shall elect annually the Chairman from its members; provides that within 6 months after the first meeting of the Board, the Board shall request the Governor of each State to appoint a nine-member advisory council for the State which shall be charged with notifying the Corporation of any alleged violation of this Act; makes statutory provision for a 15-member National Advisory Council (which shall be representative of the organized bar, legal education, project attorneys, eligible clients and the general public) to consult with the Board regarding the rules, regulations and activities of the Corporation;

Authorizes the Board to appoint a President of the Corporation, who shall be a member of the bar of the highest court of any State, and any other corporate officers; provides that no officer of the Corporation may receive any compensation from any source other than the Corporation during employment by the Corporation except as authorized by the Board;

Provides that all officers and employees of the Corporation are to be treated as private employees except for certain rights and benefits of employees of the Federal Government (work injuries, retirement, and health and life insurance); further provides that the Corporation shall be considered a private nonprofit entity for all statutory purposes, including those concerning labor relations, except as otherwise specified;

Authorizes the Corporation to make grants and contracts with individuals, partnerships, firms, and nonprofit organizations and corporations for the purpose of providing legal assistance to eligible clients; authorizes the Corporation, either directly or by grant or contract, to provide for research, recruitment, training, and information clearinghouse activities, to enhance the efficiency and effectiveness of legal services programs; authorizes technical assistance in connection with legal assistance activities; sets requirements and procedures for insuring compliance with the law, rules, regulations and guidelines under which the recipients of assistance, grants or contracts will operate; provides that the Canons of Ethics or the Disciplinary Rules of the Code of Professional Responsibility would be fully applicable to the actions and responsibilities of attorneys in the legal services program; prohibits an attorney from receiving compensation for providing legal assistance under this Act unless he or she is admitted to practice in the jurisdiction where such assistance is initiated; prohibits employees of the Corporation or any recipient from engaging in or encouraging any public demonstration or picketing, boycott, or strike; makes special provision for bilingual legal assistance; prohibits the Corporation from influencing the passage or defeat of any legislation by the Congress or any State or local legislature; prohibits contributions of funds, equipment, or personnel to any political party or campaign or for use in influencing any ballot measures or referendums;

Provides that the Corporation, in consultation with the Director of the Office of Management and Budget and with the Governors of the States, establish maximum income levels (taking into account family size, urban and rural differences, and substantial cost-of-living variations) for individuals eligible for legal assistance; prohibits the use of funds for legal assistance with respect to a criminal proceeding, or to make grants to, or contracts with, any public interest law firm which expends 50 percent or more of its resources litigating issues in the broad interests of a majority of the public; makes special provisions for legal assistance to persons 18 years of age; authorizes $71.5 million for fiscal year 1974, $90 million for fiscal year 1975 and $100 million for 1976 and thereafter;

And contains other provisions. H.R. 7824. P/H June 21, 1973; P/S amended Jan. 31, 1974; In conference. (28)

Mandatory death penalty

Imposes by statute a mandatory death penalty for offenses for which the death penalty is available because death resulted, as follows where: (1) the offense involves flight by a prisoner from the custody of an officer or from an institution, gathering or delivering defense information to aid a foreign government, transportation of explosives in interstate commerce, destruction of government property, destruction of property in interstate commerce, kidnaping, treason, and aircraft piracy; (2) the defendant has been convicted of another offense, State or Federal, for which a sentence of life imprisonment or death was authorized by statute; (3) the defendant has previously been convicted of two or more offenses, State or Federal, which carried a penalty of more than 1 year's imprisonment and which involved the "infliction of serious bodily injury upon another person"; (4) the defendant knowingly created a grave risk of death to another person in the commission of the offense; (5) the offense was committed in an especially heinous, cruel, or depraved manner; (6) the defendant procured commission of the offense by payment or promise of payment; (7) the offense was committed for money or anything of pecuniary value; and (8) the offense was committed against the President, Vice President, President or Vice President elect, or if no Vice President, the officer next in order of succession, a chief of state of a foreign nation, certain foreign officials in the United States because of official duties, a Justice of the Supreme Court, a Federal law enforcement officer or an employee of a Federal prison;

Also provides in regard to offenses concerning defense information or treason that the sentence of death shall be imposed in cases where (a) the defendant has been convicted of another previous offense concerning defense information or treason, for which a sentence of life imprisonment or death was authorized by statute; or (b) in the commission of the offense the defendant knowingly created a grave risk of substantial danger to the national security and it is found that the offense directly concerned nuclear weaponry, or other major weapons system or major element of defense strategy; or (c) in the commission of the offense the defendant knowingly created a grave risk of death to another person;

Makes the following exceptions to the imposition of the death sentence where, at the time of the offense, (1) the defendant was under 18 years of age; (2) his or her capacity to appreciate the wrongfulness of his conduct or to conform his conduct to the requirements of law was significantly impaired but not so much as to constitute a defense for prosecution; (3) he or she was under unusual and substantial duress, although not such as to constitute a defense for prosecution; (4) he or she was a principal in the offense, which was committed by another, but the participation was relatively minor, though not so minor as to constitute a defense; (5) he or she could not reasonably have foreseen that his conduct in the course of the commission of the offense which resulted in the death for which he or she was convicted would cause, or would create a grave risk of causing, death to any person; or (6) as allowed by the court when hostages have been released by the defendant on the assurance of the Attorney General that their release would be a factor mitigating the application of the mandatory death sentence;

Establishes a procedure whereby a hearing shall be held after conviction or plea of guilty for the purposes of determining whether any of the exceptions apply; contains provisions concerning appeal from a sentence of death under this procedure; and contains other provisions. S. 1401. P/S Mar. 13, 1974. (69).

Narcotic treatment

Amends the Comprehensive Drug Abuse Prevention and Control Act of 1970, Public Law 91–513, commonly called the Controlled Substances Act, to provide new authority for the regulation of the use of narcotic drugs in the treatment of narcotic addicts; provides definitions of "maintenance treatment" to enable the Attorney General to establish more specific and comprehensive regulatory control over the handling of narcotic drugs used in the treatment of narcotic addicts; requires practitioners who dispense or administer narcotic drugs in the treatment of narcotic addicts to obtain a special registration predicated on the approval of treatment standards by the Secretary of Health, Education, and Welfare and the approval of security standards by the Attorney General; enables the Attorney General to deny, revoke, or suspend the special registration for failure to comply with the new standards; makes the full range of civil remedies and felony penalties available under the Controlled Substances Act applicable to practitioners who provide narcotic drugs without obtaining the special registration, in violation of the registration, or after revocation of the registration; and requires the special registered practitioners to keep complete records of narcotic drugs directly administered to patients in their presence. S. 1115. P/S June 8, 1973; P/H amended Mar. 19, 1974.

DEFENSE

Enlisted personnel bonus—Female appointments to academies

Revises the special pay bonus structure relating to members of the Armed Forces, and provides for the appointment of female candidates to the U.S. military academies. S. 2771. P/S Dec. 20, 1973; P/H amended Mar. 18, 1974; Conference report filed.

Medical officers' pay

Increases monthly special pay for physicians (including Public Health Service officers) with 2 years active service from $150 to $350 a month; terminates the current continuation pay for physicians in pay grades below O–6 (colonel); and authorizes new bonuses, of up to $10,000 a year, for physicians in pay grades below O–6 for each year they agree to continue active service. S. 2770. P/S Dec. 20, 1973; P/H amended Apr. 2, 1974; Conference report filed.

DISTRICT OF COLUMBIA

Advisory neighborhood councils

Amends the District of Columbia Self-Government and Governmental Reorganization Act (Public Law 93–198) to make clear that only a majority of voters voting on the issues in the May 7th referendum are needed to ratify the Advisory Neighborhood Council. H.R. 12109. Public Law 93– , approved ——— 1974.

Taxability of certain dividends—District of Columbia Elections

Amends the existing District of Columbia tax laws to provide with respect to all taxable years ending after December 31, 1973, that dividends and interest received by a corporation from an insurance company, bank, and other savings institution subject to the 2 percent net premium tax imposed under present law shall not, when paid to the parent corporation, be considered as income from

sources within the District, and thus shall not be subject to the District of Columbia income tax, provides that, upon ratification of the Charter by D.C. residents on May 7, 1974, employees shall be permitted to be candidates in the first elections for the offices of Mayor, Chairman or member of the Council; provides that employees who are duly qualified candidates may take an active part in political management or political campaigns for such elections; and exempts the Mayor, and members of the city council or the Chairman of the Council from prohibitions against active participation in political management and political campaigns contained in the Hatch Act. H.R. 6186. Public Law 93- , approved 1974.

ECONOMY-FINANCE

Abandoned money orders and traveler's checks

Permits the State in which a money order or traveler's check was purchased to claim the money in the event the money order or traveler's check becomes abandoned unless that State's law does not provide for escheat or there is no record of place of purchase, in which case the State in which the obligor has its principal place of business may claim the moneys. S. 2705. P/S Feb. 28, 1974. (VV)

Check forgery insurance

Extends the availability of Check Forgery Insurance Fund to permit payment to payees and special indorsees on forged checks drawn on United States dollars or foreign currencies on depositories designated by the Secretary of the Treasury in the United States or abroad, by Government disbursing officers. H.R. 6274. P/H Sept. 17, 1973; P/S amended Mar. 25, 1974. (VV)

Housing and community development

Consolidates and simplifies existing programs and authorizes the development of several new programs, and authorizes appropriations for these new programs of $4,420,000,000 for fiscal year 1975 and $4,646,500,000 for fiscal year 1976, making a total of $9,045,800,000;

Consolidates and revises the FHA (Federal Housing Authority) mortgage insurance programs, presently under the National Housing Act, into a new Revised National Housing Act and the low-rent public housing program which originated under the United States Housing Act of 1937;

Contains, in the new Community Development Assistance Act of 1974, consolidation provisions for community development programs involving the urban renewal program authorized by the Housing Act of 1949 and rewritten by the Housing Act of 1954, the Model Cities program authorized by the Housing Act of 1966, and several community facility programs authorized by the Housing Acts of 1954, 1955, 1961, and 1965; authorizes a new block grant program to provide Federal assistance to localities for community development by consolidating and simplifying ten categorical urban development grant programs and replacing them with the new program, which includes provisions for the development of a 2-year Federal funding cycle at an assured and adequate level so that localities are always working with a known level of Federal grants for the next year as well as the current year subject only to the meeting of minimum Federal performance standards; provides funding under Federal supervision using an applications procedure requiring a summary of a 4-year plan for meeting the community's development needs, a description of proposed activities and expenditures, a certification that the applicant has met certain requirements, and a performance report, with an exception made for cities of under 25,000 population applying for a single activity other than an urban renewal activity.

Rewrites the comprehensive planning assistance program and provides a new Federally assisted State housing program;

Amends title V of the Housing Act of 1949 on rural housing to broaden or liberalize existing provisions to cover deficiencies relating to the authority of the Farmers Home Administration to provide assistance for lower income rural families;

Requires the Secretary of Housing and Urban Development (HUD) to establish Federal mobile home construction and safety standards which would supersede State standards not identical to the Federal standards;

Authorizes the establishment of a special financing association in HUD (the Housing Cooperative Finance Association) to provide financing for consumer-oriented housing cooperatives;

And contains other provisions. S. 3066. P/S Mar. 11, 1974. (59)

Pension reform

Seeks to strengthen and improve the protections and interests of participants and beneficiaries of private employee pension and welfare benefit plans by establishing minimum standards for participation in and funding of such plans and by making provision for vesting of rights, portability and plan termination insurance.

Office of Employee Plans and Exempt Organizations

Creates within the Internal Revenue Service a new office of Assistant Commissioner for Employee Plans and Exempt Organizations, which will have the responsibility within the Service for enforcing requirements pertaining to private pension plans and charitable and other exempt organizations; provides for a $1 audit fee excise tax on the employer for each plan participant to pay for the administrative costs of the new unit;

Participation

Sets minimum standards for participation in pension plans by employees; requires coverage of an employee the later of 1 year of service or the date the employee reaches age 30; permits an individual who has been working from age 25 to count years of service from age 25 for the purpose of the vesting rule when he or she reaches age 30; defines a year of service as employment for more than 5 months in a year for at least 80 hours in each of the 5 months; applies these standards in general for new plans beginning the year after the date of enactment and to existing plans for plan years beginning after December 31, 1975, or in the case of collective bargaining agreements the earlier of the date the agreement terminates or December 31, 1980;

Vesting

Sets minimum standards for vesting of benefit rights derived from employer contributions which in general provide for 25 percent vesting upon 5 years of service increased by 5 percent yearly through the 10th year and by 10 percent from the 10th to 15th year when 100 percent vesting is reached, with the effective date, generally, for the vesting rules to apply being plan years beginning after December 31, 1975;

Funding

Establishes minimum standards for funding of plans to insure adequate financing which are to be enforced through the tax laws; provides that "current service costs" shall be contributed on a current yearly basis by the employer; requires generally that initial past service costs (which occur where plans give a worker credit for service before the plan went into effect or improvements are made with respect to past service) be amortized by the employer over a period of not more than 30 years, with a 40-year period allowed for multiemployer plans; requires experience losses (where the estimates of funding requirements are too low) and experience gains (where they are too high) to be amortized over the shorter of 15 years or the average remaining service life of covered workers; authorizes waiver of minimum funding requirements in the case of a single employer plan upon a showing of substantial business hardship, with the waived amounts to be amortized over no more than 10 years, and in the case of multiemployer plans, extension of the 40-year amortization period for the past service costs for a period of up to 50 years; subjects an employer who fails to contribute the minimum amount required to an initial 5 percent tax on the funding deficiencies, and if the funding deficiencies are not corrected within the period allowed to a tax of 100 percent of the funding deficiency; makes these standards effective the same date as the vesting provisions;

Portability

Includes a voluntary portability program for both employers and employees; establishes a Pension Benefit Guaranty Corporation within the Department of Labor; provides that a Pension Benefit Portability Fund shall be established in the Treasury Department; provides that workers who change jobs may have their vested retirement credits transferred to an account in the Fund, with the Corporation to invest the Fund's assets and pay benefits upon the worker's retirement, or, alternatively, may have the amount transferred to a retirement plan of his or her new employer, which can be used to buy actuarially equivalent benefits in the new employer's retirement plan;

Plan Termination Insurance

Provides a plan termination insurance program to be managed by the Corporation and funded by a tax on the employers based on the number of participants in a plan, with, generally, premium taxes payable by employers beginning in 1975 and coverage to begin no later than 1977;

Disclosure and Fiduciary Standards

Divides enforcement of fiduciary responsibilities between the Department of Labor and the Internal Revenue Service; contains reporting and disclosure requirements; provides a declaratory judgment procedure whereby in certain situations employers or employees may appeal determination letters issued by the Internal Revenue Service to the U.S. Tax Court; requires, with respect to claims, that plans must contain arbitration procedures in accordance with regulations of the Department of Labor;

Retirement Savings and Limitations on Employee Contributions

Allows a deduction for retirement savings for persons not covered by a qualified plan or governmental plan of a minimum $1,000 a year and a maximum of 15 percent of earnings up to a maximum of $1,500; increases the present limitation on deductible contributions by self-employed individuals to a qualified plan from 10 percent of earnings up to $2,500 to 15 percent of earnings up to $7,500; places a limitation of deductions for contributions on behalf of all corporate employees, using a formula basing benefits on 75 percent of the highest 3 years of earnings of up to no more than $100,000 in any 1 year, thus placing a limitation of $75,000 a year on pensions for corporate employees from tax-free contributions; provide a new method of taxing lump-sum distributions;

Servicemen's Benefits

Amends the Internal Revenue Code of 1954 for the purpose of continuing the same tax treatment for servicemen and former service-

men under the Survivor Benefit Plan, Public Law 92-425, as was formerly available for them under the Retired Servicemen's Family Protection Plan in the case of annuities for surviving spouses or certain child beneficiaries;

And contains other provisions. H.R. 2 (H.R. 4200). P/H Feb. 28, 1974; P/S amended Mr. 4, 1974: in conference (VV).

Securities and Exchange Commission (SEC) paperwork reduction

States as a sense of the Senate that the SEC should immediately proceed to evaluate the role of the small broker-dealer in the U.S. securities markets and determine if their survival is being jeopardized by unnecessary, overlapping, and duplicative reporting requirements and urges the SEC to examine the paperwork burden of the small broker-dealer consistent with SEC's statutory mandate to protect the investor and, where possible, reduce and consolidate duplicative and excessive reporting requirements. S. Res. 173. Senate adopted Feb. 7, 1974. (VV)

Supplemental security income—Unemployment compensation

Authorizes payment of supplemental security income (SSI) benefits on the basis of presumptive disability, for up to 12 months, to otherwise eligible individuals who were formerly on the rolls of State programs of aid to the blind and disabled in order to allow benefits to continue while the Social Security Administration, which administers SSI, completes its eligibility review; extends a temporary provision in Public Law 93-233, amending the Social Security Act, whereby a State can elect to come under the extended unemployment compensation program which provides for 13 weeks of extended benefits beyond the expiration of regular unemployment benefits, if the insured unemployment rate in the State is at least 4 percent without meeting the permanent law requirement that the rate also has increased by 20 percent over the prior 2 years; and provides a 1-year delay for the repayment by a State of funds it has received from the Federal government to pay unemployment compensation benefits. H.R. 13025. Public Law 93-256, approved Mar. 28, 1974. (70)

EDUCATION

Educational funding and guaranteed student loans

Provides that funds appropriated for fiscal years 1973 and 1974 for any program to which the General Education Act applies shall remain available for obligation and expenditure until June 30, 1975, and amends the Higher Education Act of 1965 to clarify congressional intent concerning the Guaranteed Student Loan Program so that students whose family incomes are less than $15,000 per year will be eligible for a $2,000 subsidized loan without a needs test and an additional $500 if they qualify under a needs test which is required for students whose family incomes are $15,000 or more to receive a subsidized loan up to $2,500. H.R. 12253. Public Law 93- , approved ——, 1974. (VV)

ELECTIONS

Campaign reform

Authorizes public financing from income tax revenues for primary and general elections for Federal office, effective January 1, 1976;

Source of public financing

Bases appropriations for public funding on amounts designated on federal income tax returns for the Federal Election Campaign Fund established in the Treasury by this act; increases the present tax checkoff amount from $1 to $2 per person (therefore, $4 on a joint return), with the designation now to be automatic unless the taxpayer elects not to make the designation; provides increased tax incentives for political contributions by doubling the present tax credit to one-half of the contribution up to a maximum limitation of $25 per person ($100 on a joint return) and the present tax deduction to $100 per person ($200 on a joint return); and authorizes gifts to the Fund;

Public financing

Sets requirements for eligibility for candidates choosing public funding, including agreement to reporting requirements and the meeting of a threshold amount of money from private contributions before receiving public moneys, and limits private contributions, total permissible campaign expenditures by a candidate (both publicly and privately financed), and expenditures by a political party, with provision for cost-of-living adjustments in the amounts which may be spent, as follows:

Primaries

Authorizes partial public funding; defines a primary election to include a runoff election and a convention or caucus of a political party to nominate candidates or select delegates to a national nominating convention;

Presidential

Sets a threshold amount of $250,000; permits only the first $250 of each contribution to be counted toward the threshold; requires that $100,000 of the threshold amount must be met by matchable contributions of not less than $5,000 from legal residents of each of at least 20 States; authorizes public matching of contributions up to the first $250 of the contribution; limits campaign spending to the greater of 16¢ times voting age population or $250,000 for each State subject to an overall limit of 10¢ times the voting age population of the United States;

Senate

Sets a threshold amount for campaigns for the Senate and for the House where a State has only one Representative of the lesser of 20 percent of the primary spending amount or $125,000; permits only the first $100 of each contribution to be counted toward the threshold; authorizes public matching of contributions up to the first $100 of the contribution; limits campaign spending to the greater of 8¢ times voting age population or $125,000;

House

Sets a threshold amount for campaigns for the House in States entitled to more than one Representative of $10,000; permits only the first $100 of each contribution to be counted toward the threshold; authorizes public matching of contributions up to the first $100 of the contribution; limits campaign spending to the greater of 8¢ times voting age population or $90,000;

General elections

Permits candidates to choose to receive all private contributions and no public funding, a blend of private and public funding within the limitations on expenditures for general elections, or, in the case of major party candidates, exclusively public funding;

Provides different funding for major and minor party candidates; defines a major party as one whose candidates for President and Vice President in the preceding election received at least 25 percent of the total number of popular votes cast in the U.S. for all candidates in the election;

Presidential

Authorizes public funding for major party candidates up to a limit of 12¢ times voting age population;

Senate

Authorizes public funding for major party candidates for Senate campaigns and for House campaigns in States entitled to only one Representative up to a limit of the greater of 12¢ times voting age population or $175,000;

House

Authorizes public funding for candidates from States entitled to more than one Representative up to a limit of the greater of 12¢ times voting age population or $90,000;

Minor Party Candidates, General Elections

Defines a minor party to mean any political party whose candidates for President and Vice President in the preceding election received at least 5 percent but less than 25 percent of the total number of popular votes cast in the U.S. for all candidates in the election;

Provides for partial public funding up to an amount which is in the same ratio as (1) the average number of popular votes cast for all the candidates of the major party bears to (2) the total number of popular votes cast for the candidate of the minor party.

Provides that where only one party qualifies as a major party that the party whose candidate for election to a particular office at the preceding general election received the next greatest number of votes (but not less than 15 percent of the total votes cast, and also, if voters are registered by party, 15 percent of those registered) shall be treated as a major party;

Provides that a candidate who ran at the preceding election as a Democrat or Republican and received more than 25 percent of the votes cast and then runs at the following election as an independent must again qualify for public financing by receiving at least 5 percent of the votes at the current election;

Post-election Payments

Makes post-election payments available (1) where a minor party or independent candidate who is entitled to payments before the election in an amount which is less than that payable to the major party candidate before the election receives a greater percentage of the votes than the candidate of his party received in the last election and (2) where a candidate who is not the nominee of a major or minor party and who did not receive more than 5 percent of the votes in the most recent general election for the same office, but receives 5 percent or more of the votes in the current election;

Expenditures by a Political Party in a General Election

Authorizes expenditures by the national committee of a political party for Presidential elections up to a limit of 2 cents times the voting age population of the U.S., and by the State committee in general elections for a candidate for the Senate or for the House where the candidate is required to run statewide up to the greater of 2 cents times voting age population of the State or $20,000, and for a candidate for the House in any other State, $10,000;

Unopposed Candidates

Limits public funding in a general election to 10 percent of the otherwise applicable limit;

Contributions

Limits political contributions by individuals to Federal candidates to $3,000 by an individual and to $6,000 by an organization for the entire campaign of any particular candidate, and limits all contributions to Federal candidates and to political committees that support them to $25,000 in the aggregate;

Limits independent political expenditures (sums spent on behalf of a candidate without his authorization) by anyone (other than the national committee or State committee of a political party) to $1,000 per year for each candidate;

Prohibits contributions in excess of $100 other than by a written instrument identifying the contributor;

Retains limit under present law on contributions and expenditures by a candidate from personal and family funds of $50,000, Presidential and Vice Presidential, $35,000, Senate, and $25,000, House.

Political Broadcasting

Repeals the Campaign Communications Act, imposing limitations on amounts spent by candidates for Federal office for the use of broadcast and printed media in their campaigns; amends the Communications Act of 1934 (1) to permit automatic waiving of the equal time requirements for Presidential and Vice Presidential races, and for other elections, Federal, State or local, only if the broadcast station offers 5 minutes of free time to all candidates seeking the same office; (2) to require broadcasters to demand a certification by any federal candidate, before charging him for broadcast time, indicating that the payment of charges for that time will not exceed his expenditure limit under title 18, United States Code, and to apply this provision to State and local candidates wherever similar limits are imposed on them by State law; and (3) to require broadcasters to make certain announcements and keep certain records in connection with political broadcasts.

Reporting, Disclosure, and Enforcement

Makes a general revision of title III of the Federal Election Campaign Act of 1971 (relating to the disclosure of Federal campaign funds); establishes an independent Federal Election Commission within the executive branch to enforce the reporting and disclosure requirements of the 1971 act and to enforce certain provisions of chapter 29 of title 18, United States Code (relating to crimes related to political activity); gives the Commission broad powers of enforcement, including the power to make presentations to Federal grand juries and to prosecute criminal cases; requires a candidate for Federal office to designate a central campaign committee to serve as his central reporting and disclosure agent, and to designate campaign depositories into which all contributions and any public financing payments must be deposited and out of which all campaign expenditures other than petty cash must be made; increases penalties for violations of reporting and disclosure requirement; requires that no expenditure in excess of $1,000 can be made in connection with a Presidential campaign unless it has been approved by the Chairman of the national committee of the political party or his delegate; provides that excess campaign contributions may be used by a person elected to Federal office to defray expenses incurred in connection with that office or as a contribution to a charity; requires 5 year audit of tax returns of members of Congress and each Federal employee earning $20,000; and contains other provisions. S. 3044. P/S April , 1974. (138).

Watergate Committee

Extends for 3 months from February 28, 1974, to May 28, 1974, the date for the Select Committee on Presidential Election Campaign Activities to make its final report to the Senate of the results of the investigation and study conducted by it together with its findings and recommendations for new congressional legislation. S. Res. 287. Senate adopted Feb. 19, 1974. (VV).

Authorizes the Committee to make available to the Internal Revenue Service (IRS) such information requested by that agency and to investigate, receive, and inspect any data, documents, or other information held by the IRS directly related to the investigation being conducted by the IRS and the Committee. S. Res. 288. Senate adopted Feb. 21, 1974. (VV).

Increases the authorization for expenses of the Committee through May 28, 1974, from $1.5 million to $1.8 million, of which not to exceed $70,000 shall be available for the procurement of the services of individual consultants or organizations. S. Res. 286. Senate adopted Mar. 1, 1974. (VV).

ENERGY

Energy emergency

Declares that current and imminent fuel shortages have created a nationwide energy emergency; calls for proposals for energy emergency rationing and conservation measures and authorizes specific temporary emergency actions to be exercised, subject to congressional review and right of approval or disapproval, to assure that the essential needs of the United States for fuels will be met;

Establishes a Federal Energy Emergency Administration (FEAA) until May 15, 1975, to be headed by an Administrator who will be appointed by the President with the advice and consent of the Senate; transfers certain powers and duties of the President under the Emergency Petroleum Allocation Act of 1973 to the FEAA Administrator; authorizes the promulgation of a rule to order priorities among users of crude oil, residual fuel oil, or any refined petroleum product, and for the assignment of rights entitling certain users to obtain products in precedence to others; requires the President to provide procedures by which any user may petition for review of priorities and entitlements;

Authorizes the FEEA Administrator to promulgate by regulation energy conservation plans to reduce energy consumption to a level which can be supplied by available energy resources through transportation controls, including highway speed limits, or other necessary and reasonable restrictions on the public or private use of energy, including limitations on energy consumption by businesses; provides that no energy conservation plan promulgated by regulation under this authority may impose rationing or any tax or user fee, or provide for a credit or deduction in computing any tax; terminates any such energy conservation plan on May 15, 1975; requires transmission of any plan to each House of Congress, and makes any plan which would become effective before March 15, 1974, subject to congressional disapproval; provides that any energy plan which would become effective on March 15, 1974, and before September 1, 1974, shall go into effect 15 days after its transmission to Congress if neither House disapproves; provides that any energy plan which would become effective on or after September 1, 1974, must be approved by act of Congress; provides procedures for congressional review of the plans;

Directs the Administrator, to the extent practicable, to prohibit, as its primary energy source, the burning of natural gas or petroleum products by any major fuel-burning installation (including any existing electric powerplant) which, on the date of enactment, has the capability and necessary plant equipment to burn coal;

Directs the Administrator, within 30 days after enactment, to propose a contingency plan for allocation of supplies of materials and equipment for exploration, production, refining, and required transportation of energy supplies and for the construction and maintenance of energy facilities, implementation of such a plan to be subject to congressional approval by a means similar to that for any energy conservation plan;

Authorizes the Administrator, in order to supplement domestic energy supplies, to require production of oilfields to be designated by the Secretary of the Interior or the Secretary of the Navy at the maximum efficient rate of production and, in certain cases, in excess of the maximum rate;

Requires the President to specify equitable prices for domestic crude oil, all residual oil, and all refined petroleum products; provides that within 30 days of enactment the ceiling price for all crude oil be the price for that grade of oil in that field at 6:00 a.m., May 15, 1973, plus $1.35, making the average basic price $5.25 per barrel with savings from a price rollback to be passed on to consumers on a dollar-for-dollar basis; provides that the President may establish a higher ceiling price up to $7.09 per barrel, upon proper justification to Congress, that a higher price is necessary for a recovery of costs as in the case of crude oil produced from stripper wells or by secondary or tertiary recovery;

Contains provisions for the protection of franchised dealers; provides, in relation to antitrust provisions, for procedures to achieve the goals of this act while retaining the integrity of the antitrust laws; authorizes the appropriate agencies to take action for conserving energy consumption by regulated carriers; authorizes certain restrictions on exports; provides for employment impact and unemployment assistance to those adversely affected by the energy emergency; directs the Secretary of Transportation to encourage the use of carpools; prohibits the use of limousines by Federal officials in the executive branch below the level of a Cabinet officer except for the Federal Bureau of Investigation and the Department of State for diplomatic assignment; prohibits the use of funds for furnishing a chauffeur for individual use to any Federal official; provides for administrative procedures and judicial review; and contains enforcement provisions; authorizes to FEEA to carry out its functions and to make grants to States $75 million annually for fiscal years 1974 and 1975, with an additional $50 million for 1974 and $75 million for 1975 grants to States to carry out conservation measures and $500 million for fiscal year 1974 for grants to States for unemployment assistance;

Amends the Clean Air Act to permit the Administrator of the Environmental Protection Agency to suspend, until November 1, 1974, any stationary source fuel or emission limitation; provides for implementation plan revisions; extends the interim standards for motor vehicle emissions to 1977; and contains other provisions. S. 2589. Vetoed Mar. 6, 1974. Senate sustained veto Mar. 6, 1974. (34, 53).

Federal Energy Administration

Establishes the Federal Energy Emergency Administration (FEEA) as an independent executive agency, to be headed by an Administrator to be appointed by the President with the advice and consent of the Senate; transfers to the Administration four existing agencies now in the Interior Department—the Offices of Petroleum Allocation, Energy Conservation, Energy Data and Analysis, and Oil and Gas; transfers the Energy Division of the Cost of Living Council into the new Administration and provides that additional Federal programs may be transferred to the Administration with Congressional approval; authorizes $75 million for fiscal year 1974 and $200 million annually for fiscal years 1975 and 1976; establishes in Title II the "Energy Policy Act of 1973," a Council on Energy Policy in the Executive Office of the President, composed of three members to be appointed by the President with the advice and consent of the Senate, to assist the President with high-level coordination and policy development in the energy field for mid- and long-term energy policy issues, and authorizes therefore $1 million for fiscal year 1974, $2 million for fiscal year 1975 and $4 million for each fiscal year thereafter. H.R. 11793 (S. 2776). P/H Mar. 7, 1974; P/S amended Mar. 13, 1974; In conference. (VV).

Oil price increase

States a sense of the Senate that it be an urgent matter to communicate to the governments of Canada, Venezuela, and the Arab oil producing countries that the United States views with the utmost concern the recent oil price increases as detrimental to prices, real income and employment in the United States and that such actions should not be taken by these countries without regard for these effects on the life of the American people and for the possibility of reciprocal economic action by the United States which might adversely affect the economies of these countries. S. Res. 249. Senate adopted Jan. 29, 1974. (VV).

Truck fuel prices

Provides that the Interstate Commerce Commission shall issue its final order in Docket No. MC 48 (Sub. No. 2) as soon as possible which shall become effective not later than February 15, 1974, in order to alleviate the threat of a national transportation crisis caused by the requirement that carriers reimburse their owner-operators for all increases in the price of fuel over the base period May 15, 1973. S.J. Res. 185. Public Law 93-249, approved Feb. 8, 1974. (VV)

Washington Energy Conference

States as the sense of the Senate that the Washington Energy Conference, called by the President to provide a forum for the discussion of the common problems faced by the oil consuming nations, should consider: (1) conservation measures necessary to reduce demand; (2) procedures for the emergency sharing of oil resources; (3) guidelines for bilateral agreements between oil consuming and oil producing countries; (4) coordination of research efforts in developing conservation practices and alternative sources of energy; (5) the responsibility for and the means to help to alleviate the plight of the developing countries in the oil crisis; and (6) closer coordination of fiscal and monetary policies; and further states that the United States should continue to bring about conditions of peace and stability in the Middle East. S. Res. 279. Senate adopted Feb. 6, 1974; Reconsidered and adopted by Senate amended, Feb. 7, 1974. (VV)

ENVIRONMENT

Environmental education

Extends to July 1, 1977, the Advisory Council on Environmental Education and authorizes therefor $5 million, $10 million, and $15 million for fiscal years 1975, 1976, and 1977 respectively. S. 1647. P/S Apr. 11, 1974. (VV).

Ocean dumping

Amends Public Law 92-352, relating to ocean dumping, in order to implement the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, signed by the United States on December 29, 1972, and ratified by the Senate on August 3, 1973; extends U.S. law to include regulation of the carriage and dumping of foreign-source waste material by U.S. vessels and aircraft; expands the definition of "material" to include oil taken on board a vessel or aircraft for the purpose of dumping at sea; seeks to give guidance to those administering the Act in instances where the standards of the Act differ from those of the Convention, particularly where the requirements of domestic law are stricter than those of the Convention; and contains other provisions of a technical or conforming nature. H.R. 5450. Public Law 93-254, approved Mar. 22, 1974. (VV).

Oil pollution

Incorporates into statutory law the rights, duties, and responsibilities of the United States under the International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties, signed November 29, 1969, at Brussels which permits a coastal nation to take whatever action it deems necessary to prevent, mitigate, or eliminate a threat of oil pollution resulting from a maritime accident beyond that coastal nation's territorial limits by vesting such authority in the Secretary of the Department in which the Coast Guard is operating; gives the Secretary the authority to determine the extent of danger resulting from a collision, stranding, or other disablement of a vessel carrying oil, and to remove and, if necessary, destroy the ship and cargo which is the source of the danger; incorporates general guidelines for determining the permissible scope of intervention actions; authorizes actions against the United States in the Federal courts by persons claiming compensation; creates a mechanism for settling controversies between signatory nations, or between such nations and claimants relating to compensation for excessive measures; authorizes the Secretary to issue rules and regulations to carry out the purposes of this Act; imposes criminal penalties to insure full compliance with the legislation; and extends the right of intervention now inherent in the Federal Government for vessel incidents in territorial waters to incidents on the high seas involving potential oil pollution damage. S. 1070. Public Law 93-248, approved Feb. 5, 1974.

Woodsy owl

Authorizes the Secretary of Agriculture to establish and collect use or royalty fees for the manufacture, reproduction, or use of the character and name, "Woodsy Owl," the symbol of the Department of Agriculture's Environmental Protection Agency, and the associated slogan "Give a Hoot, Don't Pollute," and contains other provisions. S. 1585. P/S June 14, 1973; P/H amended Apr. 2, 1974.

GENERAL GOVERNMENT

Atomic Energy Commission authorization

Authorizes $3,676,833,000 for the Atomic Energy Commission for fiscal year 1975. S. 3292. P/S Apr. 11, 1974. (VV).

Disaster relief

Provides a continuing means of assistance by the Federal Government to State and local governments in carrying out their responsibilities to alleviate the suffering and damage which result from disasters by (1) revising and broadening the scope of existing disaster relief programs; (2) encouraging the development of comprehensive disaster relief plans, programs, capabilities and organizations by the States and by local governments; (3) achieving greater coordination and responsiveness of disaster preparedness and relief programs; (4) encouraging individuals, States, and local governments to protect themselves by obtaining insurance coverage to supplement or replace governmental assistance; (5) encouraging hazard mitigation measures to reduce losses from disasters, including development of land use and construction regulations; (6) providing Federal assistance programs for both public and private losses sustained in disasters; and (7) providing a long-range economic recovery program for major disaster areas. S. 3062 P/S Apr. 10, 1974; P/H amended April 11, 1974. (125).

Federal procurement policy

Establishes an Office of Federal Procurement Policy within the Executive Office of the President to provide overall leadership and direction for the development of procurement policies and regulations for executive agencies in accordance with applicable laws in order to promote economy, efficiency and effectiveness in the procurement of goods, services, and facilities. S. 2510. P/S Mar. 1, 1974. (VV).

Idaho Admission Act

Amends section 5 of the Admission Act for the State of Idaho to permit the State to exchange lands granted to it for educational purposes for other public or private lands of approximate value or if the land values are equalized by payment of money; ratifies exchanges already made with the United States involving land granted for educational purposes; and adds exploration for and production of geothermal resources and by-products to the purposes for which the educational lands may be leased by the State for more than ten years. S. 939. P/S Mar. 26, 1974. (VV).

GOVERNMENT EMPLOYEES

Civil Service retirement annuities

Establishes a minimum civil service retirement annuity equal to the social security minimum primary insurance amount including any cost of living increase; provides minimum amounts to a surviving child in an amount not less than the minimum monthly amount allowed under social security or three times such amount divided by the number of surviving children, whichever is lesser; excludes any individual who receives Social Security benefits from receiving payments under a military or civilian retirement system; increases annuity payments to former Federal employees who retired prior to October 20, 1969, by $240 to an annuitant and $132 to the surviving spouse of an annuitant (resulting in monthly increases of $20 and $11 respectively); and contains other provisions. S. 1866. Public Law 93- , approved 1974.

Civil Service survivors eligibility

Amends the Civil Service Retirement Act to change the 2 year marriage requirement regarding eligibility for survivor benefits under the Federal retirement system to a 1 year requirement. S. 2174. Public Law 93-260, approved Apr. 9, 1974. (VV).

Pay raises for members of Congress, Federal judges, and top executive branch officials

Disapproves, in its entirety, the President's recommendations for pay raises of 7½ percent per year for 1974, 1975, and 1976, for Members of Congress, Federal judges, cabinet and subcabinet officers, agency heads, and certain other officials in the executive, legislative and judicial branches. S. Res. 293. Senate adopted disapproval resolution Mar. 6, 1974. (52).

Privacy and rights of Federal employees

Prohibits indiscriminate executive branch requirements that employees and, in certain instances, applicants for Government employment: disclose their race, religion, or national origin; attend Government-sponsored meetings and lectures or participate in outside activities unrelated to their employment; report on their outside activities or undertakings unrelated to their work; submit to questioning about their moral beliefs, personal relationships or sexual attitutes through interviews, psychological tests, or polygraphs; or support political candidates or attend political meetings; makes it illegal to coerce an employee to buy bonds or make charitable contributions; prohibits officials from requiring an employee to disclose his own personal assets, liabilities, or expenditures, or those of any member of his family unless, in the case of certain specified employees, such items would tend to show a conflict of interest; provides a right to have counsel or other person present at an interview which may lead to disciplinary proceedings; accords the right to a civil action in a Federal court for violation or threatened violation of the Act; and establishes a Board on Employees' Rights to receive and conduct hearings on complaints of violations of the

Act and to determine and administer remedies and penalties. S. 1688. P/S Mar. 7, 1974. (VV).

HEALTH

Alcohol abuse and alcoholism prevention

Extends from 2 years, through fiscal year 1976, the State formula grant program originally authorized by the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, Public Law 91-616, maintaining the annual authorization level at $80 million; extends the contract and project grant authority of the Act of 1970 for an additional 3 years, through fiscal year 1976, and authorizes therefor appropriations of $90 million for fiscal year 1974, $100 million for fiscal year 1975, and $110 million for fiscal year 1976; adds a new special grant authority providing an additional allotment of $100,000 plus 10 percent of its formula allotment for each State which adopts the Uniform Alcoholism and Intoxication Treatment Act, or legislation substantially similar to that Act, which requires intoxication to be treated as a responsibility of the community's public health and social service agencies rather than of its criminal justice system; prohibits public or private general hospitals receiving funds from Federal agency sources from discriminating in their admissions or treatment policies against any person solely because of his alocohol abuse or alcoholism; deletes the language of the Act of 1970 placing the National Institute on Alcohol Abuse and Alcoholism within the National Institute of Mental Health and substitutes language placing it within the Department of Health, Education, and Welfare, thereby permitting, not requiring, the Secretary to place the Institute elsewhere within the Department; gives the National Institute on Alcohol Abuse and Alcoholism authority for eleven top level positions; places alcoholism project and contract authority under the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act; eliminates duplication by deleting section 247 of the Community Mental Health Centers Act; and contains other provisions. S. 1125. P/S June 21, 1973; P/H amended Jan. 21, 1974; Senate agreed to House amendment with an amendment Mar. 21, 1974.

Biomedical research

In title I, the National Research Service Award Act, consolidates the existing research training and fellowship programs into a single National Research training and Awards authority which would be the major element in the training programs of the National Institutes of Health (NIH) and National Institute of Mental Health and would increase their capability of maintaining a superior national program of research, and provides a revised procedure whereby awards would be provided through the Office of the Director of NIH by the Secretary of Health, Education, and Welfare in consultation with the Directors of NIH and the National Institute for Mental Health;

Establishes in title II, the Protection of Human Subjects Act, a National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research within the Department of Health, Education, and Welfare, to be composed of 11 members appointed by the President for 4 year terms, with not more than five members to have been engaged in biomedical or behavioral research involving human beings; provides that the Commission is first to undertake a comprehensive investigation and study to identify the basic ethical principles and develop guidelines which should underlie the conduct of biomedical and behavioral research involving human subjects, and second, to develop and implement policies and regulations to assure that research is carried out in accordance with the ethical principles they have identified, develop procedures for and make recommendations to the Congress in the areas of sanctions, compensation for injuries or death, and appropriate mechanisms to extend the scope of the Commission's jurisdiction;

Provides protection for individuals and institutions in matters of religious beliefs or moral convictions; prohibits research and experimentation on human fetuses until such time after certification of Institutional Review Boards has been established and the Commission develops policies with regard to the conduct of research on the living fetus or infants;

Contains interim provisions denoting that, until the certification of Boards has been established, it is the responsibility of each institution engaged in such research to determine that the rights and welfare of the subjects involved are fully protected, that the risks are outweighed by the potential benefits to the subject or the importance of the knowledge to be gained, and that informed consent is to be obtained by adequate methods in all but exceptional cases as specified in this act;

Calls for the Commission, in title III, the Special Study of Bio-medical Research Act, to make a comprehensive investigation and study of the ethical, social, and legal implications of advances in biomedical research and technology, with a report to be sent to the President and the Congress at least every 2 years together with recommendations for needed legislation or appropriate action by public or private organizations or individuals;

And contains other provisions. H.R. 7724. P/H May 31, 1973; P/S amended Sept. 11, 1973. In conference.

Diabetes Mellitus

Amends the Public Health Service Act to provide for greater and more effective efforts in research and public education with regard to diabetes mellitus. S. 2830. P/S Dec. 20, 1973; P/H amended Mar. 19, 1974.

Medical devices

Authorizes the Food and Drug Administration to regulate the development and marketing of medical devices; requires that medical devices used in life-supporting situations, such as heart valves or pacemakers, shall be subject to premarket scientific testing; authorizes the Secretary of Health, Education, and Welfare to establish protocols for testing medical devices and requires that test data be submitted to HEW when a manufacturer seeks approval of a life-supporting medical device for marketing; provides that medical devices for which experts agreed standard-setting is sufficient to protect the public health and safety need only meet performance standards; provides that the third classification of devices which are generally safe when used in accordance with their instructions, such as tongue depressors, are exempted from either procedure; and contains other provisions. S. 2368. P/S Feb. 1, 1974. (VV)

National cancer program

Authorizes the extension of the National Cancer Act of 1971 with increased funding for the research program at $750 million for fiscal year 1975, $830 million for 1976 and $985 for 1977, with an additional $200 million for the cancer control program; removes the present ceiling on the number of comprehensive cancer centers and clarifies the present act with respect to training of cancer researchers and construction assistance; and establishes a President's biomedical research panel to oversee and monitor the biomedical research program of the National Institutes of Health, including the research programs of the National Institute of Mental Health. S. 2893. P/S Mar. 26, 1974. (82)

Sudden infant death syndrome

Directs the National Institute of Child Health and Human Development at the National Institutes of Health to carry out a research program to identify the causes and preventive measures needed to eliminate Sudden Infant Death Syndrome and provides for public information and counseling services to families affected by Sudden Infant Death Syndrome and to personnel who come in contact with the victims or their families. S. 1745. Public Law 93- , approved ———, 1974.

INDIANS

Assistant Secretary for Indian Affairs

Establishes an Assistant Secretary of the Interior who will be an additional Assistant Secretary only for Indian Affairs, and establishes, by amending the Alaska Native Claims Settlement, a thirteenth region for Alaska Natives who are not residents of Alaska. S. 2777. P/S Feb. 4, 1974. (VV).

Constitutional rights of Indians

Amends section 701(c) of title VII of the Civil Rights Act of 1968 to authorize the appropriation of funds for the printing of certain legal materials relating to the constitutional rights of American Indians. S. 969. Public Law 93- , approved 1974.

Indian financing

Provides capital to Indian organizations and individual Indians in the form of loans and grants that is needed to promote their economic development; authorizes a $50 million increase for the Revolving Loan Fund; provides a Loan Guarantee and Insurance Program which could generate as much as $200 million in new private capital; authorizes an Interest Subsidy Program; and provides an Indian Business Development Grant Program. S. 1341. Public Law 93- , approved 1974.

Indian self-determination

Declare that a major goal shall be to provide the quantity and quality of educational services and opportunities which will permit Indian children and adults to compete and excel in the life areas of their choice, and to achieve the measure of self-determination essential to their social and economic well-being; provides basic authority for the Secretaries of the Interior and Health, Education and Welfare to enter into contracts with tribal organizations; amends the Intergovernmental Service Act of 1970 to being "tribal governments" within the definition of "local governments," to enable civil service personnel to be assigned to tribal organizations; exempts tribal contracts from Federal Procurement regulations which have served as obstacles to such contracting in the past; provides for a study of the Johnson-O'Malley Act (enrolling Indian children in public schools under contract) to be transmitted to Congress not later than Oct. 1, 1974; amends the Johnson-O'Malley Act to provide criteria governing contracts between the Secretary of Interior and prospective contractors to assure that educational needs of Indian student beneficiaries of such contracts are met; provides criteria for the establishment of parental committees to insure funds expended in public school districts are in accordance with programs and plans developed by the Indian community; authorizes $65 million for each of the fiscal years 1975 and 1976 for education of Indians under the Johnson-O'Malley Act; and authorizes $35 million for assistance in the construction of school facilities serving Federally-recognized Indian children on or near reservations. S. 1017. P/S Apr. 1, 1974. (VV).

INTERNATIONAL

American Hospital of Paris, Inc.

Amends the Act incorporating the American Hospital of Paris by eliminating the max-

imum 20 member limitation on the Board of Governors. S. 1836. Public Law 93– , approved—, 1974.

China Indemnification Agreement

Authorizes the Secretary of State to conclude an agreement with the Government of the People's Republic of China for indemnification for any loss or damage suffered by objects in the "Exhibition of the Archeological Funds of the People's Republic of China" while in the possession of the United States. S. 3304.P/S Apr. 10, 1974. (VV)

Foreign Service Buildings

Authorizes additional appropriations for Foreign Service Buildings of $2,732,000 for fiscal years 1974 and 1975, made necessary in inflation and devaluation of the dollar. H.R. 12465. Public Law 93– , approved—, 1974.

International Ocean Exposition '75

Authorizes a supplemental appropriation to the United States Information Agency of $5.6 million, without fiscal year limitation, to fund U.S. participation in the International Ocean Exposition to be held in Okinawa, Japan in 1975. S. 2662. P/S Mar. 11, 1974. (VV)

Military assistance to Greece

Prohibits all military grant assistance sales, credit sales, and guarantees to Greece until (1) the Executive Branch completes a review of United States policy toward Greece with specific attention to whether the Government of Greece is in a position to fulfill its political obligations under the preamble to the North Atlantic Treaty which states "The Parties to this Treaty * * * are determined to safe-guard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and rule of law."; (2) reports the results of such review to the Congress; and (3) the President finds that Greece is in full compliance with its obligations under NATO, except that the President may extend assistance to Greece if he finds that such action would be in the overriding national interest and gives Congress 30 days' advance notice. S. 2745. P/S Jan. 23, 1974. (V)

Missing in Indochina

States as a sense of the Congress that new efforts should be made by the United States to persuade North and South Vietnam and Laos to comply with their obligations with respect to an accounting of personnel captured, killed or missing during the Vietnam conflict, and further states that every effort should be made to obtain the cooperation of the various parties in the conflict in Cambodia to provide information with respect to missing personnel. S. Con. Res. 81. Senate adopted Apr. 10, 1974. (VV)

Missing newsmen

States as the sense of the Senate that the President should make every possible diplomatic effort through the Department of State and other relevant agencies to ascertain the truth of the present whereabouts or fate of United States newsmen missing in Southeast Asia, and obtain the release of those still alive and an accounting of those who may be dead. S. Res. 291. Senate adopted Feb. 26, 1974. (VV)

Overseas Private Investment Corporation (OPIC)

Extends until December 31, 1976, the authority of the Overseas Private Investment Corporation to issue political risk insurance to protect private overseas investments against war, expropriation of property and inconvertibilty of currency; seeks to promote the transference of OPIC's insurance functions to private insurance companies and multinational oragnizations by requiring OPIC to cease writing expropriation and inconvertibility insurance after December 31, 1979, and war risk insurance after December 31, 1980, and by authorizing OPIC to assume the role of reinsurer after these dates; and contains other provisions. S. 2957. P/S Feb. 26, 1974. (40)

State Department supplemental authorization

Increases the authorization level of the State Department Authorization Act of 1973 in three categories: administration of foreign affairs, international organizations and conferences, and pay raises; reduces the authorization level in four categories: international commissions, educational exchange, devaluation costs, and anti-terrorism measures; and increases the permanent authorization for annual contributions to the International Committee of the Red Cross, from $50,000 to $500,000. H.R. 12466. P/H Mar. 13, 1974; P/S amended Mar. 29, 1974. (VV)

Treaties

Customs Convention on the International Transit of Goods

Provide simplified customs control mechanisms and uniform documentation procedures for transport by bonded trailers, railway cars, vessels, and large containers, such carriers to have the option to use the International Transit of Goods procedures or another system if more advantageous. Ex. P, 93d-1st. Resolution of ratification agreed to Jan. 21, 1974. (2)

Extradition Treaty with Denmark

Provides for the extradition of fugitives charged with any of 28 specific offenses, including offenses relating to narcotics and aircraft hijacking, as well as conspiracy to commit any of the specified offenses; defines territorial application to include territorial waters and airspace as well as registered aircraft in flight; provides for extradition for offenses committed outside the territory of either party if the offense is punishable under the laws of both parties; provides discretionary power to either party to extradite its own nationals, with the requested state to try the individual when the offense is punishable under its own laws; and permits refusal of extradition unless assurances are received that the death penalty will not be imposed for an offense not punishable by death in the country from which extradition is requested. Ex. U, 93d-1st. Resolution of ratification agreed to Mar. 29, 1974. (92)

1980 Winter Olympic Games

Extends an invitation to the International Olympic Committee to hold the 1980 winter games at Lake Placid, New York; expresses the hope that the United States will be selected as the site for these games; and pledges cooperation and support in their successful fulfillment. S. Con. Res. 72. Senate adopted Apr. 8, 1974. (VV)

LABOR

Minimum wage increase

Provides a statutory minimum wage of $2.30 an hour for all covered workers according to the following time schedule:

For those covered prior to 1966, $2.00 on the effective date of this act, $2.10 effective January 1, 1975, and $2.30 effective January 1, 1976;

For nonagricultural employees first covered by the 1966 and 1974 amendments, $1.90 on the effective date of this act, $2.00 effective January 1, 1975, $2.20 effective January 1, 1976, and $2.30 effective January 1, 1977;

For agricultural employees, $1.60 on the effective date of this act, $1.80 effective January 1, 1975, $2.00 effective January 1, 1976, $2.20 effective January 1, 1977, and $2.30 effective January 1, 1978;

Extension of Coverage

Extends coverage of the act to employees of individual retail and service establishments (except "Mom and Pop" stores) which are part of enterprises with gross annual receipts of more than $250,000 (thus including individual establishments with gross receipts of less than $250,000 if they are part of a chain with annual receipts over $250,000) with the $250,000 establishment test for smaller stores of large covered chains to be phased out by July 1, 1976;

Brings under the minimum wage and overtime provisions of the Act all employees in private household domestic service earning "wages" ($50 per quarter) for purposes of the Social Security Act, but retains a minimum wage and overtime exemption for casual babysitters and companions and an overtime exemption for live-in domestic service employees;

Extends coverage of Federal employees to most employees including wage board employees, non-appropriated fund employees, certain employees in the Canal Zone and any other civilian employee working for the armed services; and extends coverage of State and local government employees;

Retains the present basis for coverage of agricultural employees, which requires at least 500 man-days (one-man-day being any day during which an employee performs any agricultural labor for not less than one hour) during the peak quarter of the preceding year, but alters the computation of man-days by adding to the definition of "employee" the previously excluded group of all local, seasonal hand-harvest laborers, with such employees and farmworkers under 16 working with a parent continuing to be exempt from the minimum wage if they are paid the adult piece rate;

Child Farm Labor

Amends the Fair Labor Standards Act by prohibiting the employment in agriculture of all children under the age of 12, except those working on farms owned or operated by their parents, or on farms not covered by the act under the 500 man-day test, or on conglomerate farms, with parental consent required for children on noncovered farms; permits children ages 12 through 15 to work only during hours school is not in session, provided that all 12 and 13 year olds must either receive written parental consent or work only on farms where their parents are employed;

Puerto Rico and the Virgin Islands

Provides for the gradual achievement of minimum wage parity for workers in Puerto Rico and the Virgin Islands with workers on the mainland as follows:

For certain hotel, motel, restaurant and food-service employees, as well as employees of the Federal and Virgin Islands Governments, the same as the minimum wage for counter-part mainland employees on the effective date;

For other covered workers, effective on the effective date of the legislation, presently covered employees are to receive: (A) an increase of 12 cents an hour if their wage order rates are less than $1.40 an hour, and (B) an increase of 15 cents an hour if their wage order rates are $1.40 an hour or higher;

For newly covered employees (including commonwealth and municipal employees), wage rates to be set by special industry committees which may not be less than 60 percent of the otherwise applicable rate under section 6(b) or $1.00 an hour, whichever is greater;

For all employees (other than commonwealth and municipal employees), yearly increases beginning one year after the effective date of this legislation as follows: (A) 12 cents an hour yearly if their wage order rates are less than $1.40 and (B) 15 cents an hour yearly if their wage order rates are $1.40 an hour, whichever is greater;

Exemptions

Repeals or modifies a number of present exemptions, including some of the complete

minimum wage and overtime exemptions as well as some which apply only to the overtime standard, in relation to: motion picture theaters, small logging crews, shade-grown tobacco, agricultural processing industries, railroads, and pipelines, seafood processing, local transit, hotels, motels, and resturants, tip allowance, nursing homes, salesmen, partsmen, and mechanics, cotton ginning and sugar processing, catering and food service employees, telegraphic message operations, bowling establishments, and house parents for orphans; sets a certain overtime exemption for police;

Youth Differential

Permits a lower minimum wage for full-time students as follows:

In retail and service establishments of not less than 85 percent of the applicable minimum wage of $1.60, whichever is higher for a period of up to 20 hours per week, and permits the hiring of up to 4 students without the need for the traditional precertification procedure;

In agriculture, the higher of 85 percent of the applicable rate or $1.30 an hour for the same period, and up to 4 students without certification;

And in higher education institutions, 85 percent of the applicable rate of $1.60 for the same period;

Provides that the Secretary of Labor, to the extent necessary to prevent curtailment of opportunities for employment, shall by regulation or orders provide for the employment of learners, apprentices, and for messengers employed primarily in delivering letters and messages, under special certificates at lower wages;

Age Discrimination

Amends the Age Discrimination in Employment Act of 1967 to include within its coverage Federal, State and local government employees (other than elected officials and certain employers with 25 or more employees to employers with 20 or more employees;

And contains other provisions. S. 2747. Public Law 93–259, approved Apr. 8, 1974. (58,85)

MEMORIALS—TRIBUTES

B. Everett Jordan, death of

Expresses the sorrow of the Senate in respect to the death of former Senator B. Everett Jordan (D., N.C.). S. Res. 298. Senate adopted Mar. 22, 1974. (VV)

Georges Pompidou, death of

Expresses the sorrow of the Senate in respect to the death of Georges Pompidou, President of the Republic of France. S. Res. 304. Senate adopted Apr. 4, 1974. (VV)

Hank Aaron home run record

Expresses the congratulations of the Senate to Hank Aaron, of the Atlanta Braves baseball team, on hitting home run number 714 on April 4, 1974, thereby tying the home run record of Babe Ruth. S. Res. 303. Senate adopted Apr. 4, 1974. (VV)

Expresses the congratulations of the Senate to Hank Aaron on hitting his 715th home run on the night of April 8, 1974, thereby surpassing the home run record set by Babe Ruth in 1935. S. Res. 305. Senate adopted Apr. 9, 1974. (VV)

Lyndon B. Johnson Conservation Corps Center and Lyndon B. Johnson National Grasslands

Renames the Arrowood Civilian Conservation Corps Center, near Franklin, North Carolina, and the Cross Timber National Grasslands, in Wise and Montague Counties, Texas, in honor of Lyndon B. Johnson. S. 2835. P/S Mar. 28, 1974. (VV)

NATURAL RESOURCES

Fish and Wildlife Service

Abolishes, within the Department of the Interior, the position of Commissioner of Fish and Wildlife, the Bureau of Sport Fisheries and Wildlife and its Office of Director and vests all such duties and responsibilities in the redesignated United States Fish and Wildlife Service to be headed by a Director at an increased level of pay. H.R. 13542. Public Law 93 —, approved ———, 1974. (VV)

Lone Rock Lake project

Provides for deauthorization of the Lone Rock Lake project on the Buffalo River, Ark., as a modification of the flood control program for the White River Basin, Missouri and Arkansas. S. 1961. P/S Jan. 23, 1974. (VV)

National Ocean policy study

Authorizes the Committee on Commerce to make a full and complete National Ocean Policy Study to be undertaken with representative ex officio membership from other standing Committees of the Senate having a jurisdictional interest over the elements of the Study as well as six members from Coastal States to be selected by the President Pro Tempore without regard to Committee membership (such study to include, but not limited to, a thorough examination of the issues involved in the following areas: marine fisheries and other living resources; mineral resources of the seabed and subsoil; coastal zone management; ocean transportation; research and technology; law of the sea; government organization; pollution; Federal budget; and education), and to submit a report of its findings together with any legislative recommendations to the Senate. S. Res. 222. Senate adopted Feb. 19, 1974. (VV)

Rivers and harbors—Public works

Authorizes, in title I, water resources development projects; and authorizes, in title II, the River Basin Monetary Authorization Act of 1974, a monetary increase for certain comprehensive river basin plans previously authorized by Congress, at an approximate cost of $1.33 billion, of which $550 million is for title I projects and $780 million is for title II river basins;

Establishes a new procedure for authorization of major water resources development projects of the Corps of Engineers which authorizes the Secretary of the Army, acting through the Chief of Engineers, to undertake the Phase I design memorandum stage of advanced engineering and design of certain named major water resources development projects, substantially in accordance with, and subject to conditions recommended by the Chief of Engineers, and authorizes the Secretary of the Army to undertake advanced engineering and design for the projects after completion of the Phase I stage only upon a finding by the Chief of Engineers, transmitted to the Committees on Public Works of House and the Senate, that the project is without substantial controversy, is substantially in accordance with the conditions recommended by the Chief of Engineers or the Secretary of the Army, respectively, and that the advanced engineering and design will be compatible with any project modifications which may be under construction;

Provides for deauthorization of projects through the Chief of Engineers, and submission to Congress of a list of those authorized projects which have been authorized for at least 8 years without any congressional appropriations within the last 8 years and which he determines should no longer be authorized, which then become deauthorized unless either the House or Senate Committee on Public Works, within a certain time, adopts a resolution stating that the project shall continue to be an authorized project;

Enacts into law the discount rate of 5⅝ percent approved by the President May 29, 1962, as amended and published in the Federal Register December 24, 1968, and the pre-1968 discount rate for projects authorized prior to 1969 which have assurances as to non-Federal payment of project costs;

Authorizes a streambank erosion control demonstration program and a national shoreline erosion control development and demonstration program;

And contains other provisions. H.R. 10203 (S. 2798). Public Law 93–251, approved Mar. 7, 1974. (7,35)

Rocky Mountain National Park, Colorado

Revises the western boundary of the Rocky Mountain National Park in the State of Colorado to include an additional 1,556.21 acres, consisting of several parcels in the Kawuneeche Valley. S. 2394 P/S Feb. 25, 1974. (VV)

Special recreation use fees

Amends the Land and Water Conservation Fund Act to detail those facilities on Federal recreation lands for which no use fee may be charged and retains general criteria for fee requirements for all other locations. S. 2844. P/S Mar. 29, 1974. (VV)

Wild and scenic rivers—Chattooga River

Extends the protection period for water resources projects for the 27 rivers now under study for possible inclusion in the national wild and scenic rivers system; increases the funding authorization from $17 million to $37.6 million to permit completion of acquisitions for seven of the eight rivers designated as the first components of the system; authorizes the Secretaries of the Interior and Agriculture to acquire State land within the river corridors of components of the system not only by donation but also by exchange of Federal land in other areas; puts a definite three fiscal year time limit on the studies for all rivers designated by Congress; removes the authority of either Secretary, without ever reporting to Congress, to terminate a study of, and remove protection for, any river which Congress has designated for study; and provides that the President must report to Congress on each river study; designates a section of the Chattooga River, North Carolina, South Carolina and Georgia, as a part of the National Wild and Scenic River System and authorizes therefor $2 million for acquisition of lands and interests and $809,000 for development. *NOTE:* (The general amendments to the Wild and Scenic Rivers were contained in S. 921 which passed the Senate Sept. 24, 1973.) H.R. 9492. P/H Dec. 3, 1973; P/S amended Mar. 22, 1974; House agreed to Senate amendment with an amendment Apr. 10, 1974. (VV)

Wilderness areas

Weminuche Wilderness

Designates approximately 433.745 acres in the Rio Grande and San Juan National Forests, in Colorado, as the "Weminuche Wilderness". S. 1863. P/S Feb. 7, 1974. (VV)

PROCLAMATIONS

National Agriculture Week

Designates the last full week of March of each year as "National Agriculture Week". S.J. Res. 163. P/S Mar. 19, 1974. (VV)

National Volunteer Week

Designates the week of April 21–27 as "National Volunteer Week". S.J. Res. 179. P/S Mar. 19, 1974. (VV)

TRANSPORTATION-COMMUNICATIONS

Aircraft hijacking

Amends the Federal Aviation Act of 1958 to provide a more effective program to prevent aircraft piracy on both the international and domestic levels; implements, in Title I, the Convention for the Suppression of Unlawful Seizure of Aircraft (Hague Convention—Ex. A, [92d–1st]) to which the United States is a party and which came into effect on October 4, 1971; provides the President authority to suspend air service between the United States and any foreign nation he

determines is not acting consistently with the provisions of the Hague Convention, in effect imposing, unilaterally, a U.S. air transport boycott; permits the Secretary of Transportation, with the approval of the Secretary of State, to restrict, limit, or revoke the operating authority of any foreign air carrier failing to afford necessary security safeguards to the traveling public; provides, in Title II, for the screening of all passengers and carry on baggage by weapons detecting devices prior to their being boarded on the aircraft; establishes under the Administrator of the Federal Aviation Administration an Air Transportation Security Force to provide a Federal law enforcement presence at the nation's major airports; and contains other provisions, S. 39. P/S Feb. 21, 1973; P/H amended Mar. 13, 1974; In conference.

Aircraft piracy

Amends the Federal Aviation Act of 1958 to establish specific offenses for imparting or conveying threats to do certain proscribed acts and make more explicit the requisite intent for these felony sanctions; distinguishes "threats" from "false information" prosecutions; broadens current law by making it a Federal crime for a person to knowingly carry aboard or place aboard an aircraft in air transportation a concealed explosive or other dangerous substance except for law officers and certain other purposes; and contains other provisions. S. 872. P/S Mar. 12, 1974. (VV)

Coast Guard laws

Changes the Coast Guard's authority relating to aids of navigation by extending its jurisdiction to additional water areas within and beyond the territorial waters of the United States and to non-navigable waters covered by the Federal Boat Safety Act of 1971; provides the authority necessary to carry funds over until the completion of projects for which funds were originally appropriated and provides continuing authorization for the payment of certain confidential investigative expenses; authorizes funds to provide for primary and secondary education for dependents of Coast Guard personnel stationed outside the continental United States whenever schools in the locality are unable to meet their educational needs; and makes changes in certain Coast Guard laws pertaining to personnel matters in the areas of housing, promotion, the Coast Guard Reserve, and the Coast Guard Auxiliary. H.R. 9293. P/H Sept. 18, 1973; P/S amended Apr. 8, 1974. (VV)

Cumbres and Toltec Scenic Railroad

Grants consent to the Cumbres and Toltec Scenic Railroad Compact between the States of Colorado and New Mexico to provide for the joint operation of an interstate narrow guage scenic railroad which will preserve as a living museum a mode of transportation that helped in the development of the territories and states. S. 2362. P/S Mar. 22, 1974. (VV)

Urban mass transit

Authorizes not to exceed $800 million ($400 million for fiscal year 1974, and an aggregate of not to exceed $800 million for fiscal year 1975) for fiscal years 1974 and 1975 for the Secretary of Transportation, on such terms and conditions as he may prescribe, to make grants or loans to State or local public bodies in order to assist them in maintaining adequate transportation services in urban areas by providing financial assistance (requiring one-third local contribution) to pay operating expenses incurred as a result of providing such services; provides for the establishment of a reasonable fare structure for each area according to its particular local needs; authorizes an additional $20 million for each of fiscal years 1974 and 1975 for research and development, establishment, and operation of demonstration projects to determine the feasibility of fare-free urban mass transportation systems; and contains other provisions. S. 386. P/S Sept. 10, 1973; P/H amended Oct. 3, 1973; Conference report filed.

Vessel tonnage deductions

Amends the present vessel admeasurement laws to allow as deductions from gross tonnage, in determining net or register tonnage, certain non-revenue earning spaces which are used in collecting, processing or carrying shipboard-generated waste materials. S. 1353. P/S Mar. 13, 1974 (VV)

VETERANS

American War Mothers, Inc.

Amends the Act incorporating the American War Mothers, Inc. to permit certain stepmothers and adoptive mothers to be members of that organization. S. 2441. Public Law 92—, approved ———, 1974.

Life insurance

Provides full time coverage under Servicemen's Group Life Insurance (SGLI) for all members of the Ready Reserve, National Guard, and certain members of the Retired Reserves who are under 60 years of age and have completed at least 20 years of service; provides for the automatic conversion of SGLI to a non-renewable 5-year term policy, the Veterans' Group Life Insurance (VGLI), effective the day coverage under SGLI expires for the veteran (120 days after discharge) and provides coverage under VOLI for any person whose coverage under SGLI terminated less than four years prior to the date the VGLI program became effective for a period equal to five years less the time elapsing between the two policies; increases the maximum amount of coverage under both programs from $15,000 to $20,000; authorizes the return of excess premiums paid by Korean conflict veterans for Veterans' Special Term Life Insurance as a dividend to the insured; allows the Secretaries of the Army and Air Force to permit allotments from the pay of members of the Air Force, who are not on active duty, to make payment for group life insurance premiums of programs sponsored by the State military department or State associations of the National Guard; and contains other provisions. H.R. 6574. P/H May 7, 1973; P/S amended Apr. 8, 1974. (117)

POW families, funeral transportation for

Authorizes the Secretary of Defense to pay funeral transportation and living expenses for the families of prisoners of war who died while listed as a POW or MIA in Southeast Asia during the Vietnam conflict. S. 3228. Public Law 93-257, approved Mar. 29, 1974. (VV)

ADDITIONAL STATEMENTS

SENATOR SAM ERVIN

Mr. BIBLE. Mr. President, as we all know, a number of Senators have announced their plans to retire at the end of this session. I happen to be among those Members, having announced my plans in late August of last year.

Following me by some 5 months is my long-cherished friend, Senator SAM ERVIN. While Senator ERVIN followed my entry into the Senate by some 6 months back in 1954 when he came to the Senate in June to fill the unexpired term of the late Senator Hoey—and now again awaited 6 months past my announcement to announce his retirement—he by no means has lagged 6 months behind me in his Senate duties, while rising to national fame.

Senator ERVIN, as every Member knows, is unsurpassed for his knowledge of the Constitution. He is the finest constitutionalist I have ever had the privilege to know. I have gone to him on many occasions for advice—and he has always been willing to give me his views on the really tough constitutional problems which arise in this Chamber from time to time. He has been a champion of individual freedoms—no man in the Senate in my estimation defends individual freedoms more than SAM ERVIN.

Along with his wisdom, he has that sharp wit and humor which all Nevadans love and respect. Coming from a State where Mark Twain, another famous Sam, once lived—we have learned to respect and to cherish those persons endowed with this charm and rapport.

One of the first requests I made to Senator ERVIN when I learned of his retirement was to come to Nevada and address students in the political science department at the University of Nevada, where I expect to conduct a class next year. I know he will be most welcome.

Senator ERVIN is a modest man—he has not sought national acclaim. His Senate duties called upon him to undertake a job which he has handled in his customary manner with diligence and respect to protect the individual's rights. He once told one of his daughters that he would just as soon be unheralded, unwept, and unsung—and to those of us who have learned to respect the senior member from North Carolina, we know this to be true.

Recently coming into my hands were a number of editorials and news articles from the press of the Tar Heel State. In reviewing these editorials praising their beloved son's Senate activities, I found the comments to be of such interest, I believe every Member of the Senate should have an opportunity to review them.

To the man who stated at his announced retirement that he "wished to go home to Morganton with his wife Margaret and dwell for a time among the people who have known us best and loved us most—and to watch the sun set in indescribable glory," I hope that every Member will join with me in reading the many fine comments from the press of his native State. They are indeed a tribute to his Senate career.

Mr. President, I ask unanimous consent that the articles which come from the hearts and pens of his North Carolina friends be printed in full in the RECORD.

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

[From the Sandhill Citizen, Aberdeen (N.C.) Dec. 27, 1973]

SENATOR ERVIN

(By Cliff Blue)

While Senator Ervin has announced that he will not be a candidate for reelection to the United States Senate, we do not expect his demise from the platform as has been the case with so many people when they leave public office.

Senator Sam will continue to be a much sought after speaker by the Democratic Party, not only in North Carolina but nationwide. Appointed to the United States Senate in June 1954 by Governor William B. Umstead, Senator Ervin was immediately given an assignment to speak on the Senate Resolution to censor the late U.S. Senator Joseph McCarthy. In his nearly 20 years in the United

States Senate, Ervin has been loved by both the conservatives and the liberals.

Step by step Senator Ervin opposed the desegregation laws which were enacted under the Kennedy and Johnson administrations. He has long been an ardent opponent of busing to achieve integration.

His chairmanship and leadership on the Watergate Investigation Committee endeared him to the liberals who have opposed President Nixon from the beginning. The young people have taken a great liking to him. Had he sought reelection he would have likely won.

As much as we admired him, we believe that he has taken the proper course. He will be retiring at the very height of his popularity which will give to him as long as health will permit more invitations to speak out on the issues of the day than he will care to accept.

With Ervin's decision having been made to retire, the embers will likely start burning in the hearts of many people who would not have dared oppose the mountain man from Burke County.

[From the Asheville (N.C.) Citizen, Dec. 21, 1973]

ERVIN'S CONTRIBUTIONS TO GOVERNMENT OF UNITED STATES

It isn't yet time to write Sam Ervin's political obituary. The 77-year-old senior senator from North Carolina has only announced what most people already suspected, that he will not run for a fourth term in 1974, but plans to come home to Morganton when this one ends on Jan. 3, 1975, so he and his wife, Margaret, may "dwell for a time among the people who have known us best and loved us most and . . . watch the sun set in indescribable glory . . ."

The senator, in fact, may well make some more significant entries in the book of Congressional history during his remaining year on Capitol Hill. His so-called "Watergate Committee" is still quietly at work, away from the glare of television, trying to extract the truth from a thicket of crime and corruption at the center of government. The Justice Department has its special investigators following up the leads pointed out in the Ervin committee's hearings, and according to what these investigations may yet discover. Senator Ervin's unique contributions to the integrity of federal government could once again be called prominently to public attention.

It is his chairmanship of the Senate Select Committee on Presidential Campaign Practices that brought Ervin his belated national fame, of course, but Ervin has been a quietly powerful man in the U.S. Senate for much of the 19 years he has spent there.

His career has not been without its contradictions, although he would say everything he has done in Congress is consistent with his understanding of the Constitution. He is widely regarded as one of its authoritative interpreters. He stood on Constitutional grounds in opposing most of the civil rights legislation of the 1960s, enacted to end 200 years of civil inequality for black Americans.

In spite of that blind spot—which was probably an accurate reflection of the people he represented—Sam Ervin has otherwise left his mark as a champion of private rights against the invasive power of big government. (In fact, his opposition to the civil rights bills seems to have been grounded in this concern.)

He fought against such invidious legislation as the "no-knock" law and "preventive detention." He was an outspoken critic of military spying against U.S. civilians and has attacked governmental intimidation of individuals and attempts to control news.

Sam Ervin says he still has unfinished business in a bill to protect the privacy rights of federal employes and a bill settling procedures for future constitutional conventions.

He also hopes to shape laws that would prevent "such tragedies" as the Watergate affair in the future.

Those are big orders, but Sam Ervin is a man who can do a lot of work in a year.

Whoever takes his place—and the candidates are already jostling for position—will have some tall precedents to follow.

[From the Asheville (N.C.) Times, Dec. 22, 1973]

SENATOR SAM'S DECISION

Sen. Sam Ervin has done a graceful thing in his decision not to seek re-election to the United States Senate next year.

Ervin is 77 and he gave age as the reason for his decision. Intellectual honesty, he said, would not permit his asking North Carolinians to return him to Washington, because he would, if re-elected, be 84 when his term expired.

Ervin announced his retirement at the peak of a career which has brought national attention to him in recent months as chairman of the Watergate committee.

Ervin will be remembered for much more than Watergate, however.

As a freshman senator, in the middle 1950's, he led the fight on the Senate floor against McCarthyism. He has been a stout defender of individual freedoms, though he has opposed civil rights laws on Constitutional grounds, and is recognized as the Senate's finest constitutionalist.

Before Watergate, he was little known outside the Senate and the South. With the rush of Watergate, suddenly, there he was, in the international spotlight. All the constitutional doctrines that Ervin had long been advocating became national issues, and he was the enunciator.

He did not change, really from what he has always been, though some citizens mistook his conduct for sanctimoniousness.

His decision not to run again gives him time to finish the Watergate investigation, free of previous charges that, since he faces re-election, he is out to make headlines. He was always a bigger man than that.

Ervin will be missed in the Senate, for he is, perhaps, the only genuinely colorful figure in that assembly that once was known for its characters.

But more important, he leaves on a crest of national respect, especially among the young, having made his mark on his time as a guardian of the Constitution and an advocate of the precept that ours is a government of laws, not of men.

He and Mrs. Ervin plan to return to Morganton, there "to dwell for a time among the poeple who have known us best and loved us most, and to watch the sun set in indescribable glory behind Table Rock and Hawk's Bill Mountain."

It is a fitting ambition, and we wish him and Mrs. Ervin well.

[From the Asheville (N.C.) Citizen-Times, Dec. 30, 1973]

FILLING SENATOR SAM'S SHOES CALLS FOR TAR HEEL BEST

Sen. Sam Ervin's decision not to seek relection in 1974 has thrown North Carolina politics into a whirl, setting the stage for what could be one of the state's most hotly contested Senate races.

Before the cast of characters—the candidates—which is expected to include a small host of Democrats and Republicans in the primary, takes center stage, several observations seem in order.

Mr. Ervin's retirement will leave large shoes to fill, thereby calling upon all North Carolinians, especially party leaders, to choose with care a worthy successor. Even if a less colorful and learned man than Ervin were vacating the office, finding and electing a successor would be quite an undertaking.

For, outside the President and Vice President, a U.S. senator is the highest elected official on the national level. In state politics, too, a senator's influence can often prevail over gubernatorial power, one reason being the subordinate role state government often plays in political affairs.

Whereas there are 435 or so representatives in Congress, there are only 100 senators. The numbers are not without their significance. The relative smallness of the Senate's number gives its rank and file an edge over most House members in the power game, for power is drawn to small numbers and loathes being shared.

There is another big difference. A representative must face election every two years; a senator, every six.

Six years is a short lifetime in politics, more than enough years in which to obstruct enlightenment or nurture progress. And six years is a long time without a challenge at the polls, but that was the intention of the Founding Fathers. They wanted to free senators to make national decisions away from the frequent pressure of the electorate.

All this means that the person selected to replace Sen. Ervin must have the people's trust to perform during six years of freedom from the ballot boxes back home.

There is another consideration in this regard. Most senators serve for more than one term; some seem never to fade away. Is the senator-to-be durable and capable of changing with the times? It is a hard question, but it must be weighed.

Can he or she be trusted to represent the people, yet, when conscience dictates, risk public derision and follow conscience and not democracy's clamor. Every senator faces such a decision at some point in his career, and often the test proves an undoing.

Ervin walked a lonely road in the McCarthy Era of the Fifties and later in the school prayer debate. He must have spent some pretty lonely times during the height of the Watergate hearings, despite the fame he won. It would appear that he met the test of reconciling public reaction and individual conscience.

To some it may be a bit much to ask for this quality in a senator. Perhaps it smacks too much of idealism, calling to mind memories of LaFollette, Taft, Vandenberg, Norris, and Paul Douglas. Rather, this trait should be the norm, not the exception, of Senate membership.

There is the matter of geography. Since at least 1930, it has been something of a Tar Heel tradition to choose one senator from Eastern North Carolina and one from the West. The state's junior senator, Jesse Helms, is from Raleigh and most of the mentioned contenders for the Ervin seat are also Easterners.

While most Westerners would like the eventual choice to be from the West, geography should not dictate the decision. Character and ability should be top priorities.

The Senate is an assembly composed mainly of attorneys, of which Sen. Ervin is regarded as perhaps the premier.

Since Sen. Helms is not an attorney, some observers are suggesting that Ervin's successor should be a person trained at the bar.

As with geography, occupation should be secondary. Wide knowledge of public affairs, common sense, and probity are just as important, maybe more so, in the legislative life than legal training. Several excellent senators have been non-lawyers.

The vacancy, in sum, is a large opportunity for the right person. It is a large responsibility, too, for the voters.

[From the Boone (N.C.) Watauga Democrat, Dec. 31, 1973]

WORDS OF WISDOM

(By Bob Rivers)

Senator Sam Ervin, Jr., in announcing his decision not to seek another term in the United States Senate, disappointed many of his friends but used special judgment in quitting while he is "on top of the heap."

The Senator, hale and hearty, who says he "works harder than most senators of any age," has no doubt but that he could win another six-year term . . . Neither do we, but he said he cannot ignore the fact he would be 84 at the end of it, adding:

"Since time takes an accelerating toll of those of us who live many years, it is simply not reasonable for me to assume that my eye will remain undimmed and my natural force stay unabated for so long a time."

Back home, Senator Sam, more in demand as a public speaker, we understand, than any man in the country, can pursue whatever political activity he desires, without the Washington pressures. It is safe to assume that if he is so inclined, he can have considerable influence on selecting his successor and at any rate, will remain a vital force in the affairs of the Democratic party.

[From the Daily Times-News, Burlington (N.C.) Dec. 21, 1973]

SENATOR ERVIN'S DECISION

Sen. Sam J. Ervin Jr. has been the originator of his share of surprises in recent months. Yet, his decision now to step down after his term ends Jan. 1, 1975, to return to his Morgantown home must rate as the state's political story of the year.

His announcement didn't come as a massive explosion, for there has been considerable speculation on what he would do as he said in the Spring that he would reveal his personal plans before year's end. There were those who contended that he would not step down, that he had too much going for him in the Senate now to revert to a calmer life. There also were those who said that he would in respect for his age and the career, in retirement, which he could select for himself.

The senator was caught on one side between strong support for his continued presence in Washington, and then the sincere urging of many of his friends, on the other, to end a distinguished career now when he can know some rewards from it, rather than going through what could be a strenuous and uncertain campaign.

Sen. Ervin made a wise decision. It will draw considerable evaluation in the time ahead as he remains on the active scene, just as what he has done will open the doors for the beginning of a sizeable campaign for the Democrats. What the Republicans will do has not been widely developed so far.

Henry Hall Wilson of Monroe already is an announced Democratic candidate, and it shouldn't be long before Atty. Gen. Robert Morgan will make his candidacy official. These two will guarantee us a good contest for the nomination.

Let us not overlook some other possibilities.

Former Lt. Gov. Pat Taylor stated sometime ago that he would give strong consideration to the Senate race providing Sen. Ervin would not run, and former Rep. Nick Galifianakis plans to make an announcement within a few days on his intentions.

And there still remains Rep. Richardson Preyer of our Sixth District. A strong vote-getter, his name certainly will not be overlooked, though he says he is happy in his present place and has no plans for anything else.

Rep. Wilmer Mizell of the Fifth District is the only major leaguer in speculation for Republicans now, and it well could be that his party will get behind him. Charles Jonas Jr. of Charlotte, son of the veteran congressman now in retirement, apparently is not as interested now as earlier, and State Sen. Mike Mullins of Mecklenburg simply can't get much enthusiasm built on his side.

Unless Rep. Jim Broyhill also would reconsider, there could be strong concentration by Republicans only for Rep. Mizell, with the full force, in turn, being turned loose on the general election to capture the seat.

All of this, of course, is something which now will be developing. The impact now is that Sen. Ervin has made his decision. He will continue to serve through the remainder of his term as a senator, as chairman of the Watergate probe, and as watchdog of the Constitution. Yet, he has given sufficient notice to his party and to potential candidates so that they can make their plans.

The unusual thing about the announcement now is that Sen. Ervin is in a position to maintain his present role and not be regarded, as so often is the case, as a lame duck. He has priorities on what he wants to get completed in the Senate, just as he has some priorities when he leaves office. The fact that he won't be there after Jan. 1, 1975, won't reduce his power to any degree.

Sen. Ervin will be with us in a strong way for a while yet. It will be hard, in fact, for him to be able to "go fishing" very often, as he says he wants to do, for there will be much demand for his time.

And as this is continuing, he will have a successor. Sen. Sam J. Ervin Jr., however, will be, to many people, a strong and able senator from now on, whether or not he is in office.

[From the Chapel Hill News, Dec. 20, 1973]

SAM DECIDES NOT TO PLAY IT AGAIN

Sam Ervin's announcement that he will exit gracefully and under his own steam from the United States Senate is cause for deep regret and, at the same time, great relief.

With his emergence in the last few years as the definitive Constitutionalist, as an uncompromising defender of civil liberties, and now as the scourge of Watergate, he towers in Washington. He might very well be the Senate's only resident giant.

His being selected as chairman of the Senate Watergate committee was in itself a fair measure of the stature he has attained. With the nature of the investigation and the inevitable assault on the President that it promised, the chairmanship demanded undisputed integrity, a deep sense of fairness and transparent honesty, and a devotion to the law and our democratic institutions that would throughout transcend any hope for partisan advantage or personal gain. In search of those qualities the Senate turned almost automatically to Sam Ervin.

His conduct of the Watergate inquiry has been an ordeal for him, even while bringing him to the moment of his greatest personal triumph. No one has greater respect for the office of the President than Sam Ervin. Few see it more clearly in its full historical sweep and understand better the moral and political leadership that it invests. And here he was, cast in the role of the one who might more than anyone else be responsible for bringing the President down.

As usually happens in national dramas, Sam Ervin's role has been heavily overlaid with hoopla, exploitation, lionizing by the media, and public determination to mount him as a folk hero. That has not made his profound ordeal any less real, and neither has it made him any less the genuine article.

Somehow he has managed to survive the popularization with dignity and restraint and with the old virtues undamaged. He is still the same plain old down-to-earth, honest to goodness Sam Ervin. What is perhaps even more remarkable, having peered into the dark corners of the Nixon administration, his devotion to our democratic institutions is as deep as ever, his confidence in our system of government is unshaken, and his hope for the country is still boundless.

The loss of his service to North Carolina, to the Senate, and to the country will be inestimable. A Sam Ervin does not quit the scene unnoticed nor does his departure go unlamented. The Congress will continue, as he would be the first to say, but it will continue considerably diminished.

There are sound and unassailable arguments for Sam Ervin's taking the veil.

For one thing, he will be swapping the Washington turmoil for the serenity of his beloved Morganton, and that is hardly an even trade. After twenty years in the Senate, during some of the country's most tumultuous years, he deserves all the peace and quiet and good fishing he can get.

For another thing, Senator Ervin will now be able to resume the Watergate inquiry without the slightest suspicion of political motivation. Had he sought another term, he would have been met at every turn of the Watergate investigation with, Well he's running for re-election, you know, and his role would to some extent have been compromised.

And, regardless of those who would like to see him continue forever, Watergate is indeed Sam Ervin's Last Hurrah. He has been hip-deep in the country's praise and affection for nearly a year now. When your countenance appears on T-shirts, the cover of *Time* and *Newsweek* and *Meet The Press*, your voice is heard on records, and your sayings preserved in hard-cover, you have reached the zenith as a public figure. Regardless of what happens in Washington next year, there is no way for Sam Ervin to go, as a political commodity, but down.

It is heartening to us and altogether fit for the man for Sam Ervin to go out riding the crest. There are far too many old men in the Congress hanging on term after term, trying to deny their age, obsessed with political survival to the exclusion of everything else. They are a drag on the Congress and on the country. Sam Ervin might have been able, physically and mentally, to give several more years of stellar service to the country, but at 77 the odds are long, and it is a testament to his character that he decided not to risk joining the Senate's senility squadron.

Chances are that Sam Ervin would have been able to withstand a stern challenge in the Democratic primary next spring and the Republican thrust in the general election. He is by far the most beloved public figure in North Carolina and while personal feelings don't always translate into votes, the great esteem in which he is held throughout the state would have given any ambitious challenger long and thoughtful pause.

Without being privy to what brought the Senator to his decision, we doubt that the possibility of his being defeated had anything to do with it. Given other circumstances, a somewhat more tender age, and self-assurance that he could serve the country, Sam Ervin would probably have left the decision entirely to the voters, challenge who might.

Throughout his long and distinguished career Sam Ervin has been a credit to North Carolina, the Congress, and to the country. He has served us faithfully and well. We wish him a long and happy life safe from the madding crowd.

[From the Charlotte News, Dec. 21, 1973]

SENATOR ERVIN: HERO AND SYMBOL

Bowing to the inevitable advance of age, Sen. Sam J. Ervin, Jr. has decided not to seek re-election when his term expires just over a year from now. He will retire at the pinnacle of his career, and not present the voters with the difficult question of whether to return him for his good work, despite his age. It was a decision that will deprive the Senate of Sam Ervin's wise counsel and strong character, but will perhaps give the nation a true elder statesman.

One need only look at the extent and fondness of the news coverage of the senator's retirement to know that this is not an ordinary departure, to know that Sam Ervin is regarded as being something more than just another senator, or just another important senator.

He's become a folk hero, with all that en-

tails. He's adored for his virtues and his colorful eccentricities. He's forgiven for his shortcomings, and for the positions that not long ago earned him stern criticism from some of his present admirers.

But he's also become a hero in the very serious, old-fashioned sense. Against the tawdry background of Watergate, that scandal of small, shallow, cold men of great ambition but scant principle, Sam Ervin stood out in bold relief. He was all that those men were not, and became for the nation a much-needed symbol of integrity, rectitude, justice and simple humanity.

That he became such a widely known symbol is perhaps attributable to circumstance, to so small a thing as the taped lock that caused the Watergate burglars to be caught. Without Watergate, he probably would not have come to center stage.

But it was not merely chance that he was fit to be such a symbol, that he was sought out to probe the cesspool of Watergate. And it was not merely chance that he was equipped to expose Watergate not just as a partisan excess, but as the fundamental perversion of the American system that it was. For the trends that culminated in Watergate had been building for years, and Sam Ervin's record of opposition to them had likewise been building for years. He started in the Senate fighting the excesses of Sen. Joseph McCarthy's witchhunt. He emerged as a champion of civil liberties, authoring legislation to reform the criminal law's treatment of the poor, and came to the fore when it was time to fight such constitutional violations as military spying on civilians and no-knock raids.

But it was a record that, for a long time, was only narrowly appreciated. Senator Ervin understood the civil liberties issues when others didn't or considered other things more important. His concurrent opposition to civil rights legislation lost him support in some quarters where his civil liberties work was appreciated.

What has happened since then is not that Sam Ervin has changed, but that others have changed, or changed their judgment as to what is urgent and fundamental, what peripheral. That he was not fully appreciated earlier is in part due to the fact that he was not looked at whole; that he is perhaps overly appreciated now is due to the same fact.

Yet, to understand his constitutional philosophy, one must look at it whole. It is not a partisan philosophy that would apply one standard to Republican presidents, and another standard to Democratic ones; not an opportunist philosophy that simply sees in the Constitution support for what it would otherwise like to accomplish. It is rather a strongly individualistic philosophy that starts from the Constitution, and reads it to say the same thing every day.

It's a philosophy that made Sam Ervin the ideal man to stand against the partisan opportunism of Watergate. It's a philosophy that ought not perish with his retirement from public office.

[From the Charlotte Observer, Dec. 20, 1973]

RETURN TO NORTH CAROLINA MOUNTAINS NO COMEDOWN FOR ERVIN

(By Paul Clancy)

WASHINGTON.—In the midst of the Watergate hearings, when Sam Ervin's national popularity was at a dizzying height, he told one of his daughters that he would just as soon be unheralded, unwept and unsung.

It was just the kind of thing that the modest, almost shy man from the North Carolina mountains would say. All the Watergate attention didn't change Ervin.

It's simply that people in 49 other states began to see the Sam Ervin that North Carolinians have known for years—a teller of homespun stories, a quoter of Scriptures and a constitutional revivalist who made some surprising converts.

He is, as he told witnesses at the Watergate hearings, just an old country lawyer. And returning to the practice of law after 20 years in the Senate, going back to the basic things of life—like watching the sun set "in its indescribable glory" behind Table Rock Mountain from his home in Morganton—is not at all a comedown for a man like Ervin.

It's not that he hasn't liked the Senate. In fact, it has become his life. And he became attuned to its wonderfully inefficient, stodgy, deliberative ways that are so Southern in their character.

But he almost seemed happier plodding through mountains or dull law books and engaging in hours of intellectual debates than basking in the warm glow of publicity.

Indeed, his Wednesday press conference to announce his decision not to seek a fourth Senate term excluded members of the national media and was one of only a handful he has called since coming to Washington in 1954.

There were many issues that he considered of far more constitutional significance than the Watergate fiasco.

Ervin came to the Senate at a crucial time.

The Supreme Court had just startled the nation with its decision declaring that segregated schools were inherently unequal. That decision set Ervin on a course that would dominate his carrer for many years.

Like a lawyer representing a client, Ervin defended the South against every one of its detractors and against every bit of legislation aimed at righting old wrongs in the South.

It was from this agonizing battle that he gained much of his reputation.

But another force was at work in 1954 that Ervin attacked with equal ferocity—McCarthyism.

Only a few months after taking his seat in the Senate, Ervin was named to the Select committee studying the question of whether to censure Sen. Joe McCarthy for running roughshod over anyone who did not share his fierce anticommunism.

Ervin had not been very aware of McCarthy. But after studying his methods—and after being personally attacked by him—he took the lead in the move to censure the Wisconsin Republican.

Ervin gradually began to be recognized as one of the leading civil libertarians in the Senate, a role that he took on with gusto after becoming chairman of the Constitutional Rights subcommittee in 1961.

Although criticized for his civil rights record, Ervin took on a number of civil liberties causes that few liberals would touch.

In the process, he also indirectly did more for the civil rights of blacks than many of his Northern critics.

The Criminal Justice Act of 1964, which set up the legal defender system for indigent defendants; the Bail Reform Act of 1966, which allowed the accused to go free without bond pending trial, and his fierce attack on the Nixon Administration's "no-knock" and preventive detention legislation, won him recognition as a defender of individual rights—white and black.

Many consider that Ervin's greatest moment in the Senate was his passionate speech against an amendment by the late Everett Dirksen in 1966 to permit prayer in public schools.

After criticizing the Supreme Court's decisions banning prayer, Ervin changed his mind about the Dirksen amendment and, pouring out his own deeply religious beliefs, helped convince his colleagues in the Senate that it was just as important for government to stay out of religion as it was for religion to stay out of government.

This seeming paradox between Ervin's defense of civil liberties at the same time he attacked civil rights laws puzzled and infuriated both Ervin's friends and his enemies.

But Ervin believed that granting special rights for one group of people, no matter how just the cause, robbed everyone—both blacks and whites—in the end of precious civil liberties.

"It is not the civil rights of some, but the civil liberty of all on which I take my stand," he said.

Ervin's real test did not come, however, until the beginning of the first Nixon Administration.

That was when President Nixon's law-and-order proposals were sent up to Congress, when freedom of the press came under attack as it never had before, when the rights of members of Congress were severely challenged and when their powers were, Ervin said, "brazenly" seized.

What had been dull, scholarly debates before Ervin's subcommittees on constitutional rights and separation of Powers suddenly became the "in" issues.

Early in 1971, Ervin held widely publicized hearings on the massive Army intelligence operation that was begun during the Johnson Administration.

He found out that the military had begun, and was continuing to operate, an unprecedented program of snooping on American citizens. Almost everyone involved in public controversy—student activists, civil rights leaders, clergymen and even politicians—were subjects for surveillance.

But after being held up to scorn and ridicule by Ervin, the operation was suddenly abandoned.

At the same time, Ervin began defending the press against what he considered to be "intolerable" efforts by the government to "intimidate" newsmen by demanding to know the sources for their news stories.

That fight is still going on, and Ervin is the chief sponsor of shield legislation to allow newsmen to protect their sources.

Ervin saved his choicest comments for the increasing tendency of government to collect and computerize information on individuals. The immensely private man, Ervin, considered such invasions of personal privacy to be "rank tyranny."

Perhaps the last publicized of Ervin's causes were his attempts to trim the sails of the increasingly high-flying executive branch. He began many years ago warning about the growing tendency of the President to act in crucial areas of foreign and domestic policy as if Congress didn't exist.

He held hearings on these separation-of-powers issues—the impoundment of congressionally authorized funds and the invocation of executive privilege—long before many people had heard of them.

So, when Nixon began his moves to carry out his programs with or without the consent of Congress, Ervin was ready.

It was no accident, then, that Congress sought out the 77-year-old Southerner when it felt it was about to be stuffed and placed in a museum.

Nearly all the issues that Ervin has been working on for 20 years seemed to be coming to a head just before the Watergate explosion.

He was reluctant to take on the new assignment of heading the Watergate committee. In fact, before the 1972 election, he told reporters he was just too busy.

But duty, in the person of Senate Majority Leader Mike Mansfield, called early in January 1973, and Ervin reluctantly agreed.

"I wish to God Mike hadn't asked me," he grumbled once to an aide.

Ervin didn't suddenly memorize passages from the Bible, Sir Walter Scott and the men he considered to be the great statesmen of the ages—the lines made him famous during the summer of 1973.

These things were deeply ingrained in the man who, although he has spent all but four

of his years in the 20th century, never quite left the 19th.

So in touch was Ervin with the thinking of the men who wrote the Constitution that he began to be known as "the last of the Founding Fathers."

After being ignored by much of the media for so many years, it probably was gratifying to Ervin to come in suddenly for so much attention. But the crush of publiicty that went with the Watergate hearings ultimately robbe him of his most treasured possession—his privacy.

He still has another year in the Senate, and there are many issues—beyond clearing up the mysteries of Watergate—that he would like to see resolved.

And with his new-found power and prestige, and freed now of personal political considerations he may be able to accomplish much in his last year.

[From the Charlotte Observer, Dec. 21, 1973]

ERVIN AND 1974: HE WILL LEAVE WITH HONOR

It seems strange that Sam Ervin reached the pinnacle of his public prestige by way of television. He seemed a most unlikely candidate for stardom: old, old-fashioned, encumbered (some thought) by his penchant for down-home story-telling, altogether lacking in the phony slickness that has made many a TV idol.

But nationally Sen. Ervin will be known to present generations principally through the mind-images that television brought us. There he is, quoting the Constitution and the Bible, scratching an ear, exercising an eyebrow with the speed of a hummingbird's wings, sweeping through factual recitations to draw out a main truth—a truth transcending the mere facts.

The senator's enjoyment of the national attention is obvious. But it was not something he reached for; and it is a major departure from his own practice through the years of rejecting approaches that might have made him better known. He often was to be found amid the printed words of the Capitol library when he might have been making news with words of his own.

So there has been irony in the fact that Sen. Ervin, a shy man, one whose main contributions in the Senate have been because of his hard work in solitude rather than through committee power or public persuasion, came to life for many people only when the TV cameras swung his way in what probably will be considered the most celebrated public hearings of a congressional committee in our time.

THE NATIONAL LOSS

Except in the case of a handful of senators, an announcement of retirement would have relatively little national significance. But Sen. Ervin's announcement Wednesday that he will not run again next year, besides opening wide North Carolina's political floodgates, is a matter of substantial national import. Last April, on the eve of the Watergate Committee hearings, we said of Sen. Ervin: "His is the strongest voice for individual freedoms being heard in Washington." That was true then and is probably still true.

The national loss will be, in part, because of his very visible integrity in a time when the country has been buffeted by the scandals of our most corrupt Administration in history. Washington can get along without Sen. Ervin's stories and his personal charm, but the quiet honesty and straight forward nature the quiet honesty and straightforward nature of its best public officials will be less visible without Senator Sam. He has embodied much of what has been the best in the Senate.

He will be recorded as a conservative, not a liberal, unless one adopts the strange and very current view that conservatism does not include strong support for civil liberties. But principally, historians will be interested in him as a defender of the Bill of Rights. And these days, that is not exactly like being for motherhood and the flag, since many people are willing to sacrifice some of those guarantees for what they think would be a bit more security.

ALERTING THE PEOPLE

Four years ago Sen. Ervin was seeing "the trappings of a police state" in the "preventive detention" and "no-knock" measures being sought by the Administration. Not very many people were listening, but more are now. People also know more of what he was talking about in his dogged persistence on behalf of the separation of powers. Less well known have been his efforts on behalf of servicemen facing questionable military justice practices; indigent defendants unable to raise bail or hire lawyers; and civil servants being harassed because of their political views.

His votes against civil rights bills, even the bill that cleared the way for blacks to vote in the South, were the major departures in his record on behalf of constitutional rights. They will be regarded as great contradictions, the kind that have reduced the size of many of the South's best political leaders.

We feel great regret that Sen. Ervin will not be in the Senate after next year, but we respect him for his decision. He has done what few members of Congress manage to do: resist the temptation to continue to wield the power that has come to them, because of the seniority system, only in their later years. Sen. Ervin will go out with honor, and at the peak of a distinguished career.

[From the Charlotte Observer, Dec. 23, 1973]

ERVIN IS RARE INTELLECT IN GOVERNMENT

When Bill Umstead, the frail, sensitive governor of North Carolina, called Sam Ervin to the executive mansion in Raleigh in the spring of 1954, Ervin is supposed to have urged the governor not to appoint him to the United States Senate.

Ervin was then in his sixth year on the State Supreme Court, a political mausoleum that rather suited his intellectual temperament. He was a judge, not a politician; a legal scholar, not a performer on the public stage.

This, according to the usual criteria, made him ill-suited for the job of senator.

But Ervin made the mistake—if you want to call it that—of telling Umstead, his old college chum, that he would not refuse if asked, that he would consider it his duty, however unpleasant, to accept the appointment.

And so the relatively unknown jurist became a seemingly indestructible political force in the state without ever putting together a political organization.

Ervin would never have run for the Senate on his own steam if the job had been wide open—as it now is with his decision to leave. He would never have given up his safe job on the court to become a candidate for public office.

He would have stayed in Raleigh and almost certainly have become chief justice of the Supreme Court, lending his crackling wit and constitutional wisdom to the scholarly proceedings. He would have been perfectly happy where he was.

As it turned out, the appointment of Ervin—he was subsequently re-elected to three six-year terms with little or no opposition—had a profound impact on the state's political history and ultimately led to a classic confrontation on the banks of the Potomac.

It sounds very undemocratic to say that the political system rarely propels intellectual giants or even moderately qualified men and women to seek office. It's an accident if it does.

It seems, instead, to promote demagogues, movie stars, former athletes and shallow lawyers, who haven't touched a law book in years. It is a sad fact that Ervin is one of the few members of the Senate who ever uses the Senate Law Library.

Whether you are happy or unhappy with Sam Ervin, you have to admit that there haven't been many like him in this town. He is always either livening things up or bogging them down—depending on your point of view—but it was always something. As he put it, "I have that quality which one's friends call firmness and one's enemies call obstinacy."

He took generally safe positions during the civil rights debates of the Sixties. But, in part because of this, he was also able to take some very unsafe positions. The cause of civil liberties has never been terribly popular during any of the eras when "national security" sold like hotcakes.

Ervin has been the Senate's chief exponent of Jeffersonian liberalism, which balanced one's right to be nasty with one's right to equal opportunity. In Ervin's view, the last party that should be concerned was the government.

Agree with him or not, his has been a potent force in the Senate and national affairs.

And it isn't because of political shrewdness or horse trading, but because of the sheer force of his intellect. He might have won many more battles, perhaps, with a little more behind-the-scenes know-how. But then, he wouldn't have been Sam Ervin.

"There is an old saying that the setting sun gives little heat," one of Ervin's aides mused the other day after his boss said he was stepping down. "But he is one of the few men in politics who stand for integrity, and I'll bet he will continue to be a major force in American politics for a long time to come—and that includes 1976."

[From WBT/WBTV, Charlotte, N.C., Dec. 20, 21, 1973]

SENATOR SAM DECIDES TO RETIRE

We hate to see Senator Sam Ervin depart from the halls of Congress that he has graced for so long. But there is no question in our mind that he is doing the wise and proper thing.

Senator Sam, after all, is 77 years old, as he is willing for everyone to know. And, as he says, another six-year term would take him into his 84th year and beyond. While his wit and charm and grasp are undiminished—indeed, seem to grow—he realistically recognizes that his physical and mental faculties must inevitably decline, and that the time to leave is before they do.

We wish that all public officeholders possessed the same wisdom. About 3½ years ago this station took the editorial position that such officeholders should be required to retire at 75. We still think it's a basically good idea, though we have to admit that Sam Ervin has performed brilliantly at age 76 and 77. But no matter. The decision to retire was his alone, and wisely made without compulsion.

We're not saying goodbye to Senator Sam yet. He still has a little more than a year yet to go, and we know he'll put in the time to good account. We are confident, to the end, he will continue to fight for the Constitutional liberties and the individual rights which he has championed for nearly twenty years in the Senate and to which he has dedicated most of his life.

And when he leaves, we doubt that anyone can adequately take his place or come close to matching his imprint.

[From the Durham Morning Herald, Dec. 21, 1973]

SENATE CONTEST LINEUPS AWAITED

There would seem to be little doubt that Attorney General Robert Morgan will be a candidate for the U.S. Senate to succeed Sen. Sam J. Ervin Jr., who is retiring, although he said yesterday that no formal announcement

of his intentions would be made until after the first of the year.

Mr. Morgan generally has been regarded as unofficially in the race for a good while now, particularly if Senator Ervin decided to retire at the end of his current term. Senator Ervin's announcement of his decision to retire clears the way for Mr. Morgan to become a candidate for the Democratic nomination for the Senate seat in the primary next spring.

A heated contest for the Democratic nomination is assured. Henry Hall Wilson of Monroe, a White House aide under Presidents Kennedy and Johnson and later general manager of the Chicago Board of Trade, announced his candidacy several months ago.

Among other Democrats mentioned as possible candidates are former U.S. Rep. Nick Galifianakis, who won his party's nomination last spring in a contest with Sen. B. Everett Jordan but lost in the November election to Republican Jesse Helms, former Gov. Robert W. Scott, and former Lt. Gov. H. Pat Taylor Jr.

While the possible Republican lineup is less clear, Rep. Wilmer (Vinegar Bend) Mizell of the Fifth Congressional District is expected to enter the race for the Senate seat. Charlotte stockbroker Charles R. Jonas Jr. is regarded as a possible contender. It is regarded as likely that Republicans will have a spirited primary for the nomination, and one thing certain is that next November will bring quite a battle between Democrats and Republicans for the Senate seat.

Senator Ervin's decision to retire at the end of his current term was more or less expected, and he made the point in his announcement that his age alone, 77 years, was the determining factor. He has served the state and the nation well in his long and notable career in the U.S. Senate, and with another year to go before his retirement he can be expected to add to his accomplishments in service to the people.

In his record of service, as a state legislator, a Superior Court judge, an associate justice of the North Carolina Supreme Court, briefly as a member of the U.S. House of Representatives, and finally in the U.S. Senate, Senator Ervin has compiled a record of exemplary service to the public.

[From the Fayetteville Observer, Dec. 21, 1973]

SENATOR ERVIN'S WISE RETIREMENT DECISION

Taking Sam Ervin off the North Carolina political map will be sort of like removing Mount Mitchell from the physical landscape. It won't cause the heavens to fall, but what a difference it will make in the scenery.

Longer than the memory of most citizens, Ervin has been an active participant in Tar Heel politics. He has been a familiar figure and his name a household word as a Democrat holding both legislative and judicial offices and as a colorful campaigner able to rouse party spirits with Biblical rhetoric and country humor.

Those accustomed to his venerable appearance as a U.S. Senator with wagging eyebrows and jowls for two decades may not realize that Ervin won his first election at the tender age of 27. That was as state Representative from Burke County, an office he held for three terms to start a public career spanning half a century and moving from the Superior Court bench to the halls of Congress and to the State Supreme Court before his appointment by the late Gov. William B. Umstead to the U.S. Senate.

His record is long and distinguished. Unassailable integrity earned him hard foes on issues and honest differences with friends, but respect beyond partisan and philosophical lines. A personality of wit and warmth gained him affection not usually enjoyed by politicians. Of course, his landmark role as chairman of the Senate Watergate Committee gave him national stature and made him a folk hero in his own time.

Regret at his departure when his present term ends next year must be mixed with admiration for his achievements and respect for the good sense behind his decision. Very likely, Ervin could win election to another six-year term. But as he himself noted, he would be 84 before its end. In any realistic appraisal, he would be apt to fail in physical and mental stamina to discharge the duties to the high standards of his own past performance.

Under the theory of constitutional government espoused with fervor and vigilance by Senator Ervin, no man is indispensable although reasonable and just laws are. His personal adherence to the principle is apparent in his decision to retire.

By the same token, in the selection of his successor the widest possible latitude will best serve the interests of all North Carolinians. No one among the many "patriots willing to serve"—in the trenchant phrase of the late Gregg Cherry—should gain an advantage from a posture as an inevitable choice.

Senator Ervin's timely announcement of his future plans creates the opportunity for an open field in the party primaries next spring. There is time for any potential candidate to organize forces and launch a bid for the office. Voters of the state would do well, drawing from the scriptural source for much of the Senator's advice, to "watch and pray" before they arrive at any conclusions on who they want to sit in Sam Ervin's Senate seat.

[From the Fayetteville Observer, Dec. 27, 1973]

SENATOR ERVIN'S EXIT AND TWO-PARTY POLITICS

A rash of political speculation undoubtedly was to be expected in the wake of longtime U.S. Sen. Sam J. Ervin's retirement announcement. But one wire service's suggestion that Democratic Senator Ervin's exit may leave the Tar Heel Democratic Party in a shambles seems unusually far off base.

The report said Ervin's retirement "could sweep away the last shards of the Democratic Party's dominance in North Carolina." It pointed out that the state now has a Republican governor, James Holshouser, and a Republican U.S. senator, Jesse Helms. Both won their offices in President Nixon's pre-Watergate landslide election victory last year.

Actually, instead of being closely identified with the Democratic Party's fortunes or misfortunes in this state, Sam Ervin has been about as close to a political maverick as the state has produced at the national level in recent times. He has made an occasional campaign appearance in behalf of the Democratic ticket at election time back home but his chief political characteristic has been independence, not partisanship. He has maintained a hands-off policy toward the party machinery back home, not attempted to build and control any political machine.

Undoubtedly it would be a boost for Republicanism in the state if the GOP wins the Ervin Senate seat next year but this would hardly leave the state Democratic Party in a political shambles. By wide margins in the Senate and House, the Democrats control the General Assembly, where the success or failure of the administration of any governor, Republican or Democrat, is largely determined.

The GOP hasn't been able to crack the Council of State, whose membership is made up of high elective state officials. While Holshouser and Helms were winning in the pre-Watergate Nixon election sweep through North Carolina, the voters also were electing a "new" and promising young Democratic leader at the state level, attorney James Hunt of Wilson, to be the state's first full-time lieutenant governor, its second ranking official. The state's congressional delegation is still predominantly Democratic and most local governments remain securely in the hands of the same party.

North Carolina needs a strong, two-party political system so one side can keep the other honest, so to speak, by challenging it to constructive leadership. This need can be readily seen here in Columbia County, where political neglect of the needs of the people for decent local governmental services was a habit for far too many years. Fortunately, one thing the people here and elsewhere in the state don't have to worry about in the immediate future is the demise of the State Democratic Party and a new era of one-party state rule by the Republicans, Democratic Senator Ervin's retirement plans notwithstanding.

[From the Fayetteville (N.C.) TIMES Dec. 20, 1973]

ERVIN: LAST OF THE GIANTS—DEPARTURE ERODES DEMOCRATIC DOMINANCE

(By Roy Parker, Jr.)

Despite his recent rocketing to national front rank, Sen. Sam Ervin Jr. was of the political past in North Carolina, a past of Democratic dominance with a clearly-defined stable of political personalities.

His departure will sweep away further shards of Democratic Party dominance of state politics, a dominance which shattered last year when Republican James Holshouser won the governorship.

Ervin is the last remaining giant of Tar Heel politics, a household name even before Watergate, who had never faced serious challenge within his party or from Republicans.

Essentially a lone wolf in state politics, he built no machine and could probably play little role in choosing a successor, even if it was a mind to do that.

Thus, his departure will leave a scene of intraparty and two-party jockeying out of which could emerge new leadership in both parties.

On the Democratic side, Atty. Gen. Robert Morgan will undoubtedly now step into an arena of major political combat, after years of hanging around the edges.

In a 20-year political career, Morgan has gained an important reputation as a vote-getter while actually seeking relatively minor offices against minimal opposition.

He probably will be challenged in the Democratic primaries by a mixed bag of opposition, ranging perhaps from unknowns out of the ranks of legislators to formidable hopefuls like former Rep. Nick Galifianakis or even former Gov. Robert Scott, or former Lt. Gov. Pat Taylor.

Whoever takes the Democratic prize will undoubtedly emerge as a major spokesman in that badly battered party, with the formidable job of knitting together its bitterly divided factions into a coalition capable of regaining a majority of the statewide vote for major office.

For the Republican Party, the battle for the Ervin seat is even more crucial. It will test whether the 1976 victory of Holshouser was a fluke, whether the party can solidify the steady gains it has made in North Caroline politics since World War II, and take complete control of major offices.

The battle for the Ervin seat could even have national implications. For if President Nixon is still in office (or even if he is not) next November, a Republican victory for the seat of the man who became the presidential nemesis would surely boost Republican morale for the crucial presidential election year.

In any event, Sen. Ervin's early and timely announcement of his decision not to run gives candidates and voters ample time to make the battle for his seat an important and significant test of the future of politics in a state which has been absorbing much political change in a relatively short time.

[From the Fayetteville (N.C.) Times, Dec. 20, 1973]

FRIEND AND FOE SING PRAISES TO "SENATOR SAM"

(By Dennis Rogers)

"Senator Ervin is a man of absolute integrity, the kind who will take out his own laundry without issuing a press release."

Greensboro Congressman Richardson Preyer's comment following the announcement Wednesday that North Carolina Sen. Sam Ervin will not run for re-election was typical of the reaction of Tar Heel political leaders.

To a man, they admire and respect the man people call "Senator Sam."

Preyer said a quote from Albert Coates, founder of the Institute of Government at the University of North Carolina, best describes Ervin.

"Mr. Coates said that Senator Sam was 'not like most of us, a lot of planks nailed together. He was like a living tree, with the sap flowing from the roots all through the branches.' That's a perfect description."

Fayetteville Congressman Charles G. Rose III said, "Sam Ervin has rendered a life full of service to North Carolina and his county. I am proud he had the courage to face his retirement in the noble manner that he did.

"I think the history books will praise him for his service to our democracy. I wish him well."

Attorney Nick Galifianakis of Durham wanted to be a senator last year. He defeated Sen. B. Everett Jordan in the primary only to be defeated in the general election by conservative editorialist Jesse Helms.

"North Carolina is proud to have produced a constitutional giant of Sam Ervin's stature," Galifianakis said. "He is the last of the founding fathers. I have always regarded Sen. Ervin as an American who truly loves his country and whose country truly loves him."

Saying he was surprised at the announcement, Galifianakis added, "I feel he is at the zenith of his career and that he has yet a considerable contribution to make to his country."

North Carolina's other senator, Jesse Helms' spoke glowingly of his fellow senator.

"It is bound to sadden all members of this body, past and present, who have had the privilege of serving with this great North Carolinian and American," Helms said of Ervin's announcement.

Helms said he had been a long-time supporter of Ervin, especially during the years when Ervin was leading the congressional fight against forced integration.

"I have observed him and supported him in his vigorous battles through the years to hold back a flood of unwise pieces of legislation which despite his warnings were enacted into law and which have frustrated the lives of literally millions of Americans," Helms said.

"He has become a legend in his own time . . . he is recognized throughout the land as a man who has made his mark on history."

Former Gov. Robert Scott, one of the many possible contenders for the soon-to-be-vacated seat, said Wednesday." "Sen. Ervin's retirement from a distinguished career of public service is a severe loss to the people of the state and nation. He has certainly kept his career on the highest plane that any public servant could—that is, assuring our nation that we will have a government of law rather than of men.

"He instilled in us a faith in the governmental process in our democracy."

The only man to publically say he want's Ervin's job is industrialist Henry Hall Wilson of Monroe.

"Sen. Ervin has served North Carolina and the United States with remarkable distinction." Wilson said. "I'm sure he will continue to do so for the remainder of his term. He will leave big shoes to be filled."

Republican Charles R. Jonas Jr. of Charlotte spoke warmly of Ervin who Jonas referred to as a "close friend of the family."

"Sen. Ervin is a man who doesn't fit any particular mold. He is an intellectually honest man whose judgment has always been based on individual judgment."

[From the Fayetteville (N.C.) Times, Dec. 20, 1973]

MAN-IN-THE-STREET LIKED HIM

(By Nancy Szokan)

North Carolina voters sent Sen. Sam Ervin to Washington three times in a row, and they would have done it again next year if those interviewed Wednesday afternoon had their way.

"I'm surprised—and disappointed," was a typical response from the people when told that Ervin has decided not to run for re-election in 1974.

Almost all agreed that the 77-year-old senator is "getting on" in years and had made a wise decision. But critics of Ervin's years in office or handling of the Senate Watergate committee were hard to find.

"I personally like some of his ideas, and some I don't. He's always got to be right," said Robert T. William Jr., shopping in Bordeaux late Wednesday. "But let's get some young 20 or 30 year old in there."

"I think he was a good senator, but it was a wise decision," said elementary school teacher Bill Flowers. "I'm in favor of a younger man," said Emmanuel Jackson, also out shopping in Bordeaux. "I think he knows his job. He's been elected often enough—course that doesn't really mean he knows his job, I guess," said elementary school teacher Russ Latherow.

"I guess it's time for him to enjoy his family," said housewife Mrs. Marvin Lovett.

Howard Williams, an Etna service station manager, was raising the prices on his gasoline pumps when he was told about Ervin's decision.

"I don't know," he said, "I believe if he ran again he would've made it. His mind is clear. But I guess it's time . . . I sure didn't think he'd do that, though."

In front of the Gillespie Street bus station a chilly picket, a member of Amalgamated Transit Union Local 1437 on strike against Carolina Trailways, was one of Ervin's few critics.

"I never voted for him before, and I won't this time," the striker announced. When told that Ervin had decided not to run, the man said, "You know why? By the time this Watergate's over, he'll be leaving the country."

The man declined to give his name—"Not while I'm out here (on a picket line)"—but said he was neither a Republican nor a Democrat. "I vote for the man," not the party, he said.

The striker and a fellow picket linesman said they had heard that N.C. Atty. Gen. Robert Morgan was interested in Ervin's seat. "I'd vote for him (Morgan) before Ervin," the man noted.

Morgan's name appeared to be the only one people associated with a new senatorial candidate. "I thought it was generally conceded that he was going to run," one man said.

Willie Whitted, a bricklayer waiting out in front of the bus station, was glad Ervin was stepping down. "I think he'd be too old (if he ran again)" he said.

"Won't be no good him going in there for four years. Do more harm for the country than it would good. I would have voted for him again, though . . . He did a smart thing there (regarding the Watergate committee) but he could have done a little more investigating. Nixon, he's just getting the world in a mess."

Another Ervin fan was social studies teacher Richard Monroe. "I'm disappointed (that Ervin will not run again)," he said. "I think his mind is still alert and quick. And I think he's about the only honest one we've got in there."

[From the Fayetteville (N.C.) Times, Dec. 21, 1973]

SAM ERVIN: TYPIFIED NORTH CAROLINA STRAINS

Sen. Sam Ervin's public service has typified what we like to believe are the best strains in North Carolina character. He is conservative, but not reactionary. Stubborn in his views, but not cantankerous; wise and wistful, but not a wiseacre. Albert Coates, his long-time friend and classmate, put it well in saying that while most of us are "a lot of planks nailed together," Ervin was "a living tree, with the sap flowing from the roots all through the branches."

Ervin's steadiness could cause problems. As chairman of the constitutional rights subcommittee in the volatile 1960s, he adamantly resisted the winds of change for civil rights which began to blow for the black man. If he had bent and become a southern spokesman for equal rights, some of the turmoil might well have been avoided.

In the mess of Watergate, however, Ervin's stolid incorruptibility has acted as a stout capstan around which we have been able to begin rewinding the anchor of public confidence in our public institutions. He may have tunnel vision about some provisions of the constitution, but his reputation as a courageous interpreter of the Bill of Rights is well and truly earned.

Ervin has honored his state and his country with his personal rectitude and with his public record. We wish him well in his decision to end that career with his boots on and his mind vigorous.

[From the Gastonia (N.C.) Gazette, Dec. 21, 1973]

THE NATION OWES SENATOR ERVIN CONTINUING THANKS

Sen. Sam Ervin said Wednesday that he will come down off the mountain before the winter sets in.

With his typical good humor and making his point with a story, he said that he wanted to get out of the world of politics while he still enjoyed good health. He is now 77 and he figures that his good luck and good health might run out before he would be able to finish another term.

Once again, North Carolina's senior senator has shown how smart he is. He will quit when he is on top, and, barring some unforeseen thorn in next year's political bush, he will retire as a man who has created a legend and lived to enjoy it.

Few men in politics have been able to climb the mountain of success, contribute mightily to the steadying and possible upgrading of society and then come down off that mountain with his good name and reputation intact, smiling all the while.

Political bungling in recent years has shaken the very foundations of this country. Too many times, legislative action has moved on the basis of what is politic and not on the basis of what is good for people, for a nation. The very Constitution that is the backbone of the United States has been under constant attack from all sides, and it has been only through the determined efforts of Senator Ervin and others like him that it has remained the rock on which the country stands.

Ervin has no peer in constitutional law. And when he does move out to make room for someone younger, one of the prime governors on Washington's political machine will have been removed. If the machine then tends to run at random, the reason will be evident.

There is no calculating the value which Senator Ervin's tenure in Washington has

brought. Aside from his constant vigilance over the United States Constitution, he spoke with amazing clarity and force where matters involving individual rights were concerned.

One year from this coming January, however, the senator will gather up his material possessions and his memories from Capitol Hill and move them to Morganton. He, himself, is a rock that will move from one hill in Washington to one in North Carolina.

Although his absence will be as evident as an 18-minute gap on a Watergate tape, the facts of his life and his constant and honest search for truth will shine like a beacon in the halls of Congress and will be around for a long time for younger men to use in their own search for what is right and good.

The senator has known some disquieting days in the past year. He probably will know some in the months ahead. But when the tug and tumble of Watergate is behind and when a melancholy senator trudges silently out of the Capitol and heads again for North Carolina with his wife, "Miss Margaret," if thanks could be hauled in carloads there wouldn't be enough limousines in Washington to carry the load.

For the nonce, however, we say merely, "Thanks, Senator Ervin. You have served your country well."

[From the Goldsboro (N.C.) News-Argus, December 1973]

SAM ERVIN'S DECISION IS THOUGHTFUL ONE

The people of North Carolina will applaud not only the great service of Senator Sam J. Ervin, Jr., but also the intellectual honesty of his decision to retire from public office.

That he might not seek a third term had been widely speculated both at home and in the nation's Capital.

Age 77 was an appropriate time and the apogee of national prominence was an excellent point for him to make the announcement.

Senator Ervin did so in a fashion typical of himself.

"Since time takes a constantly accelerating toll of those of us who live many years, it is simply not reasonable for me to assume that my eye will remain undimmed and my natural force stay unabated for so long a time," he told newsmen after noting that another term would put him "beyond the 84th anniversary of my birth."

Senator Ervin will be bowing out after becoming the best known United States senator ever to serve from the State of North Carolina.

His prominence came late in his tenure and under unfortunate circumstances. Because of his record of fairness and integrity, Sam Ervin was chosen to head the Senate Select Committee that is investigating, among other things, Watergate. It was as a result of the televised Watergate hearings that the world was able to see both the incisiveness and the homespun wit of the senior senator from North Carolina.

Unfortunately for Senator Ervin the hearings produced not only his greatest popularity but also his greatest criticism.

As the hearings proceeded, many who were devoted to President Nixon turned against Sam Ervin as the entanglements of Watergate tightened increasingly around the White House.

Some felt the senator was doing his job too well.

Sam Ervin is dedicated to the law and to justice, more so than to politics.

That dedication often had him cast with those whose political philosophies are, otherwise, diametrically opposed to his own. And that dedication, in the matter of Watergate, had him breathing down the neck of a President for whom Sam Ervin had held a great respect and one he has supported on many of the crucial issues.

Long before Watergate, Senator Ervin was recognized and appreciated in his home state and in the nation's Capital as one of our greatest authorities on constitutional law and as one of the last of the great orators.

In looking after the needs of his constituents, Mr. Ervin surrounded himself with a staff unsurpassed in ability, savvy and dedication. Unknown to many, he maintains one of the smallest office staffs in the entire Senate. But each member is a pro.

Sam Ervin has never been one to let the demands of service on the Senate floor and in committees dim his vision of the day to day problems and needs of the people back home.

At the same time, he has not let the routine of service to the constituency detract from his high calling to service to the nation.

Sam Ervin has served all of them equally well.

No criticism he might have picked up in pursuing the Watergate investigations can dim the lustre of the star Sam Ervin has been in the service of his people, his state and his nation.

[From the Greensboro (N.C.) Daily News, Dec. 20, 1973]

IN WASHINGTON, SENATOR ERVIN GETS BIPARTISAN APPLAUSE

(By Jack Betts)

WASHINGTON.—Republicans and Democrats alike applauded Wednesday North Carolina Senator Sam J. Ervin's half-century of public service and nearly two decades in the United States Senate after the Morganton Democrat announced he would not seek another term.

Ervin, 77, told members of the Tar Heel luncheon that he was retiring to the hills of Burke County because of his age.

Said Rep. Ike Andrews, Siler City Democrat, "I've often heard people of other states say, 'If he were a little younger, he'd have no trouble as a presidential candidate.' "

Said Rep. Richardson Preyer of Greensboro, "He's one of those people who makes you proud to be a North Carolinian, one of the few who can quote the King James version of the Bible and the U.S. Constitution with absolute sincerity and conviction and not be accused of being political or phony."

Said Rep. Roy Taylor of Black Mountain, also a Democrat, "Long after Watergate has faded from memory, Sam Ervin's legend will persist because he held firm to the belief that ours is a nation of laws, not of men."

From the Republican side where 5th District Rep. Wilmer (Vinegar Bend) Mizell is eyeing a campaign of the Senate, came more glowing accolades.

Said Mizell, "Senator Ervin has served his state and country with dedication and distinction for more than half a century. While the senator and I have had our honest differences on some issues of public policy, I hold nothing but the highest respect for him."

And freshman Senator Jesse Helms, a former Democrat, said "Senator Ervin is my friend; I am his. Though we no longer belong to the same political party I shall always remember and be grateful for his valiant battles of years gone by. I share his principles of then; I cling to those principles now. And, like the majority of my fellow North Carolinians, I am grateful he was willing to stand up and be counted."

Several agreed that Ervin's retirement would remove at least some of the charges that his Select Committee on Presidential Campaign Activities was "playing politics."

"I hate to see him leave," said Rep. Richardson Preyer, "but he'll have a year to finish up the Watergate investigation. I think the fact he has made this announcement will make him even more effective and will take away the charges that he was after the President for political purposes. We can look forward to a productive year."

Preyer, who is expected to run for a fourth consecutive term in the House in 1974, expressed no interest in running for the Senate seat.

"It would not be accurate to say I'm looking any harder at running (because of Ervin's announcement). I plan to go around the district when we get home and see what happens, but I'm happy here. I feel like I'm making a contribution and I would hesitate to do anything to change that," Preyer said.

He added that the Democratic party would have to guard against a divisive fight within its own ranks in the months preceding the primary election next year. "That's the one thing that could hurt us, just like in last year's governor's race."

Mizell, however, happily admits the Ervin retirement presents a bit of a problem for him.

"I think it probably makes the Senate seat more attractive, but it also makes it more attractive for a number of Democrats as well," he said during a lull in House floor debate.

"I'll probably continue what I've been doing in the last several months, going around the state testing the waters. Then, I hope I'll make some sort of announcements after the first of the year."

A former major league pitcher, soft drink public relations man and Davidson County commissioner, Mizell said he had been well received in all of his appearances around the state.

He admits, in fact, that it's not unusual for people to walk up to him and say, "You'd be a good senator," but adds that his district constituents tell Mizell they want to keep him as their congressman.

Mizell thinks 1974 will be another good year for the Republican party because the "swing to conservationism, which is identified with the Republican party, is very much alive in North Carolina."

Mizell said he would base his decision to run or not on a number of factors, but indicated his family will not hold him back.

"Nancy (Mrs. Mizell) has followed me half way around the world playing baseball, and just as we accomplished our goal to get back to North Carolina and settle in Midway (between Winston-Salem and Lexington) we also got to Congress. So, this is at least one time we could make a change and she wouldn't have to move again," said Mizell.

Rep. L. H. Fountain of Tarboro, a Democrat and dean of the North Carolina delegation, said, "We will miss Senator Ervin's wise counsel and his cheerful wit, and when his term of office is over one year from now, he will return home to his beloved mountains of North Carolina with our warmest wishes."

Added Taylor, "He rose from an obscure country lawyer to a celebrity and managed through it all to retain the humility which has endeared him to his state and to his nation. His service is without parallel; his integrity unblemished; his dedication to fundamental constitutional government unchallenged."

Ervin's own congressman, Rep. James T. Broyhill of Lenior, was tied up in conference committee negotiations Wednesday night and could not be reached for comment.

[From the Greensboro (N.C.) Daily News, Dec. 21, 1973]

SENATOR ERVIN STEPS DOWN

With the grandiloquence that has become a special trademark, Sen. Sam Ervin Jr. announced to the state and nation Wednesday that "it is simply not reasonable for me to assume that my eye will remain undimmed and my natural force unabated" throughout another term. He won't be running for re-election next year.

It is, of course, a sensible decision. Too

many eminent public figures lack a sense of when to make a timely exit. Senator Ervin has chosen to make his own when it can be made with a flourish, and when he can carry with him into the contemplation of North Carolina sunsets the thanks of millions.

In him, as if by foreordination, the country found amid a somber national crisis a man who in thought and character summed up and replenished political values that stood in grave danger. Of him the historian Arthur Schlesinger Jr. recently wrote that he seemed almost to have ambled over from a session of the constitutional convention.

Certainly it is difficult to imagine that any other senator could have filled the bill in just the right way—with just that blend of personal honesty and homespun reverence for personal and constitutional values.

But the crises of the past two years—the various clashes between the White House and Congress over impoundment, war powers, civil liberties and presidential accountability for the illegal acts of subordinates—tend to foreshorten our present sense of Senator Ervin's Senate career.

All his constituents, and certainly this newspaper, have at times disagreed with the senator. But one could always assume, in any such disagreement, that he had done his homework diligently; that his position would rest on principles of permanent value rather than the expediencies of the hour or personal interest or whim; and that his responses to controversy would be free of pettiness and personal insult. And in many such cases of disagreement, finally, it must be said that the senator's judgment prevailed because it was sounder.

Of course, the announcement of the senator's approaching retirement has touched off a scramble for the seat. Aside from those now in the field officially or unofficially—Atty. Gen. Robert Morgan and former Kennedy-Johnson congressional liaison Henry Hall Wilson on the Democratic side and Rep. Wilmer Mizel on the Republican side—others are eyeing the seat.

It would be foolish at this early stage to try to assess this field. We do believe, however, that North Carolinians everywhere, of whatever party or viewpoint, should be giving the most searching thought to what sort of representation they want in the Senate beyond January of 1975. In this, they should consider that strength of character, intellect, political experience and good sense will be of greater value to North Carolina in the long run than a doctrinaire outlook or party ties.

As a result of the 1972 election, North Carolina is already served in the Senate by a doctrinaire man who marches to the beat of his own drummer—a man who for that reason is unlikely to achieve a position of eminence or special influence in Washington.

That, we believe, is all the more reason for giving the most careful thought to who fills the Ervin seat. It will be a big seat.

[From the Greensboro (N.C.) Daily News, Dec. 30, 1973]

SOUGHT TO LIMIT GOVERNMENT'S RULE: ERVIN PROTECTED INDIVIDUALITY

(By Don Hill)

WASHINGTON.—When young Sam Ervin went to the state legislature in 1923 from Burke County, N.C., he received a piece of hometown advice from one country store supporter . . . "Make no new laws," the man said, "and repeal half of those you got."

This month, after 50 years of public service, North Carolina Sen. Samuel James Ervin, Jr., 77, announced that he would retire at the end of his current senate term.

The advice he was given at the beginning of his political life reflected the deep suspicion that his Scotch-Presbyterian forebears and neighbors hold for any governmental encroachment on their individuality.

But during his half-century career, government has grown without consulting Sam Ervin. No wonder, then, that he has honored the philosophy which spawned him more in spirit than in letter.

"I've always recognized," he said once, "that the ultimate danger to the individual comes from government."

Thus it was, in the announcement of his retirement, that Ervin listed among his legislative achievements with greatest gusto those laws which told government what it was forbidden to do rather than what it could do:

"I have fought, as sinful and tyrannical proposals that Americans be taxed to support religious institutions in violation of the first amendment; as incompatible with freedom, proposals that state right-to-work laws be repealed and the compulsory unionism be forced upon those who do not wish to join unions; as inimical to justice, proposals to enact no-knock and preventive detention laws; as inconsistent with our system of government, the use of the military to spy on civilians exercising their first amendment rights of free speech, assembly and petition; as intolerable, government efforts to intimidate individuals, newsmen, and broadcasters for exercising their rights of free speech and a free press in a manner displeasing to government; as rank tyranny, unnecessary governmental invasions of the privacy of our people, and governmental collection and computerization of data concerning their political and religious thoughts, beliefs and activities; and as unwise, welfare proposals calculated to convert ablebodied Americans into medicants."

Sam Ervin's ruddy, jowly visage with its fascinatingly mobile eyebrows has since Watergate became one of the most readily recognized in American politics.

It is set solidly in wide, beefy shoulders atop a portly 6-foot-1 frame that still moves with an agility denying 77 years of active life.

Someone told the senator last year that he looked handsome in blue, and Ervin, with characteristic lack of self-consciousness, beamed. He's been seen in blue more often than anything else since. The wardrobe is usually completed with white shirts and solid-color neckties, always clean but sometimes rumpled.

In conversation, he appears a wonderfully cheery man, gesturing easily with his fleshy hands, sometimes holding up the left spread-fingered, while he counts off points in his argument with the forefinger of his right.

In moments of deep concentration or hard work, he's likely to place the pencil he's been working with between his lips while he snatches for another to jot down an elusive notion. The first pencil then stays in place, two-gun fashion, in case another thought needs to be fired onto the waiting yellow legal pad.

Young Sam began his legislative career in the North Carolina House much as he's been finishing it in the United States Senate—armed with no more than wit and legal perception, shooting down bills he considers iniquitous or just foolish.

He found that North Carolina was about to enact its own version of monkey law, a bill forbidding the teaching of evolution in public schools. It was like the Tennessee law that brought such derision down on that state in the famous Scopes trial.

The North Carolina law was defeated, in part laughed to death after Ervin, a freshman of 27, observed that the only merit in the proposed law was to absolve monkeys from the responsibility for human folly, such as the North Carolina legislature was about to commit.

Ervin's name, as they say, never became a household word even in North Carolina in the years that followed. He served briefly in the General Assembly, then was appointed to successively higher benches until he attained that of justice of the State Supreme Court.

He showed every sign of being permanently and happily ensconced there, perhaps yearning only occasionally for the opportunity to go home to Morganton to practice law.

That this yearning has never died shone—as Sen. Sam himself would say—"as clearly as a noonday sun in cloudless sky" in his retirement announcement last month. He said, "My wife and I expect to return to our home in Morganton, the county seat of Burke County, North Carolina, upon the expiration of my present term in the Senate. Here we hope to dwell for a time among the people who have known us best and loved us most, and to watch the sun set in indescribably glory behind Table Rock and Hawk's Bill Mountain."

His appointment by the governor to fill a Senate seat vacated by death plucked Ervin from the Supreme Court bench in a way he's never anticipated.

"I'd never had any ambitions to come up here," he said. "I enjoyed practicing law more than anything. I was just suddenly appointed you know. Sen Clyde R. Hoey died sitting right here in this chair, and I was picked by the governor to replace him."

The new Sen. Ervin came to Washington with an open mind, he says, and with only general ideas about what his Senate service or colleagues would be like.

"You don't have much time on an appellate court to read anything but briefs," he said. "I was under the impression that Joe McCarthy was creating a furor up here, but on the whole he seemed to be doing a good job, so I had mixed feelings."

But then he became, as a freshman senator, the kind of nemesis, to McCarthy's extravagances as he has become of the Nixon administration.

McCarthy was a boisterous Wisconsin senator who bullied the executive and legislative branches of the federal government with Communist scare tactics in the early 1950's. By innuendo and shrewed use of publicity, he made himself virtually untouchable until the Senate moved tentatively in 1954 to censure him. Few of the Senate mice were eager to bell the cat.

Sen. Ervin was named to a six-man committee to study the McCarthy problem.

After investigating the thing," Ervin said, "I came to the conclusions that Sen. McCarthy was bringing the Senate into contempt by his actions."

It may have been the first real taste the senators got of Ervin's folksy raconteur style of debate. He told of Uncle Ephriam, a mountaineer gnarled and twisted by arthritis, who attended a camp meeting but refused to join the other faithful as they stood one by one to witness for Christ.

"Uncle Ephriam kept his seat," Ervin recounted. "Thereupon the moderator said, 'Brother Ephriam suppose you tell us what God has done for you."

"Uncle Ephriam arose, with his bent and distorted body, and said, 'Brother, he has mighty nigh ruint me.' "

In a speech supporting the McCarthy censure resolution. Ervin also demonstrated to his colleagues another side of his nature, his thunderous righteousness. He said that if his name was called in questions as Sen. McCarthy was, that if the Potomac was a river of fire instead of water, he would somehow cross it to appear in defense of his name. He demanded that the Senate censure McCarthy.

McCarthy didn't cross. The Senate did censure. And North Carolina Sen. Sam Ervin, freshman or not, was recognized as a man to reckon with in the halls of Congress.

In the Senate, Ervin at first became known as an opponent to a body of legislation becoming known as civil rights laws. He acquired a reputation as a man, as one news magazine put it, whose constitution lacked a 14th amendment. The 14th amendment granted citizenship rights to all Americans, including blacks and former slaves.

Sen. Ervin came to the Senate just as the Supreme Court outlawed school desegregation in its landmark Brown vs. Board of Education decision of 1954.

In the late '50s, he was a leading pleader for the southern opposition to civil rights legislation.

"It is not the civil rights of some, but the civil liberty of all on which I take my stand," he said in inveighing against encroachment by the federal government on state sovereignty.

During the same time, however, the seeds of Sen. Sam Ervin's principal Senate career were being sewn.

He was accosted one day in a Senate hallway by veteran former Sen. Guy Gillette of Iowa. Gillette was well-known in Congress as a man intimate with the problems associated with executive power. He had been ousted as Iowa's Democratic senator in 1954, but still worked on the hill.

In 1937, Gillette had been one of the brave Democratic congressmen who had opposed Franklin Delano Roosevelt's attempt to pack the Supreme Court with justices who would wink at New Deal unconstitutionalities.

[From the Greensboro (N.C.) Daily News, Dec. 30, 1973]

ERVIN SOUGHT TO LIMIT GOVERNMENT'S POWER

This was the man who stopped Ervin in the hallway. The country judge from Morganton already enjoyed an insider's reputation as a constitutional authority because of his colorful, but thoughtful, judicial opinions and because of his early work in the Senate. He was a recent appointee to the prestigious Senate Judiciary Committee, a plum many Senators waited well beyond their freshman terms to pluck.

"Say, Sam," Gillette said. ". . . I have come to think that the most dangerous tendency in the United States today is the encroachment by one branch of government on the domain assigned by the Constitution to another. You know what we need? We need a subcommittee to study the separation of powers."

Ervin took the fruits of that casual conversation to Sen. Everett Dirksen, Republican, and Sen. Mike Mansfield, Democrat. Those two powerful senators introduced a resolution to create such a subcommittee, and in 1966 it was done.

Ervin was the obvious choice for chairman of the new subcommittee, which he still heads. With Dirksen as ranking minority member, the subcommittee became Ervin's vehicle in a slow, unglamorous rise to eminence as a student of executive concentration of power.

For years, Ervin labored, in his words, "unwept, uncheered, and unsung." Not until the Nixon administration's startling affairs in Watergate, campaign contribution solicitation, and other acts did Ervin's colleagues begin to interest themselves in the dangers of presidential power about which Ervin had been warning.

Suddenly his work on executive impoundment of funds, on campaign reform, on newsmen's shield laws, on the right to privacy from government snooping, on executive privilege became "in" issues.

Many Americans were delighted by the TV image of Sam Ervin, his eyebrows popping up and down at times of pressure. Others—the mail suggested they were in a minority—were offended by his bible quoting, his folksy humor, Tar Heel drawl, and the evident fact that he was hugely enjoying the spotlight.

In Ervin's home state, Jim Gardner, a wealthy conservative who had twice unsuccessfully run for governor, said, "The Ervin committee is having a glorious time bathing in their egos, and Sen. Ervin is the worst. He thinks what happens to the country is incidental."

But witnesses who know the senator better tell a different tale. "Some think that he is putting on a show," Jean Conyers Ervin, the senator's youngest sister, told the Richmond (Va.) Mercury, of Ervin's TV Watergate appearance. "But the only thing he has ever done that I've never seen before was putting his pencil in his mouth. He acts just as he does in any other situation."

Harry L. Riddle Sr. of Morganton, 81, the man who nominated Ervin for political office, said, "They poke fun at him, say he's too folksy, but that's his nature. A fairer man never lived."

His mind is the one tool that Ervin seems determined to keep honed and oiled. "I've always said it's better to wear out than rust out," he said recently, in what must have been a hint of his decision on whether to run again for the Senate in 1974.

In the end, he decided against running.

"Intellectual honesty," he said in his announcement, "compels me to confront this inescapable reality: If I should seek reelection in 1974, I would be asking North Carolinians to return me to the Senate for a term which would extend beyond the 84th anniversary of my birth.

"Since time takes a constantly accelerating toll of those of us who live many years, it is simply not reasonable for me to assume that my eye will remain undimmed and my natural force stay unabated for so long a time."

It was the best Christmas present he could have given his wife, Mrs. Margaret Ervin, the senator told questioners. She had once advised him that the time to leave was when the people wanted him to stay.

About his enjoying his public role, Mrs. Ervin told a group of Democratic women in Northern Virginia recently that Sen. Ervin is "thrilled" that young people feel about him as they do. She said, "That's why I'm not sorry about all the publicity. . . . He's needed to offset the image of Watergate."

There's evidence that Sam Ervin agrees with "Miss Margaret." He usually does. And his career has been one of going where he felt he was needed.

Constitutional scholar and defender, judge, senator, investigator and challenger of presidents, but still the story-telling country boy from Burke County. Few have challenged the ultimate accolade given Sen. Ervin by conservative columnist James J. Kilpatrick:

"He's the last of the founding fathers."

[From the Greensboro (N.C.) Record, Dec. 21, 1973]

ERVIN RETIREMENT WILL PUT A GAP IN RANKS OF FREEDOM'S DEFENDERS

Senator Sam Ervin—citing his age as sole reason—will retire at the height of his fame and powers. In 20 years, he has given Washington and the nation an example of conservative consistency, a fresh respect for integrity and a new recognition of the value of old principles.

"Eternal vigilance is the price of liberty," the old maxim says. Senator Sam has been vigilant.

Not until the Watergate scandal did the senior senator from North Carolina become a truly national figure. Others then discovered what many Tar Heels long had known: Sam Ervin's down home tales and folksy humor are accompanied by the keenest of intellects and the strongest devotion to the Constitution and American freedom.

This devotion to old precepts could be, and often was, interpreted to be old fashioned. The Senator, like many of the rest of us, was not without an occasional touch of myopia. But if his stress on individual and property rights in the Fifties and early Sixties second anachronistic to liberals, it seemed timely and essential later in the defense of the individual against a too-powerful government. He was both farsighted and wholly wise in support of constitutional principle against those who sought to distort or ignore it for the political ends.

It is his defense of individual rights and freedoms for which Sam Ervin deserves to be remembered, long after the skullduggery of Watergate is forgotten. He is not a prosecutor of petty criminals but the defender of great principles. In the long Watergate hearings which mesmerized the nation, he helped convince Americans of the vitality of their institutions and of the need for constant defense of the people's rights by men of honor.

It is government with honor which Senator Ervin has demanded. It is a battle he has fought with his intellect, his humor and his knack for dramatizing and humanizing great issues.

In an age when both character and characters are so often lacking, Senator Sam had the one and became the other, yet without priggishness or buffoonery. He stands as the champion of the rights of Americans, whether they be American Indians, government clerks or average voters. He opposes the intrusions of big government upon their rights, whether by military spies or illegal burglaries or wiretappings. He has elevated the principle of individual freedom into a national article of faith, as it was in an earlier era untroubled by a misdirected military, electronic wizardry or high officials untrammeled by conscience or constitutional constraints

This is Senator Sam's outstanding service to the land he loves. This is why his fellow Tar Heels will wish him a long and pleasant retirement with his "Miss Margaret", watching the "sun set in indescribable glory behind Table Rock and Hawk's Bill Mountain." It is also why Tar Heels and their fellow Americans can ill afford to lose the eloquent voice of their champion at a crucial moment in national history.

There remains a year of the 77-year-old senator's term in which to conclude the work he has begun. Much can be accomplished in this span. Much has already been accomplished by the silver-haired combat veteran of World War I, the judge whose love of the Constitution and devotion to individual rights qualifies him for the accolade bestowed upon him by an admiring Nick Galifianakis: "the last of the Founding Fathers."

May Senator Sam inspire emulation and thereby raise new defenders for the right and the rights of man.

[From the Greensboro (N.C.) Daily News, Dec. 22, 1973]

A FITTING CHAMPION OF THE U.S. CONSTITUTION

Sen. Sam J. Ervin's decision to step down from the eminence of the U.S. Senate at the peak of his prowess provides additional evidence of his sagacity and character.

Many another public servant, buoyed up by national acclaim and self-importance, has found it difficult to turn loose the reins of power.

But Senator Sam has appraised his own situation as keenly as he studied the tangled web of Watergate. He has used, as he noted in his resignation statement, "intellectual honesty", at age 77, to conclude that "it is simply not reasonable for me to assume that my eye will remain undimmed and my natural force stay unabated" for several additional years.

Thus, at the end of another 12 months, Senator Ervin will leave the most distin-

guished forum in these United States, full of honor and years, after serving there longer than any Tar Heel save Matt W. Ransom, Furnifold M. Simmons and Lee S. Overman.

It is fitting to say on such an occasion that the substance of Senator Ervin's senatorial career is larger and of greater significance than that of any of his three longer-serving predecessors, indeed, perhaps that of any U.S. senator elected by the people of North Carolina.

A mystery

North Carolina, sad to say, has not been in the habit of sending its absolutely first-rate public servants to the U.S. Senate. Far more governors than senators have left their mark of distinction, from the time of Vance and Aycock to the more recent years of Gardner, Hodges and Sanford. Why this is so is a mystery; but it is good to know that a man of Sam Ervin's capabilities was recognized and that the momentous issues of the seventies projected him to the forefront.

Sam Ervin, as it turned out, with his love of the Constitution, his penetrating intellect, his rock-ribbed integrity, was a man for the moment. No wonder he became a national folk hero. In a time of ghastly relevations of corruption and mismanagement, the American people needed a symbol of lost idealism and steadfastness of principle to rally around.

North Carolinians, of course, have known about Sam Ervin's courage and wisdom for a long time. As a young state representative from Burke County in 1925 he played a leadership role in helping defeat a famous "monkey bill". It would have made North Carolina's public schools a laughing stock. As Superior and Supreme Court judge, he brought to the judiciary erudition combined with wit, mountain independence with Calvinist conviction. Nourished on the King James Bible and full of the story-telling genius of the Blue Ridge, he added scholarly attainment to the courts. These same qualities served him well when the late Governor Umstead persuaded him to move in midflight to the U.S. Senate.

From the time of his appointment in the Fifties when he became a member of an earlier select committee involving civil liberties (the McCarthy committee) to his more recent role as chairman of the Watergate committee he has never forgotten the admonition of Thomas Jefferson that "no government ought to be without censors and where the press is free, no one ever will."

COURAGEOUS

Senator Ervin's defense of constitutional principles has been consistently courageous, always concerned with issues rather than individuals. It is everlastingly dedicated to the conviction that "in the end it is the individual—not society and not any group—that is the basic unit of value."

Some of Senator Ervin's earlier critics, mostly of the liberal persuasion, think he has changed. That is not true. Senator Ervin's course has been steadfast and unwavering. It is simply the changing times and the teaching role of experience, that have produced altered alliances.

One distinguished historian, Arthur Schlesinger, Jr., whose own experience in government with the Kennedy Administration decidedly changed and enlarged his own views paid tribute to North Carolina's first citizen several months ago. What he said is supremely fitting as Senator Ervin moves toward retirement. Mr. Schlesinger wrote in The Atlantic Monthly.

"For most Americans' the Constitution has become a hazy document cited like the Bible on ceremonial occasions but forgotten in the daily transactions of life. For Ervin the Constitution, like the Bible, is superbly alive and fresh. He quotes it as if it had been written the day before; the Founding Fathers seem his contemporaries; it is almost as if he has ambled over from the Convention at Philadelphia. He is a true believer who endows his faith with abundant charm, decency, sagacity and toughness. The old-fashioned Constitution—the 'very finest document ever to come from the minds of men'—could have no more fitting champion in the battle against the imperial presidency."

HIGH PRAISE

For North Carolina's man of the moment, that is high praise. The hope is that Tar Heels will see the need to seek men of similar qualifications—at least to sustain, if not to elevate, the caliber of our representation in the U.S. Congress.—WILLIAM D. SNIDER.

[From the Henderson (N.C.) Daily Dispatch, Dec. 20, 1973]

THE SENATOR BOWS OUT

Senator Ervin chose the Christmas season as the time to announce his retirement. In a brief statement Wednesday he said he would not be a candidate in next year's elections, which means his term expires at the convening of the 94th Congress in January, 1975.

The senator's decision gives the green light to Henry Hall Wilson of Monroe, Union county, who formally announced several months ago, and to Attorney General Robert Morgan, who has generally been regarded as a candidate all but a formal announcement. That will probably be forthcoming very shortly now.

There is no certainty that Morgan and Wilson will have it all to themselves. Terry Sanford, for example, former governor and now president of Duke University. Sanford toured the State six years ago to sound out sentiment for a campaign against Senator Ervin at that time. He concluded that Ervin was unbeatable and backed off. But should he run next year he will not be facing the incumbent.

More later about prospective candidates. As of now, Senator Ervin has the floor.

The senator is 77 years old, and if he ran and won would be 83 when the term expired. For some time there has been speculation as to what he would do in 1974. But he has now ended the guessing and is leaving the field wide open for all comers.

Countless thousands of Ervin's friends were hopeful that he would seek reelection. Had he done so, he would have been a hard man to beat, and with odds in his favor against Morgan and Wilson. Many have felt that at his age he should retire. He has gained national prominence as chairman of the Senate Watergate panel, which might have been an incalculable asset. So far as known, Ervin is in good health and apparently could have continued in service. He evidently has concluded to spend the rest of his days in relaxation from a lifelong career in political office. He has been in the Senate long enough to receive a very substantial pension, and which will accumulate added benefits by the time his present term expires.

Senator Ervin will be missed in the Senate, where he is a recognized authority on the Constitution. He is one of the elder statesmen among 100 members of that great deliberative body. He is highly respected for his legislative ability and judgment.

Since the senator has burned the bridges behind him, attention now will be focused upon those in the scramble to become his successor. The contest next year will be the major attraction in both the primary and the voting in November.

[From the Hickory (N.C.) Daily Record, Dec. 21, 1973]

ERVIN RETIRING AT HIS PEAK

Sen. Sam J. Ervin Jr.'s decision to retire rather than seek re-election next year leaves us with extremely mixed emotions.

We are and long have been proud of Senator Sam, the job he has done in the Senate and the manner in which he has represented the people of North Carolina.

When Ervin announced his plans Wednesday he said he had reached the decision because "intellectual honesty" forced him to face the "inescapable reality" of his age. He is 77 and would be 84 by the end of another term in the Senate. "Since time takes a constantly accelerating toll of those of us who live many years, it is simply not reasonable for me to assume that my eye will remain undimmed and my natural force stay unabated for so long a time," he said.

On one hand we can clearly see Ervin's reasons for deciding to retire and agree with them, but on the other there are many reasons we would like to see him remain active in service to his nation as a senator.

Ervin will be bowing out of the Senate gracefully after 20 years in that body. He will be retiring at the height of his power, influence and popularity rather, than facing any possibility of being rejected by fickle voters or having his shining image tarnished by failing health.

Further, his action should put to rest once and for all the criticism from some quarters that he was pursuing the Watergate investigation so ably and courageously because of a feeling that the publicity would help him win re-election.

The senator also said he was announcing his plans at this time as a Christmas present for his wife, affectionately known as "Miss Margaret." His wife has been urging him to retire to their home in Morganton for several years. Persons who have observed the Ervins together over the years and know of their outstanding relationship can understand how the senator would want to give her the best Christmas gift she could hope for.

Even though it is easy to understand Ervin's reasons for deciding to end his career as a senator a year from now, it saddens us greatly to think that the nation will no longer have the benefit of his leadership in the Senate.

He is without a doubt the best constitutional lawyer in the Congress. His championship of civil liberties causes has in recent years won him richly deserved recognition as one of the nation's chief defenders of individual rights. The Senate will be weaker in this respect without the benefit of Ervin's wisdom.

Many of Ervin's fellow senators don't have his sense of the continuity of things. He understands that constitutional law is based upon sound principles and cannot be created on the spot to fit the moment. He is a man with a strong sense of right and wrong, a man who follows the path of what he feels is correct even when it is far from being the popular or easy way. This honesty at a time when so many of our government officials have been involved in dishonest practices has made Senator Sam one of the few public officials that the younger generation tends to trust.

Sen. Sam Ervin is a man who believes in the United States and in our Constitution. He has fought bravely against those who have tried to subvert the laws of our nation and who have abused their positions in government.

He has another year in the Senate and we hope that he will be able to accomplish many of the things he feels he still needs to get done.

Then, in his own words, he plans to return to Morganton where he and Mrs. Ervin "hope to dwell for a time among the people who have known us best and loved us most, and to watch the sun set in indescribable glory behind Table Rock and Hawk's Bill Mountain."

If anyone deserves to be able to retire to our beautiful Catawba Valley area it is Sen. Ervin.

To North Carolina's senior senator, we say,

God bless you Sam. Merry Christmas to you and Miss Margaret and may both of you enjoy many more among those of us who are so proud to say that your home is here with us.

[From the High Point (N.C.) Enterprise, Dec. 21, 1973]

SENATOR ERVIN'S DECISION

His announcement that he will not seek re-election in 1974 is in keeping with the service Sen. Sam J. Ervin, Jr. has rendered North Carolina and the nation for 20 years. It is service marked by selfless character, and principle motivated by the Bible and the Constitution. These qualities are evident in his decision not to run again.

At the peak of his influence in the Senate, Sen. Ervin could, in all probability, easily win re-election next year. The prospect must indeed be tempting. Yet, Sen. Ervin recognizes his own finiteness. Now 77 years of age, he would be asking North Carolinians to vote for him again when he was 78 years old and expect him to serve in an active capacity until he was 84. "It is simply not reasonable for me to assume that my eye will remain undimmed and my natural force stay unabated for so long a time", Sen. Ervin acknowledges.

North Carolina has long known the quality of service offered by Sen. Ervin. A legislator and later a judge of Superior Court, he was a member of the State Supreme Court when he was appointed to the Senate in 1954 following the death of Sen. Clyde R. Hoey. Only three other North Carolinians have served in the Senate longer than Ervin; yet, no other North Carolinian has so infused that legislative body with a sense of its own purpose and high responsibility. As chairman of the Senate Select Committee investigating the Watergate scandals, Sen. Ervin has achieved national prominence as a personality as well as a legislator. He has also come under criticism, some of it from his home state, for his handling of the committee's investigation into Watergate. His critics are more picayunish than substantive, however, for his record in the Senate is one of conservatism in the fullest and finest sense of that word.

The confusion about Sen. Ervin revolves around his opposition to civil rights legislation more than a decade ago and his opposition now to "no-knock" laws, to efforts that he considers restrictive to the rights of freedom of speech and religious worship, and to invasions of privacy by the government in the lives of citizens. At times, Sen. Ervin has been criticized by liberals and praised by conservatives; at other times, he has been praised by conservatives and criticized by liberals. On other issues, however, the conservatism of Sen. Ervin is more clearly discerned. He has supported the armed forces, opposed foreign aid programs, called for a balanced budget, and condemned deficit financing. He has also given his support to those federal programs which he felt best served the agricultural and industrial interests of North Carolina. Sen. Ervin has indeed followed his own understanding of the Constitution and of the Bible in a manner that reflects, in large measure, the character of the people of North Carolina.

He does the people of North Carolina another service in announcing now his decision not to seek re-election. It is a move that opens the way, well in advance, for those, both Democratic and Republican, who would seek to replace him in the Senate. The field apparently will be crowded, and who the choice finally will be is not clear. North Carolinians should hope, however, to send another person to the Senate of the exemplary integrity and character of Sam J. Ervin, Jr.

[From the High Point (N.C.) Enterprise, Jan. 1, 1974]

BELIEFS OF A STATESMAN

His recent announcement that he will retire at the end of his present term in the U.S. Senate gives Sam Ervin an embellished status. Starting Friday, he will begin his final full year of service, looking forward to going home to Morganton on January 3, 1975.

His new status is that of a man who can do for his country what he thinks best without the worry that constantly besets legislators—that of re-election requirements. As the nation's leading defender of the Constitution, he can enhance that position without concern for offending any potential political block.

The senator's current newsletter is devoted for the most part to a recitation of his basic beliefs about lawmaking and his nation and is introduced as "something in the nature of an accounting of my stewardship as their senator" to the people of North Carolina.

Here is the principal portion of that statement:

"I have endeavored to practice on all occasions the concept that a public office is a public trust. I have sought to make life more abundant for the farm families of North Carolina, who produce the food, fiber, and agricultural crops essential to our existence and comfort; to support the free enterprise system, and promote the economic interests of those who invest and labor in North Carolina's industries; to promote the development of worthwhile projects in North Carolina's river basins and harbors; to preserve constitutional government and the blessings of liberty for all Americans; to secure to those who labor freedom to join or to refrain from joining unions in conformity with their own desires; to compel the Federal government to balance its budget, stop deficit financing, and terminate its wasteful foreign aid programs; to maintain armed forces sufficient to insure our national survival in a precarious world; to further education, medical research, and the public health; to conserve our natural resources, reduce pollution in our atmosphere and waters, and make our highways, parkways, and parks toll-free to all our people; to secure reasonable benefits to disabled veterans and their dependents and to the aging and handicapped; to obtain the enactment of laws to protect federal employees against tyrannical treatment by their government, and to obtain the enactment of laws establishing procedures for Constitutional Conventions called on the petition of two-thirds of the States.

At the same time I have fought, as sinful and tyrannical, proposals that Americans be taxed to support religious institutions in violation of the First Amendment; as incompatible with freedom proposals that state right-to-work laws be repealed and that compulsory unionism be forced upon those who do not wish to join unions; as inimical to justice, proposals to enact "no knock" and preventive detention laws; as inconsistent with our system of government, the use of the military to spy on civilians exercising their First Amendment rights of free speech, assembly, and petition; as intolerable, governmental efforts to intimidate individuals, newsmen, and broadcasters for exercising their rights of free speech and a free press in a manner displeasing to government; as rank tyranny, unnecessary governmental invasions of the privacy of our people, and governmental collection and computerization of data concerning their political and religious thoughts, beliefs, and activities; and as unwise, welfare proposals calculated to convert able-bodied Americans into medicants."

In this capsule commentary, Sen. Ervin has given a lesson worth the time of any federal office seeker and containing enough wisdom to be worthy of every American's attention. Between its lines are his unflagging devotion to the Bill of Rights and his belief in the supremacy of the individual in a government of laws.

[From the Lenoir (N.C.) News-Topic, Jan. 15, 1974]

DISTINGUISHED RECORD

Senator Sam J. Erwin Jr., of Morganton will end a distinguished public career at the expiration of his present term.

He will not be a candidate for reelection and has expressed the desire to return to his native town and county to catch up on resting and also as he states "a little fishing."

We doubt that the Senator will get in much fishing. He never did. While most men in public life were taking some time out to relax, Senator Ervin spent his spare time in reading.

Perhaps his constant reading of history, and the law, put him head and shoulders above many of his colleagues.

Few people in the U.S. Senate had the opportunity that Senator Ervin had to qualify them for a post in this law making body.

He had had a successful career as a practicing attorney, county court judge, superior court judge and associate justice of the N.C. Supreme Court. He had also served as a member of the N.C. General Assembly for three terms and served in the U.S. Congress for one term.

During World War I, Ervin served with the American Expeditionary Forces in France and was Burke County's most decorated soldier in that war. He was awarded two Purple Hearts for receiving wounds in battle and was awarded the coveted Silver Star for outstanding heroism in battle. He was also awarded the Distinguished Service Cross. The French government awarded him the Fourragere for distinguished service.

In addition to his public service, Senator Ervin has found time to belong to and serve a score of more historical, veterans, fraternal, and civic groups through the years.

It was not in a popularity contest that members of the U.S. Senate named him as a member and chairman of the Watergate Committee. He was chosen for this assignment by members of both political parties due to his knowledge of constitutional law and because he is a man of such high integrity that he is held in the highest esteem by all who know him.

His severest critics have been those who formed their opinions from purely political lines or through uninformed sources.

Senator Ervin has served his state and nation well for a half a century. He is deserving of a well-earned rest. He will truly go down in history as one of the Tar Heel state's most distinguished sons.

[From the Morganton (N.C.) News Herald, Dec. 20, 1973]

WELCOME HOME, SENATOR

In one of Sen. Sam J. Ervin's favorite poems, "If," by Rudyard Kipling, there is a line that reads, "If you can walk with kings, nor lose the common touch . . ."

Ervin may not have walked with many kings, but he has spent two decades in the United States Senate, walking with presidents and with all the most famous and influential political figures of our time. And anyone who knows him can tell you that this dyed-in-the-wool Burke Countian most definitely has not lost the common touch.

So now Senator Sam is coming home. He will be back today to enjoy the holiday recess, and—as he announced yesterday in Washington—he will be back for good after his current term expires, to spend the rest of his days "watching the sun set in indescribable glory behind Table Rock and Hawksbill mountains."

Ervin seems a little bit out of tune with the times: He is leaving Washington neither in disgrace nor in disappointment. He is leaving after a career that even his detractors acknowledge has been marked by unusual dedication to principle. He is leaving by the front door.

We say welcome home, Senator. We've been glad to have you representing us. We have basked a little at the edges of the limelight that has been directed your way, and we have been proud of you. We will be equally proud to have you back here in person in the shadow of Table Rock, sharing with us the wisdom you have gained in so many years of public service. You deserve to set a spell.

[From the News Herald, Morganton (N.C.) Dec. 26, 1973]

OBVIOUS CHOICE FOR MAN OF YEAR

The people at Time magazine are about to go through the yearly ritual of picking their Man Of The Year. If they have given the matter proper thought, they will have seen that only one man stands out sufficiently to merit this honor: Morganton's own Sen. Sam J. Ervin Jr.

Historians and political scientists of the future will probably look upon 1973 as a highly significant year for American government—as a turning point that saw the Congress begin to reclaim the power that had been usurped in recent years by the presidency.

And among the personalities who will figure in the history books, few will loom larger in this turning of the tables than Senator Sam, who announced last week that he will not seek reelection to another term.

The main events in the power struggle that marked the just-ended first session of the 93rd Congress point up a political truism—that vacuums tend to be filled rather rapidly. The void created in the executive branch by the confusion and preoccupation with Watergate gave the legislative branch a welcome opportunity to flex its flabby muscles and take some action toward restoring a little something of the balance of power that the Founding Fathers intended to be built into our system.

As a year-end review by The Associated Press points out, the year that began with President Nixon dominating Congress through vetoes, impoundment of funds and the curtailment of programs, is ending with him the subject of the first presidential impeachment investigation in a century.

Quoting from the AP report:

"In January the President threatened to veto any spending bills exceeding his budget. But by December his influence on Capitol Hill had declined to where he signed a Health-Education-Welfare appropriations bill nearly $1 billion over his budget and released $1.1 billion he had impounded.

"In between, Congress forced Nixon to end all U.S. military action in Indochina and wrote into law over his veto a bill limiting a president's power to commit U.S. troops abroad without congressional approval.

"House Speaker Carl Albert, looking back over the session, said it was characterized 'by a strong spirit of renewal and reassertion of the authority of the Congress.'

"Sen. Mike Mansfield, the Senate Majority Leader, called Congress 'the rock of the nation at a time when the executive branch has been seized in a whirlwind of resignations, disclosures, denials, dismissals and indictments.' "

But the most dramatic part of the clash between the two branches, and the one that will make the best reading in future textbooks, was the Senate Watergate investigation that began May 17. By the time those galvanizing weeks of televised hearings were ended, President Nixon was on the defensive and the nation knew that things could never again go back to the way they were.

A pair of eyebrows had been elevated to a national institution, and the face of Senator Ervin, that country lawyer turned prophet of constitutional retribution, had been immortalized on thousands of T-shirts.

The spirit of reclaimed power that the hearings helped to spark then spread out into other fields. On Aug. 15, for instance, Congress voted, after eight years of U.S. involvement in Vietnam, to cut off money for further military activity in Indochina.

There were other examples, such as the decision, made over the administration's objections, to revise the federal farm program. Target prices were set for major crops and providing for direct payments to farmers only when market prices drop below the target.

The climax of the confrontation will come early next year, when Congress decides whether to proceed with impeachment. It is a measure of the magnitude of this season's events that such an action would have been considered unthinkable a year ago.

Whatever the outcome, one healthful effect is bound to surface after all this: Future presidents are sure to think twice before they attempt to ride roughshod over the Congress.

No doubt about it: 1973 was the Year Of The Congress. And Senator Ervin was the Man Of The Year.

[From the Murfreesboro (N.C.) Herald, Jan. 4, 1974]

A LONG AND BRILLIANT CAREER WILL END THIS YEAR

When Senator Sam Ervin retires at the end of this year, there will be void in the U. S. Senate. It is doubtful that there will be a Senator or Congressman there as well versed in constitutional law as Senator Sam. It is also doubtful that there will be anyone willing to take over his drum major role in defending individual rights and liberties of all Americans.

Senator Sam has always held the belief that "the ultimate danger to the individual comes from government." During his 20 years in the Senate, Ervin has usually been the first, and always among the first, to raise warning signals when he believed the government was heading down a path of encroachment upon individual rights or excessive authority for either branch of government. He has fought against taxation to support religious institutions, repeal of state right-to-work laws and compulsory unionism, preventive detention laws, use of the military to maintain surveillance on civilians exercising their rights as guaranteed by the First Amendment and government efforts to intimidate the free press. All of these battles were fought with the vigor and righteous indignation by which he is characterized, his honestly and integrity seldom questioned.

In 1966 when a subcommittee was created to study the separation of powers of the three branches of government, Senator Ervin was the obvious choice for chairman. When the Watergate matter came to light and his colleagues recognized the wisdom in his earlier warnings, North Carolina's champion of many fights on this and similar issues was selected to head the Watergate hearings of the specially created Senate Select Committee on Presidential Campaign activities.

Tar Heels, generally, enjoyed Ervin's television image, but some joined critics from other areas in evaluating his handling of the hearings as a "performance." Ignoring the critics, as he usually does when he believes he is right, he persevered with unrelenting determination to bring the battle to a just conclusion.

The critics saw his Bible quoting to make a point, his "down home" humor and obvious awareness of the spotlight as an ego fed bask in publicity and glory. Those who have reviewed his record, studied his service, and know him either publicly or privately knew it was typical Ervin leadership. There was no pretense. It was merely Senator Sam doing his job as he has done it for 50 years—with wit and legal perception.

Ervin's only "gain" from the televised Watergate hearings was that his name became a household word across the nation. We are not willing to consider this a gain. Look what happened to Spiro. The basic difference is between public interest and self interest.

What Senator Ervin has done in the Watergate hearings and throughout his public service career is to protect individual rights as defined by the Constitution and try to ensure that no branch of our government be given authority beyond that provided in the Constitution which could be used to oppress the American people.

His decision to retire reveals an innate wisdom that eludes many in the public spotlight—there is a time to step down. Based on his record, the American people can be confident that for the next year, and after his retirement, he will continue his half century fight for the ideals and tenets of a democratic people. We wish him God speed.

[From the Nashville (N.C.) Graphic, Jan. 1, 1974]

A GREAT AMERICAN

United States Sen. Sam Ervin's announcement that he will not seek a fourth term has been viewed with varied reactions, but the major reaction has been that the state and country will lose the voice of a great statesman, a Constitutional authority and an outstanding American.

However, in view of his service to North Carolina and the nation and the "constantly accelerating toll of those of us who live many years," the senator's decision certainly sounds reasonable.

Potential candidates for the seat that Sen. Ervin occupied for 19 years are already eyeing the position with envy and have begun to take political soundings concerning their chances if they decide to run.

Among those who are considered possible contenders for the senator's seat are Attorney General Robert Morgan; former Lt. Gov. Pat Taylor; Henry Hall Wilson of Monroe, who has already announced his candidacy; Fifth District Rep. Wilmer Mizell; Charlotte Stockbroker Charles R. Jones Jr.; and former Gov. Bob Scott.

Whoever fills Ervin's place in the nation's highest legislative body will have to follow in the footsteps of a man recognized as the senate's foremost authority on the Constitution and a man who achieved national prominance as chairman of the Select Senate Committee which investigated the Watergate affair.

[From the Oxford (N.C.) Public Ledger, Dec. 24, 1973]

SENATOR SAM ERVIN ACTS WITH GOOD FAITH AND WITH LOGIC

In retrospect, we really never believed Senator Sam Ervin would seek again the office he has held since 1954, the year he was appointed as successor to the late Clyde R. Hoey.

Senator Ervin is by all measures an honest man, honest with his countrymen, his electorate and himself. At the age of 77, he knows that he could not expect to sustain for many years the physical strength, the mental alertness and the other capabilities with which he is so well fortified.

Senator Ervin very strongly feels his sense of duty, not alone to the nation, but to his state and to his family. He obviously is following logic in the course he is taking, although we know of no individual alive today that we would prefer to see in the office than Senator Sam.

As the state's king-makers and the grass-roots politicians turn attention to finding a successor, one individual that stands in bold relief is Attorney General Robert Morgan. From the distance we have known him, cemented with an occasional handshake and friendly greeting, and as an elected official holding an important office, we believe Mr.

Morgan is well-qualified to become the successor to Senator Ervin. He is competent, he is knowledgeable and he is dedicated to public service at a high level.

After January 1, the candidates will be flying in like ducks to the water. It is a good time to keep our options open and to listen carefully to what the would-be candidates have to say. The man chosen as Senator Ervin's successor likely will be in office for a long time.

MARGARET CAN LIVE WITH HIS DECISION

(By Jack Aulis)

Margaret is going to have her way.

Throughout this year, when someone knowledgeable in Democratic Tar Heel politics was asked whether U.S. Sen. Sam J. Ervin Jr. would seek re-election in 1974, the most likely reply was: "Not if Margaret has her way, he won't."

In an interview in the Capitol in Washington during a break in the Watergate hearings she was watching her husband conduct, Margaret Ervin was asked about that.

"Well, Margaret isn't going to have her way," Mrs. Ervin said smiling. "It's entirely up to him."

But she often said she and her husband wished they had more time to spend with their grandchildren "at home." "At home" meant Morganton, N.C.

"I like it up here," she said during the Capitol interview. "But it's been 19 years and I think 20 would be just fine. But it's up to him."

The most amazing thing about Sam Ervin's long and distinguished career in public service is not his unchanged country lawyer style or his unchanging rock-like faith in the Constitution. The amazing thing is the public's reaction to them.

The man Watergate television viewers decided was a national folk hero is the same man taking basically the same stand, that he was in the 1950's and '60s. Now he is the liberals' hero, the man most likely to lead the country out of the executive branch swamp and back onto solid constitutional ground.

It is quotes which as this that make him that symbol:

"The Constitution is the finest thing to come out of the mind of man and the experience of man. I am going to do the best I can to see that this Constitution is handed to my grandchildren in as good shape as it was when I came into this world."

Ervin said that not in 1973, during Watergate, but during a civil rights filibuster in the 1960s. He was regarded then not as one of the Senate's foremost constitutionalists, but as another Southern segregationist.

And his country boy style, which was once considered "cornpone hambone" is now authentic Americana. But it hasn't changed a whit.

His first major speech in the Senate, in 1954, was on the question of whether the late Sen. Joe McCarthy should be censured.

Ervin told the Senate that McCarthy reminded him of Uncle Ephraim Swink, an arthritic mountaineer who was asked at a revival meeting to tell what the Lord had done for him.

Uncle Ephraim struggled painfully to his feet and said, "Brother, He has nigh ruint me."

"That," Ervin said, "is about what Senator McCarthy has done to the Senate." McCarthy was censured, 67–22.

Nor is it just Margaret who will be happy to be back home, back in Morganton.

Sam Ervin didn't want to go to the Senate in the first place.

A state Supreme Court justice, he was thinking of returning to private law practice in 1954 when Gov. William B. Umstead surprised the experts—and Ervin—by naming him to succeed the deceased Sen. Clyde Hoey.

"It was like a bolt out of the blue," Ervin said in a later interview. When the governor told Ervin he might appoint him. Ervin told the governor, "I hope you won't."

The same thing happened to him in 1948 when Gov. Gregg Cherry appointed him to the State Supreme Court. "I didn't even know there was a vacancy," Ervin said.

So Sam Ervin won't mind and Margaret will have her way. She says it was entirely up to him. The senator once said, in an interview about the women's liberation movement, that he didn't want to get involved in that. "In my home," he said, "Margaret lays down the law."

As interpreted along strict constitutional lines by Senator Sam?

[From the News and Observer, Raleigh (N.C.) Dec. 21, 1973]

SENATOR SAM BOWS OUT GRACEFULLY

Sam Ervin inspires regret plus different kinds of delight with his announcement that he won't run again for the U.S. Senate. There's joy among a lot of politicians who pant for the soon-to-be-vacated seat. And no doubt there's happiness among certain constituents whose fondness for Ervin melted somewhat in the heat his Watergate committee put on the Nixon White House.

But the prevailing delight will surely be of another type: delight in the fact that Senator Sam, after a long and distinguished political career, can quit while he's ahead and retire with his "Miss Margaret" to their beloved Morganton.

It's a rare politician who can tear himself away from office before the hounds of old age are snapping at his abilities. With characteristic forthrightness, Ervin has faced the reality of his years. He's 77. If he were elected again in 1974, the new term would run beyond his 84th birthday. In his announcement, he said: "Since time takes a constantly accelerating toll of those of us main undimmed and my natural force stay able for me to assume that my eye will re-who live many years, it is simply not reason-unabated for so long a time."

So the Senator will leave Washington after this term. How sorely the country will miss his presence there. It's not just that he's the recognized congressional expert on the Constitution. It's not just that he's a leading defender of individual liberty, the man the Senate turns to for help against the snoopers and the no-knock types. It's not just that he's become a national symbol of rock-hard integrity as leader of the Senate committee's search through the Watergate sludge.

Besides all that, to what sorry state may congressional oratory sink once Senator Sam leaves? Who'll spout Shakespeare, Isaiah, colloquialisms and colorful stories to make points without putting people to sleep? Who'll carry the language standard against "inoperative" and "at this point in time?"

About the total Ervin record, let heads be clear: He has not in every instance seen to the best interests of all those he has represented in Congress. For example, despite his concern for citizen freedoms, he fought freedom-giving civil rights bills for many years.

Still, the great weight of his work for two decades has been on the side of liberties that the Constitution guarantees to everyone and that some "strict constructionists" have often viewed as expendable. The senator's public service more than entitles him to the leisure he seeks. And although he may be irreplaceable in Washington, it will be nice to have him back in North Carolina on a full-time basis.

[From the Raleigh (N.C.) Times, Dec. 20, 1973]

SENATOR SAM MET OPPONENT HE COULD NOT MASTER—AGE

WASHINGTON.—Sen. Sam J. Ervin Jr., D-N.C., retiring from the Senate after two decades, says this year of Watergate has been a disaster from which the country will recover, but President Nixon may not.

The 77-year-old Senate Watergate committee chairman, a Harvard Law School graduate who made a national television audience smile knowingly when he described himself as "just an ol' country lawyer," said Wednesday he'd finally met an opponent he could not master—his own advancing age.

Ervin said he works harder than most senators of any age and has no doubt he could win another six-year term. He said he cannot ignore the fact he would be 84 at the end of it, however.

"Since time takes a constantly accelerating toll of those of us who live many years, it is simply not reasonable for me to assume that my eye will remain undimmed and my natural force stay unabated for so long a time," he said.

As Ervin was telling North Carolina reporters about his six-month struggle to resolve what he called "the hardest problem which has ever confronted me," Watergate committee lawyers were delivering three subpoenas to the White House. They ordered the President to produce 481 White House tape recordings and hundreds of documents relating to all aspects of the Watergate probe.

That move, made possible by a new law drafted by Ervin himself, was a clear signal that the Senate's Watergate investigation is not over.

Ervin has said he intends to make public the transcripts of all the tapes and the copies of all documents "because the public has the right to know the truth of what they may contain."

Ervin said he will have to make judgments on the President's Watergate role when his committee makes its final report. Because of that, he said, he might disqualify himself from voting on whether or not the President should be convicted if the matter is brought to the Senate while he is still a member.

He was asked specifically if he believes the President is one of those he feels will not recover.

Ervin said that what he called the President's failure to immediately respond to the Watergate burglary "has been disastrous for him."

The evidence available to the committee does not show Nixon had any foreknowledge of the July 1972 break-in into Democratic headquarters, he said.

But, he said, he cannot accept that Nixon did not immediately ask his political subordinates how it occurred that the five burglars had $53,000 in Nixon campaign funds in their pockets when arrested.

What the country needs now, he said, "is some speedy trials and some speedy punishment inflicted on the people who perpetrated this fearful tragedy on the American people."

After 50 years in public life, retirement will come when someone else is elected to his seat in the 1974 elections and sworn in. Ervin said the first thing he wants to do is go fishing.

"My good wife says that ever since I've been in the Senate, If I saw a controversy coming from afar off, I ran just as fast as I could and jumped right into the middle of it," Ervin said.

The controversy of the moment is the possibility of President Nixon's impeachment by the House and trial by the Senate.

Ervin told reporters that this is one controversy he may not run after.

Asked to assess the national impact of Watergate, Ervin said:

"Some people can never recover from it."

[From the Raleigh (N.C.) Times, Dec. 20, 1973]

WOULD-BE SUCCESSORS PRAISE ERVIN

The announcement by Sen. Sam Ervin Jr., D-N.C., that he would not seek reelection next year brought immediate comment from several politicians who would like to be his successor.

One of these was Rep. Wilmer Mizell, a 5th District Republican who has been mentioned as a possible candidate for the seat. Mizell said Ervin's decision to retire at the end of his present term makes a Senate race more attractive to him. He added that it also will make it more attractive to a lot of Democrats.

Former Democratic Congressman Nick Galifianakis, who was defeated for the Senate last year by Republican Sen. Jesse Helms, said he will make a decision soon on whether to seek Ervin's seat.

Galifianakis referred to Ervin as a constitutional giant "whose country truly loves him."

The former congressman who now practices law at Durham said he has received a steady stream of phone calls from supporters urging him to run.

Former Lt. Gov. Pat Taylor of Wadesboro, who has been mentioned as a possible Senate candidate, said he had told two or three reporters who asked if he plans to run that if Ervin "did not run I would take a look at the situation which I will do."

Commenting on Ervin's decision, Taylor said. "Very few people in this world have the good judgment and good fortune to end their career at the top. I hope he will continue his public service because he has captured the imagination of a lot of people."

Atty. Gen. Robert Morgan, who is known to be seriously considering the Senate race, could not be reached immediately for comment. However, the Board of Commissioners in Morgan's home county of Harnett, quickly endorsed him for the post.

Henry Hall Wilson of Monroe, the former state legislator who is the only announced candidate for the Senate seat, said that Ervin "will leave big shoes to fill."

Ervin's colleague in the Senate, Sen. Jesse Helms, said Ervin "has become a legend in his own time and he has chosen to retire at a time when he is recognized throughout the land as a man who has made his mark on history."

Former governor Bob Scott said Ervin's decision to retire "is a severe loss to the people of the state and nation."

[From the Raleigh (N.C.) Times, Dec. 20, 1973]

SENATOR ERVIN PROTECTED THE RIGHTS OF THE PEOPLE

Sam Ervin didn't write our Constitution, but during his long and distinguished service he has fought successfully against attempts to erase some of the rights the founding fathers did write into that immortal document.

Yesterday, Senator Sam J. Ervin Jr., announced that he wouldn't seek reelection. He gave a good reason: His age of 77.

Senator Ervin has become nationally known—and favorably so—during the long months when the tragic Watergate story unfolded before the Senate investigating committee he heads. Under his conscientious and skillful guidance, that story has been told to the American people, to alert them of what can happen to a country whose leaders turn their backs on the Constitution. Because the people have heard that story, there is less likelihood that in the years to come any American officials will ever permit themselves the tragic role the Nixon administration has played.

Senator Ervin's name became a household word only during the Watergate hearings. But, his fight for human rights has been known in the law offices and the courtrooms of this country for half a century.

As a young member of the North Carolina legislature in the 1920's, he successfully opposed a monkey-law bill in this state, a bill which would have followed Tennessee's example of a law banning the teaching of evolution.

During his many years as a Superior Court judge and Supreme Court justice, he preached the rule of law.

His defense of the right of all citizens reached its greatest heights during his score of years in the United States Senate, beginning in 1954 when he was appointed to succeed the late Clyde R. Hoey. Liberal forces were dismayed by his constitutionally based opposition to many civil rights measures. But, those same liberals were heartened by his other actions defending the privileges given all citizens by the Constitution, especially in the first ten amendments, our Bill of Rights.

He fought the Army over its invasions of the privacy of individuals by its mass espionage on civilians during peacetime—and won the battle for the citizens. He fought tooth and nail the Nixon administration's District of Columbia crime-in-the-streets bill, with its infamous no-knock provisions and its preventive detention feature which denied bail to some defendants. He didn't win that fight, but events of the succeeding years have proved how right he was, and his battle has strengthened the arms of others who will take up that fight.

Senator Ervin forced the Civil Service to knock out some of its privacy-invading practices. He has fought wiretapping, burglary dignified by the term surreptitious entry, and other invsions of the rights of American citizens.

During all these battles, he became known as the Senate's constitutional expert, and he deserves the title.

His Watergate battles have been aimed at just one thing: Bringing out the full story of what happened, so that the people can know and so that the Congress can write legislation to prevent such future horrors. He will complete that job before his term ends a year from now.

Senator Ervin is soft-spoken, but his physical courage equals his courage in defending the Constitution. As a young man, he fought in France during World War I, was wounded twice, and decorated with the Silver Star and the Distinguished Service Cross.

Senator and Mrs. Ervin plan to go back to their mountain home in Morganton when his term ends. With him, he will take the gratitude of the American people, still a free people with a working Bill of Rights, in large measure because of the battles Senator Ervin waged.

[From Richmond County (Rockingham, N.C.) Dec. 21, 1973]

SENATOR SAM ERVIN, JR., A MAN FOR THIS SEASON

"Intellectual honestly compels me to confront this inescapable reality: If I should seek re-election in 1974, I would be asking "North Carolinians to return me to the Senate for a term which would extend beyond the 84th anniversary of my birth."

"Since time takes a constantly accelerating toll of those of us who live many years, it is simply not reasonable for me to assume that my eye will remain undimmed and my natural force stay unabated for so long a time."

Thus, with the country courtroom rococo phraseology for which he is duly famed, did Sam Ervin, our senior Senator announce his decision not to seek re-election.

Instead Ervin chose to leave Washington at the peak of his fame and prestige to devote his diminishing years to his greatest loves: His wife, Margaret, the practice of law, and fishing with friends from his home town, Morganton.

The announcement was wholly in the Ervin style, he summed up the difficulty of reaching the decision with rueful humor in a story about a schoolteacher who couldn't decide whether or not to marry. The teacher asked the school janitor what she should do, and was told she'd probably be disappointed either way.

Needless to say, the whole performance was accentuated and punctuated by the waggling eyebrows that are the Senator's trademark.

More importantly, the decision was well founded in the common sense that has for so long earned Ervin respect from both his colleagues and his constituents.

In making a cold, unsentimental appraisal of his own physical and mental prospects, the Senator demonstrated the intellectual honesty of which he spoke. He also, once again, set a good example that will go unheeded by some of his colleagues.

Erwin is at the height of his prestige and power in Washington and has one more year to take care of such unfinished projects as the Watergate investigation and legislation that will stem from it; a bill to protect the privacy of federal employes; and a bill to set up procedures for any future constitutional conventions. When he steps down he will have assured himself of a place in history and compiled a record unrivaled in importance by that of any other North Carolina Senator.

In doing so, he has gone his own way and stuck to his own views. This has made him a hard man to label—or at least to make the label stick.

For instance, today he is somewhat of a liberal folk hero and draws cheers from civil libertarians with statement such as:

"The Constitution is the finest thing to come out of the mind of man and the experience of man. I am going to do the best I can to see that this Constitution is handed to my grandchildren in as good shape as it was when I came into this world."

When he made that statement, however, he was filibustering against civil rights legislation in the 1960s and was considered not only conservative but a typical Southern segregationist. Even now many who praise his fight for individual rights tend to forget that he remains a staunch foe of busing as a tool for racial integration.

Yet those who hailed him as a segregationist and cracker barrel conservative in the 1960s also didn't take a close look at his record. Over the years, he has championed bills to protect the rights of American Indians and others, including such unpopular groups as homosexuals.

In addition, his long fight for fairer bail bond regulations for the indigent and his crusades against government snooping have improved the civil rights of all Americans.

Also forgotten during the 1960s was his opposition to Sen. Joe McCarthy's red-baiting in the 1950s, when Ervin was a freshman Senator.

His first major speech as a Senator was about McCarthy. In it, he told his story:

"Uncle Ephraim Swink, an arthritic mountaineer was asked at a revival meeting to tell what the Lord had done for him.

"Uncle Ephraim struggled painfully to his feet and said, 'Brother, He has nigh ruint me.'"

"That," Ervin said, "is about what Senator McCarthy has done to the Senate."

Back then, the story was considered an example of cornpone humor.

Now, after the country has been bombarded with the laundered and lifeless language of too many press secretaries, such Ervinisms are regarded as pure Americana.

By the same token, his strict views of the Constitution seemed irrelevant when the nation was concerned with righting the wrongs of 100 years of racial segregation, but they are relevant, indeed, today when individual rights have been violated to the point where the electoral process itself has been endangered.

All in all, Ervin would seem to be one of those rare men who has stood still until history caught up with him. It has enabled him to make his exit at the high point in a distinguished career.

It is said that his wife's desire for him to retire was a major factor in his decision to step down. Typically, one of his stories seems appropriate.

When asked about Women's Liberation, Ervin said: "I don't want to get involved in that. In my house, Margaret lays down the law."

In this case, he evidently found it constitutionally valid.

[From the Shelby (N.C.) Daily Star, Dec. 21, 1973]

SENATOR SAM'S RETIREMENT LEAVES SOME BIG SHOES

The announcement that Sen. Sam Ervin will retire after his term is up should surprise no student of North Carolina politics, and neither should it surprise the nation which has become as fond of Sen. Sam as we in North Carolina have been.

Tar Heels have only to look back as far as 1972 to understand in part, why Sen. Sam has decided not to seek re-election. It was in 1972 that Sen. B. Everett Jordan tempted fate by running for office once again despite an illness that had plagued him and despite his age, exactly the same as Sen. Sam's. That Sen. Jordan was defeated in the primary by a younger opponent and that the Democrats lost the race to the Republicans later, partially as a result of the primary, was not lost on Sen. Sam.

At the same time, Sen. Sam will be retiring from the Senate when he is on top, perhaps the senator with more public confidence and with more acumen than any other senator at this time. No longer only a senator from North Carolina, Sen. Sam is a true national figure, but reluctantly so since he did not want the Watergate investigation assignment. He would have been content to be known as the foremost constitutionalist in the Senate. Nonetheless, his Watergate probe chairmanship catapulted his career to heights of which he may never have dreamed. Sen. Sam knows full well that the only way to go from his present position is down.

It was not, however, the criticism of Nixonians which played any role in Sen. Sam's decision to retire from the Senate. There has been some of that criticism, but Sen. Sam could have weathered the backlash, all else being equal.

Despite the loss that Sen. Sam's retirement will cause to the nation and to our state, his decision was a correct one, politically and career-wise. It is not long before the political campaigns of 1974 ignite, and he is playing fair with the North Carolina people by not playing coy about his intentions. This is so like Sen. Sam to be honest and above-board that the timing cannot help but endear him even more to our state by having created a situation in which we can make our choice for senator cooly and calmly.

Thank you, Sen. Sam, for your service to North Carolina and to the nation. You leave extremely big shoes to be filled.

[From the Chatham News, Siler City (N.C.), Dec. 27, 1973]

SENATOR ERVIN'S WISE DECISION

Much as I hate to see the nation deprived of Sen. Ervin's many talents I believe his decision not to seek another term is a wise one.

The genial man from Burke who has distinguished himself as lawyer, jurist and legislator has received plaudits of a nation thankful for the courage the man has shown in his stand for strict construction of the Constitution. As chairman of the Watergate Committee, he has brought distinction to himself and to the state of North Carolina.

A paradox is the adulation heaped on him since the Watergate incident projected him into almost continuous limelight has come mostly from young people. Sen. Ervin has always appealed to the younger generation despite their cynicism as to the purposes of the older generation, the lack of morality in government and the proliferation of self-seeking people who served themselves rather than the government and through it the people who put them into office.

Sen. Ervin is also a practical man and a political realist. The matter of age cannot be ruled out as being a prime reason for his decision not to seek another term as Senator. North Carolinians, in the middle of a political upheaval, are not of the same merciful attitudes that they once were. They will vote against a man who has served them well and approaching old age can be the most dangerous basis facing a man's bid for re-election.

I relish for him the opportunity for him and his beloved Miss Margaret, many years of joy and happiness in the foothills surrounding Morganton his native home and Burke County where he can join a list of its sons who have distinguished themselves in service to state and nation.

[From the Smithfield (N.C.) Herald, Dec. 21, 1974]

A SPECIAL MERRY CHRISTMAS TO TAR HEELIA'S SENATOR SAM

While we're wishing everybody a Merry Christmas, let's send a special wish of happiness to Senator Sam Ervin—happiness not only for this Season of Joy but for the years ahead after Senator Sam leaves the U.S. Senate.

Our special wish goes to the North Carolina senator as a token of our gratitude for the truly distinguished service he has given to North Carolina and all America.

Many Americans have come to know Senator Ervin in 1974, for the first time, seeing him in action as the colorful chairman of the Senate Watergate Investigating Committee. He has become a television celebrity, a sort of folk hero, the people's champion of decency in government.

Investigation of Watergate has brought him far-flung fame. But Senator Ervin is no opportunist. That is, he is no public figure who saw an opportunity to ride Watergate to great heights of fame and grasped it. As a principal Watergate investigator, he is doing what he has been doing a long time—guarding the American constitutional system against unscrupulous forces seeking to ravish it by tampering with democratic processes and encroaching upon the God-given rights of human beings. His widening fame is incidental.

Long before we had ever heard of Watergate, Senator Ervin was the foremost champion of the Bill of Rights on the Washington scene. Long before Watergate he was warning the American people that a "shift toward tyrannical, totalitarian government" was well under way in the United States.

What is truly significant is that this warning was coming not from a leftwing radical suspicious of "fascism" in America, but rather from a man described as "a pillar of the Southern establishment in the Senate."

Citing his championship of the Bill of Rights in a 1970 article, Erwin Knoll, the Washington editor of the Progressive magazine, had this to say about Senator Ervin:

"Since 1961, when he became chairman of the Senate Judiciary Subcommittee on Constitutional Rights, he has been the Senate guardian of civil servants harassed for their political views, of GIs deprived of due process in the military courts, of indigent defendants unable to raise bail or retain legal counsel. On the Senate floor, he has thundered—almost invariably to a deserted chamber—against what he bluntly calls 'the trappings of a police state': government wiretapping and scrutiny of the mails, the compilation of computerized dossiers on citizens, the attempts at 'official psychological coercion to keep silent and refrain from acting.' When it transpired this summer (1970) that Treasury agents were combing through public library records to identify borrowers of 'subversive' books, Ervin was the first—and one of the few—senators to protest. 'Throughout history,' he wrote to Secretary of the Treasury David M. Kennedy, 'official surveillance of the reading habits of citizens has been a litmus test of tyranny.'"

This is an excellent citation of the work of a man usually labeled a "conservative," coming from the pen of a man who wears the "liberal" label. But there is no inconsistency here. The ground of the Bill of Rights is a place where true conservatives and true liberals can meet and walk arm in arm.

We can understand Senator Sam's desire (at the age of 77) to retire from the thick of the Washington struggle—and to experience joys among home folks in Morganton and to see the glorious sunsets behind Table Rock and Hawk's Bill Mountain. And we should tell him now that we shall forever remember with deep gratitude what he has done for America and will be doing for America in the last year of his service in the Senate.

A Merry, Merry Christmas, Senator Sam, indeed.

[From the Pilot, Southern Pines (N.C.), Jan. 23, 1974]

SALUTE TO SAM ERVIN

It is our opinion that regardless of his age, Senator Sam Ervin could have been reelected to the U.S. Senate if he had chosen to seek that office again.

Even so, we think Senator Ervin made the right decision when he announced that he will retire at the end of his term this year.

He has earned his retirement, and he has earned the gratitude of North Carolinians for the long service he has given them. Indeed, all Americans are in his debt, not just for the superb performance of duty in the Watergate hearings but for his constant championing of the cause of American liberties.

Senator Ervin was constant. There was no deviation from his belief in the greatness of the Constitution and the rights of freedom which it guarantees the people of this country. He has stood fast over the years for those rights, contending with those who would erode them.

In the last years of his public service he was cast in the national spotlight of the Senate hearings, emerging as something of a folk hero, acclaimed from coast to coast and abroad. But to North Carolinians he was the same Sam Ervin they have known over the years, a man of great wit and learning and with a steadfast faith in such long-held virtues as a public office being a public trust.

In the shifting sand and slime of Watergate, Americans saw in Sam Ervin a rock of faith to which they could cling, and he helped renew a faith in the American system of government.

We are grateful to him for his long and distinguished service in the Senate. We can only hope that his successor will carry the torch of liberty as well as he has done.

[From Record & Landmark, Statesville (N.C.) Jan. 2, 1974]

DOWN IN IREDELL

Praying for dark horse—We have neglected, up to now, to pay our respects to U.S. Sena-

tor Sam Ervin, Jr., who has announced he will not seek re-election. But we want to make amends before the year gets any older.

Sam Ervin became a nationally-recognized figure only with the advent of Watergate, but long before that he had carved out his niche in the annals of the United States Senate. His stature inevitably will dwarf the record of his successor for years to come.

His performance in the United States Senate was on two levels, both reflecting his conviction that a public office is a public trust. They consisted of the things he fought for and the things he fought against. Taken together, they reflect the full measure of the man.

His first loyalties were to North Carolina, for which he sought to make life more abundant by aiding the farmer, supporting the free enterprise system and promoting the economic interests of those who invest and labor in our industries.

At the national level, he sought to preserve true constitutional government and the blessings of liberty to all Americans, to compel the federal government to balance its budget, eliminate deficit spending and curtail prodigal waste in foreign aid programs, while maintaining a defense establishment adequate to insure our national survival in an uncertain world.

Those things, including others in educational, recreational and environmental areas, represented the positive side of Sam Ervin.

But there was a negative side, which in its own way was just as positive.

He opposed, as sinful and tyrannical, proposals that Americans be taxed to support religious institutions and foreign governments.

He resisted, as incompatible with freedom, all efforts to repeal North Carolina's right-to-work laws and force unionism upon those who do not want to join.

He fought, as inimical to justice, no-knock and preventive detention laws and the use of the military to spy on civilians in the exercise of their inherent freedoms.

He opposed, as intolerable under our system, efforts to intimidate individuals, newsmen and broadcasters for exercising their right of free speech in a manner displeasing to government.

And he often stood alone in his opposition to governmental invasion of the privacy of the people, together with the collection and computerization of information concerning their political and religious thoughts, beliefs and activities. This to him was rank tyranny.

Many of these were continuing fights, beginning long before Watergate and continuing year after year. Some of them were losing fights, often incurring the enmity of those individuals and agencies which now tend to lionize the television image of Senator Sam.

Life with Senator Sam was rarely exciting, but it was comfortable and reassuring. When we look out over the stable of possible contenders to succeed him we can understand why some North Carolinians feel the need of a security blanket and others pray for a dark horse.

[From The Washington (N.C.) Daily News, Dec. 26, 1973]

SAM ERVIN HAS SERVED STATE & NATION WELL

The announcement by Senator Sam Ervin that he will not be a candidate to succeed himself has set off a flurry of speculation about the possible successor.

Having been in the U.S. Senate already for almost 20 years, here is a man and a leader who has served his state and nation well. Perhaps today if some popularity contest could be held in the U.S. Senate, Sam Ervin would surely be a frontrunner.

At 77 years of age now, he knows that running again for the senate seat would be a difficult job. He retires before defeat or at least a demanding struggle came to him. We doubt very much that anyone in North Carolina could beat him even at his age. But surely all of us will agree that he well deserves the rest and retirement toward which he looks.

Senator Ervin in recent times has been very much in the spotlight as chairman of the special Watergate Committee. His wit, his wisdom, and his very image are known in just about every household today in America.

Considered the best constitutional authority in the U.S. congress, he has not hesitated to speak out on his convictions regardless of whom might disagree with his positions.

It will be a long time before North Carolina again has a senator who can bring such distinction and recognition to this state. He knew his duty and he accepted his responsibility well. He gave leadership, wisdom, and understanding at a time these qualities have been so badly needed.

Now his announcement surely opens the door to a host of would-be candidates. Aspirants in both the Democratic and Republican parties will be taking careful aim, and in the May primaries and in the general election next November, we can say now that the eventual winner faces some difficult hours.

It is an old cliche to say that "no one can fill his shoes." We have heard that statement so often and with such feeling that it sounds trite to repeat it now. Yet, we know of no better way to put it. Another will take the position when Senator Ervin's present term ends, but it will be years before anyone else can even hope to fill his shoes adequately.

When any man, Democrat or Republican, gains the respect accorded to this man by members of both parties, we really know he has something "on the ball."

In many respects we regret that he is leaving. But certainly we understand, and North Carolina and America will wish for him many happy years ahead. He has well earned his status as an elder statesman.

[From Waynesville (N.C.) Mountaineer, Dec. 21, 1973]

ERVIN—RETIREMENT ISN'T SURPRISE TO MANY

A survey of a number of Haywood citizens today revealed they were not as surprised that Sen. Sam Ervin will retire as they were at the timing of the announcement. They did not think he would announce this early that he would not seek a fourth term as U.S. senator.

Nothing but praise was found for the senator from Morganton, who announced Wednesday he would retire in January, 1975, and return to Morganton and "hopefully get in some fishing."

Richard Queen, for many years in Washington with the Dept. of Commerce and the late Sen. Frank Graham, said, "I was really surprised, because normally a ranking senator will not take retirement. I feel Sen. Sam exercised good judgment in making the statement at this time. His reputation, ethics, character has never been questioned and was above reproach.

"I am afraid his action will bring on a donnybrook for the Democrats next spring; Bob Morgan is interested in the office and has a lot of support. Henry Hall Wilson has already announced, and Pat Taylor is interested. Terry Sanford cannot be overlooked as a potential if he should decide to leave Duke University. He would make a good race. Then there is Nick Galifianikas who might want to try and come back after his defeat last year by Jesse Helms. It would be a tough fight. Morgan had a good organization when he was thinking of running for governor. And then there is the old East-West problem, if that matters any more.

"This one race could cause a split among Democrats next spring."

Mayor Henry Clayton: "I really was surprised the announcement came this early, as it throws it wide open for many aspirants. I guess the stand of Sen. Sam is favorable to Bob Morgan, but Henry Hall Wilson has already announced.

"Sen. Sam is a great statesman, and the greatest constitutional lawyer the nation has known in modern times. He had the people's interest at heart. He will be missed from the Senate—appreciate his leadership, although sometimes disagreed, but he was an excellent senator.

Loranzo Smathers, Canton: "I was not necessarily surprised that Sen. Sam would decide not to seek reelection because of his age. This opens up the whole thing to speculation, and several men are interested.

"In my opinion, Sen. Sam has been one of the greatest, and I hate to see him step down. He is certainly one of the greatest statesmen of the age. He is a wonderful man."

Harold Long, chairman county commissioners: "Sen. Sam has done a fine job representing us, and at his age, he deserves a rest. I was a little surprised the announcement was made at this time. This opens the field for all who want to make the race, and I understand there will be plenty of candidates."

Tom Mallonee, district representative of Rep. Roy A. Taylor: "I was not surprised, and I regret to see him step down. He has made the people of the nation feel the country is in good hands while he has been in the Senate. While many disagree with him, the public respects and holds him in high esteem."

Glenn W. Brown, lawyer: "I was surprised at the announcement at this time. I had rather not comment on a possible successor, I am not obligated to anyone who might be in the race. This makes for a whole new ballgame.

"My life's ambition, with God willing, is to some day represent my people in Congress—House or Senate. It is a life-long goal. I am not saying that 1974 will be the year, or any other election year, but this is a goal, and my commitments to others in such a race will have to be made with extreme care."

Mayor F. E. "Bill" Shull, Canton: "I hate to see Sen. Sam step down. It will be a great loss to North Carolina and the nation. But the time has come, and I feel he was wise in making the move. I am very fond of him, and the nation will miss Sen. Sam from Congress."

Burder J. Wells, chairman of the Haywood Democratic Executive Committee: "I felt Sen. Sam would seek reelection, but I think he was wise to take the action he did.

"I hear a lot of favorable talk about Bob Morgan, plus several other well-known Democrats. It will be an interesting race.

"Here in Haywood, we are in better shape than in some years past, and I don't feel we'll go overboard and get mad at each other. We've learned to work together."

[From the Waynesville (N.C.) Mountaineer, Dec. 26, 1973]

SENATORE SAM MAKES RIGHT DECISION

The average citizen, we find, had a feeling that Sen. Sam Ervin would remain in the Senate as long as he lived. He has been there 23 years and many voters had just come to look upon him as being a "permanent office holder."

His decision not to seek reelection, at the age of 77, cannot be considered anything but wise.

By making the announcement at this time, he gives all those interested in the office time to prepare for the spring campaign. Adding all the facts together, one must say that Sen. Sam has shown wisdom, and compassion throughout the whole matter.

The expressions of Haywood citizens in the article published in the Mountaineer last Friday is indicative, we feel, of the sincere interest people have in Sen. Sam. There was a twinge of regret among many that they would not have the opportunity to vote for him again but then, facing reality, they

felt he had acted wisely in announcing he was returning to his home in Morganton for some rest and "hopefully some fishing."

Sen. Sam possesses many fine qualities and is one of the few real statesmen in Congress. He is a student of the people and their needs. As a constitutional lawyer, he is tops.

With his announcement, the flood gates are open to candidates who wish to seek the place he has filled with distinction. Come next spring, the race will be in full tilt, and time, after time, one can expect to hear, "Sen. Sam made us a mighty fine senator," as voters ponder over prospects for a successor.

[From the Wilmington (N.C.) Star-News, Dec. 21, 1973]

A Job Well Done

Service is the heart of the man.

Most of Sam Ervin's life has been dedicated to the service of the people of North Carolina. He has been their servant as a lawyer, judge, Congressman, State Supreme Court Justice, and United States Senator. It has been in this latter role that Sam Ervin of Morganton has come into his own as one of the State's outstanding citizens of all time. For nearly two decades, he has given outstanding representation to the people of the Tar Heel State, and has built for himself the national reputation of a constitutional expert and champion of the rights of the individual.

Today, polls show that Sam Ervin is one of the best known and most admired politicians in this nation. His impressive record of achievements on the Hill and his love of justice and governmental integrity moved his colleagues months ago to select him unanimously to head one of the most awesome legislative pursuits this country has undertaken—the Senate investigation into the Watergate Scandal and related presidential campaign violations. In the past several months, Senator Sam Ervin has found that he is a folk hero to much of this nation, the object of adoration by fan clubs and individuals young and old across the land.

He may have been pushed into the national limelight only in the past few months, but the record of Sam Ervin goes back much further than the Watergate Hearings. He is recognized as the outstanding Congressional authority on the Constitution, and his legislative record on behalf of individual rights.

Now in his third full term in the Senate, (he was appointed in 1954.) Senator Ervin found himself faced with a difficult choice. If he were to seek a fourth term, he would be asking the voters of North Carolina to return him for a six-year term that would expire when he is 84 years old. It is an ego-serving temptation to seek re-election at the height of his career, but Senator Ervin's service to the people of North Carolina comes first. So, in his finest hour, Sam Ervin announced he would not seek a fourth term, but wishes to retire to his home in the hills of North Carolina. Welcome home from a job well done.

[From the Wilson (N.C.) Daily Times, Dec. 21, 1973]

Senator Sam Ervin Is Retiring

Senator Sam J. Ervin, Jr., whose life has been one successful achievement after another, is retiring at the age of 77. He is North Carolina's most distinguished citizen in the field of law. After graduating from the Harvard Law School, he began practice in his own Burke County and has held just about every position his profession bestows. He was a member of the Supreme Court of North Carolina before going to the U.S. Senate where he served two decades.

His latest distinction has come from the Watergate hearings. He is chairman of the committee doing the investigating. He is very wise in his decision not to return, for as he said, he has met an opponent he could not master—his own advancing years. He knows if he served out another term he would be 84.

Senator Ervin is sought after as a speaker because of his homespun humor. He knows the mountain stories told by the people of Burke County. We are certain he knows more mountaineers and local stories than any one in the county, and he can tell them. They are his people and the mountains, his land.

The recent book about Senator Sam Ervin is written by Thad Stem, Jr. and Alan Butler and it includes Senator Ervin's best stories. We have the book and plan to read it after Christmas.

Senator Ervin is material for a book, for he has lived such a useful and eventful life, taken a stand for the people of this area, fought for what he thinks is right, and left an imprint on every position he has held.

Sen. Ervin and his wife, Margaret, are a couple who enjoy life. Usually when you see one, the other is not far behind.

He is a great student of the Constitution and he believes in the principles as laid down in the Constitution. It will be difficult to think of the United States Senate without Senator Ervin. But he is going home, to his beloved Burke County, and watch the sunset behind the mountain he knows and loves so well.

[From the Wilson (N.C.) Daily Times, Jan. 15, 1974]

Record of Lasting Service

The Senate and the Congress of the United States will never be the same without North Carolina's Senator Sam J. Ervin Jr., who recently announced he was retiring at the close of the second session of this the 93rd Congress which convenes Jan. 21.

Senator Ervin is 77 years young, as the saying goes. As to experience, knowledge of government and the ability to apply that knowledge, he has no equal. He is acknowledged an authority on the Constitution of the United States.

Senator Ervin achieved international fame as chairman of the Watergate committee. But his service to the nation began with the natural succession of events you find when one is sure of what he expects and hopes to receive and to give to life.

He is a lawyer, as was his father. After graduating from the University of North Carolina, Chapel Hill, he received his law degree from the Harvard Law School. He served in World War I and was wounded twice and awarded the Distinguished Service Cross.

His first public office was representing the people of his mountain county of Burke in the North Carolina General Assembly. He gives to his father credit for the feeling that "freedom of the individual, no matter how lowly he is, is fundamental." Credit should also go to his love of the mountains where he lives and the rugged, liberty-loving people of that section of our state. Their homespun philosophy is interwoven into the many stories he tells—and he is the state's best "story teller."

His next step up the legal ladder was the appointment to the N.C. Superior Court and then to the Supreme Court where he served for six years.

When Senator Clyde R. Hoey died in 1954 Governor William Umstead persuaded Justice Ervin to go to the United States Senate where he will remain until he retires at the close of this session.

We are certain that Senator Ervin has been quoted more often in the Congressional Record than has any other member. Sen. Robert C. Byrd called Senator Ervin: "A fighter for First Amendment principles" in a March 29, 1973 statement he had recorded in the Congressional Record. The Record says, "Those of us who serve in the Senate with Senator Sam Ervin know very well of his determined commitment to the principles of the First Amendment. Time and time again, my distinguished friend has reminded us that these great principles: freedom of speech, freedom of the press, freedom of religion, freedom to petition the government for redress of grievances—must be zealously guarded."

Then the Record goes on to say that in recent years Senator Ervin has spoken out with particular concern about the state of freedom of the press in America. He pointed to the historical fact that a vigorous, free press is an essential ingredient of any free society. As chairman of the Senate Subcommittee on Constitutional Rights, he has conducted two series of hearings over the past two years in current problems facing the press in America.

Senator Ervin is receiving recognition far beyond the bounds of the Senate and his state. He has received many of the national awards from newspaper organizations, the Thomas Jefferson Award given by the Texas Tech University, the Texas Daily Newspaper Association, and the Texas Association of Broadcasters. His own state has bestowed on him many awards and these will continue.

When Senator Ervin retires, he takes with him the grateful hearts of Americans who realize the need for preserving the Constitution and all for which it stands. And he deserves the rest, at home with his attractive and understanding wife Margaret, and among the mountains he loves so well.

[From Winston-Salem (N.C.) Journal, Dec. 21, 1973]

The Ervin Career

Sam Ervin has shown his usual good sense in his decision to go home to Morganton when his term in the Senate expires in January, 1975.

That decision should dispel the unjustified suspicion that Senator Sam has been using the Watergate committee to promote his own political interests.

As everyone who knows Sam Ervin has been aware, the committee's investigation is merely the campstone of the senator's efforts of many years to preserve the guarantees of the Constitution and the sanctity of the law and to protect every American from the tyranny of governmental excess.

The South's great contribution to Congress in the past century has been in that undefinible quality, *character*. Sen. Richard Russell of Georgia had that quality in a high degree, and it made him the most respected and influential senator for many years. Men like Lister Hill of Alabama and John Stennis have had it too, and so did the men of the remarkable delegation that Alabama sent to the House for many years.

Sam Ervin showed something of that same quality almost as soon as he entered the Senate 20 years ago. His first test came when he was appointed to a small committee that was to sit in judgment on Sen. Joseph McCarthy of Wisconsin.

It was an unenviable task because McCarthy had terrorized Washington, and built up a rabid following in the country, with his charges of communism against many government officials and Army officers.

Ervin entered the investigation with a presumption that McCarthy was right. But when he examined the evidence for the senator's charges, he concluded that McCarthy had none—that he had merely been engaged in a campaign of wholesale character assassination. Having so concluded, he had no hesitation in recommending that the Senate censure McCarthy, which it did.

A decade later Ervin troubled many of those who admired him for that role by his opposition to all of the civil rights bills. That opposition, however, was rooted not in bigotry but in the senator's understanding of the Constitution and our federal system.

In recent years he has settled most of the doubts about that by his one-man campaign to curb governmental intrusion into the pri-

vate lives of the American people, even those on the federal payrolls.

The misnamed Watergate hearings now give him a chance to make the country realize what is at stake in everything he has attempted.

For what he is trying to do in the hearings before his committee is not to determine the guilt or innocence of this or that official. What he is trying to do is to determine just how badly our legal and constitutional system has been twisted so that Congress and the American people can repair the damage and strentghen the structure.

In that good work he will have the support of all Americans who cherish the freedoms which have made America great.

[From the Winston-Salem (N.C.) Twin City Sentinel, Dec. 21, 1973]

ONE AGAINST TYRANNY

Sam Ervin is the last of the great constitutional lawyers who, in another era, brought distinction to the U.S. Senate. During the years when Ervin has been waging war against the sometimes-tyrannical practices of the federal government, both the Senate and the House have often seemed all-too-willing accomplices in the crime.

Ervin's mistrust of the central government and all its ways is a consistent theme in his public career, the theme which alone explains how he could seem both "conservative" and "liberal" on so many of the major issues of the day.

Few would defend Ervin's opposition to the civil rights movement of the Sixties. Yet his choice of sides in that long and bitter fight was determined in part by his deep commitment to the idea of a limited federal government, a concept seemingly guaranteed by the Bill of Rights.

Certainly it is this conviction that has prompted him to make such fierce attacks on the federal establishment in recent years. His war on federal data banks, his campaign to protect civil servants from harassment, his suspicion of nosy census takers, his doubts about the virtues of wiretapping and other forms of electronic eavesdropping, his successful campaign to stop the Army from spying on civilians—these and many other crusades for which he may someday be remembered all stem from the same deep-seated belief that the good done by the federal government is oft interred with the bones of the deceased bureaucrats.

His capacity for grasping the evil potential of innocent-seeming beginnings was never more in evidence than when he fought almost singlehandedly against passage of the nefarious no-knock law, a law which subverts both the spirit and plain intent of the Fourth Amendment. In this instance Ervin gained quick vindication. Federal narcotics agents abused the law to such an extent that many of its proponents are now clamoring with Ervin for its repeal.

In a way it is too bad that his decision to retire, while perfectly sensible in view of his advanced age, has come at a time when his many talents might have been used for much good. Only last year he became chairman of the Senate's important Government Operations Committee. One of the functions of that committee is to review the working of the federal government, but the extent to which that power is exercised depends wholly on the temperament of the committee chairman—and surely no man was ever more suited to that task than Sam Ervin.

Unfortunately, Senator Sam is apt to be missed more than ever now that the federal government, because of the fuel shortage and other crises, may find it necessary to intrude more and more into the ordinary activities of our daily lives.

[From the West Jefferson, (N.C.) Skyland Post, Jan. 24, 1974]

A GREAT AMERICAN SENATOR SAM ERVIN, JR.

The recent announcement of Senator Sam Ervin, Jr., that he would retire at the end of his term in office, and would not be a candidate to succeed himself, came as no surprise to those, who know him best.

If any leader deserves to retire it is our distinguished United States Senator, who has proven time and again that he is a great American, possessed with rare intelligence and a versatile background of knowledge. He has demonstrated them, time and again. And his knowledge and understanding of the constitution has helped to solve many problems.

Senator Sam, as he is known to his friends and they are legion, is not only a leader, but is a down-to-earth friendly type of citizen who has a great sense of humor and is one of the best story-tellers we know of.

His father before him was a dintinguished judge of superior court, a post Senator Sam filled with distinction before going to the U.S. Senate and his son, Sam Ervin, III is rendering distinguished service as a North Carolina Judge. Like thousands of other North Carolina citizens, we are justly proud of this great American who has rendered distinguished service for many years.

His retirement will not take him out of circulation. His early training, his education and experience mark him as one of North Carolina's most distinguished citizens, in the opinion of this editor.

We wish for him and his beautiful and intelligent wife, Margaret, many more years to enjoy being back home again.

FERROUS SCRAP EXPORTS: THE NEED FOR EFFECTIVE CONTROLS

Mr. HUGH SCOTT. Mr. President, today the American Iron and Steel Institute is making public a report on the ferrous scrap situation in the United States. The report titled, "Ferrous Scrap Exports: The Need for Effective Controls," outlines the case for Government action to limit exports of iron and steel scrap.

Although the Department of Commerce has implemented a licensing program to limit the exports of ferrous scrap, it appears this action is not sufficient as the price of scrap available to our domestic industry continues to skyrocket at an inflationary rate. The steel industry with the support of the United Steel Workers Union and foundry companies is asking that present scrap exports allowed under the current licensing system be reduced to assure an effective response to the scrap shortage. I commend this report to the Members of Congress for their full consideration of this serious problem. Mr. President, I ask unanimous consent that the report be printed in the RECORD.

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

FERROUS SCRAP EXPORT: THE NEED FOR EFFECTIVE CONTROLS

Unless the federal government acts now to further limit exports of iron and steel scrap, steel mills and foundries in the U.S. will incur additional disruption in their production scheduling, at a time when domestic demand for iron and steel continues at the highest level in history.

Today, inventories of ferrous scrap have shrunk to their lowest level since World War II. As confirming evidence of shortages of scrap, especially in essential grades and sizes, scrap prices have soared far above their previous highs.

The situation threatens job stability, industrial growth and the American steel industry's ability to supply the nation's need for steel.

For well over a year, the industry's warnings have been answered with inadequate measures. As a result, the crisis has so deepened that only strong measures will now suffice.

The steel industry, with the support of the United Steelworkers Union and foundry companies is asking that present scrap exports currently authorized at a monthly rate of 700,000 tons (annual rate of 8.4 million tons) be reduced to assure an effective response to the scrap shortage. Specifically, the industry urges that Congress support the following actions previously requested of the U.S. Department of Commerce:

1. That the Commerce Department impose an embargo on exports of carbon, alloy and stainless ferrous scrap—of sufficient duration to insure adequate supply for domestic consumers.

2. That, as a minimum alternative, the Department stop issuing new export licenses, except for Canada and Mexico, for a period sufficient to insure an adequate domestic supply.

3. That the embargo be followed by a program limiting scrap exports to a maximum of 300,000 net tons a month for the rest of 1974.

Without these related measures, there is little hope that the overall supply/demand situation will improve.

It all adds up to an immediate need for further government action on scrap exports until a reasonable degree of order can be restored to the scrap market. Beyond that lies a long-term need to develop national policies of resource management that will do justice to both domestic industry and international trade.

SCRAP ESSENTIAL TO STEELMAKING

Ferrous scrap makes up almost one half of the total metallic input used in steelmaking. The balance comes mostly from pig iron, produced in blast furnaces. The industry generates a large amount of scrap from in-plant sources. Nevertheless, it is heavily dependent on scrap processors and other outside sources for the balance of its needs.

This dependence is especially critical for electric-furnace plants; their metallic input is almost 100 percent scrap. Of the projected 51.7 million tons of purchased scrap needed by the steel industry and foundries in 1974, approximately 28 million tons will be required by hundreds of smaller companies without blast-furnace facilities.

In all, to produce 150 million net tons of raw steel in 1974—the same amount as last year—plus 18 million tons of castings, the steel and foundry industries will need 51.7 million net tons of purchased ferrous scrap, or 8 million tons more than in 1973.

The increased need stems from two main causes:

1. There will be less pig-iron production in 1974. That is a consequence, among other things, of the tight supply of metallurgical coal, further compounded by the widespread shutdown recently of coal mines in West Virginia.

2. There will be 3 million fewer tons of scrap available from in-plant sources in 1974 because of the heavy draw-down of inventories in 1973 to meet demand for finished steel.

ABNORMAL SURGE IN EXPORTS

Based on its analysis of rising domestic and world steel demand, in late 1972 the steel industry warned the Commerce Department that a serious scrap shortage would develop in 1973 and that this situation could worsen as world demand for steel continued to increase. That is what happened.

In the last six months of 1972, exports of

ferrous scrap were running well ahead of averages over the previous 10 years.

The pace quickened still more at the turn of 1973. Compared with one year earlier, export tonnage in December 1972 was up 90 percent; in January 1973 it was up 160 percent.

Translated into an annual rate, as the industry pointed out to a Congressional committee in March 1973, this amounted to 13.3 million net tons. By contrast, the annual average over 10 preceding years was 7.4 million tons.

During the abnormal surge in exports of American ferrous scrap, demand at home for this essential raw materials was mounting.

In a December 1972 meeting the steel industry asked the Commerce Department to limit exports to a reasonable level. Specifically, the industry asked that they be limited to an annual figure of about 7 million tons—600,000 tons a month.

The government did not act until July 1973, and then it took only limited action. It was a case of too little and too late. When the books closed last year, 11.3 million tons had gone to export, badly depleting available domestic stocks.

To grasp the impact of high exports on domestic supply, consider this: Last year, 5.3 million additional tons of ferrous scrap were added to the U.S. supply. Yet, of this increase, 3.9 million tons went abroad in exports, leaving only 1.4 million tons for domestic use.

In 1973, the supply of purchased scrap reached a level of 54.6 million net tons (including exports of 11.3 million tons). Part of this supply had been accumulated in late 1972 and shipped to coastal ports for export in 1973. Getting this much supply in 1974 is unlikely due to this year's projected decline in prompt industrial scrap (largely automotive) and to the fact that last year high domestic demand combined with an unprecedented rise in exports caused a serious scrap shortage. This year, however, even if the supply of purchased scrap reaches the level achieved last year, projected domestic demand of 51.7 million tons in 1974 will require that exports be limited to 3 million tons this year—if domestic requirements are to be met. The alternative: scrap exports at a higher level will result in a proportionate decline in the amount of finished steel available to meet the needs of the domestic economy.

SCRAP PRICES

Scrap prices, of course, have reflected—and continue to reflect—the intense pressure of the high demand on supply. Prices in 1973, when the cost of purchased ferrous scrap averaged $63.50 a gross ton, were 68 percent higher than in 1972.

But that was only the beginning. At the end of March this year, they were 200 percent higher than in 1972.

As indicated earlier, the steel industry made a number of requests for action between its first one in December 1972 and its latest one. Each time, the actions urged have understandably increased in severity because policies adopted by the government have not alleviated the problem.

Bear in mind that in requesting a temporary embargo the industry's objective is simply to ease the present crunch in supply and demand. The industry has not in normal times opposed export of ferrous scrap. But what it does oppose, for national economic reasons, is the lack of realistic export limitations of historically high foreign and domestic demand. In this policy the industry is following demonstrated practice elsewhere in the world.

UNITED STATES ALONE IGNORES NATIONAL NEEDS

Consider what is done by countries of Western Europe and by Japan.

Except when home demand is low, they forbid or, at best, allow only minimum exports of scrap. Last year, for example, scrap exports out of the European Economic Community (a steel market comparable to our own) approximately only 400,000 tons, compared with the 11.3 million tons exported by the U.S.

As worldwide demand was soaring, Britain, in September 1972, imposed an embargo closing off its exports of ferrous scrap except for a few low-quality grades. The British action turned even more countries and industrial consumers—those formerly dependent on Britain for scrap—to the overburdened U.S. market.

Thus, while other industrial countries assure their own needs for ferrous scrap, the U.S. alone permits massive and unprecedented exports of this essential commodity. In doing so, it has, among other things, put its own steelmakers and foundries at an unfair disadvantage.

Other steel-producing nations have long since made it clear that they will import as much U.S. scrap as they need to maintain or expand their share of world steel trade. One consequence has been to run up scrap costs which, until a few weeks ago, the U.S. steel and foundry industries simply had to absorb themselves.

Another and worse consequence has been to deplete the U.S. supply of available scrap and thus impair this nation's capacity to supply the country's need for steel.

In discussing scrap supply in the U.S., the key word is "availability." Some studies depict a large reservoir of obsolete scrap throughout the country. But it flows very slowly into the recycling stream and consists largely of steel in older buildings, bridges, machinery, automobiles and freight cars, which are still in use and serviceable, despite their statistical obsolescence.

The steel industry is working with municipalities to recover obsolete scrap from municipal solid waste and is actively supporting recycling programs. The industry wishes to emphasize it does not require tax incentives to expand its consumption of ferrous scrap. The projected growth in U.S. and world steel demand assures a ready market for ferrous scrap from all sources.

Certainly, in line with America's new realization that raw materials are in finite supply. Government on the one hand and concerned industries on the other should develop long-term programs for scrap recovery. But longer term programs cannot answer the immediate need to maintain production operations. And it is to this need that the steel industry points in asking for effective action to curtail ferrous scrap exports.

SKIMPY WHEAT RESERVES

Mr. HUMPHREY. Mr. President, a brief but compelling editorial on wheat reserves in the March 27, 1974, issue of the Crhistian Science Monitor, and reprinted from the Des Moines Register, points out how we arrived at our present state of having barely adequate carry-over wheat stocks.

The important question raised by the article, however, is whether the administration has learned anything from this experience? Secretary Butz and the USDA still appear to trust the "free market" and the public mindedness of the grain companies with a child-like faith.

What the Congress has learned from the experience of the past 2 years is still another key question. The article concludes that Congress will not require another similar lesson before establishing a grain reserve program.

I hope that conclusion proves to be true, but I would say that the question is still to be answered. A major education effort is needed before a sound program can be adopted.

Mr. President, 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:

MIRROR OF OPINION—SKIMPY WHEAT RESERVES

President Nixon has lifted the import quotas on wheat, a sensible action in view of the high price of wheat. There ought to be no restriction at any time on imports of wheat, a commodity which the U.S. produces so efficiently that it is the world's leading exporter.

The lifting of import quotas is unlikely to result in a big increase in imports. Millers may ship in a little wheat from Canada. It is even possible, as a representative of the Millers National Federation said, that the United States could import some flour from Europe. But that won't amount to much, either.

The United States produces more than twice as much wheat as it consumes, and the 1973 crop was a record. Moreover, the 1974 harvest promises to be even larger, since acreage is being increased.

The general shortage of wheat during the last two years, largely because of short crops in Russia and South Asia, has resulted in extremely high prices. The rush of many countries to rebuild stocks is keeping prices high. United States millers have to pay up to get wheat under the circumstances. Otherwise, exporters would drain the country of wheat.

The U.S. Department of Agriculture estimates that wheat reserves may be drawn down to 182 million bushels by next July 1. This seems a tiny reserve, indeed, considering the fact that 500 million to 700 million bushels of carryover have been normal in recent years. However, it is far from a disaster.

The Department of Agriculture should have taken steps much earlier to assure a larger reserve supply. It could have done so under present legislation.

But even in the absence of government action, the United States is not likely to be in a desperate shape for wheat. There is no reason to expect the price of bread to rise to $1 a loaf, as one representative of the baking industry suggested.

You would think that Agriculture Secretary Earl Butz and his advisers had learned their lesson from the depletion of wheat stocks as a result of the sale to Russia in 1972. But they have gone blissfully along their way, trusting in the "free market" and the public spiritedness of the big grain companies. The result is a huge export sale and skimpy reserves at home. That is the reason for all the excitement about the wheat shortage and the talk about $1 bread.

Unless a weather disaster overtakes the country this spring, however, it seems that the nation will skim through. Congress, we trust, will not need another lesson before passing a grain reserve bill that will require the administration to manage a reasonable reserve program.—Des Moines Register

---

GOVERNMENT VERSUS PRIVATE OPERATION

Mr. FANNIN. Mr. President, our business enterprise system evolved and has flourished because it is the most efficient and most satisfactory economic system for meeting the needs of the American people.

If Government were as wise, efficient,

industrious, and innovative as some people in this Capital would have us believe, then we would have no need of our business enterprise system. Government could take over everything. Business could and should be abolished—if this were the case.

We have had free enterprise because it is more efficient than Government, because it provides an element of freedom essential to the American concept of democracy, because it is responsive to the people.

Government attempts to operate in the business arena—with only one or two exceptions—has been a disaster. The record is clear enough to show us that any efforts by Government to operate petroleum companies, or to nationalize oil, would be detrimental to the Nation.

Mr. President, the April 8, 1974, edition of Barron's, provides us with a reminder of how private management works better than public ownership. I ask unanimous consent to have the editorial printed in RECORD.

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

POST OFFICE VERSUS MA BELL—PUBLIC OWNERSHIP CAN'T COMPARE WITH PRIVATE MANAGEMENT

One of the most disturbing proposals we've heard lately is the Senate bill to create a federally operated oil enterprise. Its sponsors claim that it would stimulate competition and serve as a yardstick for measuring the petroleum industry's performance. Naturally, it would be subsidized by taxpayers with cheap capital and exemption from tax and royalty payments.

Some Congressmen and editorial writers want to take a bigger immediate step and nationalize the oil companies right away. And several politicians here in Massachusetts have been making noises about the "need" to take over electric utilities as well.

This latest outbreak of governmentalitis—along with the current leap in postal rates—reminded us of a Staff Letter first written in 1964 and reissued in 1967. Titled "Government Vs. Private Operation—A Striking Contrast," it compared the operating results of the nation's two communications giants—the U.S. Postal Service and the privately run Bell Telephone System. So we decided to reprint the Letter this week—the only changes being to bring the figures up to date.

It has become the fashion—especially among politicians, union bosses and businessmen—to call more and more on the government for action. The extent to which its share of the economy has mushroomed over the years is shown in Table I.

Note that the public share of employment has been rising almost as fast since 1947 as it did during New Deal days. Also observe that 16.2% of all workers (one out of six) are now on public payrolls compared with 6.4% (one out of 16) in 1929.

The table also shows that the public sector now accounts for close to one-third of total economic activity against less than one-tenth in 1929. Our federal government is the biggest employer, borrower, lender and spender in the world. One out of nearly every three dollars of personal and business income now goes to a tax collector somewhere.

Particularly disturbing is the fact that this speed-up in public spending has been taking place during a period of record economic prosperity. In the past decade, non-defense outlays in the federal budget have shot up by $129 billion, or nearly 200%, while those of state and local entities have also tripled with a rise of $122 billion.

Just in the past four years, total federal expenditures have jumped $78 billion, or by nearly two-fifths. The entire rise in spending has been for non-defense activities. It seems incredible, but this increase in civilian outlays is nearly 10 times as much as the U.S. government paid out for all purposes in any year prior to World War II.

Moreover, Washington is constantly pressing, or being urged, into new fields—education, health care, credit, housing. Problems that are essentially local in nature—such as mass transit, traffic, urban decay—are now being passed on to federal bureaus. So the public sector grows and grows.

A question that puzzles us is why anyone should think that such spheres of activity can be conducted more effectively under public than private management. Does anyone conceive that federal administrators have greater talents than private business managers or local civic leaders?

A good illustration of the striking differences in public vs. private management is afforded by a comparison of the two giants of the communications field—the U.S. Postal Service and the Bell Telephone System. It is interesting to observe how these two organizations have affected us as consumers and taxpayers over the years. As a starting point, let's take a look at the trend of postal rates since the early Thirties. The first class rate for a one-ounce letter has risen as follows:

[In cents]

	Regular mail	Air mail
1974	10	13
1971	8	11
1968	6	10
1963	5	8
1958	4	7
1957	3	6
1947	3	5
1933	3	6
1932	2	5

In recent years, various public commissions, Congressional committees and the White House have investigated and criticized the "inflationary" pricing policies of private business. Yet it is a matter of record that during the past 10 years the Post Office has hiked its rates 65%–100%. Now let's see how prices of the privately-operated telephone system have fared over the past four decades. The rates for three-minute toll calls between Boston and other major cities are shown in Table II.

TABLE I.—FEDERAL, STATE, AND LOCAL GOVERNMENT ACTIVITY

	Employment (millions)	Percent of total employment	Expenditures (billions)	Percent of total economy
1973	13.7	16.2	$407	31.6
1967	11.4	15.3	243	30.6
1963	9.2	13.6	167	28.3
1955	6.9	11.1	98	24.5
1947	5.5	9.6	42	18.3
1940	4.2	8.8	18	18.4
1929	3.1	6.4	10	9.8

In addition to the rate drops shown in the table, Bell recently introduced a 35¢ rate for one-minute, coast-to-coast calls made after 10 p.m. While toll charges have declined substantially over the years, the cost of local telephone service has been trending upward. But even here, the rise since 1932 has been less than half that of the consumer price index and only one-quarter as much as the increase in postal charges for regular mail.

Thus, it's obvious that as consumers we have fared much better pricewise with the privately-operated organization than with the publicly-run one. This is largely a reflection of the degree to which each of the two systems has been able to lift its efficiency or "productivity." Despite some improvement in recent years, the public operation again makes an unfavorable comparison (see Table III). Note that over the past 43 years the postal service has managed to increase the number of pieces of mail handled per employee by 56%, but the Bell System takes care of 2.7 times as many conversations per worker as it did then.

Quality of service is, of course, much harder to measure than cost. But even without benefit of statistics, it is apparent that postal service has been going downhill for years despite the sharp increase in its rates. In the early part of the period under review we received two daily postal deliveries at home, four at the office. Now we are supposed to get one at home and two at the office. Despite fast planes and express highways, business mail from New York frequently fails to arrive here until the second day—even though it is less than an hour's flight and a five-hour train or truck trip. In contrast, a phone connection to almost any station in the country takes but a few seconds—a fraction of the time it did 40 years ago.

Now what effect have these two systems had upon us as taxpayers? Table IV shows the postal deficit and the taxes paid by the Bell Telephone companies, both annually and on a cumulative basis. Public operation makes a strikingly poor showing here. Even though as consumers we pay much higher postal rates than ever before, we are even worse off as taxpayers. We now contribute $1.4 billion a year to make up the deficit between postal receipts and expenses, or 20 times as much as when the letter rate was only two cents.

In contrast, note that *while the Post Office has drained off $23 billion from our tax revenues since 1932, the Bell Companies have, over the same period, put $54 billion into public coffers through tax payments.* And this figure does not include the federal excise taxes paid by Bell customers—$18 billion in the past 20 years.

Moreover, the Bell Companies have millions of stockholders—American Telephone itself has three million, including colleges, churches and other institutions as well as individuals. Last year's dividend payments came to $1.7 billion vs. $248 million in 1950 and $39 million in 1930. In the past two decades, these disbursements have created $4 billion of federal income taxes to help finance the postal deficit.

Although, the contrast in the results of these two organizations is startling. If the government ever gets into the oil business and runs it like the Post Office, today's gasoline prices will be remembered as wistfully as the 10% income tax and the 2¢ stamp.

TABLE II.—STATION-TO-STATION TOLL RATES[1] FROM BOSTON

Year	New York		Chicago		San Francisco	
	Day	Night	Day	Night	Day	Night
1974	$0.80	$0.55	$1.15	$0.65	$1.45	$0.85
1967	.75	.55	1.40	.70	7.75	1.00
1963	.75	.55	1.50	1.20	2.25	1.75
1955	.75	.55	1.60	1.30	2.50	2.00
1947	.75	.45	1.65	1.25	2.50	2.00
1939	.80	.50	2.50	1.50	6.75	4.50
1932	1.00	.60	3.25	1.75	9.50	5.75
Percent decline 1932–74	−20	−8	−65	−63	−85	−85

[1] Excludes Federal excise taxes.

TABLE III

	Number of employees (thousands)		Volume handled		Volume per employee (1930 equals 100)	
	Post Office	Bell Cos.	Pieces of mail (billions)	Daily number conversations (millions)	Post Office	Bell Cos.
1973	701.1	798.9	89.7	432.0	156	269
1966	675.4	650.8	75.6	295.7	136	225
1963	587.2	571.4	67.9	251.4	140	218
1962	588.5	563.9	66.5	242.4	137	214
1961	582.4	566.6	64.9	226.4	135	189
1957	521.2	640.9	59.1	188.3	137	146
1950	500.6	523.3	45.1	140.8	109	134
1940	353.2	275.3	27.7	79.3	95	141
1930	339.5	318.1	27.9	64.0	100	100
Percent increase 1930-73	+107	+151	+222	+575	+56	+169

TABLE IV

[In millions of dollars]

	Deficit of post office department		Taxes paid by Bell Cos.	
	Annual	Cumulative from 1932	Annual	Cumulative from 1932
1973	1,390	22,703	4,350	54,454
1966	943	12,843	2,718	30,045
1963	819	10,454	2,246	22,301
1961	826	8,860	1,972	17,952
1958	891	6,832	1,483	12,442
1950	545	2,233	499	4,472
1940	41	687	185	1,000
1935	66	428	94	352

AGRICULTURE DAY

Mr. MONDALE. Mr. President, Agriculture Day has yet to be officially declared a national day of recognition. However, groups such as the National Agri-Marketing Association—NAMA—continue to push for one day to say thanks to the farmers, growers, ranchers, dairymen, and businessmen who supply the food energy on which this country operates. A motion for designation of Agriculture Day was recently introduced in both the U.S. Senate and the U.S. House of Representatives. The resolution recently passed the Senate, but it has not yet been approved by the House.

Although final congressional approval has not been granted, States, farmers, and related businesses have planned and carried out their own observances with the assistance of organizations such as the NAMA. The idea of Agriculture Day centers around the basic concept of communication. The originators thought there would be no better way of promoting greater understanding between producers and consumers than a single day through which total the attention of the Nation should be focused on agriculture.

On Agriculture Day in Minnesota, farmers, public officials, and members of the National Agri-Marketing Association took part in a variety of activities. Included was "Farmers for a Day," an effort to enable urban dwellers to switch roles with farmers. The mere fact that they went out to farms to work alongside farmers did indeed increase their understanding of the day-to-day routine on the farm. Other efforts on Agriculture Day included the visiting of farms by public officials and nonagribusiness members of the business community, thus increasing their understanding of the farmer's role. And probably most important of all, homemakers and consumer groups were welcomed into the countryside to get a grassroots look at what it requires to produce the food that they buy in the supermarket.

The individuals who have headed up this campaign deserve a great deal of credit for an effort to increase nonfarm understanding of food production. There is a deep need for fuller understanding of the farmer's situation. Members of NAMA certainly deserve credit for their efforts in trying to tell the farmer's story.

HIGH COST OF CONSTRUCTION

Mr. BROCK. Mr. President, one of the great tragedies is that Congress has done little or nothing to bring down the high cost of construction. A situation has developed where housing is priced out of the reach of many American families—most notably—those in the middle- and lower-income groups.

Rather than reduce construction costs, Government policy in many areas has been aimed at inflating those costs. A good example may be seen in today's administration of the Davis-Bacon Act. Prevailing wage determination by the Department of Labor under the Davis-Bacon Act for FHA-insured housing and public housing have too often resulted in requiring wage rates for such housing which are higher than those actually prevailing in the area. This particularly hits rural areas where big city contractors come in and outbid local contractors on federally assisted projects. Recently, I received a letter from a constituent who is a contractor in the town of Clarksville, Tenn., which illustrates the detrimental effect of Federal policy on construction costs. He wrote me as follows:

Hon. BILL BROCK,
Senate Office Building,
Washington, D.C.

DEAR BILL: Item: The rape of the American taxpayer.

Example: On a construction project to be bid next month wage rates are:

Craft	Federal Government says—	State of Kentucky says—	Bid documents say—	Abilities—Prevailing rate actually is—		
				Low	Medium	High
Bricklayers	$6.47	$4.48	$6.47	$4.00	$4.50	5.00
Carpenters	7.10	6.53	7.10	4.00	4.50	5.00
Cement masons	6.73	4.30	6.73	3.50	4.00	4.50
Electricians	8.42	7.49	8.42	4.00	4.50	5.00
Ironworkers	7.52	7.59	7.59	4.00	4.50	5.00
Millwright	7.35	6.78	7.35	4.00	4.50	5.00
Painters	7.00	3.51	7.00	3.50	4.00	4.50
Plumbers and pipefitters	9.58	5.05	9.58	4.00	4.50	5.00
Sheet metal	9.655	6.28	9.655	4.00	4.50	5.00
Laborers	6.09	2.87	6.09	2.00	2.50	3.00
Operators	7.68	5.41	7.68	3.50	4.00	4.50
Truckdrivers	6.09	3.39	6.09	3.00	3.25	3.50

Inflationary? A defeat for our competitive system? I say our bureaucracy has lost its mind. When will something be done by Congress?

Sincerely,

_____.

The situation described in my constituent's letter is a shocking one. It behooves every Member of this body to examine carefully the anticompetitive and inflationary policies of the Federal Government. Until these policies are reversed and we move with initiative to increase our productivitity we will continue to have inflation and concomitant loss of real earning power for the wage earner.

PROMISES, PROMISES: MR. NIXON AND RECONSTRUCTION IN OUR NATION'S CAPITAL

Mr. HUMPHREY. Mr. President, 6 years ago this month, in April 1968, a civil disturbance, involving looting and burning, broke out in three corridors in downtown Washington. In the aftermath, people were left homeless, shopkeepers were out of business, and physical ruin blotted the three areas.

It was less than a year later that President Richard M. Nixon took office. Within less than 2 weeks he visited the devastated areas and expressed his commitment to a full-scale rebuilding effort.

The President has repeated such promises several times since then. On at least one occasion, he set a timetable for reconstruction to coincide with the National Bicentennial celebration in 1976.

The civil disturbance occurred 6 years ago, in a time of tension in American society over issues of poverty and racial discrimination at home and involvement in war abroad. The President has had more than 5 years to guide efforts to rebuild the scarred areas of our Nation's Capital, as a symbol of national efforts to heal these social wounds and, more immediately, to restore a sense of hope and confidence to those who live and work in the District of Columbia.

The Bicentennial observance is now but 2 years away. And little has been done. With three-fourths of the time gone between the date the destruction took place and the year of the Bicentennial, one would reasonably assume that three-fourths of the reconstruction would by now be complete.

But as we all know, and as those who live and work in the destroyed neighborhoods are painfully aware, this is not the case.

Large vacant spaces remain alongside damaged and useless buildings. Some reconstruction has taken place, but hardly on a scale suggesting completion, or even substantial progress, by 1976.

Furthermore, the sounds of commitment and the bright promises that issued from the White House 5 years ago, and more recently than that, are now muted if not completely silent.

On March 16 of this year, the President delivered an address, which was broadcast on radio stations across the Nation, declaring his hopes for the Bicentennial celebration. In this address, he referred to activities planned in the Nation's Capital.

That portion of the address reads as follows:

Washington, D.C. is preparing for an estimated 45 million foreign and domestic visitors with projects such as the new National Visitor Center, the Eisenhower Civic Center, Constitutional Gardens, and the National Air and Space Museum of the Smithsonian. Bicentennial plans in the Nation's Capital also include many programs that will directly benefit local citizens and increase their appreciation for America's rich and diverse heritage and enrich their daily lives—programs such as a neighborhood preservation housing project and cultural and folk art activities.

One would hope that the reference to "programs that will directly benefit local citizens . . . and enrich their daily lives" was intended to include projects to rebuild the areas where the 1968 disorders were concentrated.

But, Mr. President, it is a slim thread of hope, indeed.

I offer the following quotation from an earlier speech by the President on the same subject, the Bicentennial. On February 7, 1972, he stated:

We are also increasing our efforts to assist in redevelopment of the inner-city areas devastated by the riots of 1968. Two recent ground-breakings give evidence that the work is moving ahead, but also remind us of how much is left to do. The job, of course, is not the Federal Government's alone, but we must and shall contribute our full share and see the obligation through at an accelerated pace.

I am troubled that while the President's 1972 speech contains this specific promise to push ahead with the rebuilding effort, the 1974 speech contains absolutely no direct reference to this commitment.

Mr. President, I direct the attention of my colleagues to an article that appeared in the Washington Post a few days ago, on April 4, the anniversary of the outbreak of the disorders.

Mr. President, I ask unanimous consent that the text of this article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, I am pleased to see from this comprehensive and detailed article that there has, at least, been some progress in rebuilding the three corridors. Any headway is welcome. But what concerns me is the pace. It has certainly not been the "accelerated pace" that was mentioned by the President in 1972, at least not by my definition of "accelerated."

I might point out that actions by the present administration have in fact directly contradicted the commitment of the February 1972 Presidential rhetoric.

The administration's impoundment of funds for housing and community renewal projects across the Nation over the past several years has in fact worked against progress in the District of Columbia rebuilding effort.

Further, administrative delays have compounded the problem. The city's Redevelopment Land Agency has had the experience of protracted delays while a Federal agency processed papers and documents for a project, and then the project was rejected. This makes one suspect that there is either a lack of sincerity in the words of the administration, or a serious inability to govern its own bureaucracy and carry out its promises.

I respectfully urge the President and his administration to make clear to us the present attitude toward the reconstruction project, and to do so quickly. I have been informed that none of the projects under consideration by the District's leadership can realistically be expected to be completed by 1976 unless ground is broken during the coming 12 months. I would hope that we would receive a new commitment to this urgent responsibility soon. We have only 2 years left.

Mr. President, the disturbances that destroyed these areas were directly related to the murder of Dr. Martin Luther King, Jr. But it was also an expression of the deep anger, frustration, and despair that must grow from the hopelessness with which so many of the residents of those areas must live every day.

The celebration of our Nation's Bicentennial is intended as a reaffirmation of the goals and ideals on which this Nation was founded 200 years ago. It is commendable that the present administration would include in its plans for this event an array of cultural events and additions to the physical attractions and accommodations of the National Capital. But what more appropriate means of observing this historic occasion could we find than to reaffirm this Nation's dedication to the principles of equality of treatment for all its citizens, by making good the promises that have been made to some of the most needy citizens of the Federal City.

[From the Washington Post, Apr. 4, 1974]

CITY'S CORE STILL IN RUINS

(By Thomas W. Lippman)

On 7th Street NW, the panorama of abandonment and emptiness begins just above Mount Vernon Square.

Perhaps one shop in 10 is open, where the shops are still standing. Sheets of old plywood, covered with posters advertising soul music shows or asking, "Who is Guru Maharaj Ji?" have replaced the broken display windows.

At some of the shops the signs that recall the past can still be read: "Westbrook's Bar-B-Q (The House of Soul)," "Surplus (The Working Man's Store)." Others are unidentifiable shells, their names as forgotten as their owners' aspirations.

Some entire blocks are empty. On a balmy spring morning, pedestrians are few and the only noise is that of traffic passing on its way to somewhere else.

"It's been just like you see it since '68," said a clerk in one of the few stores still open. "They threw down some of the burned buildings, but that's all."

These blocks of what was once a commercial street of second-hand furniture stores, clothing shops and neighborhood service stores, were destroyed in the arson and looting of the riot that began six years ago today, after the assassination of the Rev. Dr. Martin Luther King Jr.

By estimates made at the time, the riot caused more than $24 million worth of property damage, concentrated along 7th and 14th Streets NW, and H Street NE.

The lost businesses, ruined houses and altered perceptions that the riot left behind changed life in Washington in uncounted ways. But the rebuilding effort in the so-called "riot corridors," to which the city pledged itself in the aftermath of the violence, is only beginning to bring results.

Seventh Street, with its expanses of emptiness, looks worse today than either H Street NE or 14th Street NW, where more buildings were left standing and more businesses survived.

But in fact, redevelopment is further advanced along the 7th Street corridor because the Redevelopment Land Agency, the city's urban renewal agency, has commitments for the deyelopment of houses and businesses on many of the vacant lots, and the only significant new residential construction in the riot corridors has taken place along or near 7th Street.

There seems to be little disagreement about why it has taken so long to make large-scale progress in the rebuilding program. The planning disputes, political infighting, bureaucratic snarls and fund shortages that were predicted at the time the rebuilding commitments were made have come to pass, and still exist.

Melvin Mister, RLA executive director, said the city is at a "significant take-off point" in the renewal drive, because long-planned and long-delayed projects are about to be turned into brick and mortar.

But that is still hard to visualize from the street. As a man idly watching the demolition of a rat-infested old apartment house on 14th Street said the other day, "If they want to get this place fixed up by '76," in time for the bicentennial celebration, "they got a long way to go in a very short time."

On 7th Street between L and M, the entire west side of the block is empty, long since leveled, and most of the east side has been abandoned.

That is part of the planned central campus of Federal City College, with occupancy of the first buildings scheduled for 1976, if Congress provides the money.

Between M and N Streets, the only going enterprises are a grocery store and a small barber shop. There are parking meters on that block, but no one parks there.

Part of the west side of that block was turned into a playground with money left over from President Nixon's first inauguration. But the benches have long since been ripped out by vandals, the basketball hoops are gone and the planter boxes are mostly empty.

On the east side, plans for federally assisted construction of 308 apartments have been awaiting the approval of the Depart-

ment of Housing and Urban Development for months. Behind those are to be another 90 units in a church-sponsored project for which groundbreaking is scheduled for July.

Between N and O Streets on 7th stand the most visible signs of reconstruction in any of the riot corridors, two modern 10-story church-sponsored apartment buildings known as Immaculate Conception and Gibson Plaza. They loom up in isolated splendor among the vacant lots that surround them.

The commercial facilities that are supposed to serve those buildings and the other planned projects in the neighborhood are to go in the next block to the north, in the refurbishd O Street Market, which now stands empty, and on the next block west, where Herson's motorcycle dealership stood before it moved to Rockville after the riot.

An application for funds to refurbish the old granite market has been submitted to HUD, but there are no actual commitments from any merchants to put stores there, RLA officials said.

Across 7th Street from the O Street Market is the John F. Kennedy playground, perhaps the most colorful and imaginative play area for children in the city. It was built before the riot.

Above P Street, new church-sponsored garden apartments are under construction on the west side of 7th. On the east side, a handful of small black-operated businesses have survived, and plans call for them to remain there.

At Rhode Island Avenue stands Shaw Junior High School, widely known as "shameful Shaw," a fortress that city officials agree should have been torn down years ago. It has survived the riot and the commercial decline all around it. A new Shaw Junior High is under construction two blocks away, and the old one will soon be closed.

There is to be a Metro station at that corner, and a new branch public library is under construction across the street—two developments that local merchants say give them hope for the future.

"You know, it's not as bad as it looks," said the proprietor of a small variety store at 7th and S Streets. "With all these new buildings going up, and the Metro coming through, that will bring in some business."

Just below his shop stands the third major high-rise apartment project in the 7th Street corridor, the Lincoln Westmoreland Apartments.

On the block to the north, between S and T, there are 11 small businesses still operating, but five of them are barber shops. There is no supermarket anywhere on lower 7th Street.

Between T Street and Florida Avenue, the west side of 7th Street is vacant and level. A sign says, "Shaw Community Park," but there is nothing there except a 50-yard slab of asphalt.

North of the still busy corner of 7th and Florida, a major bus transfer point, a new Freedmen's Hospital is nearing completion and beyond that is the Howard University campus, an area not damaged in the riots.

Along 14th Street, the rebuilding program is in quite a different stage. Before the riot, 14th Street was the hub of commercial life in the inner city, and the housing stock along its flanks was generally better preserved than that along 7th Street.

As a result, 14th Street today is more crowded and more lively than 7th Street, and because it is surrounded by tree-shaded residential streets instead of vacant lots, it has little of the moonscape atmosphere of its parallel artery. But in terms of new developments, it is lagging far behind.

Aside from a small block of town houses at 14th Street and Riggs Place, there has not been any new residential construction along the 14th Street corridor since the riot.

Some of the major parcels of land that RLA has put together have failed to attract any developer interest. As a result, 14th Street has continued to be a street of overcrowded, decaying apartment houses, only now going down under demolition crews, and of vacant lots on which nobody is planning to build anything, although RLA has mapped out suggested uses for them.

At Monroe Street, which was the approximate northern limit of the rioting six years ago, the big Morton's department store that was burned out still stands empty. The store's owner announced plans to reopen that store, and another branch on H Street NE that was also burned, but never did so.

A block south at Park Road, where the Columbia Heights Metro station is to be built, is the center of a bustling commercial area that was hit hard during the riots but has partly regenerated itself and is now more crowded and active than any other corner in the riot areas.

There is a bank, a refurbished Woolworth's, one of the few movie theaters in the black neighborhoods of Washington that still shows movies, a chain drug store, two chain supermarkets, a Muslim-operated food store and a variety of small shops.

Below that corner, the street deteriorates quickly. At Irving Street, all four corners are vacant, with no redevelopment in sight. Just south of that is the one major piece of new construction on upper 14th Street since the riot, the upper Cardozo community health center, which is nearing completion.

But the clothing store that survived just south of Columbia Road—the one with the "zap a rat before he zaps you" sign on the side—is surrounded by vacant lots.

On both sides of 14th at Harvard, new housing is in the works, with an application for funding now being considered by HUD. Rehabilitation is planned for two apartment houses still standing at Fairmont Street. But when RLA solicited development proposals last month for three vacant tracts at Euclid and Clifton Streets, it got no takers.

STATUS OF LAND DISTURBED BY SURFACE MINING

Mr. HANSEN. Mr. President, energy needs and shortages occupy our attention more each day. Oil and gas are achieving most of the headlines and most of the concern. There are more than 50 other energy resources and mineral commodities being harvested from the American land. A growing proportion is being harvested by surface methods rather than deep mining. For example, more than half of all coal is now being surface mined. With rapid changes in machinery, economic factors, and the growing demand for low-sulfur coal—found in thick deposits near the surface in Western States—surface mining likely will increase still further in importance in years to come.

My concern is twofold: Environmental protection and intelligent use of our resources.

There is a need for a balanced surface mining legislation which will protect our environment and still allow us to recover our resources. We can and should do a first-class job on land reclamation.

A recent survey by the U.S. Department of Agriculture's Soil Conservation Service showed that more than 4.4 million acres have been surface mined to date. I ask unanimous consent that this survey and its transmittal letter be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HANSEN. Mr. President, I would commend the Soil Conservation Service, and the local soil and water conservation districts with which they work, for their accomplishments in reclaiming just over a million acres of surface-mined land within the last decade. Almost 2,000 of the local conservation districts have been involved in this work. They prove that the techniques are available and that these areas can be returned to a variety of productive uses. Work already done by landowners with SCS help has shown that surface-mined areas can become valuable property for forest, pasture or range, crop production, wildlife habitat, recreation areas, building sites, and other uses—sometimes in combination.

As an SCS publication, "Restoring Surface Mined Land," pointed out:

Properly planned, treated, and developed to blend with adjacent land use patterns, most surface-mined areas have great potential. Thirty-two percent of the areas surveyed provide an outstanding view of mountains, valleys, or lakes. Haul roads can open up many areas to visitors for the first time. Ponds can give an area greater economic value than it had before mining. And most areas can be kept in private ownership.

EXHIBIT 1

U.S. DEPARTMENT OF AGRICULTURE,
SOIL CONSERVATION SERVICE,
Washington, D.C., March 26, 1974.

From: Kenneth E. Grant, Administrator
Re: Status of Land Disturbed by Surface Mining as of January 1, 1974, by States

The recent estimates made by the status of land disturbed by surface mining in each state is summarized in Table 1. This is the third such estimate. Prior ones were made in 1964 and 1971 by the Soil Conservation Service. This is the first one, however, to show the status of disturbed acreages by the kind of mineral materials removed (coal, sand and gravel, and all other surface-mined commodities).

Recent federal legislative proposals have focused on surface mining for coal. For this reason, this newest survey is the first one by the Soil Conservation Service to separate surface mining for coal from sand and gravel and all other surface mining.

Some legislative proposals have separated "orphan" surface-mined lands from active and future surface mining activities. "Orphan" lands are ones which have been abandoned. That is, the economically minable materials have been extracted and the mining operation has ceased. There is no evidence that the mining operation will be reopened.

Table 2 shows the nationwide changes in the status of surface-mined lands from 1964 through 1973. In the publication, "Surface Mining and Our Environment—A Special Report to the Nation," by the USDI, it was estimated that "153,000 acres of land were disturbed in 1964 by strip and surface

mining. . . . This annual rate of disturbance is expected to increase in future years." Table 2 shows that the total land disturbed annually in the last two years has indeed exceeded the 1964 rate of disturbance by 35 percent. The present concerns about energy combined with the knowledge about our huge coal reserves make it quite likely that the annual rate of land disturbance will be even greater.

We are pleased to see the increasing role of conservation districts and their cooperators in reclaiming surface-mined areas. Tables 3 and 4 summarize their inputs.

These data may be used in news releases, feature stories and other informational activities. They will prove useful, too, in planning program activities and evaluating progress in surface-mined area reclamation.

In connection with using individual statewide figures, we noticed that a number of states showed fewer acres of total land disturbed in this newest survey than is shown in the 1972 survey report. In some instances we know this has been due to more precise information. We believe these kinds of differences do not seriously affect our national figures. However, state conservationists should be aware of any problems which might occur as a result of such differences in figures for their state.

KENNETH E. GRANT, *Administrator.*

Attachments (4).

TABLE 1.—STATUS OF LAND DISTURBED BY SURFACE MINING IN THE UNITED STATES AS OF JAN. 1, 1974, BY STATES [1]

State	Land needing reclamation						Land not requiring reclamation	Total land disturbed
	Reclamation not required by any law			Reclamation required by law				
	Coal mines	Sand and gravel	Other mined areas	Coal mines	Sand and gravel	Other mined areas		
Alabama	57,878	17,369	17,747	7,118	1,800	2,816	75,432	180,160
Alaska	2,400	1,900	4,000				4,260	12,560
Arizona	150	3,180	48,700				43,070	95,100
Arkansas	9,451	7,973	10,293	494	3,417	1,515	14,822	47,965
California		62,730	6,970				109,500	179,200
Caribbean Area								
Colorado	4,687	20,655	512	641	18,484	417	13,582	58,978
Connecticut		9,930	160		4,675	425	130	15,320
Delaware		2,558	330				1,717	4,605
Florida		11,144	110,402		1,467	71,472	54,694	24,179
Georgia		1,285	14,779		1,125	12,425	8,744	38,358
Hawaii		25	1,000				250	1,275
Idaho		10,635	13,598	175	594	938	3,251	29,191
Illinois	49,748	4,840	3,130	20,891	45	1,284	103,579	183,517
Indiana	2,500	8,500	7,800	6,000		200	123,662	148,662
Iowa	25,650	20,300	2,414					48,364
Kansas	43,700	13,062	19,052	2,500	598	2,068	14,028	95,008
Kentucky	69,000			117,000	2,852	7,083	94,000	289,935
Louisiana		14,820	959				6,925	22,704
Maine		23,030	1,592		1,236	455	13,287	39,600
Maryland	2,250	11,825	3,942	3,851	4,749	966	16,683	44,266
Massachusetts		15,642	1,738		12,798	1,422	23,150	54,750
Michigan	500	43,402	24,769		7,286	880	22,601	99,438
Minnesota		29,789	25,592		9,124	5,288	69,071	138,864
Mississippi		34,529	10,069				873	45,471
Missouri	72,506	6,426	11,850	1,250	75	625	20,596	113,328
Montana	300	9,800	5,090	300	200	660	15,260	31,610
Nebraska		15,138	4,087				6,161	25,386
Nevada		16,474	5,491				13,288	35,253
New Hampshire		7,900					4,400	12,300
New Jersey		16,500	500		600	200	12,200	30,000
New Mexico		6,506	14,150	25,798			1,261	47,715
New York		38,184	17,426		6,123	1,752	18,458	81,943
North Carolina		11,900	4,800		3,700	5,200	7,000	32,600
North Dakota	10,000	9,200	2,500	200	500	100	23,000	45,500
Ohio	23,926	15,557	19,276	45,825			225,664	330,248
Oklahoma	13,858	6,348	5,209	6,350	2,044	2,883	21,211	57,903
Oregon		5,015	1,495		80	20	2,900	9,600
Pennsylvania	159,000	10,500	20,500	33,000	12,500	22,500	220,000	478,000
Rhode Island		2,000	700				1,300	4,000
South Carolina		8,500	12,000				15,000	35,500
South Dakota	790	9,455	5,601		6,012	595	51,084	73,537
Tennessee	20,500	4,850	6,000	5,200	100	600	88,450	125,700
Texas	5,470	126,595	51,927				30,311	214,303
Utah	120	1,480	1,800				2,800	6,200
Vermont		4,350						4,350
Virginia	18,000	1,725	5,475	5,014	775	2,455	38,664	2,108
Washington	471	11,328	6,935	1,010	9,649	1,146	2,494	33,033
West Virginia	25,720	1,000		51,560			197,930	276,210
Wisconsin	234	40,526	5,406	76	7,204	990	23,887	78,323
Wyoming	3,078	400	11,920	2,828	280	7,686	15,398	41,590
Total	621,887	756,870	549,686	337,081	120,092	157,066	1,876,028	4,418,710

[1] Based on information supplied by Soil Conservation Service State conservationists.

TABLE 2.—STATUS OF LAND DISTURBED BY SURFACE MINING IN THE UNITED STATES FROM JAN. 1, 1965, TO JAN. 1, 1974

[In thousands of acres]

	1965 [1]	1972 [2]	1974 [3]
Land requiring reclamation	2,040.6	2,181.2	2,542.7
Land not requiring reclamation	1,147.2	1,823.7	1,876.0
Total land disturbed	3,187.8	4,004.9	4,418.7

[1] "Surface Mining and Our Environment—A Special Report," app. I, table 2.
[2] Survey made by the Soil Conservation Service and reported in the Congressional Record—Senate, p. 16371, Oct. 29, 1972.
[3] Survey made by the Soil Conservation Service.

TABLE 3.—MINED LAND RECLAMATION WORK IN CONSERVATION DISTRICTS THROUGH JAN. 1, 1974

State	Number of districts involved	Number of district cooperators	Area reclaimed (acres)	State	Number of districts involved	Number of district cooperators	Area reclaimed (acres)
Alabama	52	536	48,565	Illinois	60	130	90,000
Alaska	1		200	Indiana	15	224	123,662
Arizona	8	14	6,400	Iowa	29	169	3,500
Arkansas	72	738	9,173	Kansas	102	1,739	7,660
California	42	58	7,500	Kentucky	54	152	94,000
Caribbean area				Louisiana	24	296	4,155
Colorado	12	8	2,348	Maine	16	218	920
Connecticut	7	26	1,940	Maryland	24	287	7,838
Delaware	3	78	1 211	Massachusetts	15	250	23,150
Florida	46	421	33,823	Michigan	85	431	11,484
Georgia	19	170	6,192	Minnesota	92	1,527	7,041
Hawaii	2	2	200	Mississippi	80	834	12,263
Idaho	51	65	2,583	Missouri	22	57	2,130

TABLE 3.—MINED LAND RECLAMATION WORK IN CONSERVATION DISTRICTS THROUGH JAN. 1, 1974—Continued

State	Number of districts involved	Number of district cooperators	Area reclaimed (acres)
Montana	50	150	2,950
Nebraska	24	250	19,225
Nevada	3	3	265
New Hampshire	10	50	210
New Jersey	7	10	400
New Mexico	52	986	730
New York	39	159	3,674
North Carolina	73	407	6,100
North Dakota	65	1,500	17,000
Ohio	88	400	225,664
Oklahoma	73	849	8,650
Oregon	20	50	250
Pennsylvania	66	800	58,500
Rhode Island	3	6	----------
South Carolina	15	25	1,600
South Dakota	63	1,120	2,140
Tennessee	20	222	10,030
Texas	190	3,226	38,410
Utah	7	8	306
Vermont	----------	----------	----------
Virginia	15	38	23,020
Washington	62	442	2,059
West Virginia	11	2,600	73,000
Wisconsin	72	758	5,593
Wyoming	12	22	6,430
Total	1,973	22,511	1,013,144

TABLE 4.—NATIONAL TRENDS IN MINED-LAND RECLAMATION WORK INVOLVEMENT BY CONSERVATION DISTRICTS 1965-74 [1]

	1965-72	1974 [2]
Number of districts involved	1,337	1,973
Number of cooperators	10,218	22,511
Acres reclaimed (thousands)	338.0	1,013.1

[1] Based on information from Soil Conservation Service State offices.
[2] Total to Jan. 1, 1974.

LOS ANGELES POLICE CROSS-COUNTRY RUN FOR NATIONAL POLICE WEEK

Mr. JACKSON. Mr. President, this year National Police Week will be celebrated in the month of May. To mark this occasion the Los Angeles Police Revolver and Athletic Club is sponsoring a relay run by members of the Los Angeles Police Department from the steps of the U.S. Capitol in Washington, D.C., to the steps of the city hall in Los Angeles.

This novel and ambitious project to dramatize the contribution which all police officers make to their communities and their Nation is being conducted by members of the Los Angeles Police Department entirely at their own expense and on their own time.

As a strong supporter of the fine work that our police officers are doing to make our society a better and more livable place I want to express my full support for the members of the Los Angeles Police Department in this endeavor. The foundation of our society is the rule of law and the policeman is the man who puts his life on the line daily to support this principle. These men deserve credit and honor for their contribution to society.

In an effort to give the participants in this cross country run some of the recognition they deserve I request unanimous consent that the following resolution prepared by the Los Angeles Police Revolver and Athletic Club be reprinted in full in the RECORD.

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

Whereas, sometimes our men in blue—the policemen—may feel that the public at large has forgotten them;

Whereas, the public owes a great debt to these men and women who daily stand between society and the criminal element;

Whereas, this year, National Police Week will be celebrated in May and to mark the occasion, a group of police officers representing the Los Angeles Police Revolver and Athletic Club will run in relays from the steps of the Capitol in Washington, D.C., to the City Hall in Los Angeles, starting on May 10 and finishing on May 28—a total of 3,820 miles in just over 20 days;

Whereas, the officers will be running in this event on their own time and at their own expense. Their names are: Lieutenant Frank Mullens, Sergeant Bob Hickey, Sergeant Al Sharer, Officer Dick Bonneau, Officer Bob Burke, Officer Pat Connelly, Officer Ed Esqueda, Officer Chuck Foote, Officer Donald Hall, Officer Frank Janowicz, Officer Bob Jarvis, Officer Dick McKenna, and Officer John Rockwood.

Backup personnel involved in the project are: Race Directors: Chief George Beck, Commander Charlie Reese, Captain Rudy Deleon; Communications Director: Commander C. Kirby; Public Relations Directors: Mr. Hal Phillips and Officer Norm Conn; Sponsor Coordinator: Mr. Bob Hogue; Race Coordinator: Officer Bob Burke; Information Coordinator: Officer Dennis Humphry; Team Captain: Officer Chuck Foote; Coach: Officer Pat Connelly; Doctor: Sergeant Ron Kiser; Mechanic: Sergeant George Dewitt; Drivers: Lieutenant Ron Breiter, Sergeant Bob Van Gelder, Sergeant Bill Guiney, Sergeant Ed Brown, Sergeant Elmer Puellegrino, Sergeant Dick Wuerfel, Officer Jerry Lewis and Officer George Moore.

Whereas, special commendation is due the progressive thinking administrators in the City of Los Angeles for their role in encouraging this great event. These include Mayor Thomas Bradley and Chief of Police Edward Davis, as well as members of the Los Angeles Board of Police Commissioners—James G. Fisk, Salvador Montenegro, Robert I. Weil, Samuel L. Williams, and Marianne Pfaelzer.

Whereas, many forward-thinking, civic-minded firms and individuals are assisting in this worthwhile undertaking, foremost of which is the Juvenile Opportunities Endeavor Foundation which has lent manpower for a major fund-raising campaign to underwrite the costs of the run. With the cooperation of Daylin, Inc., the Beverly Hills, California company out of which grew the JOE Foundation, Amnon Barness, Daylin Chairman of the Board has allowed expertise in several areas to become a part of the Relay of Goodwill.

Among those who are assisting are Chic Watt, Senior Group Vice President of Daylin; Peter Grant and Ron Rieder, Director and Associate Director of Communications for Daylin; Hal Phillips Daylin public relations consultant; and Ruth Frauman, Executive Director of JOE, as well as many other Daylin employees and their families. Through JOE, arrangements are being made for youngsters to run with the police officers in certain cities to foster better relations between "Kids and Cops" the name given this program.

In addition, the following firms and organizations are participating as sponsors: Lawry's Associated Restaurants, Los Angeles Hilton Hotel, Nike Sports Shoes, Southern California March of Dimes, Southern California United Cerebral Palsy, Sports Coach Motor Homes, Investigator Joseph Wambaugh, Western Council of Private Fleet Operators, and World's Wristwrestling Association, Inc.

Whereas, this run will touch the heart of America establishing better rapport between our policemen and the people they protect, especially the youth, making people proud of their accomplishments. And, this feat will demonstrate to the American people that policemen are just "regular guys" like everyone else, and

Whereas, this accomplishment will be uplifting to the morale of the American people everywhere, it deserves special commendation,

Therefore, be it resolved, that the Congress should demonstrate its support and encouragement for these brave men as they embark on their amazing feat;

Also, be it resolved that, the Congress of the United States of America join in paying special tribute and commendation to the men of the Los Angeles Police Department and wish them every success in their endeavor.

Mr. JACKSON. Mr. President, may I simply express congratulations and support to the men of the Los Angeles Police Department in my own behalf and in behalf of my colleagues in the Senate and the House who, I am sure, would like to join me in this expression of support.

FINANCING THE CAMPAIGNS

Mr. BROCK. Mr. President, we today complete debate on a matter which in the long run may be a classic insult to the freedom and the intelligence of the American voters. Certainly, there is no question that reform of our campaign procedures is very badly needed, but we stand on the threshold of denying the voter his freedom of choice. I suggest that we be very careful. Recently, the Memphis, Tenn., Commercial Appeal contained an excellent editorial on this subject which I would like to share with my colleagues. I ask unanimous consent that this editorial be printed in the RECORD.

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

FINANCING THE CAMPAIGNS

President Nixon's proposals for campaign financing reforms face a tough battle in Congress. Even Republican leaders of the House and Senate indicated they disagreed with the President's approach. But Watergate and its associated scandals have brought to a head the demand for change. It would be regrettable if compromises were not hammered out in time to be tested in the congressional campaigns this fall.

There seems to be considerable sentiment in Congress for public financing. Among the possibilities are an expansion of the $1 income tax checkoff for presidential races, federal grants to match private contributions and a complete federal take-over of presidential and congressional campaign expenses.

We don't think, however, that the American people will buy the idea of contributing to the campaigns of candidates they don't support. That's what Nixon meant when he warned against reforms that would "rob our people of their basic freedoms." He called public financing "taxation without representation."

The President's most important proposal was for full disclosure of private contributions. His point, which he made persuasively, was that disclosure would give voters "the necessary information to assess the philosophy, personal associations, and political and economic allegiances of the candidates." Along with this, he recommended that individual campaign gifts be limited to $3,000 for congressional candidates and $15,000 for

presidential candidates and that cash be prohibited for any contribution or campaign expenditure of more than $50.

Such changes would hamper the use of traditional warchests, such as the political treasures of the big union and the milk producers' fund that so generously benefited Nixon's own race in 1972. The tremendous pressures that are brought to bear on politicians by big-money offers and the favors that must be promised in the search of funds for increasingly costly campaigns are well known. The President may not have all the answers, but he has given Congress some basically sound plan which it can work with and refine.

On the negative side, Nixon failed to recommend an over-all limit on how much a candidate can spend. He apparently felt this would be an encroachment on political freedom. But if everyone has the same opportunity, freedom is preserved. A limit is needed to reduce the rivalry for more and more campaign funds and the insidious obligations that such rivalry inevitably entails.

The President also proposed a federal libel law to protect candidates from what he called "slanderous attacks"—another tactic, it would seem, in his continuous fight with the news media. Critics of the proposal have pointed out that it could have a repressive effect on campaign news coverage. Politicians already have recourse to libel laws against malice and "reckless disregard of the truth." Beyond that, a person who offers himself as a candidate must acknowledge the fact that he becomes a public figure, subject to question, to investigation, and to commentary about his abilities.

Congress will not have an easy job sorting the good from the bad in these recommended reforms and adding what is needed from its own varied proposals. We can only hope that the taint of Watergate and public discontent with many current campaign practices will spur the House and Senate to effective action.

THE PAINFUL PROSPECT OF HIGHER RETAIL PRICES

Mr. HUMPHREY. Mr. President, the harassed American shopper faces another big dose of inflation. Retail prices—already on the upswing—will rise shockingly this fall. This is what is said in a Wall Street Journal article of April 3, and this is what the March wholesale price statistics released the following day confirm.

Wholesale prices increased 1.3 percent in March, about the same as the increase in February. This means that wholesale prices are currently climbing at an annual rate of about 19 percent. The outlook for the year is for a soaring 16-percent increase.

But the dynamics of inflation are better revealed by looking behind the overall numbers.

Farm product prices began falling last fall and, with the exception of the rise in January, they have continued to fall this year. In March they dropped by almost 4 percent. Other commodity prices have also started to fall, or at least have shown a reduced rate of acceleration.

But these price decreases are not going to lead to retail price declines soon. What is happening is that the crude and commodity price increases of last year are working their way through the later stages of production.

The March increase in industrial prices of 2.9 percent is the most dramatic example. Almost every area of industrial prices rose significantly last month.

Metal prices jumped from the large 2.1-percent increase in February to an extraordinary 4.4-percent increase in March, accounting for 28 percent of the increase in industrial prices.

Chemical product prices jumped from a 1.5-percent increase in February to a 5.7-percent increase in March.

Fuel prices continued high, with a jump from a 3.0-percent increase in February to a 4.8-percent increase in March.

So we see the commodity inflation of last year translating itself into a cost-push inflation this year. Although this has not fully reached the retail level, the March wholesale prices already indicate what is to come. All consumer finished goods, except for food, rose significantly in March: apparel, furniture and appliances are starting to show the increase the Wall Street Journal article warns about; it will get much worse by the fall. And the Consumer Price Index continues to show retail food prices rising at an annual rate of about 30 percent.

In view of the worsening price outlook, I cannot accept the do-nothing policy that characterizes the economic policy of this administration. I can see that the inflation problem does not have any simple answers. Direct controls should obviously be phased out. But Congress and the Nation must develop new and better ways to cope with inflation. I will not join those who throw up their hands and say nothing can be done. I think there are things that we can do to stabilize prices.

We must conduct a monetary policy that provides a reasonably stable supply of money and credit to the economy. The erratic shifts in Federal Reserve policy in recent years have been a primary source of rising interest rate behavior and inflation. Such erratic policy must end.

We must pursue a Federal fiscal policy that neither stokes up the fires of inflation nor causes a recession. In 1971 and 1972 the present administration overstimulated the economy, running a total deficit of $38 billion, which has been viewed as a design to gain votes in the election of 1972. We must stop such blatant political manipulation of the economy.

We can also combat inflation by reordering our national expenditure priorities. Expenditures for tanks and bombs use up resources that could increase the supply of doctors, or housing, or any other consumer commodity goods or service. We need to spend more Federal dollars to increase the supplies of what consumers need.

Reordering tax policy can also reduce inflation. Many tax subsidies encourage the flow of resources abroad. These must be ended.

We also must establish a permanent institution to monitor specific wage and price activity and use the Federal Government's influence to encourage voluntary private decisions that would lead to reasonable price stability. If private market power is used to irresponsibly undermine price stability, however, this agency should have the power to hold hearings, postpone private decisions, and even limited power to impose legal sanctions.

We also must recognize that inflation is today a worldwide phenomenon. We need to develop information systems and policies that recognize that the United States is very much a part of the world economy. We must improve our economic intelligence on what the rest of the world is producing, as well as what they can be expected to demand from us. And we need to develop export management systems that prevent critical shortages from developing in this country.

It is also time for the United States to develop a comprehensive accounting of our supplies of major natural resources; and this should be supplemented with Government policies to increase supplies, to improve on the efficiency with which we utilize existing resources, and to develop alternative materials.

Manpower programs need to be strengthened so that they can be used to increase employment without having to excessively increase aggregate demand in the economy and runup inflation. We must spend money in the right places, rather than just spend more money.

The upward bias in prices in the economy can also be reduced by eliminating certain wasteful regulatory actions carried on by the Federal Government. Much of the ICC regulation should be reexamined, for example, with a view to increasing competition and lowering prices for consumers.

Perhaps there are other policies we should consider and I will examine these with my Consumer Economics Subcommittee. I believe we can do better in the fight against inflation than we have.

Mr. President, I ask unanimous consent that the article in the Wall Street Journal of April 3, 1974, be printed in the RECORD.

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

PAINFUL PROSPECT: BIG NEW PRICE RISES ON RETAIL PRODUCTS EXPECTED IN THE FALL

(By Stanley H. Slom)

The harassed American shopper faces another big bout with inflation. Retail general-merchandise prices, already on the upswing, are going to rise steeply—to some even shockingly so—this fall.

Today's prices on the general run of goods in department and discount stores are a mere 5% to 7% higher than a year ago, retail executives say. Price controls have kept the lid on. With controls now off, however, retail-store buyers who are ordering their inventories for fall are having to pay much higher manufacturers' prices.

These higher costs will be passed on to retail customers. And retailers will maintain or increase their own percentage markups.

A sampling of increases that are in the works: A four-piece sterling silver place setting that sells in one store today for $63.75 will be priced at $120 this fall. A $10.50 pair of antique satin draperies will rise to $12. A twin-size sheet that costs $4.50 now will fetch between $5 and $5.50 this fall. Plastic housewares will rise by 10% or more; 88-cent-items, for example, will rise to 98 cents.

SKIMPIER SELECTIONS

Some of the biggest increases will come on clothing. And these increases, retailers say, are likely to hurt consumers the most simply because most clothing purchases can't be postponed very long. The fall price list from one national retail department store chain gives one an inkling of what's in store. A man's worsted suit, now $135, will increase by 13% to $155; a woman's blazer, now $59, 20%

to $71; a dressy print blouse, now $18, 22% to $22; basic western jeans for both men and women, now $6.99, 43% to $9.99, and children's flannel sleepwear, now $6, 50.3% to $9.

More bad news: Even at these prices, clothing selections will become skimpy. Less-common sizes, colors and materials will be hard to find. Retailers are keeping inventories down by buying and stocking only the most popular sizes, colors and materials. If you wear a long, narrow shoe or an in-between-size dress, you may well have to special order it.

Manufacturers are being hit with increases in just about every cost category: raw materials labor, packing, freight, rent and utilities. One fiber maker estimates that some raw materials have risen by 200% in price since the last quarter of 1973. Higher prices on lumber, fibers and plastics are pushing costs up so fast that most furniture makers now won't quote a firm price to their retail customers; instead, they've pricing the merchandise on the day they actually ship it.

Rising demand has little to do with the retail price boosts. On the contrary, retailers fear demand will fall—and to maintain their profits, they will have to rely on higher prices rather than larger volume. Unemployment and a continuing shortage of gasoline which will make shopping more difficult, they believe, may combine to keep demand down. And even if gasoline begins to flow freely again, they're unsure whether consumers will return to their old free-spending shopping habits.

SHOE ORDERS FALL

Retail-store buyers have decided it's foolish to purchase a lot of clothing if they can't sell it. "Retailers are looking very carefully at their dollar," says J. A. Baer II, chairman of Stix, Baer & uller, the St. Louis division of Associated Dry Goods Corp. "We're buying in narrower assortments," he says, meaning that the chain is buying only those sizes and styles it thinks will sell fast.

Philip G. Barach, chairman and chief executive of U.S. Shoe Corp., a large manufacturer and retailer, says spring reorders from stores, in numbers of shoes, are running 15% below year-ago levels. He attributes the decline to a "nervousness" about the economy. Bernard Wulkan, financial vice president of Jonathan Logan Inc., women's clothing maker, says buyers now are placing orders more frequently—but making them smaller—in order to keep their inventories down.

"We're very inventory conscious," says Edward S. Donnell, president of Marcor Inc. and president and chief executive of its Montgomery Ward subsidiary. "We don't want to build up inventories in the event that business does turn downward," he says, even though he is optimistic about business for the rest of the year. Robert E. Brewer, vice president and treasurer of Kresge, says he isn't sure that consumers will buy as many goods when prices surge this fall. Kresge's K-mart, the one discount chain that most investment analysts think is doing everything right, is another cautious inventory buyer.

PICKY SHOPPERS

Such caution seems to have permeated the retail industry even though sales for most big chains have been increasing. Kresge had a 23% gain in February over a 20% gain in the same month last year. Sears Roebuck posted an 8% February gain against 14% a year earlier. J. C. Penney's sales rose 10%, compared with a 19% gain in the earlier period. Montgomery Ward and F. W. Woolworth also reported noteworthy sales increases for February.

How much of those increases can be attributed to higher prices rather than a larger volume of goods moved is uncertain. Some retailers believe that the actual amount of merchandise sold this year may fall, partly because of consumer resistance to higher prices, even if dollar sales continue to rise. J. C. Penney, anticipating a dollar sales increase a little less this year than last year's 13%, expects higher prices to account for a larger proportion of the increase this year, says Paul R. Kaltinick, treasurer.

Already, higher prices and fewer selections are antagonizing some consumers. Mrs. Susan Miller, a 26-year-old Los Angeles housewife, is typical. She says that when she finds something she likes at a price she's willing to pay, the store doesn't have the item in her size and "they don't know when they're going to get the merchandise in." And prices, she says, have completely changed her shopping habits. "I spotted a pair of recycled jeans for $30 in a local specialty shop," she says. Instead of buying them, she says, "I shopped around and found the same jeans with the same label in a junky little discount store for $13."

For the first time this year, Mrs. Nancy Cardwell of Orlando, Fla., is going to wear an old dress to the local bar association's annual dance instead of buying a new one. When she recently spotted a sale on sneakers, marked down to $3.99 from $6.99, she bought seven pairs—three of which were a size larger than needed for her children now—"and I put them in the closet until the kids grow into them."

THE INVESTIGATION OF PRESIDENT NIXON'S INCOME TAX BY THE STAFF OF THE JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

Mr. CURTIS. Mr. President, on December 8, 1973, President Nixon asked the Joint Committee on Internal Revenue Taxation to examine whether two transactions, a gift of his papers claimed as a deduction for 1969 and the sale of 23 acres in San Clemente, were properly reported on his tax return. The committee met soon thereafter and directed the staff to go to work investigating the President's tax returns. The committee never held another meeting until April 3, 1974, the day that a printed staff report consisting of 210 pages plus an appendix of 784 pages was first shown to the committee members. On that same day, the staff report was filed in Congress and released to the press.

Over a period of weeks, accounts appeared in the news media of much information that was expected in the staff report. A substantial number of these news stories proved to be correct, thereby attesting to their source.

For weeks I made repeated requests of the staff for a copy of its statement of facts concerning the President's tax matter. I was always told it was not ready. On Friday, March 31, 1974, I appealed to Chairman RUSSELL LONG for assistance in getting this material from the staff. On Saturday morning, April 1, 1974, there was delivered to me 150 pages of typewritten material, and I was informed that it was substantially the full and complete statement of the staff in reference to the gift of the President's papers. Over the weekend I read this material line by line and studied it thoroughly.

The staff report is not based upon statements taken under oath subject to cross-examination. The President's lawyers were not present when the witnesses were interviewed, nor was any member of the Joint Committee on Internal Revenue Taxation.

Not only is the staff report made up of material not taken under oath, but considerable space is given to statements which are mere conclusions. As I reviewed the staff report, certain items of testimony literally cried out for cross-examination under oath. It does not contain all of the facts that are available. For instance, there is no mention of the letter from Mr. James E. O'Neill, Acting Archivist, to former Senator John Williams of Delaware dated December 7, 1973, which states that President Nixon's gift of papers was made on March 27, 1969. I found no reference to the foundation which the President was reported to have formed in the forepart of 1969 which, I assume, was to be a Presidential Library such as Presidents Johnson, Eisenhower, and Truman created.

On the morning of April 3, 1974, and again in the afternoon, the joint committee met and heard an explanation of the report from the staff. I had read all of the staff material that I could get, but the staff report had not been read by any other member of the committee. The President's lawyers were never permitted to come before the committee. Later on the same day, the President announced that he would pay the amount alleged to be due.

The point has been made that the Internal Revenue Service agreed in substance with the staff report. This calls for some clarification. The usual practice of the IRS in proceeding to assess additional taxes is to include in their notice all items remaining in question. Then there follows the usual opportunity for the taxpayer to present his facts and legal analysis. Conferences can be held and there are certain appeal procedures within the IRS. In the case of the President's taxes, he announced his intention to pay as soon as the staff report was released and the above-mentioned procedures of the IRS were not used.

Two key points emerge from the aftermath of the lengthy and complex examination of President Nixon's tax returns.

First, Richard Nixon will pay every cent the congressional committee and the Internal Revenue Service say he owes.

Second, the President of the United States has been singled out for harsher treatment than any other taxpayer.

The President asked the Joint Committee on Internal Revenue Taxation to examine his returns from 1969 to 1972—and said he would abide by the committee's decision. When the staff of that committee made its report he stuck by his promise, even though it will mean a severe financial strain.

At the same time, President Nixon turned aside the advice of his tax counsel to appeal the IRS decision and, in doing so, denied himself the legal remedy afforded any other taxpayer in the country.

Serving as President has cost Richard Nixon money.

With a net worth of around $1 million, the President has agreed to pay the IRS

some $465,000, reducing his family's assets to $523,522. The President and Mrs. Nixon have stated their intention of giving their San Clemente property, which is worth $571,167, to the American people.

Thus, by paying the tax bill and making a gift of San Clemente, Mr. Nixon's net worth after 5 years in the Presidency amounts to a minus $47,645. That is the cost of being President for Richard Nixon.

Laying that aside, the real crunch in the tax story is how President Nixon received treatment on his taxes that is wholely different from that given any other taxpayer. Whenever there was a question—and there were many real issues of tax law interpretation—the committee decision came down on the high side.

The major point of contention between the President's tax counsel and the committee auditors was over his donation of the Vice-Presidential papers. This alone accounted for the largest portion of the new tax bill.

Appraised at nearly $2 million, these papers had been given to the National Archives. But the joint committee said this was not a valid gift because he placed access restrictions on them and because he failed to give sufficient evidence in 1969 of his intent to donate them.

Every President who has donated his papers to the Archives has placed restrictions on their access—such as dates and times when the papers are open to scholars and the public. Yet, Richard Nixon was not allowed to receive a deduction, even though he followed a similar practice of every President in this century.

On the point of his intentions to donate the gifts, one needs to look at the case of Franklin Roosevelt. F. D. R. in 1938 announced at a garden party he would donate his papers to the United States. Some of those papers were given during his lifetime—but when he died, many of them had not been delivered and there was no deed.

The courts held that Roosevelt had made a valid gift of all the papers despite access restrictions, despite lack of delivery and despite the absence of a deed. The general law is that a deed is not necessary in the gift of personal property and there is no regulation requiring a deed.

President Nixon's gift stands on much firmer footing than F. D. R.'s—yet Nixon was denied the tax deduction.

The other major part of President Nixon's tax bill was rendered because he was assessed for capital gains which the committee staff and IRS reports said he received on the sale of his New York apartment and the purchase of the San Clemente property.

The Internal Revenue Code permits every taxpayer to sell his home and invest the proceeds in another principal residence within a year. And, no tax is assessed on capital gains. This applies in every case, except Richard Nixon's.

When the Nixons sold in New York and bought in California, they were told this provision applied equally to them. But the report ruled this out because it maintained the San Clemente home was not a "principal residence." The White House, said the report, was their home—even though they live there for a limited time and leave their personal household effects behind.

At the same time, out in San Clemente, the committee and the IRS said he gained somewhere between $109,000 and $117,000—they differ on their assessment—on the new home. Yet, the President employed a recognized independent appraiser who took a hard look and said the President realized no gain.

Normally, such an appraisal by an outside appraiser would have weighed heavily on the final decision—but the IRS and the Joint Committee ignored it and slapped still more on the President's bill.

Another point on which the President was assessed taxes was on the use of Government aircraft.

As a result of the wave of aircraft hijacking, the Secret Service advised the members of the Nixon family to travel by Government air service—rather than on commercial flights—and the Nixons prudently complied. The President responded, in 1971, by becoming the first President in history to absorb some of the cost and he has been paying a share of the bill ever since.

The committee said the President must treat these flights as income and even questioned the fact that his dog sometimes went along on the Presidential plane.

No previous President—Truman, Eisenhower, Kennedy or Johnson—paid for any Government flights taken by their family members. Richard Nixon did—yet he is now told he must pay full fare retroactively.

There are other points on which President Nixon was singled out for heavy-handed treatment. His tax counsel, for example, was never given an opportunity to see, much less contest, more than 90 percent of the committee staff report—despite committee promises that they would have such a right.

But the President has said he will pay—and pay in full he will.

It comes not only at great personal cost but it comes in a manner which should outrage every American taxpayer who now knows the President of the United States was treated unfairly.

PRIVATE FOUNDATIONS: IN SEARCH OF A PURPOSE

Mr. HARTKE. Mr. President, this past February, I prepared remarks for delivery before the 10th annual Conference on Federal Tax and Other Problems of Nonprofit Organizations, which was held at the Washington Hilton Hotel.

I believe that we must make significant changes in our tax laws to encourage responsible charitable giving, but I also believe that it is important that private foundations and other charitable organizations make some changes which will make them more effective and engender more public awareness and confidence in their activities. As chairman of the Subcommittee on Foundations, I have planned a series of hearings on charitable organizations and their activities this year.

Mr. President, I ask unanimous consent that the text of my February 8 speech be printed in the RECORD.

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

PRIVATE FOUNDATIONS: IN SEARCH OF A PURPOSE

(Speech by VANCE HARTKE, U.S. Senator, Chairman, Subcommittee on Foundations)

I have just returned this morning from the Middle and Far East with a greater appreciation both of other peoples and of the fabric of our own society.

I came back to a country beset by an energy crisis and by a crisis of confidence in its highest elected officials. We have seen years of abundance and smug self-confidence—years that now seem lost forever. Our job now is to pull back the curtains and take a look at what we have hidden from our eyes for so long.

It will not be an easy task but we must look to the future. Just what is it that we are building for ourselves and our children?

Will it hold out the promise and the challenge it held for so many of us—or will it be a world lacking in justice, humanity and individuality?

Our government exists to serve the people, but government does not bear that responsibility alone. Likewise, ours is a society based on justice and liberty for all, but these are not goals that each man or woman can achieve alone; they require a national commitment—a collective enterprise to achieve excellence.

We have the ability to survive the crises that beset us—all that we need is the will to make our system succeed.

After traveling to the other side of this earth, I have seen what can be done by determined people. We must renew our joint effort to revise and renew the political arrangements of our society so that the dream of republican self-government can be realized.

There is much that is unique in the "American Experiment" . . . our basic philosophical commitment to the dignity and individuality of man, for instance. Perhaps that is what gave birth to a very special American institution—the foundation. It had its beginnings in sympathy for the needs of others. From the Magdalen Society of Philadelphia in 1800, whose purpose was "to ameliorate the distressed condition of those unhappy females who have been seduced from the paths of virtue and are desirous of returning to a life of rectitude", to the tens of thousands of foundations which exist today, Americans have established a tradition of private philanthropy.

Along the way, we have sometimes lost sight of the purpose of those first American foundations which were established to meet the needs of others.

The men who created the giant monopolies which sprang up after the Civil War had to do something with all their money. Only so much of it could be spent on luxuries; and in some cases the excess was channeled to the need of private foundations. Foundations thus became the playthings of the rich.

This is not to say that small sums of money donated to charity are "good" and large sums are "bad". Many of our largest foundations were established for sound philanthropic reasons and they have continued to pursue valid charitable programs over the years, but there is too much evidence of foundations with a veneer of public philanthropy covering a selfish core of private greed. Hopefully, the Tax Reform Act of 1969 will correct this abuse.

One contemporary critic of private foundations has said that "private philanthropy in the United States today is a sick, malfunctioning institution." I agree with that assessment. Despite the distinct value of many foundation activities, their support of existing institutions could probably be carried on just as well—or better—by alternative means. Foundations have, on the whole, not been creative or innovative enough. There is too much emphasis on the traditional and too little consideration of the uniqueness of foundations as an institution.

We in Congress helped foster this caution with the 1969 Tax Reform Act. That law was designed to eliminate the abuses which had drastically lowered public confidence in private foundations. The intent behind the 1969 Act was good; but in too many instances, the punishment did not fit the crime.

Congress wanted to assure that the public got its proper benefit from the tax exemption accorded private foundations, so a pay-out requirement was enacted based on assets rather than income.

We wanted to have the foundations pay something in lieu of taxes, so we enacted a 4 percent tax on investment income, which actually places a burden on grant recipients rather than on most foundations.

We sought to correct some of the more publicized abuses of the larger foundations without examining the effect the law would have on the foundations of smaller size, which are really the heart of the foundation system in this country.

Above all we did little to assure that foundations would no longer be the special province of the wealthy. Our tax laws still encourage the rich to donate their money to private foundations, but they have done little to broaden the base of foundation support.

It has been nearly 5 years since the passage of the Tax Reform Act of 1969—time enough for us to see its impact on private foundations and time for us to reexamine its provisions. Such an evaluation will be undertaken this year by the Senate Subcommittee on Foundations, of which I am Chairman.

We will begin our evaluation with a look at the problems created by the regulation of private foundations by the Internal Revenue Service and by State officials. Then we will move on to a detailed evaluation of the impact of the Tax Reform Act of 1969 on private foundations; including such questions as the audit fee, the minimum pay-out requirement, the requirement affecting excess business holdings and program restrictions and the effect which the '69 Act has had on the creation and termination of private foundations. We will pay special attention to the effect which the Tax Act has had on small foundations, including family foundations, small memorial scholarship funds and private libraries. And we will take testimony on a proposal to create an independent, Federal regulatory agency for charitable organizations.

Many of these subjects were covered from a broad perspective during the October 1 and 2 hearings of our Subcommittee last year.

Those hearings contain a good deal of valuable information and I encourage each of you to get a copy of the transcript. You will see numerous references to questions which I raised about the basic values underlying private foundations in the United States.

This is an important issue which has been ignored by those who have the responsibility for conducting the affairs of private philanthropy.

Foundations exist as one means enabling private citizens to join their creative talents and energies in order to make decisions on the allocation of resources. Unless we make a very careful assessment of the values which underlie all private foundations, we will not be able to define the role those foundations should play in our society, both today and in the future.

Because there has been too little consideration given to the underlying value of private philanthropic initiative in our country, I was pleased to note the formation late last year of the Citizens Commission on Private Philanthropy—the so-called Filer Commission.

That Commission set for itself many difficult objectives. They intend to study such basic issues as:

1. Should American society continue to encourage the formation and support of private foundations?

2. Would the fabric of American society be altered if government were to assume the primary role of defining and providing for our public needs?

3. What is the appropriate relationship between government and private society in harnessing national resources of creative initiative energy and money to define and meet our public needs?

4. Is the present system of private support for society's needs providing adequate resources to serve those needs?

5. Is the Federal tax system an appropriate, effective or desirable means for encouraging private donations?

6. How has private philanthropy adapted to changing issues and expectations and changes in the role of government?

7. In what ways is private philanthropy falling short of its objectives and responsibilities?

Many of these issues will also be the subject of hearings to be held by the Subcommittee on Foundations.

I intend to work closely with the Filer Commission so that by the end of this year we may have an up-to-date and complete evaluation of private philanthropy in the United States today.

If foundations are indeed in trouble today, then we must ask ourselves: do foundation officials realize this fact and are they capable of meeting the challenge? I am quite honestly pessimistic about answering these questions in the affirmative. The experience of the 1969 Act makes it all too evident that foundations are inclined to wait for the next assault by government before attempting to close the barn door.

It has been said that the reforms foundations need most run directly against the thinking of most of the people who control them.

Foundations need new ideas, new people, perhaps a new power structure capable of creating a new commitment to open dialogue and dispute.

This will not be an easy task, and I believe that we in Congress, through hearings such as those which I plan to hold in the Subcommittee on Foundations, can play a valuable part in encouraging private foundations to evaluate their own shortcomings. We cannot protect and defend an institution which is unsure of its own role in society.

I am not suggesting that what needs to be done can only be accomplished through governmental compulsion. What is at stake is the creativity and the vitality of private philanthropy and that question can only be answered by the foundations themselves. We in Congress can do much to create an atmosphere which is conducive to innovation and initiative, but it is the foundations themselves that must acquire the will for self-improvement.

In this regard, the private sector of our economy will play an all important role. Business and corporate officials who understand the value of private philanthropy to their own endeavors and to society as a whole, must be outspoken proponents of foundation reform. I believe we are seeing the dawning of an enlightened age of business leadership in this country, businessmen whose view extends beyond the narrow-sighted objective of profits and losses. If we are to overcome the cries of sensationalists on the right and on the left who would do away with private philanthropy entirely, we must begin now to make private philanthropy more responsive to public needs.

As foundations seek out a rationale for their own existence, I urge that attention be given to their unique qualities. We must not forget several very basic principles:

1. There is nothing in American society which requires that foundations exist. Public needs can be defined by elected officials who are responsive to the people they serve.

2. Rather than consider foundations "essential" to American society, we should talk of their "desirability". Ours is a pluralistic society and we should encourage the participation of diverse groups of citizens in the process of defining and meeting the needs of people. Foundations can help fill this need.

3. If foundations are to earn their right to continued existence, they must have a well-defined purpose and clearly delineated policies in pursuit of that purpose. It is not enough for a foundation to proclaim its programs and grants; what is needed is a distinct philosophy underlying its activities. I see no need for high-minded statements filled with the type of words that make bells ring. What I ask is that foundation officials take more time out to define just what the purpose of their organization is and what it should be doing.

In our society, I recognize that the purposes of foundations will be varied. With the exception of some very limited purpose philanthropies, however, I believe that we can find some very basic purposes which will be shared by all foundations.

4. Foundations must open themselves to the public. This means more than slick annual reports—it means greater public participation on governing boards and greater public awareness of the internal workings of foundations. There has been too much desire to shield foundation activities from the public.

5. Foundations should undertake a greater degree of cooperation among themselves. I see isolated evidence of this throughout the country already, but we need more sharing of information and coordination of efforts. I do not suggest that all duplication be eliminated, but if there is needless duplication it should be terminated. Most of all, the foundations have much to learn from each other, and they should waste no time in getting about that task.

6. Foundations should emphasize the innovative and the creative. There is much to be said for those grants which sustain programs until such time as they develop enough momentum of their own. But this type of grant does little to make foundations essential or even desirable to our society. What is needed is more innovation and more experimentation.

Foundations have a limited ability to bring about social change, primarily because the assets at their disposal are so small. But foundations do have a unique ability to be far-sighted. They do not have to be concerned with the next election or a profit and loss statement; they can look to the future and encourage new ideas and new approaches.

We need to develop a national growth policy; we need to assess the impact of technology on our society; we need to develop new insights into the relationship between the United States and the rest of the world; we need new approaches to public education. Foundations must recognize the undercurrents of change which are running through our society and make grants which may help to influence social change.

I cannot predict whether foundations will be able to overcome their image problems, but I know that we in Congress will do all

that we can to encourage them so long as they have merit. We will highlight their strengths and we will explore their shortcomings. We will prod them toward the excellence which the public has a right to expect.

The approach of our 200th National birthday finds the basic institutions of our society under attack. People have lost confidence in those institutions because they have become too inflexible—because they have lost sight of far too many of the objectives of a democratic society.

As the movement to reestablish broad-based citizen control of our society accelerates, nongovernmental, nonprofit institutions will find new opportunities to assert themselves. Foundations may not be able to speak for those people who are experiencing frustration and anxiety, but they can create an atmosphere which will encourage new voices, new ideas, and new approaches.

Foundations have the resources to experiment and innovate. What remains to be seen is whether they have the will to act now, when we need them most.

CONTINUING ENERGY PROBLEM REQUIRES ADDITIONAL LEGISLATION

Mr. ROBERT C. BYRD. Mr. President, the American people have suffered the inconveniences recently of a foreign embargo on oil shipments to the United States. Now that the embargo has been lifted, I am afraid that many of our people feel that there is no longer an energy problem, and that we will resume our wasteful use of energy.

It is vitally important that the American people conserve energy. The energy problem is going to be with us for many years. Moreover, we have no assurance that the same countries that used the oil embargo as a weapon in recent months will not resort to the use of that weapon again if it suits their purposes to do so. It will be like a sword placed on the table—always in view and ready for use both as an economic and political weapon. Whether or not the embargo is used, the price of imported oil will never be as cheap again as it was prior to the embargo.

It is necessary, therefore, that Congress enact additional legislation to deal with the energy problem. The Senate has already enacted various measures. One of these measures, the National Energy Emergency Act, was vetoed by the President.

I urge the Congress to enact legislation containing all of the provisions of the recently vetoed National Energy Emergency Act, with the exception of the rollback provision. It was largely the rollback provision that was used by the President as a pretext for his veto. There are many other features of the bill, however, that are badly needed, and the Congress should make haste in enacting them.

For example, the National Energy Emergency Act contained provisions granting standby rationing authority to the President. Authority was also included for the President to institute energy conservation measures. Utility plants were authorized to convert to the use of coal. Car pooling was to be encouraged. Planning for improved public transportation was provided for. Low interest rate loans would have been made available to homeowners and business establishments, thus allowing them to install new insulation, storm windows, and other energy saving measures.

The foregoing measures, and other aspects of the vetoed legislation, should be reenacted quickly and sent to the President's desk, even though Energy Administrator Simon said only a few days ago that such legislation is no longer needed.

A stitch in time saves nine. Congress will be recreant in its duty if it does not act in spite of the complacency that apparently has again set in on the part of administration energy officials. I urge expeditious action by the Congress.

S. 3267, STANDBY ENERGY EMERGENCY AUTHORITIES ACT REPORTED BY INTERIOR COMMITTEE

Mr. JACKSON. Mr. President, yesterday the Senate Interior and Insular Affairs Committee ordered S. 3267, the Standby Energy Emergency Authorities Act, favorably reported to the Senate. This measure is a modification of S. 2589, the Energy Emergency Act, which the President vetoed on March 6.

1. BACKGROUND OF S. 3267

Following President Nixon's veto and the Senate's failure to override the veto, a series of discussions and negotiations on the substance of the bill were undertaken with the White House and administration representatives to see if agreement could be reached on the provisions of the bill.

These discussions continued for approximately 2 weeks and led to agreement on the substance of an emergency authorities bill, with the following exceptions: first, unemployment benefits; second, repeal of the stripper well exemption from price control authority; third, petroleum price controls; fourth, protection of franchised dealers and distributors; and fifth, delegation of authority to the President rather than the Administrator of FEO.

The discussions were terminated when it became apparent that fundamental policy differences on these issues could not be resolved.

On March 28, 1974, companion bills were introduced (S. 3267 and H.R. 13834) which incorporated a number of the changes discussed with the administration as well as provisions on the subjects in disagreement.

2. RELATIONSHIP OF S. 3267 TO AUTHORIZATIONS REQUESTED BY THE ADMINISTRATION

In recent weeks, the President has accused the Congress of inaction on his "energy program." This accusation is patently ridiculous and apparently motivated by partisan considerations. The majority leader answered this charge on March 21 and it warrants no further comment except to say that the authorities the President has requested in four different bills were contained in S. 2589, which the President vetoed on March 6.

As reported, S. 3267 contains all of these authorizations. They include: authorization for rationing, conservation plans and funding for States; energy data and information gathering authority; special unemployment assistance programs; and authorization for conversion from oil and gas to coal by powerplants and heavy industrial users.

3. RELATIONSHIP OF S. 3267 TO THE CONFERENCE REPORT ON S. 2589

S. 3267 is, in many respects, identical to the conference report on S. 2589. The major changes are as follows:

First. The title and other changes have been made to convert the bill from an "emergency" bill into a "standby emergency authorities and contingency planning" bill;

Second. The authorization for the Federal Energy Administration has been deleted in recognition of conference committee action on the FEA bill;

Third. The rationing authority is made subject to congressional review and right of veto;

Fourth. The price rollback provision has been deleted;

Fifth. The unemployment assistance section has been modified to deal with technical and definitional questions;

Sixth. The provision providing for loans to homeowners and small businesses has been deleted;

Seventh. The authorization for the private use of Federal facilities has been deleted.

Eighth. The energy data and information section has been modified; and

Ninth. A requirement for contingency plans to deal with future shortages has been added.

4. COMMITTEE AMENDMENTS PRIOR TO REPORTING S. 3267

Yesterday, in executive session, the committee made the following changes in the bill:

Section 128, the pricing authority provision, was deleted.

Title II, which amended the Clean Air Act, was deleted at the request of the Public Works Committee. A new title II will be offered when the Senate considers the bill.

A clarifying amendment was made to section 107(a)(2) to emphasize that the provisions of that subsection apply only to Federal lands.

With these changes, the committee favorably reported the bill. The report will be filed during the recess, and I would hope that the Senate will act expeditiously on this bill when we return.

5. OIL PRICE CONTROLS

Mr. President, the committee's action to delete section 128, the oil pricing authority provisions, was taken without prejudice to the need for new authority. The section was deleted to enable the bill to be reported.

Together with other members of the committee, I have reserved my right to offer floor amendments dealing with oil prices. I intend to offer an amendment to bring all oil prices under mandatory Federal price control authority when the Senate returns from the Easter recess.

The amendment will cover all categories of oil—new oil, released oil and stripper well oil—which are now exempted from price control authority. At the present time, 40 percent of the oil produced in the United States is exempt from price controls. This figure is up from 29 percent only a few months ago.

If action is not taken to impose some

realistic restraints on oil prices, the cartel of producing countries will unilaterally be establishing the price which American consumers will pay for 50 percent of our domestic oil production by the end of the year.

I am appalled that the administration has brazenly—and in my view, unlawfully—adopted a policy of hands off on oil prices. The impact of this policy is both cruel in its impact on consumers and blatantly contrary to the national interest.

Nine weeks ago—on February 2—I wrote to Mr. Simon requesting an explanation of the administration's decision to place vital U.S. consumer interests in foreign hands by decontrolling domestic oil prices. In that letter, I stated that this action is contrary to the clear and plain meaning of the Petroleum Allocation Act. That act requires that equitable prices be established for all crude oil, residual fuel oil and refined petroleum products.

I have yet to receive an answer to that letter. I have yet to receive the memorandum of law I requested on the legality of the administration's actions in removing price controls.

Mr. President, on April 10, the Consumers Union also wrote to Mr. Simon questioning the legality of the admintration's action in removing oil price controls. The letter from the Consumers Union supports my position and, in addition, requests FEO to refund to consumers amounts paid in excess of the price ceilings which were mandated by the Allocation Act.

The consumers' interest in the oil pricing policy decisions of this administration is not heeded. The administration is not representing the consumer. Action is needed to counterbalance the major advertising campaign the oil companies have underway to convince people that a tripling of domestic oil prices in the past 6 months is somehow justified and, incredibly enough, even in their best interests.

The amendment I intend to offer will, I believe, constitute the kind of responsible and reasonable action I believe is needed.

Mr. President, I ask unanimous consent that the texts of my letter of February 2 and the letter from Consumers Union to Mr. Simon appear at the conclusion of my remarks.

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

(See exhibit 1.)

6. NEED FOR EMERGENCY AUTHORITIES AND CONTINGENCY PLANNING

Mr. JACKSON. Mr. President, expeditious passage of S. 3267 is necessary because of the major risks the Nation faces in relying upon oil imported from nations whose leaders view and use oil as a political weapon. There are no grounds for confidence that the Arab oil embargo will not be reimposed in the weeks and months ahead as swiftly and with as little notice as it was imposed last fall. We must be prepared for such an eventuality. Indeed, our visible preparedness for and reduced vulnerability to the threat of embargo greatly reduces the probability of imposition of an embargo.

The critical shortages the American people experienced this past winter could well be with us again later this spring and this summer. The essential social and economic interests of the Nation are dependent upon an assured supply of equitably priced oil. These interests must not be placed in uncertain and unpredictable foreign hands. Reliance on insecure sources of high-priced supply is a policy which can only be followed if we are fully prepared to reduce consumption and get by with less petroleum during periods of short supply which others may impose upon us.

It is essential that we have contingency plans and standby authority to deal fairly and equitably with shortages and the risk of shortages in a manner which will maintain employment and a healthy economy.

At the present time, there is no authority in Federal law for the peacetime implementation of programs necessary to deal with acute energy shortages. During the recent embargo, Federal policy was dependent upon requests for voluntary public action and a very broad interpretation of the Emergency Petroleum Allocation Act which, in some respects, far exceeded the scope and purpose of that Act.

Mr. President, in the future we cannot continue to rely on voluntary exhortations for sacrifice as our only means to deal with shortages. We must act to increase supply. We must have a policy of energy conservation. We must also have at hand contingency plans which can be rapidly and effectively implemented if we are to retain economic and political independence. Standby authority and contingency planning to deal with critical shortages will continue to be essential to maintaining our national security and our freedom of action until we attain the capability for energy self-sufficiency.

The bill reported by the committee will provide the authority we need.

EXHIBIT 1

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., February 2, 1974.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office, Washington, D.C.

DEAR MR. SIMON: At the conclusion of the testimony of Administration witnesses at the Committee's hearings on Friday, February 1, 1974, on S. 2885, a bill I introduced to roll back and establish price ceilings for crude oil and refined petroleum products, questions were raised concerning the Administration's authority to exempt new oil, released oil, and State royalty oil from the regulations implementing the price ceiling provisions of the Emergency Petroleum Allocation Act.

Legal Counsel to the Committee has advised me that the Administration is in apparent violation of the pricing requirements of Section 4 of the Allocation Act. Section 4(a) of the Act provides that "the President *shall* promulgate a regulation providing for the mandatory allocation" of crude oil and petroleum products "in amounts . . . and at prices specified in (or determined in a manner prescribed by) such regulation" (emphasis added).

Section 4(b)(1)(F) provides that the regulation "*shall* provide for" . . . "equitable distribution of crude oil, residual fuel oil, and refined petroleum products at *equitable prices* among all regions and areas of the United States and sectors of the petroleum industry . . ." (emphasis added).

Section 4(e) provides one exception to this requirement that all oil prices be placed under price ceilings. Section 4(e)(2) provides that the regulation promulgated under Section 4(a) on allocations and on prices "shall not apply to the first sale of crude oil . . ." from stripper wells.

Section 4(a)(1) provides a procedure for suspending allocation authority if the President makes and transmits to the Congress a finding that mandatory allocation is no longer needed to achieve the purposes of the Act. This procedure does not permit suspension of the Act's requirement that oil prices be "specified in (or determined in a manner prescribed by)" the regulation required under section 4(a) of the Act.

I would appreciate it if you would furnish me with a report and a legal memorandum on this matter. I am specifically interested in your views as to the legal authority for exempting new oil, released oil, and State royalty oil from the price requirements of the Emergency Petroleum Allocation Act.

As I understand it, the Administration's position on allowing major exemptions to price ceilings may be based in part upon an interpretation of the Conference Report on the Allocation Act which was contained in a letter of November 13, 1973, to me from Dr. John T. Dunlop, Director of the Cost of Living Council. Dr. Dunlop's letter dealt with his understanding of provisions of the Report dealing with stripper wells, pricing and personnel. In connection with the adoption of the Conference Report, I had Dr. Dunlop's letter together with other materials printed in the Congressional Record and indicated general concurrence in Dr. Dunlop's interpretation.

On further review of the clear meaning of the Act and Dr. Dunlop's November 13 interpretation it is my view that the Act does not permit these exceptions to the price requirements of the Act. To the extent I expressed concurrence in Dr. Dunlop's interpretation of the pricing authority and directive in the Act I was in error. In any event, the concurrence of any single member of Congress in an interpretation of the law does not change the meaning or requirements of the law.

I do concur in Dr. Dunlop's statement in his letter that ". . . the administering agency which has been delegated price control authority under both statutes would be obligated to comply with the provisions of both."

I appreciate your assistance in this matter and I assure you of my cooperation and assistance in achieving a new level of stability and reasonableness in petroleum prices. As you know, the Conference Committee will meet on Monday on S. 2589, the Energy Emergency Act, to work out a resolution of the controversy over the windfall profit provisions of the Conference Report. As you know, I and other members of the Conference Committee will be proposing language to mandate a price ceiling for oil which has been exempted from price controls. I have directed the Committee staff to meet with representatives of your office to discuss how this can best be achieved. Meetings were held last night and a further meeting is scheduled at noon today.

With best regards,

Sincerely yours,

HENRY M. JACKSON, *Chairman.*

CONSUMERS UNION,
Washington, D.C., April 10, 1947.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Office, Washington, D.C.

DEAR MR. SIMON: Consumers Union has learned about the letter dated February 2,

1974 from Senator Henry M. Jackson, Chairman of the Senate Committee on Interior and Insular Affairs, to you concerning the Cost of Living Council and Federal Energy Office regulations exempting so-called "new oil, released crude, and state royalty oil" from the price ceiling requirements of the Emergency Petroleum Allocation Act of 1973, Pub. L. 93-159, enacted November 27, 1973.

In his February 2 letter, Senator Jackson asserted that he had been advised that the applicable regulations (6 C.F.R. § 212.74) conferring these exemptions are "in apparent violation of the pricing requirements of Section 4 of the Allocation Act" and requested your views as to the legal authority for those regulations. No response had been received as of yesterday.

We have independently researched this question and have concluded that these regulations do indeed violate the Emergency Petroleum Allocation Act of 1973. Section 4(g) of the Act clearly prescribes and limits, among other things, the exemptions from price ceilings which the President may permit, the factual circumstances which must exist and the findings which he must make in order to justify such exemptions, and the period for which such an exemption may be continued. The only exception to this provision is provided in Section 4(e)(2) of the Act, which exempts the production of so-called stripper wells from price ceilings. All other crude oil, as Senator Jackson noted in his letter, is subject to the mandatory price ceilings requirements of Section 4(a) of the Act.

Consumers Union, on behalf of its 375,000 members throughout the United States, hereby requests that the Federal Energy Office immediately rescind 6 C.F.R. § 212.74, and substitute therefor a regulation imposing price ceilings on so-called new oil and released crude. (We note that FEO has recently rescinded the exemption for Federal, state and local "royalty crude." 39 F.R. 12252-55, April 4, 1974.) We also request that the FEO invoke its authority to require the refund to consumers of amounts paid by consumers in excess of the price ceilings the imposition of which was mandated by the Act.

Federal Energy Office regulations prescribe no specific, formalized procedure for considering requests for rescission of FEO regulations. Moreover, Subpart K of Part 205, setting forth the administrative procedures governing objections to FEO regulations, contains no provision requiring that FEO respond at all to such a request, much less a provision prescribing time limits for, or administrative appeals from, such a response. Because of this and in view of (1) your failure to respond to Senator Jackson's letter of over two months ago, (2) the clear issue of law (rather than fact or agency expertise) involved, and (3) the enormous economic toll to consumers which is being exacted daily as a result of uncontrolled prices for new oil and released crude, we must insist that you either grant or deny this request within fifteen days from the date hereof, or we shall be obliged to consider other legal remedies.

Very truly yours,

PETER H. SCHUCK,
Director, Washington Office.

COWS AND COAL

Mr. HANSEN. Mr. President, much has been made of the opposition expressed by some in the West to the possibility of strip mining coal reserves, particularly on lands where the surface is privately owned, but the subsurface is federally owned. When the Senate agreed to an amendment banning surface mining on such lands during consideration of mined-land reclamation legislation, it was contended that this approach was the only way to protect the interests of ranchers and others with surface rights, but who do not own the minerals beneath the land.

Mr. President, it is my contention that many of these ranchers and landowners do not oppose the mining, per se; a considerable number of them would favor it so long as they are assured of adequate compensation and reclamation.

Burton B. Brewster, a rancher at Birney, Mont., explained better than I could the real concern of the ranchers in this two-State coal area, and I ask unanimous consent that his remarks from the February 7 Montana Stockman Farmer be printed in the RECORD.

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

STRIP MINING

(By Burton B. Brewster)

I happen to be one of the many ranchers who believe we can live with controlled strip mining of coal and run cattle at the same time. To fortify this belief here are a few facts.

The average native range land in southeastern Montana requires 3 acres to run one cow one month. So it takes 36 acres to run one cow one year. An acre foot of coal weighs 1,750 tons. A 20-foot seam of coal under one acre weighs 35,000 tons. The 36 acres to run a cow will produce 1,260,000 tons of coal.

At twenty cents a ton royalty, this area, large enough to run one cow, will produce $252,000 to the owner. In addition, the resource now supporting this one cow will benefit the taxpayers of Rosebud County by over $10,000 and the state of Montana by $428,400.

If I decided to sacrifice this one cow, that quarter of a million dollars will go a long way toward making a better home for the rest of my cows.

But I do not have to sacrifice that cow. I can turn her on another 36 acres, reseed it, fertilize it and irrigate it and that cow will have company.

Most ranchers are familiar with the old saying "no use to learn anymore about ranching because I don't ranch as well now as I know how." This situation is brought on by money—the lack of it. The history of the cow business is that cows alone, have not generated enough money to do the job of ranching that most ranchers know how to do and would like to do.

This quarter of a million dollars would go a long way toward furnishing better bulls, fertilizing, weed control, leveling, irrigating, better corrals, better fencing and many other things a rancher always needs but has not been able to afford. Beside all of these essentials, it would improve the environment.

I think the efforts of the reasonable environmentalists have been good. I am convinced that these efforts will result in well controlled coal mining operations. I think the environment is as important to me as it is to anyone. My father picked this site in 1882 and I have lived here 71 years. He had traveled from Boston to Nevada, to California to Montana in the years just previous to 1882 so he had quite a choice of environment. He liked it then, I like it now.

I graduated from college with a degree in Geology and wrote my graduation paper on coal because I knew then, in 1928, that we had coal at Birney.

I will be surprised if 10 per cent of our land is mined; that will still leave 90 per cent for the cattle. With the money generated from this 10 per cent of mined land, I am sure my grandchildren can make a better ranch of this than I have known, and if they did no more than control the noxious weeds along our portion of the Tongue River Valley they would be contributing a major effort toward the environment—especially the environment for a cow. I think it is the environment for a cow that most of us are concerned about, not the environment for hobby ranchers.

COLUMNIST RAISES QUESTION ABOUT "NONPARTNERSHIP" OF JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

Mr. HELMS. Mr. President, there is scarcely any hope, of course, that the American people will be supplied with a balance of information and opinion relating to the great issue of our time. The major news media of this country just do choose to operate that way.

Once in a great while, however, one sees an article or an editorial, or hears a broadcast, that raises questions that, in my judgment, the people ought to be invited to ponder.

Such a column appeared in the Philadelphia Bulletin on April 10. It was written by Adrian Lee, and was headed, "A Fair Audit? Hardly."

I ask unanimous consent, Mr. President, that Mr. Lee's column be printed in the RECORD.

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

A FAIR AUDIT? HARDLY

(By Adrian Lee)

"A high-principled committee . . . a scrupulously fair report . . . a bipartisan committee . . . a nonpartisan committee . . . an apolitical committee . . ." When you get that kind of florid editorial rhetoric out of Washington, you know something big is going on.

And it is: It isn't every day a congressional committee belts a President of the United States with $444,022 in back taxes; and it isn't every day that the staff of that same committee—the Joint Committee on Internal Revenue Taxation—or any other Capitol Hill committee is described as unqualified nonpartisan either.

One is just about as startling as the other. The Joint Tax Committee seems to have achieved the impossible; it has elevated itself above the political murk which hangs just as thick in Washington these days as the sodden mists of this dreary, dispiriting spring.

HOW MANY REPUBLICANS?

But just how nonpartisan is the committee's staff—the 25 lawyers, accountants and economists who mauled Mr. Nixon? How many Republicans are there on the committee, how many Democrats, how many of the nonpartisans, the "unaffiliateds" the Washington press corps keeps trumpeting about?

The committee's terse, buttoned-up chief of staff, Laurence N. Woodworth, bridles at the question. And in the background where the staff's adding machines punched out word of Mr. Nixon's abasement, there is a sudden silence; Mr. Woodworth's disciplined squads and platoons of "apolitical professionals" (enough to fill a whole page in the '74 Congressional Directory) hang on every word of their chief's answer: "The staff is selected on a professional basis under specific qualifications and we never inquire into their politics . . ."

Hup, two . . . and, in chorus, the President owes $444,022; and we who are nonpolitical say so; we are what the public prints say we are; we are self-effacing; we are dedicated. Tramp . . . tramp. Well, anyhow, we got out just in time.

PRESIDENT'S POCKETBOOK WAS "SAVAGED"

But that question about party affiliation keeps nagging. How many nonpartisans are there really in Room 1015, Longworth House Office Building, where the committee works. If the Washington press corps is leveling, the place ought to be crawling with them. Or, if no nonpartisans or only a few, then how many Democrats, how many Republicans on this staff that in conjunction with the IRS, savaged the President's pocketbook—if not his reputation?

Whatever, it's pretty easy to find out: Since most of the staff lives in suburban Washington (and the '74 directory obligingly sets forth their addresses), it's just a matter of dividing up the names by county and applying to the proper courthouse for party registration.

For starters, just forget the nonpartisan bit. The first step is Howard County, Md. And from there to the Washington city limits, it's Democrat most all the way. Out of nine staffers living in Howard, Prince Georges and Montgomery counties (Md.), only two are registered as "unaffiliated"—and one of them, chief of staff Woodworth, was a Democrat when he hired out to the committee in the mid-'40s, and didn't change his registration to "unaffiliated" until he was named chief in 1964.

NO REPUBLICANS IN MARYLAND

Thus, the tally in Maryland: Seven Democrats, two unaffiliateds. And nary a Republican—at least not yet—to lend some credence to the committee assault on Mr. Nixon.

Nine down, 16 to go—five in Washington, 11 in Virginia. And still looking for that elusive Republican.

Well, if he's living at the next stop, Washington, he's keeping quiet about it. None of the five living in the District of Columbia is registered to vote there. But if the political preferences of their colleagues living in Maryland are any index, most of them are Democrats.

DEMOCRATS ALL OVER

So the Democrats would seem to have a distinct if not overwhelming advantage as the quest for the GOP fords the Potomac and straggles ashore in Northern Virginia. And here (to complicate things) people don't register by party, only by name.

And so while 10 of the 11 Virginia residents on the staff are registered, their political affiliation is to be pieced together only by checking party records and precinct captains in the neighborhoods where they live. And what comes through finally, in such precinct comment as, "he's a good, fighting Democrat . . . strong Democrat, good organizer," is another big Democratic contingent on the tax committee staff.

So, the staff that passed on Mr. Nixon's taxes is essentially Democratic in commitment; The staff's nonpartisanship has been exaggerated.

But still . . . somewhere on page 320 of the '74 Congressional Directory, there's got to be that Republican; otherwise, the staff would have had Mr. Nixon's shirt.

OFFICE OF FEDERAL PROCUREMENT POLICY—S. 2510

Mr. JACKSON. Mr. President, I would like to express a special commendation for my colleague, Senator Chiles, for his dedicated hard work in behalf of reform in the existing system of procurement of goods and services by the Federal Government. As you know, on March 1 the Senate passed S. 2510, a bill to create an Office of Federal Procurement Policy. This legislation passed the Senate by a unanimous voice vote which is an indication of how effectively Senator CHILES has been working in a bipartisan manner to begin to improve the efficiency of the Federal procurement policies.

My personal interest in procurement reform dates back many years. Mr. President, I had the pleasure of introducing S. 1707 in the 91st Congress which led to the enactment of Public Law 91–129, establishing the Commission on Government Procurement in 1969.

In addition, I served as a Commission member before the press of other business made it impossible for me to continue. I commend the distinguished Senator from Florida (Mr. CHILES) who joined the Commission in 1972 as my replacement and rendered dedicated and admirable service both on the Commission and as the chairman of the Ad Hoc Senate Subcommittee on Government Procurement.

The product of the Commission study was a 4-volume, 500 page report dealing in detail with the problems of Federal procurement practices and making specific recommendations to remedy the procurement ills that face the Federal Government today. This report was a fine example of bipartisan cooperation, the kind of cooperation that has marked the legislative history of S. 2510.

The statutory creation of an Office of Federal Procurement Policy was the No. 1 recommendation of the Commission. The Senate, by acting in such an expeditious manner, has added credibility to those who assert that Congress does not need headlines in order to effect needed reform.

It is noteworthy that S. 2510, section 2, declaration of policy, lists 12 points of concern leading to the promotion of the "economy, efficiency and effectiveness in the procurement of goods and services."

The Ad Hoc Subcommittee on Federal Procurement heard testimony from industrial associations and Small Business Administration officials to the effect that businessmen found procurement policies confusing and duplicative and generally not in the best interest of promoting efficiency in the purchase of goods, services and facilities by the Federal Government. Small and large businessmen alike are shackled by needlessly fragmented policies and regulations that make it difficult to do business with the Federal Government.

This bill sets the stage for dealing with all the specific problems that have come to plague the procurement of $60 billion worth of goods and services a year; it will establish a focal point for procurement reform and other measures that are responsive to the interests of the Congress, the executive agencies, the business community and the taxpayer as well.

Another advantage afforded the business community through the creation of a central office for procurement is that, at last, there will be a special office that can objectively hear the views and suggestions from the people who are doing business with the Government without itself being a procuring agency and a party in contracts. The provision that allows for early input from the business community is an important and much needed aspect of procurement reform.

The enactment of this legislation will also do a great deal to restore public confidence in government. I see a modernized, more efficient system of procurement evolving from a well coordinated, uniform set of governmentwide policies and regulations which the OFPP will have authority to develop and implement. This will yield direct and immediate benefits for U.S. taxpayers.

Federal procurement of goods and services involves approximately $60 billion annually. Under the present fragmented procurement system, businessmen are not the only losers. It is the taxpayer who is the ultimate loser. When a sum as large as $60 billion is involved it is obvious that even a slight improvement in efficiency can yield great savings. A mere 1 percent improvement would yield more than $500 million in taxpayer savings. I believe that such a saving will be easily achievable if we begin to implement the Commission's recommendations. It is my understanding that Senator CHILES, who chairs the procurement subcommittee has estimated that potential annual savings could range as high as $5 to $7 billion if Government procurement policies are thoroughly reformed.

Currently, the Congress has under consideration S. 1541 a major budget reform measure designed to improve the efficiency of Federal programs and to improve our fiscal management techniques. I believe that the prompt enactment of procurement reform legislation, like S. 2510 which is designed to improve the efficiency of Government purchasing programs, can be as effective in bringing about tax savings as any budget reform bill. This will greatly impress the American people and restore some of their recent loss of confidence in Government.

I join with other Members of this body who are anxious to see positive reform measures taken in this area. I have reviewed objections to the creation of an OFPP and it is my conclusion that by and large they are based on misconceptions about the intent and purpose of the legislation. There are some who would resist progressive changes simply because of the uncertainty of how the new office will operate. However, we cannot afford to hang onto the antiquated status quo, ignoring how ineffective the old system is.

I have every confidence that Congressman CHET HOLIFIELD will lead the Members of the House of Representatives in consideration of this very important bill. The gentleman from California has been a leading advocate of procurement reform and served with distinction on the Commission of Government Procurement as its vice chairman. In the past, Congressman HOLIFIELD has called the creation of an OFPP "The centerpiece of the Commission Report." With the leadership exemplified by the entire member-

ship of the House Government Operations Committee, I am sure that S. 2510 will soon be enacted into law.

Mr. President, I cite the passage of this bill by the Senate as positive proof that many times unspectacular but effective legislation is enacted without fanfare but with a decided impact on the federal system.

THE OUTLOOK FOR HEALTH CARE: CONTINUED CRISIS AND RISING COSTS OR LONG-RANGE PLANNING?

Mr. BROCK. Mr. President, the Congress and the President have both recognized that there is a health-care crisis in our Nation and have set upon an enormous task in trying to create a national health-care system that is responsive to the times. Both the House Ways and Means Committee and the Senate Finance Committee will hold hearings this year, and it is possible that a health-care bill will reach the President's desk during the 93d Congress. It is reasonable to predict that we will have a national health plan in 1976 as we pass into the third century of our Nation.

However, nothing could be worse for the Nation than to pass a bad national health-care bill that would hurt the Nation, its consumers and its providers of health care. I am afraid that this just might be the case—especially if we reflect a moment on the health-care proposals that were passed in the mid-1960's and their effect. Basically, two things bother me:

First, the skyrocketing costs of health care, and

Second, a lack of equity and personal choice, or freedom.

First, let me turn to the skyrocketing costs of health care. In the last two decades medical costs have risen more rapidly than any other component of the consumer price index. Medical care by itself has risen 145 percent while the total price index rose only 74 percent. But this 20-year picture is somewhat deceiving because the dramatic rise occurred only after 1965, that is, after the first set of national health-care proposals, medicare and medicaid, were passed. As Rita Ricardo Campbell puts it in her excellent book on health care, "Economics of Health and Public Policy:"

> The impact of Medicare and Medicaid is reflected in the U.S. price indices. Physician fees over the first three years of these programs, June 1966 to June 1969, rose 22 percent and hospital daily service charges rose 55 percent. The medical care price index after rising at annual rate of 4.2 percent from 1946 to 1960 and 2.5 percent from 1960 to 1965, jumped 6.6 percent in 1966, 6.4 percent in 1967, 6.2 percent in 1968 and 6.0 percent in 1969, with a 7.3 percent increase in physician fees in the latter year. In comparison, the consumer price index for all items rose 3.3 percent during 1966, 3.1 percent in 1967, 4.7 percent in 1968, and even more rapidly, 6.1 percent in 1969 when general inflationary trends were stronger. Although Medicare and Medicaid did not begin paying benefits until July 1, 1966, sizeable price increases occurred during the first half of that year as medical care providers moved to establish the "reasonable and customary" fees that would govern their compensation under the new program.

One of the major sources of the rise has been in hospital care, although that is not the only area of rise. As another medical economist, Karen Davis of Brookings puts it in an article entitled, "Rising Hospital Costs: Possible Causes and Cures":

> In the early 1960's, hospital costs were increasing at an unprecedented rate of 6% annually—far in excess of the rise in the price of all consumer goods. With the introduction of Medicare and Medicaid programs in 1966, the rate of increase of hospital costs more than doubled, average costs climbing at an annual rate of 14% from 1967 to 1970.

As both Rita Campbell and Karen Davis point out, medicare and medicaid exacerbated an already bad situation in regard to rising medical costs, and we simply must not make this same mistake with any new proposal passed. The American Medical News recently reported that—

> The nation's health outlays during the past fiscal year reached $94.1 billion, an 11% increase . . .

And they added that this was:

> The lowest rate in several years.

Not only must this skyrocketing cost be kept down, it is imperative that no new program have the same effect on health care that medicare and medicaid had. The economy and consumer simply cannot handle the strain. The second point I would like to make is that in developing a new national health program I feel it is of the utmost importance to be fair to taxpayers and patients as well as physicians and hospitals.

The plan must provide the best and most complete protection against serious financial hardship without direct controls or fee schedules which are integrated into some health proposals before the Congress.

We must insure the present freedom of patients, physicans, and hospitals. We must not deprive physicians and hospitals of the incentive to provide the best possible medical care in a competitive market. Individual patients, personal physicans, and the market structure should play key roles in determining how much we should spend on health care.

This calls for a program that is partially financed by the patients themselves. If patients play a role in paying their medical bills, the overutilization and waste witnessed in the past years as a result of medicare and medicaid will undoubtedly decrease.

A plethora of proposals have been introduced in the Congress and now pend before the House Ways and Means Committee and the Senate Finance Committee. These bills embody every conceivable approach to our current problems, but not one bill in its entirety meets the goals I seek and which I feel are critical to a comprehensive national health strategy.

The fundamental aim of our health strategy must be to improve the health status of all citizens in this Nation by expending and improving the quantity, quality, and distribution of health care services, as we vigorously seek to reduce this cost to the American family. Some feel these two goals of keeping down costs while at the same time improving health care on a fair, equitable basis are unreconcilable, but I disagree. I intend to present an alternative soon which will hopefully reconcile these two concepts of keeping costs down while providing adequate health care. While no bill can be "letter-perfect," I do hope the Congress will seek to implement these goals.

DISTRIBUTION OF BENEFITS AND COST OF AGRICULTURAL RESEARCH

Mr. BELLMON. Mr. President, several months ago the publication "Hard Tomatoes and Hard Times" attracted a considerable amount of national attention by the charges it made that agricultural research supported by Federal funds was working a considerable hardship upon the low-income citizens of this country. As one who had long supported agricultural research and who knows from first-hand experience the immeasurable contribution which agricultural research had made to the ability of America's food producers to become efficient, dependable suppliers of food and fiber, to American consumers as well as millions of customers abroad, I was pleased recently to read an article in the October 1973 issue of Current Farm Economics by a noted agricultural economist, Dr. Luther Tweeten, which helps put the agricultural research picture into true perspective.

In his article Dr. Tweeten points out that the benefits from agricultural research generally accrue especially to persons in the lower-income brackets. His analysis further shows that those in the higher income tax brackets tend to contribute more toward agricultural research than the benefits they receive, while the lower income groups receive cost-benefit ratios ranging up to 4.7 to 1.

Another conclusion is reached by Dr. Tweeten's research is that of the $1.6 billion of tax money which goes into agricultural education, research, and extension, only $185 million comes from Federal sources. The State contribution amounts to $678 million, while the local contribution is larger still, amounting to a total of $776 million.

From these figures, it is obvious that the Federal Government, as well as American consumers generally, is receiving a huge bargain from the relatively small amount of funds which the Congress make available for agricultural education, research, and extension efforts. Also, there can be no doubt that this

Nation's current world dominance in the field of agricultural production would measurable benefits which have flowed have been impossible without the immeasurable benefits which have flowed from the agricultural education research and extension efforts of the Nation's Land-Grant colleges. I believe Dr. Tweeten has made a significant contribution to the undertanding of the distribution of benefits from agricultural research and education and believe that the members of the Senate would benefit from a reading of his report.

Mr. President, 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:

DISTRIBUTION OF BENEFITS AND COSTS OF AGRICULTURAL RESEARCH AND EDUCATION

(By Luther Tweeten)

If there were a time when equity (distribution of benefits and costs) could be ignored for a public program, it is no more. The agricultural establishment, largely uncritical lovers of traditional agricultural research and education, and the young radicals, largely unloving critics exemplified by the book *Hard Tomatoes—Hard Times,* hold very different images of who pays for and who benefits from publicly supported agricultural research and education. Differences in points of view will not be resolved without better information. I show the distribution of benefits and costs from agricultural research and education in this paper.

The social rate of return on public plus private investment in agricultural research is approximately 50 percent, on elementary schooling of farm youth is 20 percent and on secondary schooling is 10 percent [1]. Overall outlays for agricultural research and education have been productive and have brought overall benefits well in excess of costs. Little has been known of how cost and benefits are distributed. Let us turn to that issue. Much of the analysis is for 1961 because the data are best for that year, but the pattern of distribution shown in the results is probably pretty stable from year to year.

COSTS

Taxes for agricultural research, extension, vocational agriculture and general education of war youth in 1961 from local, state and federal sources that raised productivity of agriculture are shown in Table 1.

TABLE 1.—ESTIMATED TAXES IN SUPPORT OF AGRICULTURAL PRODUCTIVITY, 1961

[Millions of dollars]

	Taxes for agricultural productivity			
	Federal	State	Local	Total
General education (elementary and secondary)	54	480	693	1,227
Research	63	122		185
Extension	54	54	53	161
Vocational agriculture	14	22	30	60
Total	185	678	776	1,639

Source: U.S. Department of Commerce, Statistical Abstract of the United States, U.S. Government Printing Office, Washington, D.C., 1966; U.S. census.

Although research and extension were supported quite heavily from federal sources, local sources were the largest single component of funds because general schooling dominates the $1.6 billion in public tax outlays. The Tax Foundation has given substantial attention to the incidence among income classes of local, state and federal taxes of various forms. The measures of incidence are used to distribute taxes among the U.S. families, by income level, who paid them (Table 2).

TABLE 2.—DISTRIBUTION OF TAXES FOR AND BENEFITS FROM AGRICULTURAL PRODUCTIVITY IN THE UNITED STATES WITH COMPARISONS, 1961

	Income class (money income after personal taxes)							
	Under $3,000	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $7,499	$7,500 to $9,999	$10,000 to $14,999	$15,000 and over
Number of families (millions)	13.9	6.3	7.0	7.0	8.4	7.6	4.0	1.1
Persons per family	2.3	2.9	3.2	3.5	3.7	3.9	4.1	3.9
Taxes for agricultural productivity (per family):								
Local	$6.28	$10.10	$11.97	$14.48	$16.72	$20.14	$25.69	$40.35
State	4.00	8.07	10.15	12.24	14.57	17.82	23.95	56.47
Federal	.61	1.60	2.13	2.76	3.51	4.83	8.06	30.92
Total taxes	10.89	19.77	24.25	29.48	34.80	42.79	57.70	127.74
Total agricultural exp. benefits	16.63	24.37	28.67	32.98	35.56	39.00	43.87	48.46
Redistribution (net benefits)	5.74	4.60	4.42	3.50	.76	−3.79	−13.83	−79.28
BENEFIT-TO-TAX RATIO								
(a) All agricultural productivity benefits / All agricultural productivity taxes	1.5	1.2	1.2	1.1	1.0	.9	.8	.4
(b) All agricultural research benefits / All agricultural research taxes	2.0	1.4	1.3	1.2	1.1	.9	.6	.3
(c) All State and local benefits / All State and local taxes	2.1	1.3	1.1	1.0	1.0	.9	.8	.6
(d) All Federal benefits / All Federal taxes	4.7	1.9	1.3	1.1	.9	.8	.6	.3
(e) Total U.S. benefits / Total U.S. taxes	3.3	1.7	1.2	1.1	.9	.8	.7	.4

Source: Agricultural productivity benefit data calculated by Daryll Ray from Stephen Hiemstra, "Food Consumption, Prices, Expenditures," Agr. Econ. Rept. No. 138, U.S. Department of Agriculture Washington, D.C., 1968; incidence of taxes from Tax Foundation, "Tax Burdens and Benefits of Government Expenditures, by Income Class, 1961 and 1965," Res. Publ. No. 9, Tax Foundation, Inc New York, 1967.

BENEFITS

Schooling makes farmers better managers, more aware of and able to appraise the potential payoff from new investment opportunities, and also prepares them for mobility —all important components of agricultural productivity gains. While research on the average is more productive per dollar invested than the other items listed in Table 1, this problem of different productivities among investments is circumvented by using "expenditure benefits". Expenditure benefits are defined as benefits from agricultural research and education adjusted downward to equal the volume of taxes, $1.6 billion in 1961.

This approach is tantamount to assuming all benefits are realized in the same year taxes are paid and the average rate of return on the 1961 investment in agricultural research and education of farm people is zero. In fact, the ultimate gross benefits (expressed in present or capitalized value), net benefits and benefit-tax ratios are larger than indicated in Table 2—but with the same ranking among income groups.

The presumption in Table 2, quite contrary to *Hard Tomatoes—Hard Times,* is that the benefits of research and education accrue to consumers rather than corporations or large farm proprietors. To be sure, early adopters gain windfall profits from agricultural technology. But evidence indicates that even large, efficient farmers are unable to retain benefits and the gains are passed to consumers. Pure profits do not exist for the farming industry, and gains to farmland owners through appreciated land values are explained by commodity programs, pressures for farm consolidation to use larger machinery and by urban demand for land rather than by output-increasing technology flowing from publically supported education and research.

Benefits are distributed among U.S. families in Table 2 according to the outlays for farm food ingredients by income classes. Each dollar of farm food ingredients utilized by consumers is considered to have the same proportion of benefits from agricultural research and education whether consumed by a rich or poor family. In fact, low income families who consume much (say) wheat, may realize different benefits per dollar of farm ingredients than the high income families who consume relatively more beef. Unfortunately, data are inadequate to allocate gains from education and research (to raise agricultural productivity) among consumers except on the basis of the total dollar value of farm food ingredients.

Expenditure benefits are greater for high income than low income families (Table 2). But taxes increase even faster, moving from low to high income families, hence taxes to improve agricultural productivity redistribute income toward low income families. The benefit-tax ratio (a) in Table 2 of 1.5 for low income families declines to .4 for high income families.

Taxes for elementary and secondary schooling of farm youth were included in Tables 1 and 2 to estimate benefits, net benefits and benefit-tax ratio (a) because common schools have contributed substantially to the productivity of the farming industry. However, a sizable portion of benefits from taxes to support common schools accrue to those who

received the schooling rather than to food consumers as such. The redistribution of income resulting from taxes for common schools is examined in detail by David Holland in another study. It turns out that the benefit-tax ratio for common schools is somewhat similar to that in (a) if it is assumed that pupils received the benefits and will have incomes proportional to those of their parents. Thus whether taxes for common schools accrue as benefits to schooling recipients or to consumers of food does not markedly change the benefit-tax ratio (a). Even if the benefit-tax ratio is the same by income group, it is well to recognize that in one case consumers receive the benefits while in the other case former students receive the benefits—but these two groups are often the same people.

BENEFIT-TAX RATIOS FOR AGRICULTURAL RESEARCH

There is merit in examining the distributive dimension for agricultural research alone, unconfounded by the distributional issues discussed above for education. Expenditure benefits for research of $185 million (equal to taxes shown in Table 1) are distributed among income groups in the nation exactly as were expenditure benefits from all agricultural research and education in Table 2, except they are only 11 percent (185/1639) as large per family. While benefits are distributed according to farm food ingredients purchased by families by income class as earlier, the incidence of taxes is different because greater reliance is placed on progressive federal income taxes for research funds.

The resulting benefit-tax ratio (b) from agricultural research alone in Table 2 ranges from 2.0 for low income families to .3 for high income families. The principal conclusion is that taxes and benefits from agricultural research alone or research and education combined redistribute income from the rich to the poor. This conclusion is not changed by altering the assumptions within a reasonable, expected range.

Estimates (c), (d), and (e) in Table 2 do not apply to agriculture but are included only for comparison. Estimate (c) is the ratio of all state-local taxes for all purposes, adjusted (as for all other benefit-tax ratios in Table 2) so that taxes equal expenditure benefits. Estimates (d) is the ratio of all federal expenditure benefits to all federal taxes for all purposes. Lastly, estimate (e) shows the ratio of all local, state and federal expenditure benefits to all taxes in the nation.

The comparisons indicate that taxes and benefits for agricultural research and education redistribute income away from the rich to a greater degree than all state-local taxes and benefits, but to a lesser degree than federal taxes and benefits.

REFERENCES

1. Tweeten, Luther, Foundations of Farm Policy, University of Nebraska Press, Lincoln. 1970, Chapter 5.

ARCHBISHOP BOLAND RETIRES

Mr. WILLIAMS. Mr. President, I was saddened to learn recently that Archbishop Thomas A. Boland of the Archdiocese of Newark will retire in June.

Archbishop Boland has been a leader of his church and of his community in Newark since 1940. A native of Orange, N.J., the archbishop can look back upon a career of outstanding service that spans more than half a century in all.

Now 78-year-old, Archbishop Boland remains in good health, vigorous and energetic. He has provided, and continues to provide, leadership that I know will be greatly missed when he steps down.

Mr. President, an excellent article about Archbishop Boland, written by Charles Finley, appeared in last Sunday's Newark Star-Ledger, and I ask unanimous consent that it 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:

BOLAND PREPARES TO LAY HIS STAFF ASIDE

(By Charles Q. Finley)

Archbishop Thomas A. Boland of the Newark Archdiocese is secure in the knowledge he has served God and the people of his diocese to the best of his ability.

Boland, 78, who will retire this June, has an abiding faith which has made him an island of tranquility in a post beset by a vast array of problems.

The archbishop chuckled when reference was made to a remark by Bishop Lawrence B. Casey of Paterson in which the bishop had referred to him as the "unflapple" man.

"I have kept my balance while doing the Lord's work the best way I could, and by placing things in His hands for my direction," the archbishop said as he relaxed in his chancery office.

"At times there have been tensions, there is not any question about that, but I have always been doing what the Lord asks of me and seeking his help to do it. I hope that does not sound bombastic because it is the actual truth."

He said he wasn't surprised at being informed Pope Paul VI had issued the directive for him to resign. "I knew two or three years ago it was coming; it was like the Sword of Damocles hanging over my head." (All bishops are required to submit letters of resignation at age 75, then it is up to the Pope to set the time.)

"Some people at 75 may be able to do more than others at 55," Boland said. "It depends on the individual.

"Age has never been a problem for me. I have been very fortunate to have had such good health. But I suppose they have to have some norm to prepare for the future."

A kind and gentle man, Boland is known for his ability to understand the problems of others.

"I am a good listener," he said. "I don't try to settle people's problems before hearing what they have to say."

Boland has a reputation as a hard worker. During his years as leader of the fifth largest archdiocese in the country, he oversaw a tremendous expansion of physical facilities at Roman Catholic churches, schools and other institutions.

"Work has always been all-important to me," Boland said. "Put all you have into a job, then you can have no regrets even if it does not turn out well. Of course, there are times I've gotten physically tired, like days that start at 9 a.m. and end at midnight, but this never has really bothered me very much."

Boland has served as a bishop in North Jersey for 34 years. He was an auxiliary bishop in Newark from 1940 to 1947, the Bishop of Paterson until 1952 and came to Newark as Archbishop in 1953.

Those who have worked closely with him have long been impressed by his unswerving dedication to help others.

"Archbishop Boland has been a spiritual leader of great strength and a prudent, patient shepherd with a deep concern for all entrusted to his care," said Auxiliary Bishop Joseph A. Costello. "The record of his accomplishments can be found in the history of the modern church. But behind all this is the man, an indefatigable worker for the Lord who each day has given an outstanding example of priestly life and zeal."

More than 50 new churches have been built under Boland's guidance. In 1961 a major building program was undertaken by the archdiocese to provide more new schools and homes for the elderly.

The archbishop was an active figure in the Second Vatican Council in Rome as head of the Bishops' Study Commission and as a member of both the Catholic Mission Board and the Episcopal Committee. He was instrumental in the founding of Don Bosco Technical and Vocational School in Peterson, Mount St. John Academy in Gladstone, in the expansion of St. Joseph's Hospital in Paterson and in the formation of the Family Life Bureau and the Legion of Mary.

He was born in Orange in 1896 and attended Washington School and St. John's School in West Orange.

After working three years for the Public Service Corp. in Orange, he entered Xavier High School, a Jesuit military school in New York City where he graduated with honors in 1915. He entered Seton Hall College, then almost entirely a divinity school, and was graduated in 1919 with the top academic honors.

The archbishop immediately went to Rome to study at North American College, earning degrees in theology and a Master of Arts in absentia from Seton Hall.

Boland was ordained a priest in December, 1922, in Rome. In June of the following year he was assigned as a curate at St. Catherine's Church in Hillside.

Later he received a teaching assignment at Seton Hall Preparatory School and three years later became an instructor at the Seton Hall Divinity School, moving with the school to Darlington, Bergen County, in 1927. He remained there until 1938 when he was named chancellor and moved to St. Patrick's Pro-Cathedral in Newark.

Boland said his term as Bishop of Paterson was "a particularly happy time" because he had dealings with many whom he had taught.

"I have always been basically optimistic about the students and I do not see a whole lot of difference in them today," Boland said.

But, he said, there has been a change in the country as a whole that disturbs him.

"Because of better communications we hear of scandals right away, but there have been scandals in other days; human nature has not changed," he said. "But what does disturb me is the situation ethics which has been creeping into the country—people judging morality by how the situation can best suit their own ends. Pope Pius XII warned us of this.

"Some people have such a superficial knowledge of what is wrong—their greatest sin is the loss of a sense of sin. I think perhaps they are coming to realize now this is not really a way to run a life. It must be run according to definite, objective forms of morality."

As for the future, Boland said he would like to be able "to get something to keep doing."

"Not necessarily an assignment, because I do not want to embarrass anybody," he went on. "But it would be quite a letdown not to be busy."

Boland will be succeeded by Bishop Peter L. Gerety of Portland, Maine, after ceremonies on June 28.

THE SHORTAGE OF RAILROAD FREIGHT CARS

Mr. BROCK. Mr. President, there has been a great deal of concern expressed within the last year or so on the shortage of railroad freight cars, yet another component of our seemingly hardy and perennial railroad problem. Actually, as with so many of our current "crises" and "shortages" we apparently cannot agree

on whether one really exists—or whether it is a question of bad utilization.

However, my concern today is not so much with the particulars of this debate as with the general thrust of policymaking and the danger that, preoccupied with short-term solutions, we embark upon overly simplistic policies that are ill-suited for the long term. Thus, while I am indeed in favor of an improved system of freight car utilization, I believe that we should not initiate any extensive program to finance new freight cars when "over the long haul" many analyses suggest the future potential of the standard freight car is limited.

In particular, a recently released study by the CEA and National Council on Productivity entitled "Improving Railroad Productivity" specifically states, and here I quote:

> An important key (to improve) is found in the adoption of a rail technology better suited to the *emerging patterns* of . . . freight traffic" (page 135).

The study goes on to make a very strong case that this future pattern should center in a large part upon freight containerization. And thus policies should be directed toward encouraging an appropriate set of flatcars and containers, not conventional freight cars.

Indeed, the same study goes as far as saying that:

> The rail industry should gradually phase out its fleet of all-purpose freight cars replacing it with a fleet of trailers or containers and flat cars.

However, Mr. President, the full exploitation of containerism—and thus the full potential of the railroads—involves more than a simple investment decision.

The problem is a classic one of complex interdependencies which mock our simple assumptions and simple answers. Containerization can only be an appropriate major strategy for the railroads if they can operate in a regulatory climate conducive to the provision of the swift, efficient, and integrated service containers can offer. Unfortunately we are still a long way from that.

The genius of the container is that as a standard package it can be swiftly transported from flatcar to trailer to ship and so on. It is by nature intermodal, while our regulations by nature actively discourage such actions.

Containerization also relates to the thorny question of railroad abandonment. The use of containers together with an appropriate intermodal strategy can provide an opportunity to improve the speed and reliability of service along light density branch lines as well to lower costs.

These issues are examined and analyzed in great detail in the railroad productivity study. Members of Congress, who have a responsibility for improving the Nation's transportation system, should be very much aware of both the complexities of the problems and the limitations of piecemeal, backward-looking policymaking. I very much hope that we can meet the challenge and develop an innovative and forward-looking set of policies for the railroads and our transportation system as a whole, and that these policies will be directed toward the future needs of the Nation and not those of the past.

CONGRESSMAN JOHN BLATNIK

Mr. MONDALE. Mr. President, as you know, Congressman JOHN BLATNIK, who represents the Eighth District of Minnesota in the U.S. House of Representatives, has announced that he will retire this year. For 28 years, JOHN BLATNIK has served the citizens of his district, the people of Minnesota, and the entire Nation with distinction. All will miss him—a man who stands for all that is best in representative government.

Across northern Minnesota there are schools, hospitals, parks, and a host of other public facilities and programs that are the direct result of the work of this dedicated public servant. The entire country has benefited from his work in the field of water-pollution control, navigation, land-use, conservation, recreation, and public works. JOHN BLATNIK's service as chairman of the House Public Works Committee has been long and distinguished.

Recently, Geri Joseph of the Minneapolis Tribune surveyed Congressman BLATNIK's career. The article points to the important service and true humanity of this remarkable man. So that my colleagues may share with me an appreciation of the important contribution of JOHN BLATNIK to this Nation, I ask unanimous consent that the article be printed in the RECORD.

CONGRESSMAN JOHN BLATNIK

(By Geri Joseph)

Every two years since 1946, John Blatnik's name has been on the ballot. Each time, by landslide margins of anywhere from 68 to 76 percent, he has been elected and reelected to Congress.

In November, voters in Minnesota's 8th Congressional District will have to change their election-day ritual. Blatnik—who began the DFL Party's parade to national prominence—is retiring.

Plot by choice. Not without a pit-of-the-stomach apprehension about changing his way of life at age 62. But that is what doctors ordered, and few men with young families would let such a warning go unheeded.

Recently, Blatnik was in Puerto Rico and the Virgin Islands on congressional business. His son, Tom, went with him, and they spent part of those days swimming and snorkeling. It was the first time in Tom's 17 years that they had spent seven days "man-to-man together." There will be more of that companionship after November, and more time, too, to spend with his wife, Gisala, and two daughters.

But leaving the House of Representatives will be a tremendous wrench. He claims never to have found it an exciting place or even enjoyable in a personal sense. He would have much preferred to be in the Senate, and he admits that the biggest political hurt and disappointment was his failure to get the seat Sen. Walter Mondale now holds.

Still, his long service in the House and his chairmanship of the powerful Public Works Committee gave him a conduit for the intense motivation behind his career—to make life good enough in that northeastern section of the state so that young people would not have to leave.

More than most political figures, Blatnik and his constituents are a part of each other. Like many of them, he is a first-generation American in the most ethnically diverse area of the state. He shares with them searing memories of the Great Depression. For some, the 1930's may be history. For the new, young breed of politicians, they hold no memories at all. For Blatnik and many of the people who voted for him, those years will haunt forever their outlook and expectations.

The district, with its once-rich Mesabi iron-ore mines, was dominated by the then-hated but economically indispensable steel industry. Blatnik says now: "They made a bleak Appalachia out of northern Minnesota. I said to myself, if ever there is anything I can do about these extractive industries . . ."

In his 28 years as a congressman, he spent 12 and 14 hours a day struggling with the seemingly endless problem of his district. Other politicians, as assured of reelection as Blatnik was, might have eased up. But if that had been Blatnik's temperament—and it is not—his constituents would not have allowed it. Demanding, difficult, convinced that he, their elected spokesman, could make government do for them what they could not do for themselves, they pressed him. Jobs, mostly, were what they wanted. Economic development. Conservation measures to protect water, forests, minerals. More than one DFLer can recall meetings between Blatnik and his supporters. With words like blows, they would berate him for his failures or beg him for action. Blatnik would sit quietly, absorbed, his face tight.

"He worked his heart out for his constituents," says his long-time friend, Sen. Hubert Humphrey, and the comment can be taken literally. "There are a lot of junior world-savers around, but John has been a giant and a Santa Claus for his district."

All across northern Minnesota, there are schools, hospitals, parks and a host of other public facilities and programs, a direct dividend of Blatnik's efforts. Other parts of the country benefited, too. He authored the first federal water-pollution control act in 1956, and has pushed for every subsequent change in that law. For six years, he worked to get the St. Lawrence Seaway bill passed. Another six years went into the passage of Voyageurs National Park, a bitter issue in his district. And he has been a leader for area redevelopment and land-use proposals.

But few politicians get a grateful "A" for either effort or results. Ralph Nader said Blatnik should have been a more "vigorous force in clean-water efforts." And some think he has been overly protective of Reserve Mining Co. in the lengthy controversy over the firm's disposal of tons of taconite tailings into Lake Superior. To Nader's criticism he replies acidly, "Nader never asked what other problems I had back home in my district." And if he has been cautious in the Reserve case, the explanation probably lies in that Depression-born fear of unemployment, with its devastating effect on people's lives.

He is proud of the taconite development and the part he played in it. Prouder of that he says, then of any of his many accomplishments. "Capital investment in taconite there is new about $1.2 billion. And people have jobs 12 months of the year."

The plans after November are uncertain. He will have a comfortable pension, but he would like to do something for the elderly and for handicapped children. He is thinking, too, about projects in underdeveloped countries, maybe with the United Nations.

Of one thing he is certain. While the Blatniks will continue to live in Washington, they will spend plenty of time—especially summers—home in the 8th District.

"You know," he remarks, "when I was a kid, it was a gloomy place. 'American Siberia' some people called it. But now there are excellent schools. Vocational schools, too. The recreation life is fine . . . Kids can have a future there."

STANDBY INFLATIONARY CONTROLS NEEDED

Mr. ROBERT C. BYRD. Mr. President, I am deeply concerned about the continued increase in the cost of living. Secretary of Agriculture Butz has already stated that prices will go up in the grocery stores by 12 percent this year. Every housewife knows, on the basis of experience in the past several months, that each time she goes to the grocery store she is going to pay more than she did the last time for the items that are necessary for the food basket.

When the President's wage and price control authority expires at the end of April, I am afraid that the price of food and other necessities of life will get completely out of hand. There is every indication that this country will be experiencing double digit percentage increases in the cost of living in the days ahead.

In my judgment, Congress should give the President continued standby authority to control inflation—which he can use if the situation warrants it—even though he says he does not want such authority. We need only to recall that the President said the same thing about the Economic Stabilization Act, which Congress passed in spite of his opposition, a few years ago. That act gave the President the necessary tools with which to combat inflation. He said he would never use it, but he resorted to it, notwithstanding. In August 1971, he utilized the authority of that act to institute a 90-day freeze, better known as phase I. In November of that year, he used the authority in the act to implement phase II. Phase II controls worked exceptionally well for over a year—throughout 1972—until, in early 1973, the administration prematurely lifted phase II controls, and inflation then began to get out of hand. The untimely lifting of phase II controls having proved to be a colossal error on the part of the administration, the President then instituted phase III, after considerable delay, and then phase IV—both of which proved to be virtually useless, for the most part. The so-called stick-in-the-closet, to which the President referred, was never really used by the administration, and, as a result, the American dollar has steadily grown smaller and smaller as inflation has steadily pushed higher and higher.

The experiences under phases III and IV have shown that controls did not work because of the way in which the controls were applied.

Therefore, notwithstanding the fact that the President is opposed to continuing authority to impose controls after the present law expires on April 30, I urge the Congress, before the end of this month, to enact continuing standby authority, so that the President will again have the tools with which to combat inflation, if he desires to use those tools. The President, as Chief Executive, has the responsibility to see that the laws are faithfully executed.

There is no other place to lodge the authority to effectively combat inflation, inasmuch as no one but the President is in a position to effectively administer economic policy in such a way as to efficiently control inflation.

I hope, therefore, that the Congress will provide the President with such authority in spite of the fact that he says he does not want it. He has said this before, and he has reversed himself before. Whether he uses such authority effectively, or whether he uses it at all, will be his decision to make. I think the Congress has a responsibility to do its part by enacting legislation to extend such standby controls.

WAGE AND PRICE CONTROLS

Mr. TAFT. Mr. President, the Banking Committees of both Houses have now acted decisively to kill any extension past April 30 of the President's power to impose wage and price controls.

As I indicated last February 11, I believe that the general phaseout of wage and price controls is overdue. The controls have hurt recently as much as helped in most fields.

Nevertheless, the decision to kill any authority whatsoever, without so much as a floor vote, must be questioned in this time of such crippling inflation. Despite the problems the controls have caused and the high proportion of recent inflation attributed to petroleum—which will remain under price controls—and the food sector—for which price controls are of extremely limited usefulness—I do not see how it can be in our best interests to eliminate even the minimal authority necessary to insure that the remainder of the decontrol process can be carried out in an orderly fashion. I believe that Congress is going too far by not at least providing the Cost of Living Council the authority to do this, to monitor commitments to restraint it has already received from a wide range of industries varying from fertilizers to automobiles, or to negotiate with labor and industry for voluntary actions to reduce further inflation. Whether a "club in the closet approach," which I originally suggested, should be enacted is debatable, but it seems to me that the case for assuring that the Cost of Living Council would have the limited authority I have outlined is extremely strong.

Recent wholesale price statistics make it obvious that prices over the next few months will continue to go through the roof. While some bulge is to be expected at the end of the control period, the last thing consumers need at this point is additional price increases not clearly necessitated by economic factors. Business and labor should be cautioned in the strongest terms that the coming increases will be hard enough to swallow without excesses on their part and that, as they are well aware, Congress can always act quickly to change its mind.

SENATOR WILLIAMS SUPPORTS EXTENSION OF THE USDA COMMODITY FOOD DISTRIBUTION PROGRAM

Mr. WILLIAMS. Mr. President, the spiralling rise in the cost of living has had a serious impact on the ability of so many Americans to obtain adequate nutrition. But it has been the poor, elderly, and the handicapped who have been particularly hard hit. Their suffering is indeed a national tragedy. Food prices in 1973 have risen more rapidly than in any year since the Korean war. Almost every segment of our society has been severely affected to some extent. We have also experienced grave shortages in certain needed agricultural products which have greatly hindered the availability of the needed products.

We are now confronted with the possibility of the curtailment of an effective and much-needed program which has done much to provide a nutritionally balanced diet for so many Americans. The program, the commodity food distribution program, allows the U.S. Department of Agriculture to purchase agricultural food commodities and distribute the products to the authorized recipients—our schools, institutions, and needy organizations. The food commodities are also used for disaster relief distribution and other food assistance programs.

However, this program, authorized under Public Law 93-86, is due to terminate at the end of this fiscal year if Congress fails to extend its authority before that time.

I believe the program should be maintained. It is imperative that Congress act to extend the program, which has proven especially beneficial to so many schools, institutions, and organizations. Without these food supplements it will be nearly impossible for these groups to provide adequate meals at a reasonable cost. With the price of food skyrocketing, it would be prohibitive for individual recipients to purchase wholesome meals were it not for the commodity food distribution program.

In my own State of New Jersey, this program has been highly successful. By the end of fiscal year 1974, New Jersey will have received $7 million in Federal food. If the program is curtailed, only the school lunch program, receiving approximately $1 million in Federal foods, would be able to continue through fiscal year 1975. In order to continue providing the same level of nutritional care throughout fiscal year 1975 in New Jersey, the individual purchases of the food products needed for each recipient would far exceed that $6 million total.

I have received correspondence from the Secretary of the New Jersey Department of Agriculture, Phillip Alampi, providing extensive information on the USDA program in our State. I ask unanimous consent to have the letter from Secretary Alampi printed in the RECORD at the end of this statement.

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

(See exhibit 1.)

Mr. WILLIAMS. Mr. President, currently before the Senate Agriculture Committee is a legislative proposal which would extend the Commodity Food Distribution program through fiscal year 1975. I believe this is necessary. I have written to Senator ALLEN, chairman of the Subcommittee on Agricultural Research and General Legislation, which has jurisdiction over this legislation, expressing my support of the extension and encouraging subcommittee consideration.

I would also like to have a copy of my

correspondence to Senator ALLEN inserted in the RECORD at the end of this statement.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 2.)

Mr. WILLIAMS. Mr. President, the curtailment of this program may mean the loss of special food programs for many citizens. At a time when food costs are so high, and the purchasing power of our citizens so greatly lessened, we must not eliminate a program which has helped so properly and adequately feed so many of our citizens. I deeply believe this worthy program should be extended through fiscal year 1975.

EXHIBIT 1

FEBRUARY 1, 1974.

Hon. HARRISON A. WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR PETE: This letter pertains to the curtailment of commodity food purchases by the U.S. Department of Agriculture if Section 4(a) of Public Law 93-86 is not extended beyond June 30, 1974.

Last year the Congress amended Public Law 93-86 through Section 4(a) of the Commodity Distribution Program and gave authority to the Secretary of Agriculture to purchase agricultural food commodities under Sections 32 (surplus) and 416 (price support), without regard to provisions of existing law, to maintain the annually programed level of assistance for schools, domestic relief distribution and other domestic food assistance programs as are authorized by law. See Enclosure No. 1 for information pertaining to Section 4(a) Commodity Distribution Program, Public Law 93-86 dated August 10, 1973. Areas that this curtailment will affect include:

(a) Public and non-public schools involving approximately 650 school districts or 1,800 schools with a total enrollment of 620,000 children. This includes child care centers.

(b) Institutions and agencies at local, county and State level with approximately 60,000 individuals participating. During the current fiscal year the State institutions and agencies will receive food items valued at approximately $1.0 million.

(c) Summer camps which include Boy Scouts, Girl Scouts and underprivileged children.

(d) Victims of numerous natural disasters that received hunger relief through the availability of reserve stocks of government donated foods. Examples: Manville, Bound Brook and North Plainfield during 1972-1973, and the Wilkes-Barre/Scranton area in Pennsylvania during the "Agnes Disaster." Approximately $100,000 of food was utilized to support victims of the "Agnes Disaster."

(e) Elderly Citizens—Currently 21 cities in the State of New Jersey have been approved to support elderly citizens with one meal a day for five days a week under the provisions of the Older Americans Act. This program involves thousands of elderly citizens throughout the State of New Jersey. The Department of Community Affairs has received $3.0 million from the federal government to support this program. In addition to the federal money, the Older Americans Act indicated that food commodities under the Federal Food Programs would be made available.

Mr. E. C. Reiss, our Coordinator for Federal Food Programs, is also the President of the Northeast Area Food Distribution Association comprising 14 northeastern states. During a U.S. Department of Agriculture conference in Baltimore, Maryland, on December 11, 1973, the Association adopted the attached Resolution—Enclosure No. 2.

Attached as Enclosure No. 3 is a breakdown in dollar value of the foods received by schools and institutions by county in fiscal years 1972 and 1973. Enclosure No. 4 indicates the total value of food received in fiscal years 1972 and 1973 and the estimated figures for 1974.

It is estimated that the State of New Jersey will receive $7.0 million in federal foods this fiscal year. If this program is not extended, New Jersey will lose approximately $6 million during fiscal year 1975. Only the school lunch program will continue to receive food support with approximately $1.0 million input by the federal government. Support to all other recipient public and private agencies will be discontinued on July 1, 1974.

We have been very active in the processing of federal food commodities into other end items, such as:

(a) Durum wheat—processed into macaroni, spaghetti and medium shells.

(b) Flour, shortening and dry milk into bread and bread products.

(c) Bulk soya bean oil into mayonnaise.

(d) Flour into cakes, cookies, crackers, pizza pies, soft pretzels, etc.

The above processed items means an additional monetary savings to all recipient agencies amounting to over $1.5 million. If Section 4(a) of Public Law 93-86 is not extended, all processing will be discontinued.

If the Federal Food Programs are not extended, New Jersey will lose from $6.0 to $8.0 million in food commodity support from the U.S. Department of Agriculture.

It is my recommendation that you, as a senator of the State of New Jersey, support the Resolution as written in Enclosure No. 2 and/or support the extension of Section 4(a) Public Law 93-86 for a period of two years during which time the Congress can determine "where the program is today and where the program is going in the future."

Sincerely yours,

PHILLIP ALAMPI.

RESOLUTION PRESENTED AND ADOPTED UNANIMOUSLY BY ALL MEMBERS OF THE NORTHEAST COMMODITY DISTRIBUTION ASSOCIATION AT BALTIMORE, MD., DECEMBER 11, 1973

Whereas, historically the U.S.D.A. has purchased and distributed government-donated foods to needy persons in households, schools operating a non-profit school feeding program, non-profit summer camps for children, eleemosynary institutions, child care centers, orphanages, shelter houses and to the elderly; and

Whereas, the purchase of these foods has benefited our nation's agricultural economy through surplus removal, price support, and direct purchase programs; and

Whereas, the distribution of these foods has resulted in the establishment of an effective food distribution system throughout the nation which should be maintained at this time because of the uncertain directions of our economy and food production both nationally and world-wide; and

Whereas, the availability of reserve stock piles in States of government donated foods have frequently provided essential relief to hunger victims of numerous natural disasters; and

Whereas, the availability of these foods has made possible the service of nutritionally balanced meals to all eligible persons at low cost; and

Whereas, in 1973 the Congress and the President recognized the vital need of continuing these programs by expediting the passage of and enacting Section 4(a) of Public Law 93-86 which authorized the Secretary of Agriculture to purchase agricultural commodities from Section 32 and 416 funds without regard to any other restrictions in existing law for the purpose of maintaining an annually programmed level of food distribution assistance adequate to meet the nutritional needs of eligible groups; and

Whereas, more than ever with spiraling costs, schools, service institutions, child care centers, eleemosynary institutions, and summer camps continue to be dependent on the availability of government donated foods in order to maintain their food services at adequate nutritional levels; be it hereby resolved

That, The State Directors in attendance at this meeting reaffirm their belief that the U.S.D.A. has capably administered the donated food commodity program and be it further resolved

That, the Congress be requested to enact an extension of Section 4(a) of Public Law 93-86 so as to authorize a continuance of the commodity purchase program at existing levels through the fiscal year ending June 30, 1976.

VALUE OF COMMODITIES

County	Schools				Institutions	
	Fiscal year 1972		Fiscal year 1973			
	Sec. 6	Secs. 32 and 416	Sec. 6	Secs. 32 and 416	Fiscal year 1972	Fiscal year 1973
Atlantic	$46,441	$163,181	$41,833	$122,264	$13,033	$13,887
Bergen	79,338	279,049	70,399	283,678	13,200	14,489
Burlington	76,090	246,914	64,907	242,475	86,297	89,044
Camden	51,643	179,543	47,362	208,957	80,011	45,674
Cape May	29,927	41,777	10,949	35,263	28,091	20,421
Cumberland	79,424	104,742	31,303	112,559	194,247	350,783
Essex	147,889	413,484	69,423	518,689	111,318	77,748
Gloucester	37,239	126,353	34,508	133,043	2,044	2,505
Hudson	19,020	77,738	23,637	65,208	76,346	43,225
Hunterton	17,257	64,553	14,458	74,609	69,222	48,579
Mercer	56,318	175,642	53,269	143,581	245,016	164,468
Middlesex	95,546	289,382	86,514	354,180	60,981	39,160
Monmouth	73,598	218,516	60,840	213,050	62,218	54,761
Morris	64,219	207,816	52,148	240,465	162,887	149,548
Ocean	34,758	87,078	32,144	93,338	2,455	3,061
Passaic	58,056	195,201	56,361	192,612	38,439	40,311
Supplementary food program:					7,412	5,554
Salem	21,265	73,660	16,034	67,287	1,452	2,005
Somerset	32,668	132,940	29,888	157,552	28,883	23,760
Sussex	18,711	61,297	16,449	87,495	10,134	16,760
Union	62,493	216,506	55,385	279,272	104,313	45,075
Warren	13,298	45,349	12,001	49,618	8,717	11,430
Total	1,115,198	3,400,721	879,812	3,675,195	1,406,716	1,262,248

EXHIBIT 2

MARCH 25, 1974.

Hon. JAMES ALLEN,
Chairman, Senate Subcommittee on Agricultural Research, Washington, D.C.

DEAR MR. CHAIRMAN: The curtailment of the U.S.D.A. Commodity Food Distribution Program, as authorized under P.L. 93-86 is due to expire on June 30. If not extended by Congress, it could result in the loss of special food programs for many of our citizens, who otherwise could not afford, or have access to, proper nutritional care. This program has proven to be beneficial to so many needy recipients, especially to those in our schools and institutions. Its importance is heightened during this time of spiralling food costs.

In my own State of New Jersey, the impact of the curtailment of this program will be substantial. I am enclosing for your consideration, a copy of an extensively detailed letter regarding this impact which I have received from the Secretary of the New Jersey Department of Agriculture, Philip Alampi.

I wish, therefore, to offer my support of the extension of this program beyond fiscal year 1974. I am hopeful that your Subcommittee will soon consider appropriate legislation authorizing that extension.

With best regards,
Sincerely,

HARRISON A. WILLIAMS.

TO OUR POLICEMEN

Mr. McCLELLAN. Mr. President, for a number of years it has been my privilege to sponsor and help process a number of legislative proposals aimed at improving the quality of law enforcement and at giving more effective tools to the policeman in performing his duty. In enacting proposals for the betterment of law enforcement we sometimes tend to lose sight of the individual officer who represents, in his own locality, the entire concept of law enforcement functions. Any innovative measures we may enact are only as effective as the individual officer who carries out his duty day after day.

I was very pleased to receive from Cpl. George A. Hall, of the Arkansas State Police, a poem written by a high school student—author unknown—as a part of a class project. This poem by a young student aptly expresses the appreciation and support we all want to see given our policemen today. I ask unanimous consent that the poem be printed in the RECORD.

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

TO OUR POLICEMEN
(Author Unknown)

Policemen or Cops,
They're one and the same.
It's up to the man to honor the name.

The "P" stands for the protection
you so readily provide.
The "O" is found in boldness,
It seems you never hide.

You never hide from danger
You don't try to hide from fate,
You stand in the face of prejudice,
You stand in the face of hate.

The "L" is for the liberties
That all of you protect,
The liberties we all take for granted,
or neglect.

"I" stands for the impossible feats
I've seen you do with ease.
"C" is for the compassion you show for those in need.
"E" is for the energy
That seems to carry you through,
There's a certain air of confidence in everything you do.

The "S" in Cops stands for the suffering,
And the things you undergo,
With all that you must do to ease another's woe.

Although I may not show it,
I need and appreciate you,
And I'm ready to support you in everything you do.

TIME FOR CIA HEARINGS

Mr. PROXMIRE. Mr. President, it is time that Congress end its footdragging and schedule hearings on the Central Intelligence Agency.

The CIA Oversight Committees of both Houses of Congress have repeatedly postponed hearings on the CIA, even though several important bills have been introduced and referred to these committees. Even the Director of Central Intelligence, William Colby, has suggested changes in the CIA legislation, but still the oversight committees refuse to hold hearings.

It has reached the point where the only conclusion that can be drawn is that these committees are trying to protect the CIA from the legitimate calls for change from the rest of the Congress.

The recent court decision in the Marchetti book censorship case only reinforces the conclusion that many intelligence operations cannot be justified and are only classified because they are embarrassing to our Government.

The intelligence community is the only major segment of the Federal Government that does not come under continuing scrutiny of Congress. The CIA Subcommittee of the Senate Armed Services Committee, for example, only met with CIA witness twice in 1970, not at all in 1971, and once in 1972.

No staff members are allowed to attend these meetings. Transcripts are not taken. The pressures on any Senator or Member of Congress are such that without an able staff and without the memory of transcribed records, there can be no adequate oversight function. And without the proper oversight by Congress, the intelligence community can reign free—becoming involved in foreign policy matters, initiating military actions, and generally carrying out the wishes of two or three men in the executive department without any accountability to Congress or the people of America.

Until last year the oversight committees did not even know of the existence of the secret charter of the CIA set out in classified directives from the National Security Council. They neither knew about it nor had the foresight to ask questions about the authority of the intelligence community. At my prodding the committees finally reviewed these documents, but even now they are not allowed to be kept by Congress. They can only be read and then taken away. Certain other National Security Council materials relating to the intelligence community have never been shown to the committees.

The sad but truthful conclusion drawn from this lack of interest in the CIA is that the oversight committees have decided to look the other way—decided to not question or have knowledge of sensitive projects. Some members of these committees privately admit they would rather not know what goes on. That is the state of the oversight function.

CIA BUDGET HIDDEN IN OTHER APPROPRIATIONS

Money for the intelligence agencies comes out of the budgets of other Government departments. Not even the directors of the agencies involved always know that some of their funds are being siphoned off. And many subcommittee chairmen in Congress are not aware that they are approving appropriations for intelligence agencies under the sleight-of-hand procedures in the CIA Act of 1949.

The CIA acts under orders from the President, orders that are not always made known to Congress. The potential for abuse is enormous. Someday, some President could put these latent powers to his personal service or in other ways subvert the constitutional procedures we have erected for our own safety. The language of the 1947 National Security Act could be interpreted so broadly as to allow almost any illegal activity by the CIA or other intelligence units here in the United States as well as abroad. Only the good sense of the leadership of these agencies and the executive department prevents this from happening.

But history is not replete with examples of good sense holding sway for long periods. Therefore, Congress must act now to close the loopholes and put teeth in the oversight functions.

Specifically, the aggregate intelligence budget should be made public year by year and funded on its own merits in its own appropriations bill. Major "cloak and dagger" operations overseas should be reported to Congress in advance so that they can be compared with our foreign policy directives. Intelligence collection should continue as before but the meddling in the affairs of foreign nations for political or economic reasons should be prohibited.

CONGRESSIONAL MEDAL OF HONOR DAY AND UNITY DAY INTERFAITH CEREMONY

Mr. JAVITS. Mr. President, this June 24, the Fort Wadsworth Committee for a "Living National Park Memorial" will hold a Congressional Medal of Honor Day and Unity Day interfaith ceremony to commemorate Congressional Medal winners and members of the armed services.

I ask unanimous consent that a copy of the letter from the committee to me discussing the ceremony and a list of the committee members be printed in the RECORD.

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

FEBRUARY 25, 1974.

Hon. JACOB K. JAVITS,
U.S. Senator,
New York, N.Y.

DEAR SENATOR JAVITS: The Fort Wadsworth Committee for a "Living National Park Memorial" (1636 ——) held a "Congressional Medal of Honor Day" and "Unity

Day" Interfaith Ceremony on June 24, 1973. Its purpose was to encourage all Americans to pause at 2:00 P.M., E.S.T., in one minute of silent meditation for our "bravest of our brave" . . . the Congressional Medal of Honor recipients and all past, present and future servicemen and servicewomen. Twenty-five States (Alabama, Arkansas, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Louisiana, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico. Ohio, Rhode Island, South Carolina (Statement), South Dakota, Tennessee, Utah (Declaration), Washington (Statement), Wisconsin and Wyoming), The City of New York, Nassau County and the Borough of Richmond proclaimed this day and it was recognized by Alaska and North Dakota . . . messages were sent from New York and Ohio. With so fine a response we hope to have June 24th proclaimed a National Holiday . . . "Congressional Medal of Honor Day" and "Unity Day"!

This June 24, 1974 a similar ceremony will be held on our oldest continuously manned military installation and again our POWs and MIAs will be remembered in prayer.

With appreciation and very best wishes,
Sincerely,

LEO A. BOLLER,
Chairman.

FORT WADSWORTH COMMITTEE FOR A "LIVING NATIONAL PARK MEMORIAL"

Leo A. Boller, Chairman, Retired-N.Y.C. Police Department, Member of Honor Legion of Police Dept.

Ann J. Boller, Vice Chairman and Secretary.

Loring McMillen, Committee's Historian, Director, S.I. Historical Society, Richmondtown, N.Y., ARBC.

Oliver Jensen, Editor, American Heritage Publishing Co., Inc., Fifth Avenue, New York.

William E. Milacek, Commander, Catholic War Veterans, Department of New York State.

Raymond C. Fingado, Administrative Assistant, S.I., N.Y. Historical Society, Richmondtown.

Nathan L. Wolfson, Commander, Jewish War Veterans, Department af New York State.

Frank F. DiSogra, Commander, Veterans of Foreign Wars, Richmond County Council, S.I., N.Y.

Karl B. Justus, Executive Director, Military Chaplains Association of U.S.A., Washington, D.C.

Robert W. Garlinger, Commander, The American Legion, Department of New York State.

Warren S. Woodward, Exec. Sec., National Society Sons American Revolution, Natl. Hdqrs., Washington, D.C.

Frank J. Schira, Exec. Director, National Police Officers Assoc. America, Natl. Headquarters, Florida.

Kenneth T. Jackson, Sec.-Treas., Society of American Historians, Columbia University, New York.

James H. Driscoll, Secretary, National Democratic Club, Madison Avenue, New York.

Robert D. Carter, Acting Executive Director, Blinded Veterans Association, Washington, D.C.

Edward S. Malone, Past National Executive Committeeman, Disabled American Veterans, New York.

J. B. Koch, Commander, Veterans of World War I of U.S.A., National Headquarters, Alexandria, Virginia.

Edward J. Kiernan, President, Patrolmen's Benevolent Association of N.Y.C. Police Department.

Thomas J. Mooney, Vice President, United States National Student Association, Washington, D.C.

Frank C. Fini, Executive Director, Air Force Sergeants Association, Washington, D.C.

Margaret S. Cirbus, Corresp. Secretary, Soroptimist Club of S.I., N.Y. (Professional & Business Women).

Louis R. Bruce, Commissioner, Bureau of Indian Affairs, U.S. Dept. of Interior, Washington, D.C.

John M. York, Commander, Veterans of Foreign Wars, Department of New York State.

Howard H. Spooner, Commander, Veterans of World War I of U.S.A., S.I. Barracks No. 2524, S.I., N.Y.

Vincent A. Tabano, President, The Honor Legion of the Police Department of the City of New York.

Colonel Harold G. Barry, The Chief Secretary, The Salvation Army, Territorial Headquarters, N.Y.

Henry Allen Moe, President and Board Chairman, New York State Historical Association, New York.

Francis L. Butt, National Commander, The Boys' Brigade of America, Baltimore, Maryland.

Floyd B. Taylor, National Park Service Landmarks Specialist, U.S. Dept. of Interior, N.P. Service, N.Y.

William B. Flynn, President, Retired Patrolmens Association, Inc., N.Y. Police Department, N.Y.

Steve Hallock, National Adjutant, Army and Navy Union, U.S.A., National Headquarters, Niles, Ohio.

Salvatore Violante, Commander, Disabled American Veterans, Astoria Chapter No. 29, Long Island City, N.Y.

John M. Murphy, Member of Congress, Congress of the U.S. House of Representatives, Wash., D.C. (S.I.).

James A. McDivitt, BG–USAF, Apollo Spacecraft Mgr., Natl. Aeornautics & Space Administration, Houston, Texas.

Hallett D. Edson, BG-Ret. Exec. Vice Pres., National Association for Uniformed Services, Arlington, Va.

William C. LaMorte, President, Kiwanis Club of North Shore Staten Island, York Avenue, S.I., N.Y.

John T. Satriale, Esq., Former N.Y.S. Assemblyman, New York, New York; ARBC.

Rabbi William Berkowitz, President, The New York Board of Rabbis, Inc., New York, New York.

J. Joseph Smith, Past County Commander, Chairman Life Membership Committee, Dept. of New York, Vets of Foreign War.

Alfred M. Francia, Chef DeGare, Societe 40 Hommes, 8 Chevaux (The Forty & Eight), The American Legion, Loc. 595, S.I.

August Heckscher, Administrator, Commissioner of Parks, The City of New York, Parks, Rec. & Cultural Affairs.

Charles Phillips Sturges, Governor General, General Society of Colonial Wars, Chicago, Illinois.

Bernard Berggren, Area Vice President, Area II, American Association of Retired Persons, S.I., N.Y.

Dr. James J. Flynn, Chairman, History & Political Science Dept. St. Francis College, Bklyn.; Historian of Queens; ARBC.

Lester L. Wolff, Member of Congress, Congress of the U.S. House of Representatives, Wash. D.C. (Queens).

Rev. Edward Lodge Curran, Ph.D., Pastor, St. Sebastian's Roman Catholic Church, Woodside, N.Y.; ARBC.

George Meany, President, American Federation of Labor & Congress of Industrial Organizations, Wash., D.C.

Harold B. Say, Editor, The Stars and Stripes, The National Tribune, Washington, D.C.

Matthew J. Troy, Jr., Councilman, The City of New York, 16th District, Queens, N.Y.; ARBC.

George O. Pratt, Jr., Director, Staten Island Institute of Arts and Sciences, S.I., N.Y.

Alexander B. Lyon, Jr., Vice President of Corporation Trust, Dept. of Chemical Bank, N.Y.; Treasurer of ARBC.

Rabbi I. Usher Kirshblum, Jewish Center of Kew Gdns. Hills & Vice Pres. of Queens Interfaith Clergy Council; ARBC.

Edward Whitney, President, The Citizens Committee of Brooklyn, Inc., Brooklyn, N.Y.; ARBC.

Barry Goldwater, United States Senator, Arizona, United States Senate, Washington, D.C.

Joseph J. Richie, Adjutant, Staten Island Detachment #1, Marine Corps League, Staten Island.

Orvall A. Taylor, Lt. Colonel, Commander, Greater New York Unified Command, The Salvation Army.

Peter Holowecki, Commander, The American Legion, Williston Post #144, Williston Park, LI, N.Y.

John P. Tipping, County Commander, The American Legion, Nassau County, Long Island, New York.

Stanley K. Hathaway, Governor, State of Wyoming, Executive Department, Cheyenne, Wyoming.

Jacob K. Javits, United States Senator; New York, United States Senate, Washington, D.C.

Ralph G. Caso, Nassau County Executive Mineola, N.Y.; Chairman of Metropolitan Regional County.

Robert B. Docking, Governor, State of Kansas, Office of the Governor, Topeka, Kansas.

Neil G. Knowles, National Commander, Catholic War Veterans of USA; National Headquarters, Wash., D.C.

Dr. Joseph J. Palisi, Borough Historian of Brooklyn, Borough Hall, Brooklyn, New York.

Joseph Jastry, Department Commander, AMVETS Department of New York, Hamburg, New York.

Donald R. Sloane, President, Sons of the Revolution in the State of New York, Frauces Tavern Museum, N.Y.

Amadeo F. Rodriguez, Commandant, Greater N.Y. Detachment #1, Marine Corps League, N.Y. County, N.Y.

WAGE AND PRICE CONTROLS

Mr. BAYH. Mr. President, the time has come to discontinue broad economic controls. The administration's half-hearted attempt at an anti-inflation policy has completely collapsed. The cost of living climbed more than 10 percent in the past 12 months—the first double-digit rate of inflation in consumer prices since 1948. At the same time, the administration has closely monitored wage settlements to be certain they have conformed to a general guideline of 5.5 percent. The inevitable result—real spendable income of workers has dropped 4.5 percent below a year ago.

Wage and price controls can serve a useful but limited purpose. Our economy is too complex, however, to be successfully controlled for long periods of time. And as the American worker is painfully aware, inequities necessarily result when controls are not applied across the board—and administered fairly. In the case of the Nixon policy, neither standard was met—and on top of that, the President's own advisers worked feverishly to undercut the policy. Dismal failure was predictable.

I am firmly convinced, however, that there is every reason to temporarily continue controls on one particularly crucial sector of the economy—energy. Fuel prices alone now account for ap-

proximately one-third of our current inflation, and the price of energy is still going up. Moreover, we are dealing with a situation where a few large multinational oil companies control the production, refining, and distribution process for a good portion of all of our energy products. The FTC has charged these companies with anticompetitive practices. In order to offset the heavy concentration of private power in this vital sector, the public interest requires the Federal Government to play a role in the economics of energy.

This administration's record with regard to wage and price controls indicates that the American people, laborers and businessmen alike, would be better served by a return to a decontrolled economy. A more flexible policy, hopefully, would also lead to increased production in the few critical areas where shortages have developed.

STATEMENT OF POSITION ON VOTE

Mr. PELL. Mr. President, yesterday on rollcall vote No. 139, I was necessarily absent from the Senate. The vote was on a motion by the distinguished senior Senator from Rhode Island. I wish to state that had I been present, I would have voted in the affirmative.

PETROLEUM INDUSTRY PROFITS

Mr. BARTLETT. Mr. President, Mr. John Winger and his associates of Chase Manhattan Bank have long been authorities on the capital requirements of the oil and gas industry. Yesterday, Chase Manhattan released yet another informative study about the complex and much misunderstood petroleum industry. This study is an objective analysis of recent petroleum industry profits and future consequences inherent in Government's present approaches to solving the energy shortages.

Mr. President, I sincerely urge all my colleagues to study the Chase Manhattan Bank's "The Profit Situation" and I ask unanimous consent that it be printed in the RECORD.

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

THE PROFIT SITUATION

(By John Winger and Associates)

PROFITS AND THE ORDINARY MAN

Ask any man what he would need first if he wanted to get into the petroleum business. He would be virtually certain to say money. He would know he could not start the business without money. And he would also know he would need more money to keep the business going and still more to make it grow.

Ask him where he would get the money, and he would be likely to say that he would have to provide most of it himself from his accumulated earnings. He would probably know he could borrow some—but only if he could prove to the lender his ability to repay the loan out of future profits.

Because he obviously must depend upon them so much, ask him to define profits. Again, he would be likely to respond correctly. He would know that, of the money he took in from the sale of petroleum, only the amount remaining after paying all the costs of doing business, including taxes, would represent his profit. He would be likely to understand that he could expand his business only if his profits were large enough. And he would also recognize that his business would fail if his profits were too small.

Despite the fact that most people readily understand their own needs for an adequate income, whether it be salary or profits, many fail to recognize the equal needs of others. Indeed, the extent of the failure to understand the vital importance of the role played by profits in the free enterprise system is appalling. Because that lack of understanding is now so great, it constitutes a significant threat to the continued existence of the economic system that has served the people of the United States so well in the past.

THE FREE ENTERPRISE SYSTEM

The American economy has been called the eighth wonder of the world because it is based on a historically revolutionary idea: that a society can function, prosper and grow on the basis of free economic choices by individuals. The market place—not government planning—regulates the economy. The desire for private gain and fulfillment, not decree or coercion, is the motivating force. It is a system that has brought to the American people the highest standard of living anywhere on earth. It has worked well because for the most part it has been permitted to function with a minimum of intervention by government. Yet, despite the demonstrated merits of the system, disturbing changes are being introduced. With increasing frequency governmental intervention is being substituted for the free choice of individuals in the market place.

ECONOMIC ILLITERACY

If asked, a vast majority of the people of this nation would doubtless say they believed in the free enterprise system. But how many really understand how it functions? Only a small proportion of all high school and college graduates have ever taken a course that explains the free enterprise system in a meaningful fashion. Former Secretary of Commerce Luther Hodges once said, "If ignorance paid dividends, most Americans could make a fortune out of what they don't know about economics."

Among the most disturbing effects of economic illiteracy is the widespread misunderstanding of the role profit plays in the free enterprise system. In the minds of far too many, unfortunately, profit is a dirty word. There is the strong tendency to think of profits as funds left over from the operations of a business—money to be utilized for any unrelated purpose. Profits, therefore, are regarded as something a business does not really need, or at least something that can be reduced without serious consequences. Many, though they endorse the free enterprise system, nevertheless reject profits. Apparently, their lack of knowledge of economics leaves them unprepared to understand that the American economy cannot function without capital—and there can be no capital without profits. Indeed, there is the shocking evidence that some are not even able to distinguish between gross revenue and profits.

HOW MUCH PROFIT?

Even among those who understand the need for profits, there is often the failure to recognize that profits must also grow. With each passing year, our needs for goods and services rise. And if they are to be satisfield in full, our economy must also grow. But it cannot if profits do not expand too. Yet, from sources not truly qualified to judge, we frequently hear that profits are too high.

How should the adequacy of profits be judged? There is no simple or permanent benchmark. Under one set of circumstances, profits of a certain size could be judged sufficient. But, given changed circumstances, the same amount of profit could be either too little or too large. No meaningful conclusion can be drawn from a mere measurement of an organization's profits for a limited period of time or the amount of increase over the preceding period. Nor is the rate of return on invested capital by itself a sufficient guide. A knowledgeable management, thoroughly acquainted with every facet of a company's operations and with a carefully planned and detailed projection of future capital expenditures, knows what level of profits will be necessary. But the casual observer cannot possibly know. If the profits have been sufficient to provide and attract all the capital required for an extended period of time, they may be deemed to have been adequate—for that period. But, if the company's business is growing, the same amount of profit would be inadequate to serve future needs.

A DANGEROUS SITUATION

The inability to judge the adequacy of profits fairly with only a superficial examination has never been more apparent than at present. The public attitude in respect to the profits of the petroleum industry reveals clearly how dangerous a small amount of information can be. Usually, the earnings of the petroleum industry go largely unnoticed. Brief reports appearing in the business section of newspapers attract mainly the attention of investors and are ignored by most other readers. But, a combination of abnormal factors in 1973 caused earnings to be much larger than in 1972. Because the newsmen—and many politicians—have focused a great deal of attention on the size of individual petroleum company profits, public awareness is much greater than usual. And there is no doubt that much of the public now considers the earnings excessive. Coupled with the current shortages of petroleum products, all the publicity relative to earnings has created the impression that petroleum companies are engaged in profiteering. That belief is doubtless shared by many representatives of government. And many obviously believe punitive actions against the industry are therefore necessary.

Considering the widespread failure to understand the true function of profits in the free enterprise system, the attitude of the public is not surprising. But the American people are entitled to a much greater insight on the part of their elected and appointed representatives in government. Unless they fully understand the nation's chosen economic system and unless they ascertain all the facts before they act, these officials run the risk of setting in motion forces that are likely to prove highly detrimental in the longer run. Because its economic and social well-being is so highly dependent upon an adequate supply of petroleum, the nation can no longer tolerate political blunders that jeopardize that supply.

There is, therefore, an urgent need to publicize the underlying factors responsible for the unusual level of earnings experienced by petroleum companies in 1973. For that reason, this special report is presented in the hope that the information it contains will contribute to a more accurate and broader understanding of all that is involved. The information is drawn from a financial survey of a large group of petroleum companies conducted continuously by this bank for nearly four decades. Currently, the group is comprised of 30 companies of various size. Together, they represent a major proportion of the entire petroleum industry throughout the non-Communist world. Not all of the companies have completed the auditing of their books nor have they all reported to their shareholders. Therefore, the figures cited in this report are necessarily of a preliminary nature. Although the final data may prove to be slightly different, the variation is not likely to be sufficient to alter the conclusions presented here.

THE FACTORS

It is important to recognize at the outset that the group of companies does business throughout the entire non-Communist world

and that the operating conditions in 1973 outside the United States were vastly different than within. The growth of demand for petroleum was strong in the United States—but it was much stronger in the rest of the world. Market needs in the United States increased by nearly a million barrels per day and elsewhere they rose by more than two million a day. Gains of that magnitude, of course, could alone produce a substantial increase in earnings without any change in the price of petroleum.

But, for several reasons—mostly abnormal—there were price increases also. A gradually evolving shortage of petroleum has been apparent for many years. For the most part, that development has been regarded with complacency in the United States. In most of the rest of the world, however, the degree of awareness has been much greater. And mounting apprehension about the scarcity of supply caused prices to advance in many of the world's markets during 1973.

Largely because of governmental restraints on the generation of capital over the past two decades, it has not been possible to increase the production of petroleum in the United States in recent years. And all of the expansion of market needs, therefore, has had to be satisfied with imported oil. That means the United States has recently started to compete much more aggressively with other importing nations for available foreign supplies. And that competition in 1973 gave rise to even greater concern within other nations about the adequacy of their oil supply. They reacted by increasing their stockpiles of oil and bidding up prices further in the process.

Governments of several major oil producing nations were also responsible for higher oil prices in 1973. To varying degrees and in several stages they enlarged their ownership of the petroleum operations within their borders and in the process dictated very large increases in the price of crude oil. Under the terms of the varied and complicated formulas that establish the relationship of governments and the operating petroleum companies, most of the benefits of the price changes went to the governments, but some accrued to the companies too.

During 1973, governments of some of the oil producing countries made threats to cut off the flow of oil. Such warnings, of course, contributed to the apprehension within the importing nations about the continuity of their oil supply. And, as a consequence, the governments of the importing nations compelled petroleum companies to maintain exceptionally large inventories. As the price of oil progressively rose in the world's major markets in response to both the forces of supply and demand and the unilateral actions of government, the value of inventories increased too. And that development was naturally reflected in the gross revenue of the petroleum companies involved.

Early in 1973 the dollar was devalued. And, in the process of the necessary conversion from various other currencies, dollars were automatically increased on the books of many petroleum companies. Thus, an action of the United States Government contributed directly and significantly to the growth of earnings of those companies.

The strong worldwide growth in the demand for petroleum in 1973 caused tanker rates to soar to record highs after being at subnormal levels the year before. Consequently, the transportation operations of many of the petroleum companies became substantially more profitable than they had been.

After being in the doldrums for several years, the petrochemical operations of the petroleum companies staged a strong recovery in 1973. And the earnings from those operations, therefore, were significantly better than in the previous year. The impetus for the recovery was provided by both a strong demand for chemical products and a shortage of supply.

MORE MONEY AND WHERE IT WENT

As the foregoing commentary reveals, there were several unusual developments in 1973 which together led to a larger than usual increase in the gross operating revenue of the group of petroleum companies. The actual size of that increase is measured in the following table:

GROSS OPERATING REVENUES

	In millions		Change from 1972	
	1973	1972	Million	Percent
United States	$55,810	$47,639	+$8,171	+17.2
Rest of world	76,245	56,520	+19,725	+34.9
Total	132,055	104,159	+27,896	+26.8

The table reveals that the companies received much more revenue outside the United States than within. And, because of the abnormal developments cited earlier, nearly three-fourths of the increase in revenue occurred outside the United States.

Normally, as the scope of their business expands, the operating costs of the companies rise too. In 1973, however, the increase of 21 percent was proportionately larger than the growth of their business operations. But, even so, the rise in costs was still not as great as the expansion of operating revenue. Consequently, the group's pretax income was 54 precent larger than in 1972.

Unfortunately, there is a widespread failure to recognize that taxes are one of the costs of doing business. But they are, of course. And, like all other costs, they must be recovered in the price paid by the consumers of petroleum. Otherwise, the business operations simply cannot remain viable for long. Therefore, whenever governments impose higher taxes on petroleum companies, they are actually imposing those taxes indirectly on consumers. And, if consumers had a better understanding of this, they would doubtless protest vigorously.

When pre-tax income increases, income taxes go up too, of course. And income taxes also rise as a result of governmental actions. For the latter reason, income taxes have been the fastest growing cost of doing business for the petroleum companies. And, in 1973, the group turned over as much as 56 percent of its pre-tax income to governments in the form of income taxes. The payment amounted to 14.8 billion dollars—4.5 billion more than in 1972.

Petroleum companies do in fact pay additional taxes that are not imposed on most other businesses. They include such levies as production, severance, and ad valorem taxes. In 1973, these additional taxes amounted to 6.0 billion dollars for the group of companies. Their total tax payment in 1973, therefore, came to 20.8 billion dollars—5.4 billion more than in the previous year.

Of the total 1973 operating revenue, 75.3 percent was required to pay day-to-day operating costs. Taxes took 15.8 percent. And the remaining 8.9 percent represented the group's profits. Each of these elements increased in 1973 as indicated in the following table:

[In million dollars]

	United States	Rest of world	Worldwide
Gross operating revenue	+8,171	+19,725	+27,896
Operating costs	+6,627	+11,001	+17,628
Direct taxes	+846	+4,560	+5,406
Profits	+698	+4,164	+4,862

Obviously, higher operating costs absorbed a major portion of the revenue increase both within and outside the United States. Also, taxes increased more than profits in both areas. And, of the total growth in profits, the great bulk—more than 85 percent—occurred outside the United States. The next table compares the actual amount of profits in both areas in 1973 with the net earnings in the year before:

Profits	In millions		Change from 1972	
	1973	1972	Millions	Percent
United States	$4,354	$3,656	+$698	+19.1
Rest of world	7,368	3,204	+4,164	+130.0
Worldwide	11,722	6,860	+4,862	+70.9

The average changes shown in the table reflect widely varied results for the individual companies ranging from very large gains to very large declines.

WHY PROFITS INCREASED SO MUCH

In 1972, more than half of the group's over-all profits—53 percent—were earned in the United States. But, in 1973, the proportion dropped to only 37 percent. For the most part, that major shift reflected the impact of the various abnormal forces operating in 1973.

Devaluation of the dollar had the single greatest effect. Indeed, nearly one-fourth of the worldwide increase in profits can be attributed to devaluation alone. About one-sixth of the profit gain was brought about by the increase in the value of inventories following the progressive firming of petroleum prices in most of the world's markets throughout the year. As explained earlier, the price changes were the result of both economic and political forces. Historically, the profitability of both the petrochemical and tanker operations of the companies has ranged from extremely poor to extremely good. It is unusual, however, for both operations to stage a strong recovery in the same year, as was the case in 1973. Because these activities did recover at the same time, they also contributed substantially to the expansion of the group's profits.

Four of the thirty companies in the group are European rather than American organizations. Their earnings have fluctuated widely in recent years and in 1972 they were severely depressed. Because of the unusual developments in 1973, the earnings of these four companies were much improved and that recovery alone accounted for more than one-third of the profit gain for the entire 30 company group.

The growth of demand for oil continued unabated in 1973. Worldwide needs were 3.2 million barrels per day larger than in the year before. And, with that much additional oil moving to market at price levels that averaged higher than in the previous year, a substantial increase in profits was a perfectly normal consequence.

When considered superficially, a 71 percent increase in profits appears excessive. But, an analysis that is limited solely to the change for a single year is not only foolish and grossly misleading but can also be dishonest. If petroleum companies are to serve the expanding needs of consumers, they must make long range investment plans. And those plans must necessarily be based upon the average growth of profits over a long period of time—not just the increase in a single year. For the past five years, including 1973, the group of companies achieved an average annual growth in earnings of 12.0 percent. For the past ten years, the annual growth has averaged 9.9 percent. In both cases, the average increase fell far short of the growth required to provide the capital funds needed to keep pace with the expansion of petroleum demand.

Within the United States alone the longer term growth of profits has been even less favorable. Although the group's earnings in

1973 were 19.1 percent higher than in the year before, they were only 11.3 percent higher than five years earlier. And the average annual growth for the past five years has been only 2.2 percent. Over the past ten years the average growth has amounted to no more than 6.2 percent. Clearly, the United States cannot possibly achieve the higher degree of petroleum self-sufficiency it so urgently needs if profits continue to grow at such slow rates. Not nearly enough capital can be generated internally nor will capital from outside sources be attracted. There are many opportunities for investment in the United States that are much more attractive.

A RISKY BUSINESS

A high degree of risk has always been a characteristic of the petroleum business. There is the continuous risk of spending vast amounts of money on the search for petroleum without finding any. And there are also the political risks which take various forms. The most obvious is the outright confiscation of assets by government. More subtle but no less damaging are those actions of government that interfere with the highly essential process of capital formation. Both kinds of political risk continue to exist right up to the moment. Because of these risks, petroleum companies need to achieve a higher return on their investment than most other industries. For many years, however, the return on average invested capital for the group of companies has been too low relative to their risk element. In 1972 it was only 9.7 percent and substantially below the return for many other industries with much less risk. The higher level of profits in 1973 brought the group's worldwide return up to 15.6 percent. At that level it was within the range considered necessary to generate the required capital funds.

In the United States, however, the rate of return remained too low. It increased from 9.6 percent the year before to 11 percent in 1973. At that level it was still substantially below the return for most other industries with a lower degree of risk. For the most part, the poor return in the United States in 1973 and in the past was the direct result of governmental interference with the operations of the nation's chosen economic system.

ABOUT THOSE TAXES

As noted earlier, the group's taxes increased more in 1973 than its profits—both in the United States and in the rest of the world. Indeed, taxes have increased more than profits for many years. The following table illustrates the degree of increase over the past five years.

	In millions		Change from 1968	
	1973	1968	Millions	Percent
Profits	$11,722	$6,664	+$5,058	+75.9
Direct taxes	20,845	7,276	+13,569	+186.5

Clearly, governments are benefiting far more from the operations of the companies than the companies themselves. In the United States alone, total direct taxes rose by 33.1 percent in 1973 compared with the 19.1 percent gain in profits. Income taxes were up 72.9 percent. Over the past five years direct taxes in the United States increased by 1,343 million dollars or 65.2 percent compared with the profit gain of 441 million dollars or 11.3 percent. Income taxes alone increased by 304 million dollars or 97.2 percent during that period.

In addition to the direct taxes they pay, the companies transfer to governments an enormous amount of money in the form of excise taxes. In 1973 the excise taxes amounted to 26.4 billion dollars—10.1 billion in the United States and 16.3 billion in the rest of the world. The total taxes taken in by governments as a result of the group's operations in 1973 amounted to 47.2 billion dollars—13.5 billion in the United States and 33.7 billion in the rest of the world. Of the total taxes paid, the major portion went to the governments of the petroleum importing nations. Indeed, the tax receipts of government in the United States alone exceeded those of all the major producing countries together. Compared with the year before, the tax revenue of governments increased by 9.4 billion dollars. Over the past five years governments took in 172.7 billion dollars in taxes. The profits of the companies over the same period amounted to 39.2 billion dollars. By any test, governments have fared exceedingly well.

It should be readily apparent that the more money governments take from the companies in the form of taxes the less there is available for capital investment. When governments increase taxes they reduce profits and thereby create an immediate need for the companies to offset the loss by raising petroleum prices in an effort to restore their profits. But, if governments apply price controls or otherwise limit profits, the companies cannot offset the loss of capital funds caused by the tax increase and they are then forced to curtail their capital investment. Obviously, the companies cannot invest money they do not have.

THEY SPEND MORE THAN THEY EARN

Historically, there has always been a very close relationship between capital expenditures and profits. As one of the charts in this report clearly reveals capital expenditures rise and fall with net income. Also indicated is the fact that the group's capital expenditures are much larger than its profits. The following table compares the actual amount of profits and capital expenditures over the past five years.

[Dollar amounts in millions]

	Profits	Capital expenditures	Expenditures over profits	
			Amount	Percent
United States	$18,883	$34,102	+$15,219	+80.6
Rest of world	20,308	30,000	+9,692	+47.7
Worldwide	39,191	64,102	+24,911	+63.6

As the table reveals, the companies invested nearly two-thirds more money in the past five years than they generated in profits. And in the United States they spent nearly twice as much as they earned. In fact, well over half of their worldwide investment was made in the United States even though their profits were larger in the rest of the world. The companies were able to invest more than they earned only because they could obtain part of the money they needed through the mechanism of capital recovery and another part by borrowing.

THE IMPORTANCE OF PETROLEUM

The satisfaction of virtually all needs for goods and services throughout the world depends upon the use of energy. Without a sufficient supply of energy, the developed nations of the world cannot maintain their existing standard of living and the less developed nations will not be able to achieve the economic and social gains they so urgently need. The liquid form of oil makes it by far the most versatile of all energy sources. Our studies reveal that the world will depend upon oil alone to satisfy well over half of its energy needs between 1970 and 1985. The world's requirements for petroleum in that time will be nearly three times greater than in the preceding fifteen years. Even if the demand for oil stopped growing, the consumption would still be almost twice as large as in the preceding fifteen years.

All of the existing proved reserves of oil throughout the entire non-Communist world are not now sufficient to satisfy the worldwide needs between 1970 and 1985. If those needs are to be satisfied and a realistic level of underground inventories maintained, the petroleum industry will have to find twice as much oil between 1970 and 1985 as it discovered in the preceding fifteen years. The estimated cost of finding that much oil and providing all the additional facilities required to satisfy the world's expanding markets plus the other essential financial needs of a viable business operation will amount to well over a trillion dollars. That is about four times the amount of money the industry utilized in the preceding fifteen years. In the United States alone, the petroleum industry's financial needs will exceed half a trillion dollars.

Raising that much money will represent an enormous task. Part of it can be borrowed but at least three-fourths will have to be generated internally from profits and capital recovery. Nearly half must be obtained from profits alone, and profits will have to grow much faster than in the past. The rate of return on invested capital will need to range between 15 and 20 percent.

THE ROLE OF GOVERNMENT

But, if obstacles are raised by governments, and the petroleum industry is therefore prevented from generating all the capital funds it needs, it will be unable to serve the world's markets—a progressively worsening shortage of petroleum will surely evolve. The United States is now faced with a shortage of all forms of energy and the blame for that condition must be laid almost entirely at the doorstep of government. For nearly four decades, government has broken economic laws repeatedly and has compiled an appalling record of interference with the normal operations of the free enterprise system. Yet, against that background, many representatives of government are currently exhibiting an incredible determination to take further actions that are certain to prove highly detrimental to the nation.

The temper of the times is dangerous. And government should be acting with utmost care. It ought to be making a thorough, well-reasoned, and open-minded assessment of all the abnormal forces at work in 1973. In addition, it should be conducting an equally honest examination of its own role in bringing about the energy shortage. Good government demands nothing less. But we are not witnessing actions of that nature. Instead, there appears to be an impulsive rush to take punitive actions—actions apparently motivated primarily by the growth of petroleum company profits in 1973. There are few signs of a truly meaningful effort to seek the facts. Hearings abound. But the politically charged, theatrical atmosphere of the typical Congressional hearing does not provide an opportunity for the effective development of factual and relevant information. Sincere and earnest efforts to gain information can be accommodated far better with other methods.

Among the punitive actions proposed are limitations on both capital recovery and profits. Government appears unmindful of the serious consequences of restricting the petroluem industry's ability to generate capital funds. Apparently, there is little understanding that a worsening shortage of petroleum would be the inevitable outcome. Nor does it seem to be understood that the nation's economy would surely suffer as a result of the petroleum shortfall and that tax receipts would then decline, leaving government less able to carry on its legitimate functions.

The sequence of events in prospect are cause for much alarm. And, if government acts to set them in motion, the nation will be faced with a prolonged period of hardship. That is not to say, however, that the ultimate

result would be doom. As the problems worsen, the seeds of correction will begin to grow. Consumers will not tolerate shortages of petroleum, or other forms of energy, indefinitely. They will insist that their needs be satisfied. At the present time, they are angry at the petroleum companies, as well as the electric and gas utilities because of shortages and rising prices. And the punitive actions being considered by government appear to manifest in part a desire to cater to the public attitude for reasons of political expediency. But the punitive actions will not solve the problems—they will only make them worse. And, when conditions do not improve, consumers will seek a new villain. By then, the only one available, of course, will be government.

By resorting to their most potent weapon—their votes—consumers can bring about change; they can set in motion powerful forces of correction. In response to their needs and demands, men and women with a more positive attitude toward the free enterprise system and the needs for capital can be attracted to government service. And, in time, the United States can stage a gradual recovery and again achieve a high degree of self-sufficiency relative to the supply of petroleum and other forms of energy. The nation does not lack basic energy resources to be developed—all that is required is sufficient capital funds and freedom to act.

But the time required to attain that goal will be long and painful. Favorable results could be achieved sooner if only government would recognize immediately the urgent need to work constructively with all the energy industries for the over-all good of the nation rather than continuing in an adversary posture.

ALTERNATE SOURCES OF ENERGY

Mr. GRAVEL. Mr. President, a report full of good news about solar energy has been lying in the AEC's Public Document Room since December 1973.

On March 26, Senator HUMPHREY put its introductory section into the CONGRESSIONAL RECORD, pages 8097–8100. On April 1, Senator ABOUREZK put the report's section 3 on solar thermal conversion, and section 7 on photovoltaic conversion, into the RECORD, pages 9061–9068.

The report was made to AEC Chairman Dixy Lee Ray by her Subpanel IX on Solar and Other Energy Sources. The panel's best news for Americans was this:

At an average energy conversion efficiency of 5%, less than 4% of the U.S. continental land mass could supply 100% of the Nation's current energy needs. Thus, solar energy could contribute significantly to the national goal of permanent self-sufficiency while minimizing environmental degradation . . .

Although the full impact of solar energy probably won't occur until the turn of the century, the economic viability of several applications (e.g., heating and cooling of buildings, wind electric power, and bioconversion to fuels) could be developed and demonstrated in the next five years. Ultimately, practical solar energy systems could easily contribute 15–30% of the Nation's energy requirements.

That statement declares, in effect, that solar energy is a realistic competitor with nuclear fission, which would also need until the year 2000 to account for 30 percent of the Nation's thermal energy supply.

DOLLARS AND SENSE

Subpanel IX recommended an accelerated orderly solar energy program costing $1 billion over the next 5 years and noted:

Current estimates indicate that the value of fossil fuel to be saved in one sub-program alone, i.e., heating and cooling buildings, would equal the cost of the entire accelerated ($1 billion) R&D program seven years after practical systems become commercially available.

Nevertheless, the AEC Chairman cut the 5-year recommendation for solar energy from $1 billion to $200 million in her December report to the President.

When the President's energy budget went to Congress in early February, it contained only $50 million for solar energy in fiscal 1975, beginning in July 1974. By contrast, the figure is over $700 million for nuclear fission R. & D. in fiscal 1975, exclusive of $200 million additional for fission regulation and AEC biomedical research.

Anyone who wished to read the subpanel's Solar Energy Report, which is purportedly over 200 typewritten pages, had to visit it at the AEC's Document Room on H Street, where they could also Xerox it for 5 cents a page. I still do not have all the pages.

After receiving recent inquiries from several Senate offices, the AEC has decided to make 100 copies available for distribution. This is progress. However, the AEC claims it cannot afford to make any more. This is the agency which extolls the wonders of nuclear fission in millions of booklets and thousands of film prints.

I think 100 copies is much too limited a distribution for what seems to be the most important solar energy report ever produced in this country or any other.

Therefore, I ask unanimous consent that the subpanel's report, section 4 on wind energy conversion, section 5 on bioconversion to fuels, and section 6 on ocean thermal energy conversion, be printed in the RECORD.

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

[Subpanel IX, Report on Solar Energy to Dr. Dixy Lee Ray, December, 1973]

SECTION 4—WIND ENERGY CONVERSION

I. SUBPROGRAM SUMMARY

A. Introduction:

1. The research area is concerned with practical extraction of energy from the wind, primarily directed toward the generation of electricity on a large scale. The research area includes efforts on cost reduction of subsystems and components, research and data collection on wind characteristics, user requirements, legal, environmental, institutional and aesthetic issues, optimization of design concepts, and the testing of a series of systems of increasing size and performance.

2. The objective of the Wind Energy Conversion Program is to develop reliable and cost competitive wind energy conversion systems capable of rapid commercial expansion for appropriate regions to produce significant quantities of supplemental electrical power by the early 1980's with the potential for meeting base load electrical power requirements.

A characteristic of Wind Systems is that the cost of the energy produced is a function of site wind characteristics as well as the technological capability. Thus, a characteristic of the program is that there is no question of success versus failure per se, but rather an increasing competitiveness over wider regions as system performance is increased. Therefore, the basic problem being addressed is to reduce the cost of wind energy systems and to verify and demonstrate that reduction.

B. R&D Programs:

1. Description:

a. The specfic goal of the Accelerated/Orderly Program is, by 1979, to have in operation cost effective systems in the 10 MWe range, along with completed preliminary design and component development to allow the operation of 100 MWe or larger systems by 1981. The program contains four program elements: 1) the Program Development and Technology element includes system and user requirement studies, supporting and advanced research and development on components and sub-systems, micro and macro scale wind and site characterization and research on legal, environmental, aesthetic and applications issues; 2) the Small Scale Systems Element will develop and test a 100 KWe wind-generator in FY 75 to provide the initial experimental cost and performance information, to be followed by similar sized units for diverse site conditions and special applications; 3) the MWe Scale Systems Element will develop and test larger wind-generators (1 to 2 MWe size) to provide cost and performance information at a scale appropriate for eventual commercial use to be followed by operation of similar sized units for diverse site conditions, higher performance and special applications; and 4) the Large Multi-unit Scale Element will develop and demonstrate two economically viable 10 MWe systems of large wind-generators and complete the preliminary design of a 100 MWe system of large wind-generators.

b. The minimum Viable Program maintains the same sub-element structure, with a stretched schedule, a smaller supporting research element examining fewer component and subsystem alternatives and fewer test units. The specific goal for FY 79 is to have in test one 5–10 MWe multi-unit test system.

c. A crash program has been considered but at the present time, insufficient recent experimental data and analyses exist to allow speed up to the accelerated program in FY 75–77. Upon completion of the initial tests of the first MWe scale unit and based upon its performance, a considerable speed up could be obtained at an expenditure of additional funds. At some risk, the 100 MW scale demonstrations could be moved up from FY 81 to FY 79; the merits of this option can be examined in FY 77.

2. Schedule and Budget:

	Accelerated	Minimum viable
1. 1st 100 kWe test	Fiscal year 1975	Fiscal year 1975.
2. 1st MWe scale test	Fiscal year 1976	Fiscal year 1977.
3. 1st multiunit test	Fiscal year 1978	Fiscal year 1979.
4. 2–10 MWe wind-generator systems.	Fiscal year 1979	Fiscal year 1981.
5. 100 Mw viable	Fiscal year 1981	Fiscal year 1985–86.
6. Fiscal year 1975 funding	$8,500,000	$3,800,000.
7. Fiscal year 1976–79 funding.	$97,700,000	$23,100,000.
8. Runout to demonstration.	$150,000,000	$150,000,000.

Cost uncertainty rests on lack of system level experience to determine both configuration dependent initial costs and lifetime operating costs and because of presently inadequate wind data and prediction methodology. Additional uncertainty exists in the requirements for storage as a function of application.

C. Implementation:

1. The maximum possible energy that can be practically extracted from the wind in the U.S. has not been determined. However, the NSF/NASA Solar Energy Panel has identified areas of the U.S. which could be used to generate 1.5 x 10^{12} KW–HR/yr or nearly all the electric power presently generated in the U.S. If all these areas were utilized, approximately 18 percent of our estimated power generation of 8 x 10^{12} KW–HR/yr for the year 2000 could

be supplied by wind energy systems. The actual implementation could be considerably larger or smaller than these estimates based on the results of actual performance achieved and detailed wind surveys.

2. Implementation of additional wind-energy systems after successful demonstrations should be relatively straightforward. Rapid expansion following the 1981–82 period can be expected from the accelerated program. The minimum-viable program will result in a slower implementation due to the larger time required to reach demonstration systems.

3. Possible barriers to implementation include:

a. unknown reaction of utility community due to unusual characteristics of wind-energy systems and limited lifetime proof from early test units

b. unknown public reaction to aesthetics

c. possible "wind rights" legal questions

d. effects on micro and macro climate are expected to be negligible, but the degree of proof required is unknown at this time.

II. STATUS OF THE TECHNOLOGY

A. Present Status:

1. In 1910, Denmark was generating 5×10^5 MWe—HR/year from wind systems with a total installed capacity of 200 MWe. From 1930 to 1960, considerable interest existed in Europe (and in the United States in the 1940's) in developing large, more modern, wind-driven, generating systems as a source of electrical power. These systems typically included a multi-bladed wind-turbine, an electrical generator and a control system, mounted on a tower. An energy storage system, usually pumped water or batteries, was sometimes included in the system. The test systems were rated from 100 Kw to 1250 Kw and provided power to both individual users as well as to existing power networks. However, interest in these test systems declined because they were not cost-competitive with fossil fuel plants of that era. These efforts were generally individually entrepreneured and suffered from the lack of a sustained R&D effort. Wind-generator technology has thus been arrested since the mid-1950's, and little of the technological development of the past two decades has been applied to wind-generator systems.

B. Barriers to Implementation:

1. Research Barriers:

There are no barriers to implementation which require basic scientific research.

2. Development Barriers:

a. System configurations must be examined in order to identify those cost sensitive systems which can provide the most cost reduction through R&D and which can provide satisfactory power for existing electric systems.

b. Data must be acquired, and a methodology developed to adequately characterize the wind as an energy source. Temporal, geographic, and altitude related variation of wind velocity and direction are part of the needed characterization.

c. Although the effects of the large scale use of wind systems on micro-climate and on local ecology are expected to be negligible, studies are required to provide adequate assurance that the present expectations are valid.

d. The possible requirements and relative advantages for storage systems for enhancing the value of power produced by wind systems need to be identified. It is not known if statistically reliable power from multiple generators can minimize storage requirements.

3. Implementation Barriers:

a. Acceptance by the utility industry will have to be nurtured. The unorthodox nature and unfamiliar aspects of the large scale use of wind systems may result in a hesitant acceptance even if cost effectiveness is demonstrated.

b. Acceptance by the public is unknown. The aesthetic impact of the large scale use of wind systems is highly subjective and will be influenced by many factors, including energy supply.

c. Areas able to accommodate a large number of wind generators and having wind characteristics adequate for the economic production of power must be identified, and the ability to predetermine adequately site wind characteristics must be proven to the satisfaction of the user.

d. Legal questions associated with wind rights and land use require early identification and assessment.

C. Ongoing R&D Efforts to Overcome Barriers:

1. Little effort, private or federal, has been performed in recent years. In FY 73, the NSF funded $200K for two initial supporting research activities. In FY 74, with a level of $1.2 million, NSF commenced the studies and research to support this program. The initial 100 KWe experimental unit is under preliminary design, to be constructed and tested in FY 75 at the NASA/Lewis Research Center. Studies to determine system and user requirements, meteorological studies, parametric design analyses and initial research on nontechnical issues are also planned for FY 74.

In foreign countries, development and manufacture of small 1–10 Kw units continue on a modest scale. In the USSR, however, a group of over 100 professionals are working on the development of wind power. Present priority is on 10 Kw remote use applications, but a 400 Kw multi-unit system is in operation and interest is increasing.

2. Through the March '73 US/USSR cooperative agreement, an information exchange on these efforts is expected to be maintained.

III. RATIONALE FOR FEDERAL INVOLVEMENT AND INSTITUTIONAL ARRANGEMENTS FOR IMPLEMENTATION

A. Rationale for Federal Government: Present uncertainties in the ultimate cost effectiveness of large scale systems, coupled with their unusual nature, require federal involvement in the initial R&D program.

Technology and environmental assessments and the identification of viable means of assuring early commercialization requires federal involvement to bring together the various groups required to address these issues.

B. Government Actions Other Than Direct Support: Government purchases of early systems for use at Federal installations, remote sites in national recreation areas as well as the establishment of a federal "loan guarantee or fund" to support initial capital acquisition (to be repaid from operational savings) for selected community or agricultural joint land usage systems would be effective in the early implementation stages.

C. Sensitivity of Industry Attitudes: Industry attitudes toward wind systems is likely to be insensitive under changing conditions until a demonstrated, cost-effective technological base is demonstrated because of the untraditional nature of these systems. This attitude may change if fuel supply problems become more aggravated and/or pollution or safety related construction delays for conventional power generation systems increase.

D. Other Government Actions Required to Support the R&D Program: Clarification of the "wind rights" issues is needed. No other actions are presently identified.

IV. CRITERIA AND PRIORITIES

A. The criteria used for setting priorities among the wind energy projects are:

1. Structure projects schedules so that significant milestones occur prior to major funding commitment points.

2. Timely identification/elimination of barriers to implementation.

3. Reduce cost uncertainty of program and systems.

4. Maximize probability of obtaining cost goals.

B. Strategy and Application of Criteria:

1. General Strategic Considerations:

a. Timing: The schedule of the accelerated program is based on meeting the program objectives. It provides for a significant demonstration so that commercial decisions for implementation can be made in time to contribute to national energy production in the 1930's. A key attribute of wind systems is the expected short implementation time provided the cost goals are achieved. The minimum viable program accepts a delay of 3–5 years in this implementation.

b. Rationale: The general program rationale is based on the fact that wind energy systems have been proven to be technically feasible, and cost effective in special situations, based on technology which is fifteen to twenty years old. When the technical advances in solid state electronic devices, control systems, structural dynamics, aerodynamics, materials technology, meteorology, instrumentation, and mathematical systems modeling of the past twenty years are applied to wind energy systems, they should become cost effective in a much broader spectrum of applications. Further advances in the relevant basic technologies mentioned above are not expected to make further dramatic improvements in the potential for wind energy systems. The proposed program will permit a definitive conclusion to be made about the applicability of these systems in a timely manner.

2. Application of Criteria: Applying the criteria and rationale described above leads to the following priority for the elements of the subprogram.

a. Develop capital, maintenance and operating cost data using present state-of-the-art technology by means of early experimental 100 KWe wind-energy systems.

b. Develop the data base and methodology required to characterize the wind as an energy source and to expedite effective site selection.

c. Define system requirements for, and interface problems associated with, wind energy systems.

d. Identify legal, environmental and social issues affecting commercial implementation.

e. Define and verify system characteristics at the single megawatt scale.

f. Define the requirements for and verify the capabilities of multi-wind-generator systems.

V. ALTERNATIVE R&D PROGRAMS

A. Accelerated Program:

1. Schedule and Milestones:

A. Milestones: Figure 11 presents the significant milestones, principally the successful operation of systems of increasing size and performance, and includes a significant supporting research element to develop alternate and advanced components to successfully achieve system cost goals. During this five-year program, the public sector will determine continuation of the large scale systems at each major milestone. The private sector will determine commercialization of the small scale systems for special applications. The construction of the 100 MWe demonstration scale system, under possible joint funding, will be in part determined by the private sector. Implementation of additional commercial systems would be expected to be predominantly private sector decisions.

b. Parallel Programs: The program is primarily a partially overlapping sequential development effort as indicated by Figure 11. Significant parallel efforts are included in component research and conceptual and design study activity.

c. Likelihood of Success: It is highly likely that all significant milestones will be met, any delays most likely being caused by relatively minor engineering problems. If performance and economic goals are not achieved, the system would still be expected to be viable at favorable remote sites with sufficient winds; complete failure is not considered likely.

2. Cost and Budget Projections:

a. The cost to meet each program element is shown in figure 12 for each year FY '74 through FY '79. The program is estimated to be totally federally funded with a projected cost for FY '75–79 of $106 x 10^6.

b. Evolution of Public and Private Sector Roles Federal/private sector cost sharing arrangements will be negotiated during the program in anticipation of the follow-on 100 MW demonstration construction to begin in FY '80.

c. See Fig. 12.

d. Funding level uncertainties are associated with lack of initial experimental results and specific program detail at this time. Funding is based on estimated manpower requirements, estimates of development costs of similar type hardware, and extrapolation from earlier systems. Note that significant milestones leading to a major reduction in funding uncertainty occur before the 10% and 30% points of the planned program obligation curve.

B. Minimum Viable Program:

1. Schedule and Milestones:

a. Milestones: Figure 13 presents milestones and estimated size of each of the significant developments. This program alternative slips testing of larger scale units into the 1980's and provides for fewer component and configuration alternatives. Follow-on efforts at the 10 MW and 100 MW scales in 1980–85 would still be required before implementation by industry could be expected. Initial economic performance in FY '79 would be expected to be somewhat lower than the accelerated program due to the smaller SR&T element.

FIG. 12.—PROGRAM BUDGET SUMMARY

WIND ENERGY CONVERSION SUBPROGRAM, ACCELERATED ALTERNATIVE: FEDERAL OBLIGATIONS

[In millions of dollars]

Program element	1975	1976	1977	1978	1979	Total, 1975–79	1980–89
Program development and technology	3.5	4.5	4.5	4.5	3.0	20.0	10
Small scale systems	1.5	2.0	1.8	.8	.5	6.6	0
Megawatts electrical scale systems	3.0	9.1	10.0	5.6	2.1	29.8	0
Large scale multiunit	.5	1.7	7.2	23.0	17.4	49.8	[1] 33.8
Total	8.5	17.3	23.5	33.9	23.0	106.2	43.8

[1] Through 1982.

FIG. 14.—PROGRAM BUDGET SUMMARY

WIND ENERGY CONVERSION SUBPROGRAM, MINIMUM VIABLE ALTERNATIVE: FEDERAL OBLIGATIONS

[In millions of dollars]

Program element	1975	1976	1977	1978	1979	Total, 1975–79	1980–89
Program development and technology	0.8	1.1	1.2	1.1	0.8	5.0	15
Small scale system	1.5	2.0	1.8	.8	.5	6.6	
Megawatts electrical scale system	1.0	1.5	2.6	1.5	1.4	8.0	20
Large multiunit systems[1]	.5	.8	1.5	3.5	1.0	7.3	88.1
Total	3.8	5.4	7.1	6.9	3.7	26.9	123.1

[1] 10 MWe system by 1981 and 100 MWe system by 1986.

b. Parallel Programs: The program is primarily a sequential development effort. A more limited number of early conceptual study activities and component research is included.

c. Likelihood of Success: It is highly likely that all significant milestones would be met.

2. Cost and Budget Projections:

a. Projected total cost for FY 75–79 is $26.9 x 10^6, all in federal funds. Total funding including that required in 1980–85 would be expected to equal that of the accelerated program, federal funds being merely deferred to a later date. See Fig. 14.

b. Evolution of Public and Private Sector: A phasing similar to the accelerated program is expected. Significant private sector funding cannot be expected until similar milestones are achieved, here deferred into the follow-on program.

c. See Figure 14.

d. Funding level uncertainties are the same as for the accelerated program, clarification occurring at the same percentage expenditure but later in time.

3. Other Requirements (Both Programs):

a. No unusual manpower needs are anticipated.

b. Currently existing facilities required include wind tunnels for testing models of the wind conversion systems, studies of the interaction between the wind and topographic conditions, as well as laboratory facilities for testing rotors and the drive trains and electrical subsystems.

Minor new facilities will be required for on-site field testing of the various experimental units.

4. Management Plan (Both Programs): The management plan will coordinate federal government, private industry and academic research efforts with the intent of handing off to industry full development of the subprogram at the earliest possible time. Federal laboratories will be utilized in the first phases to manage, at a Field Center Level, the individual elements of the subprogram. These laboratories will conduct the research, both in-house and out-of-house, and manage projects within the sub-program based on detailed Program Development Plans. Coordination and involvement of the three major research groups mentioned above is already underway. The involvement will be broadened to include representative groups in industry or professional associations as well as the potential user community.

5. Criteria Employed by the Subpanel in Construction of Proposed R&D Program (Both Programs): Proposals were submitted to this sub-program area from the NSF, EPA, NASA (Lewis), BuMines, and AEC (LLL); in all cases these reflected an equivalent approach to or a subset of the base September '73 plan. Thus, this plan reflects the similar thinking of all interested agencies and represents a systematic development of the resource.

The criteria used in developing the plan, therefore, consisted of:

a. Developing empirical cost, maintenance, and problem identification information early and commensurate with phased program expenditures,

b. Developing systems of increasing technical and economic performance, the interim systems capable of commercial use in special applications, and

c. Developing a program capable of producing a useful system without dependence on offshore installations, advanced storage techniques, or hydrogen production.

While studies and limited susbsystems work are included for these latter areas under the SR&T sub-element, major R&D expenditures for these areas in this subprogram were bypassed. This reflects considerations regarding schedule, expected performance and developments on these subjects expected from other programs which could be included as post-program growth capability in the 1980's.

6. Dependence of other R&D to Progress in Wind Technology:

a. Dependency on results of other efforts; The results of this R&D effort are not dependent on the results of other efforts in the energy R&D program. However, development of practical energy storage systems would make wind energy systems available for additional applications.

b. Dependency of other R&D on Results of the Program; No other R&D efforts are known to depend directly on wind power R&D. However, some spinoff results are to be expected such as in predicting the efforts of wind on various structures. In addition, other research such as agriculture use of remote areas might be stimulated as a result of this program.

7. Potential Problems of Environment, Safety, or Public Acceptability: Potential environmental effects such as meterological modifications and consequent effects on miniclimate and ecology are expected to be insignificant; however, early research is required and included to verify this. This effort will develop the information and methodology required to write environmental impact statements for the R&D program experiments as well as for operational use.

All presently identified safety issues are amenable to normal engineering treatment and should not lead to problems in the R&D and operational programs. Aesthetic acceptability by the public is a potential problem not amenable to simple treatment. Consequently, public surveys and human factor design considerations are included in the SR&T program element.

VI. IMPLEMENTATION

A. Direct Benefits:

1. Identification of sectors involved: Commercial equipment suppliers and construction contractors would be the producers of the systems for operation by public utilities and in special cases by private industries or individual areas of government; the electrical energy then being distributed through existing networks to the individual consumer in a standard manner.

2. Ultimate market: The energy available practically from the wind in the appropriate regions of the U.S. was estimated by the NSF/NASA Solar Energy Panel to be 1.5 x 10^{12} kwhr/yr. It is estimated that the growth of wind energy usage could be made to grow from 3 x 10^8 kwhr/yr from a single 100 MWe plant in 1981 to 10^9 kwhr/yr in 1985, 10^{10} kwhr/hr in 1990 to the above estimate by the turn of the century. However, the actual growth will be determined by several factors; the system costs achieved by this program as compared to the costs of fossil and nuclear fuels and plants and other advanced alternative energy sources, and the social

pressures for a cleaner environment and more energy.

3. Foreign dependence: The technical capability and essentially all materials required for construction are available domestically and in quantities which would not impose significant demand. No fuels are required and thus the system removes that portion of the energy demand provided from foreign dependence.

4. Reliability and Security: Wind conversion systems will consist of geographically widely distributed multi-unit systems. As such it would be difficult to cripple large segments of the system by sabotage or unusual atmospheric or geological phenomena. The systems are relatively simple rotating machinery and have shown to be reliable devices when designed for the weather conditions to which they will be exposed. Sabotage of individual, relatively unattended units is possible, but of little effect outside of the fractional system loss involved.

5. Efficiency: The wind conversion systems operate fuel free and thus efficiency per se is not applicable except as affecting costs described below.

B. Economics of Implementation:

1. The price of electrical energy from wind conversion systems is dependent on the achieved operating costs, the amortized capital investment, and most importantly, the wind characteristics of the region and specific site. Detailed analyses made in the 1940's from the Smith-Putnam system in Vermont estimated 5–7 mils/kwhr at the site. As discussed under 3 below the technological advances of the past 25 years plus the proposed R&D program are expected to counterbalance inflation and achieve the same order price by 1980. The program milestones, particularly the early experimental units are designed to determine cost information prior to major R&D expenditures.

2. Not applicable.

3. Capital costs for the 1.25 MWe U.S. system of the 1940's approximated $200/KW installed capacity as compared to about $125/KW for hydro or fossil plants of that era. Studies have scaled these data for replication at today's prices to $600–$800/KWe. Because the wind does not blow continuously, wind-energy systems require higher installed capacity than other plants to generate the equivalent amount of average power per year. It has been calculated that 1940 type wind-generators on reasonable sites would cost $1,200–$1,800/KW today to produce the same average power as that produced from conventional plants. However, preliminary assessment concludes that the technological developments from 1940 to the present plus this R&D program could lead to costs approximating $300–$500 per avg. KWe with best performance at the more favorable wind sites.

Operating and maintenance costs, estimated from Smith-Putnam data should approximate 3%–5% per year of the capital costs and decrease with increasing size. Thus, the primary annual costs are the costs of capital.

4. Projected Impact on Labor Market: Because the components of wind power systems and the skills needed to fabricate, erect, and maintain them are not much different than those that exist in other commercial fields, serious dislocations in the labor market are not expected.

5. Projected Impacts on International Markets and on Balance of Payments: The U.S. balance-of-payment situation would be improved by the decrease in the need to import fuel for power plants. In addition, wind power systems can be export items, particularly to under-developed nations in view of the modest skills necessary for maintenance and operation.

6. Assumptions Underlying the Above Projections:

a. Since no fuel is required, the only natural resources needed will be those for the equipment such as steel, concrete, fiber glass, copper (as well as the required land), and that the quantities required would not deflect the market price from standard inflation estimates.

b. It is postulated that the price of electrical energy from other sources will increase modestly.

c. The amortization of R&D is not added to price. It should be noted that all experimental systems except the first 100 KWe unit will continue in operation producing useable electric power. This return has not been included.

d. The labor costs are assumed to be approximately the same as presently available since no unusual skills will be needed to fabricate, operate, and maintain wind plants. Skills from the aerospace technology and industry will be directly applicable to the development of the resource.

e. Costs of capital will be about the same as present.

f. Date of commercial availability: 1981 (100 MWe system scale).

g. Useful lifetime: 20 years.

Maintenance: The wind-generators are to be designed for unattended operation and only minimal maintenance is expected.

h. The output of wind power plants will be electrical energy for which a demand exists and will increase.

i. A potential foreign market exists; Australia currently exports very small units. The size of the market is not known at this time.

7. Possible Incentives: After test and analysis under federal funding, utility companies or other users may be provided incentives to continue operation of the experimental wind power systems for one to four years to gain experience and acceptance. Similar subsequent systems should be implementable under normal motivation with limited Federal R&D continuing on the possible question of public interest and further advanced components and subsystems techniques.

C. *Impacts of Implementation*

1. The natural resources required, in addition to the wind itself, are land and the steel, concrete, fiber glass, copper, aluminum and other construction materials. Initial estimates of the quantities of materials involved do not appear excessive as compared to domestic production or relative to other advanced systems, and in addition are generally substitutable materials.

Approximately one acre of land per MWe is required, thus 10^5 MWe capacity or ⅓ the present U.S. capacity would use 156 square miles. In actuality, considerably more total land would be involved due to spacing requirements; however, intervening land use for agriculture, grazing, or other uses would not be impaired.

Only normal competition for materials from other construction programs would be expected.

Zoning and land-use regulations will affect siting availability. The legal issues of ownership of wind energy, similar to "water rights" are not well defined and require early research and possible Federal action.

2. The energy input required for implementing these systems consists primarily of processing raw materials into the structural materials to be used. While a technology assessment has not yet been performed, this energy is expected to be a small fraction of the energy produced during each systems' lifetime.

3. An objective of this program is to be compatible with existing electrical distribution systems. The implementation of this objective requires that the wind power systems operate in a mode which permits direct interfacing with existing power grids or in some applications, the use of a storage system which interfaces with existing power grids.

4. Environmental Impacts of Implementation:

No significant adverse environmental impacts are expected. While silent, these systems would cause an aesthetic impact, the magnitude of which is presently unknown. While the effect on local weather due to the extraction of energy is expected to be minimal, it is a subject for early research in the SR&T program element. An environmental impact statement would probably be required to address problems typical of a comparable construction project.

5. Occupational Health and Safety Considerations:

No adverse effects are expected.

6. Other Impacts:

a. Impacts on future demography and land-use pattern. The simplicity and reliability, i.e., ease or lack of required maintenance make wind power especially attractive for the development of energy deprived remote areas. Such uses could result in significant impact on agricultural patterns and consequently population densities and distribution in areas which are currently of lower value.

b. Social costs and benefits. No significant social costs are expected. Possible benefits are discussed in a, above, and would in general be commensurate with the benefits associated with any other new source of power.

c. Long term impacts of implementation. See a and b above.

SECTION 5—BIOCONVERSION TO FUELS

I. SUBPROGRAM SUMMARY

A. Introduction:

1. Bioconversion comprises three areas: the conversion of organic wastes to energy, the production and utilization of biomass for energy, and the production of hydrogen by photosynthetic and other photochemical systems.

2. The objectives of the bioconversion program are to assess the available technology for producing and utilizing organic materials for energy, to develop new technology, and to establish the feasibility of the various processes through pilot plant and full-scale demonstration plants. The optimum program would be capable of utilizing organic wastes in the near term and subsequently, biomass to produce synthetic fuels for heat for large scale utilization in lieu of fossil fuels. Ultimately, the program would provide means for the direct production of hydrogen as a significant source of energy.

B. R. & D. programs:

1. a. The accelerated orderly program will provide by 1980, (1) seven pilot plants of 1 ton/day capacity for converting urban solid wastes, animal wastes, and/or other organic materials to methane or higher hydrocarbons, (2) one demonstration plant of about 100 tons/day capacity for converting solid wastes to a useful fuel, (3) production of hydrogen by photosynthetic and biophotochemical methods, and (4) development of high yield crops which can be harvested for energy production.

b. In the minimum viable program the number of pilot plants would be reduced from seven to three; the demonstration plant would not be planned until the 1980's and all other accelerated research would be reduced.

c. Crash Program:

Two bioconversion projects lend themselves to crash development because of their advanced status. They are (1) anaerobic conversion through the utilization of fermentation plants, and (2) urban solid waste conversion by pyrolysis and/or incineration. Several, single unit, feedlot fermentation plants for 10,000 head and larger could be initiated in 1975. Each plant would yield ap-

proximately 10^5 SCF/day of methane. Similarly, demonstration plants capable of disposing of solid waste from urban communities of 100,000 population could be built in 1975 to process 200 tons/day of solid wastes. These latter plants would be expected to yield approximately 2 x 10^9 BTU/day in the form of heat, low BTU gas and/or oil.

C. Implementation:

1. Readily collectible wastes could provide methane equivalent to about six percent of the present natural gas use, or nearly two percent of present total U.S. energy consumption. Attaining goals in agriculture to produce raw materials might raise contributions to 10 percent of total energy.

2. Time Schedule: In the accelerated program for bioconversion it is considered that economic and technical feasibility are presently established. Pilot plants would be established during the period 1976–78, and one or more demonstration plants would be established during 1977–78. For biomass production, economic feasibility would be established during 1975–1977, and technical feasibility would be established during 1978–1979. Then pilot plants would be established during 1979–1980 followed by a demonstration plant during the early 1980's. For biophotolysis the goal is to establish economic and technical feasibility. No pilot or demonstration plants are planned before 1985.

In the minimum viable program for bioconversion the pilot plant is planned but would be developed over a 2-year longer period than in the accelerated program. The demonstration plant is not planned until some time after 1978. The biomass program would be carried out at a slower rate with technical feasibility not being completed until 1980. A pilot plant is not scheduled until after 1979 and no demonstration plant is planned. For biophotolysis, the plans for the minimum viable program are to establish economic and technical feasibility by 1980 or later.

3. Few barriers are anticipated because the proposed technology would make better use of our natural resources without readily visible ill effects.

II. STATUS OF TECHNOLOGY

A. Present status:

1. Bioconversion—for use of urban wastes the following projects are underway.

a. EPA and San Diego County—Pyrolysis plant with a capacity of 100 tons/day producing low BTU gas and/or oil is ready for construction.

b. EPA and Baltimore County—Pyrolysis plant with a capacity of 1000 tons/day producing low BTU gas is in design phase.

c. NSF and Dynatech Corporation—Anaerobic digestion pilot plant (economic feasibility and design) to process 1 ton/day resulting in the production of methane.

d. Bureau of Mines—Chemical reduction pilot plant processing wood chips with a capacity of 1 to 3 tons/day to produce low sulfur oil.

e. NSF and University of California—Anaerobic digestion of algae is at the economic feasibility stage.

2. Production of Biomass—Feasibility studies are underway.

a. NSF and Stanford Research Institute—Evaluation of species for production of biomass and economic feasibility is under study.

b. Naval Undersea Center and Weapons Center—Feasibility studies to use large marine algae as a source of biomass have been initiated. An initial experimental plot of 7–14 acres is planned for 1974.

3. Photosynthetic Production of Hydrogen by Algae.

NSF and Case Western Reserve University investigations are underway.

B. Barriers to Implementation:

1. Research barriers—No research barriers are anticipated for anaerobic, pyrolytic and chemical conversion techniques for the production of biomass. Direct production of hydrogen by algae is in the initial research stage and potential barriers have not yet been identified.

2. Development barriers—No development barriers are anticipated for bioconversion of urban, agricultural or industrial wastes. For the direct production of hydrogen by algae, the work is still in the early stages and potential barriers are unknown.

3. Implementation barriers—No implementation barriers are anticipated for bioconversion or production by biomass. For the biological production of hydrogen, no evaluation can presently be made because research is still in initial stage. Technical problems do exist, however, for biomass production. Availability of land and water may be a limiting factor on the potential level of fuel production by the biological production of hydrogen. The research is in initial stages and implementation barriers are unknown.

C. Ongoing R&D Efforts to Overcome Barriers:

1. The present level of funding is approximately $2.2M for all program areas.

2. Availability of results of foreign efforts. R&D efforts are underway in Canada, Australia, and several other foreign countries. Efforts to coordinate these programs are underway.

III. RATIONALE FOR FEDERAL INVOLVEMENT, AND INSTITUTIONAL ARRANGEMENTS FOR IMPLEMENTATION

A. Federal involvement—Private industry will not normally invest substantial sums of capital until the economic and technical feasibility is established. Therefore, federal involvement is warranted during the above stages and perhaps into the commercial stages.

B. Direct and Indirect Government Actions Warranted—Direct involvement is warranted to stimulate effective utilization of wastes for energy production to reduce environmental pollution problems. Tax write-offs and subsidies would offer incentives as commercial implementation begins.

C. Industry sensitivity to change will probably not be involved because the products of bioconversion are currently being used as fuel sources.

D. Other government actions to promote bioconversion could be the enactment of increasingly stringent regulations for the disposal of wastes and the development of a subsidy program for the production of biomass.

IV. CRITERIA AND PRIORITIES

A. Criteria for Setting Priorities:

1. Bioconversion—Anaerobic fermentation and pyrolysis of urban and agricultural wastes are reaching the demonstration stage. These technologies should be given first priority. Chemical reduction is at the pilot plant stage and would represent a second priority rating. The biological production of hydrogen is in the initial stages of investigation. Its possible contribution to a hydrogen economy warrants a continued program at the level indicated.

2. Biomass production—This program is currently selecting species and obtaining information for decisions on ocean fresh water and land production and determining the advantages of each. To meet projected milestones related to the stated goals, this work must be accelerated as shown from 1975 through 1978.

B. Application of Criteria:

1. Several strategic considerations—The greatest effort possible is required in the conversion of agricultural and urban wastes to energy forms. The accelerated program will accomplish this goal. The minimal program will increase the time required for implementation of the plan; probably affecting the bioconversion of wastes more than the other subprograms.

2. Development of Priorities:

a. Implement bioconversion of organic wastes.

b. Develop the technologies required for the implementation of oceanic, inland waterway, and land production of biomass.

c. Begin pilot type production of biomass.

d. Expand biomass production to operate a 100 ton/day bioconversion plant to develop full economic feasibility.

e. Implement commercial production of biomass with the required incentives.

f. Continue evaluation if the biological production of hydrogen is consistent with the probabilities for the development of a significant hydrogen economy.

V. ALTERNATIVE R&D PROGRAM

A. Accelerated Program: See Fig. 15a.

B. Minimum Viable Program: See Fig. 15b.

C. Crash Program: Immediate implementation of available technology.

1. Schedules and Milestones:

Accelerated Program:

a. Milestones—Four major milestones are indicated. These are shown as ranges in years to reflect the differences in technological development of the systems involved. Decisions on program direction should be by government agencies in the periods indicated. The estimated size for each plant stage is as follows:

(1) Bioconversion: Pilot plants 25 tons/day max.; demonstration plants 100 tons/days.

(2) Biomass production: pilot plants, 1 sq. mile; demonstration plant, 100 sq. miles.

(3) Hydrogen production, none planned.

b. Parallel programs will exist in the bioconversion element. Three methods of producing energy from biomass are under investigation as follows:

FIG. 15a.—ACCELERATED ORDERLY PROGRAM—MILESTONES AND AMOUNT OF 5-YEAR PROGRAM FUNDS REQUIRED TO MEET EACH MILESTONE

[Dollar amounts in millions]

Milestone	Bioconversion	Biomass production	Biophotolysis
Economic feasibility	(1)	1975–77	1980+
Cost		$5	$1
Technical feasibility	(1)	1978–79	1980+
Cost		$20.5	$11.9
Pilot plant	1976–78	1979–80	1985
Cost	$25	$7	
Demonstration plant	1977–78	1982–84	
Cost	[2] $49	$4.5	

FIG. 15b.—MINIMUM VIABLE PROGRAM

Economic feasibility	(1)	1975–77	1980+
Cost		$5	$1
Technical feasibility	(1)	1977–80+	1980+
Cost		$13	$6
Pilot plant	1976–80	1979+	
Cost	$25	$3	
Demonstration plant	1978+		
Net cost	[2] $13.5		

[1] Established.
[2] Through 1979.

(1) Anaerobic digest
(2) Pyrolysis combustion
(3) chemical reduction: Each has the potential for particular applications. Where they are duplicative, decisions on which system(s) to be continued will be made at the appropriate milestone.

c. The likelihood of success is nearly 100 percent with one or more of the conversion systems. Success in biomass production is also considered good. However, land and water area available for production and the development of the technology may place limits on the quantities available. Large scale hydrogen production by biophotolysis is long range and uncertain.

Minimum Viable Program: The milestones remain the same, but more time will be required to reach them. Pilot plants and

demonstration plants will be reduced in number and size.

2. Cost and Budget Projections to Meet Each Milestone:

a. See Fig. 16 for the Accelerated Orderly Program and Fig. 17 for the Minimum Viable Program.

b. Development costs through the pilot plant stage are to be borne by the Federal Government. Demonstration plant development costs should be shared by the Federal Government and the private sector. With demonstration of the economic viability, no direct Federal Government funding would be expected.

FIG. 16.—ENERGY R. & D. PROGRAM BUDGET SUMMARY

BIOCONVERSION SUBPROGRAM, ACCELERATED ORDERLY PROGRAM (ALTERNATIVE): FEDERAL OBLIGATIONS

[Dollars times 10^6]

Program element	1975	1976	1977	1978	1979	1980–89
1. Conversion including fermentation, chemical reduction, pyrolysis, and combustion:						
Research and technology	2.6	2.6	2.6	2.6	2.6	5
Engineering development	2.0	2.0	2.0	1.0	1.0	2
Pilot plants	2.0	4.0	6.0	5.0	3.0	4
Demonstration plants		1.0	3.0	10.0	19.0	4
Total	6.6	9.6	13.6	18.6	25.6	15
2. Organic material products:						
Research and technology	3.0	4.0	4.0	3.0	3.0	6
Engineering development	1.0	2.0	3.0	2.0	2.0	2
Pilot plants			1.0	2.5	2.0	2
Demonstration plants				1.5	3.0	20
Total	4.0	6.0	8.0	9.0	10.0	30
3. Biophotolysis:						
Research and technology	1.5	1.7	2.1	2.5	3.0	8
Engineering development					1.0	2
Total	1.5	1.7	2.1	2.5	5.0	10
Grand total	12.1	17.3	23.7	30.1	40.6	55

Note: 5-yr total equals $123,000,000.

FIG. 17.—ENERGY R. & D. PROGRAM BUDGET SUMMARY

BIOCONVERSION SUBPROGRAM, MINIMUM VIABLE PROGRAM (ALTERNATIVE): FEDERAL OBLIGATIONS

[Dollar times 10^6]

Program element	1975	1976	1977	1978	1979	1980–89
1. Conversion including fermentation, chemical reduction, pyrolysis, and combustion:						
Research and technology	2.0	2.0	2.0	2.0	2.0	5.0
Engineering development	2.0	2.0	2.0	1.0	1.0	2.0
Pilot plant	2.0	3.0	1.5	1.5	1.5	1.5
Demonstration plants					1.0	33.0
2. Organic material products:						
Research and technology	1.0	1.5	2.0	2.0	1.0	5.0
Engineering development	.5	1.0	2.0	2.0	1.0	5.0
Pilot plant				1.0	2.0	4.5
Demonstration plants						20.0
3. Biophotolysis:						
Research and technology	1.0	1.0	1.0	1.0	2.0	8.0
Engineering development					1.0	2.0
Total	8.5	10.5	10.5	10.5	12.5	86.0

Note: 5-year total equals $52,500,000.

c. Projected Federal outlays FY 1975 to FY 1979 are shown on Fig. 16 and 17.

d. Major uncertainties in the funding arrangements are the impact of continued inflation on estimated costs of the various parallel programs. Hydrogen production could conceivably progress faster than anticipated, resulting in the need for funds for pilot and demonstration plants.

3. Other Requirements:

a. Manpower needs to accomplish this program. The following manpower are needed for the 5-year period:

Accelerated program	
Scientific	1,020
Technical	1,020
Administrative	2,060
Total	4,100
Minimum program	
Scientific	437
Technical	483
Administrative	875
Total	1,750

b. Facilities for storage of biomass, farming operations and expansion of laboratories will be required. These costs are accounted for in the cost projections.

4. Management Plan—The management will coordinate the efforts of the Federal Government with those of private industry, local and state governments and academic researchers with the goal of developing a viable and profitable bioconversion industry at the earliest possible time. Federal laboratories will be utilized in the early stages to manage the individual projects of the bioconversion subprogram. These laboratories will conduct in-house research and manage extramural activities based on detailed program development plans. Coordination and involvement of the pertinent groups mentioned above is already underway, and it is expected that participation will be broadened. As demonstration and development projects mature, industry will assume an increasing share of the fiscal and management responsibilities, as discussed in other sections of this report.

5. Criteria Employed in Construction of the Proposed R&D Program:

a. The present program embraces all bioconversion areas except direct combustion which received attention previously.

b. The program attempts to balance the need for rapid results with the need to maintain a R&D base sufficient to permit a sound evaluation of the potential of the various bioconversion processes for full-system implementation.

6. Dependence of Other R&D to Progress of This Technology:

a. The energy products of bioconversion can be used by present energy distribution systems. Development of hydrogen production by biophotolysis is dependent on an emerging hydrogen system.

b. This R&D effort is independent of the progress of other R&D programs. Consequences of delays in the program would not be serious provided alternate energy systems emerge.

7. Possible adverse environmental or ecological effects could occur due to extensive usage of land, water, and ocean for biomass production. Questions of the Federal Government's right to farm the oceans may arise. Air and water pollution from bioconversion plants have not been thoroughly investigated. Environmental Impact Statements will be required in some instances.

VI. IMPLEMENTATION

A. Direct Benefits of Implementation:

1. Farming, urban, industrial, transportation, and storage sectors are involved in delivery of biomass to conversion centers. The conversion product will fit directly into existing energy distribution systems.

2. About 6% of natural gas requirements can be supplied from wastes alone. With agricultural material, about 50% of gas needs may be produced. Alternatively, liquid fuel from wastes plus agricultural materials may replace 40–50% of oil requirements in the early 2000's.

3. Sources are wholly domestic, and non-depleting. Methane produced would offset needs for imported liquified natural gas.

4. An agricultural energy source is dispersed—not vulnerable to attack. Conversion plants are vulnerable but no more than existing refineries. Use of wastes would decentralize methane production and tend to diminish disaster impact.

5. Systems efficiency is not the prime parameter. The main interest is capture and use of solar energy for fossil fuels supplements.

B. Economics of Implementation:

1. There have been few economic studies made on converting various forms of stored energy via photosynthesis into commonly used fuels. There have been detailed engineering studies for present day technology on bioconversion processes used for disposal of municipal solid waste. However, the emphasis has been placed on disposal. Energy production is merely a by-product for the disposal systems. Yet, in these solid waste disposal systems it has been demonstrated that there is potential for obtaining a significant amount of energy. It appears that fuel can be produced in the future that will be within a competitive cost range. Cost estimates used by the NSF/NASA Solar Energy Panel in 1972 suggested that the fuel cost at a power plant using biomass would range from $1.50 to $2.00/$10^6$ BTU. The capital cost for an organic materials-steam electric plant would approximate that of a conventional coal-steam-electric plant or about $250 per KW according to NASA projections. Biophotolysis systems are not as well defined, and therefore, economic projections are difficult. Detailed cost studies will be one of the major activities undertaken during early phases of this program as more data become available.

2. Incentives—Capital should be made available to industry at reduced rates. Taxes should be reduced or waived on investments. Farm subsidies should be employed to provide profit incentives until the viability of biomass farming is established.

C. Impact of Implementation

1. Natural Resources Required:

a. For full implementation to provide for approximately 10 percent of the total energy requirements of the U.S., estimates indicate that approximately 200M acres of land and water would be required. This represents about the total area currently farmed in the United States. Thus, a considerable share of the acreage would be of necessity on water unless photosynthetic efficiency in energy conversion were doubled or tripled. This is an area requiring a considerable research investment.

b. When oceanic surfaces are considered, resources are certainly available, if the technology for ocean farming can be accomplished.

c. Competition for land acreages will be great for the production of fiber, food, and feed.

d. Legal restrictions on using oceans for biomass farming need to be determined.

2. Energy Inputs Required: There are presently insufficient data to assess the energy inputs required. Presently funded research is working on this aspect of the program.

3. Compatibility with Existing Energy Systems: Projected outputs may be methane—directly usable as pipeline gas; liquid hydrocarbon fuels which may require refining and processing, and low BTU gas suitable for direct use in power plants.

4. Environmental Impacts of Implementation: Pryolytic or chemical conversion plants are analogous to coal gasification and liquefaction plants. Control of gaseous, liquid, solid, and thermal emissions is required. Fermentation yields liquid effluent and sludge which requires disposal. With full implementation large areas of land and water not presently used agriculturally would be converted to biomass production.

5. Occupational Health and Safety Considerations: There are no anticipated unique occupational health or safety considerations. Bioconversion plant operations, farming, and hazards of sea duty, are expected to be similar to those encountered in other industries.

6. Other factors:

a. Full implementation of biomass production could drastically alter farming operations on up to a total of 100 million acres of farm land (principally grazing) and perhaps an equal amount of forest land. Erosion could occur; organic content of soils may be adversely affected and recreational waterways would be reduced.

b. Small generating plants for local use on farms or small urban areas could aid in waste disposal and reduce energy requirements from conventional sources.

c. The long-term impacts of implementation could:

1. Change patterns of recreational land and waterways in the U.S.

2. Make a significant contribution toward reducing the predicted energy gap.

3. Significantly reduce the organic waste problem in the U.S.

4. By-products from bioconversion could provide animal feed and fertilizer from sources that are now discarded.

Section 6—Ocean Thermal Energy Conversion

I. SUBPROGRAM SUMMARY

A. Introduction:

1. The oceans serve both to collect and store tremendous quantities of solar energy. By utilizing the natural temperature difference between the surface and deep ocean waters, a heat engine can be operated. Experiments by Claude have demonstrated the concept off Cuba, producing 22 Kw of electrical power. Studies indicate that significant amounts of energy (compared to total U.S. needs) can be economically harvested in this way from the ocean. Because the temperature difference (40° to 50° F) is small, the Carnot efficiency is about 5%. However, the available thermal energy is enormous. The process requires no fuel or fresh water and the associated power plant technology is straightforward, hence, the resulting electrical energy should be competitive in cost with that produced by present-day power plants.

2. This development program is intended to demonstrate the practical feasibility of converting ocean thermal energy into electricity. System reliability and economic viability will be determined, along with an associated assessment of the technology and environmental impacts. The potential for production of protein and fresh water as valuable by-products will be investigated. Engineering problems to be solved include the development of deep-water pipes of large (order of 50 foot) diameter (along with methods for their deployment) and the design of appropriate heat exchangers and pumping systems. A selection must be made between an open or a closed thermodynamic cycle, and as to the transmission of energy from ocean locations to land. The legal questions associated with operations in international waters must also be examined.

B. R&D Programs:

1. a. Accelerated orderly program: This program looks toward an early 1980's demonstration of technological feasibility, so that the immense thermal energy resources of the oceans would soon begin to be taped. Advanced development and engineering will produce components and subsystems, overlapping in time the establishment of ocean-based and near-shore pilot plants and test facilities.

b. Minimum viable program: This program compromises on the above program by utilizing only a near-shore pilot plant/test facility in conjunction with the associated advanced development and engineering. The minimum viable (near-shore) program would not come to grips with many potential features associated with ocean-based operations. Consequently, feasibility determination and ultimate commercial implementation of ocean-thermal plants will be delayed several years.

c. Crash program: Because the basic technology for ocean-thermal plants exists today, the accelerated program is amenable to efficient conversion to a crash program. A crash program for this relatively low-level technology can be conducted at low technical risk and with high probability of successful completion within the time and funding allocated. The rate of advanced R&D would be doubled, and from two to four pilot plants constructed during the five-year period. A demonstration plant could be designed and constructed by the end of the decade, shortening the time to this milestone by almost three years.

The accelerated orderly program calls for the completion of construction of two 5–10 Mw pilot plants by FY 1980. One will be located near shore, and the other will be ocean based. The minimum viable program provides for only one near-shore pilot plant, to be completed by FY 1984. Both programs include a demonstration plant, and their respective schedules are shown in Section I. C. 2. No major technical barriers are envisioned, but legal aspects of ocean-based plants may be a major problem.

C. Implementation:

1. Projected size of the applications after implementation: The solar energy impinging on the topical oceans averages 20 watts/ft² or 560,000 Kw/mi². Thus, for thermal equilibrium at 3% net conversion efficiency, a 500 Mwe plant would extract the heat supplied by the sun to 30 square miles of ocean surface. Since more than 30 million square miles of ocean have appropriate thermal conditions, as many as one million plants—each of 500 Mw output—could conceivably be operated (having a total output of over one thousand times the current U.S. capacity for electrical energy generation). The output of the ocean-thermal plants would be transmitted to the user as electricity and/or by conversion to an intermediate fuel such as hydrogen. Thus, several thousand such plants could supply all current U.S. energy requirements.

2. Time scale for implementation. (Not reproduced here.)

3. Possible barriers to implementation: The heat-exchanger and cold-water pipe designs represent possible technical problems, but are not expected to be barriers. Possible environmental impacts of large-scale implementation will require study. Possible institutional barriers to widespread implementation include lack of short-term private incentives and risk capital, and international legal questions.

II. STATUS OF THE TECHNOLOGY

A. Present Status: In 1929, Claude demonstrated an ocean-thermal plant off Cuba that generated 22 kilowatts of electricity. An assessment of this and other French efforts (prior to 1960) has been made. A workshop on ocean-thermal power plants was conducted in June 1973. Computer-based models and other approaches are currently being used for feasibility studies of ocean-thermal plants to optimize their design and performance.

B. Barriers to Implementation:

1. Ocean-thermal technology mainly requires adaptations of existing technologies. If and when total ocean-thermal plant capacity becomes an appreciable fraction of U.S. total energy needs, possible impacts on the environment may become significant; hence research on this possibility should be instituted early.

2. Although the items listed below do not require technological breakthroughs, they are important technical problems requiring solution in order to achieve economical plant cost.

Cold water intake pipe; design and deployment of pipe having a diameter of about 50 feet, and a length of 2000 to 3000 feet.

Anchoring or station-keeping of pipe and power plant.

Biofouling of heat exchangers.

Turbine diffuser design and turbine seals.

Corrosion control and heat transfer degradation.

Large scale water pumps (30M gallons/min for 500 Mw plant).

Energy transmission.

Conversion of electrical energy to intermediate fuel.

C. Ongoing R&D Efforts to Overcome Barriers:

1. Present U.S. efforts are funded at less than $50K and are mainly concerned with system design studies, not hardware. There has been some relevant private work on 10 foot diameter pipes for pumping condenser water to a 325 Mw steam unit.

2. The French company, Energie des Mers (dissolved in 1960), has done extensive studies and produced completed system designs and cost estimates for a 25 Kw ocean-thermal plant using the open-cycle Claude process.

III. RATIONALE FOR FEDERAL INVOLVEMENT AND INSTITUTIONAL ARRANGEMENTS

A. Federal Involvement: Private industry is heavily committed to present methods of generating power, and cannot be expected to share the research and development costs required in the short run for this unique, new system. Although the risk of technological failure in developing ocean-thermal technology is deemed negligible, it is still too great (and the investment too large) for private industry alone to assume. Moreover, the federal government is the logical sponsor of this development, since the U.S. public will be the recipient of the resulting benefits: a) reduction or elimination of power generation as a source of environmental pollution; b) conservation of the remaining U.S. fossil-fuel mineral resources; and c) U.S. self sufficiency in energy production.

B. Stimulation of Investment in R&D: Besides direct financial support, the Government could undoubtedly stimulate private investment in R&D by allowing tax write-offs. This procedure was successfully employed during World War II. The Government could also guarantee to buy (at attractive prices) future power generated by ocean-thermal plants. (Other incentives are summarized in VI. B. 6. 1.)

C. Industrial Interest: The rising cost of competitive power plants will help focus industrial attention on the attractiveness of

ocean-thermal systems. Increasing resistance to the exploitation of coal and nuclear energy may increase the interest of power companies in ocean-thermal and other alternative systems. Demonstration of ocean-thermal pilot plants will stimulate industrial interest.

D. Other Recommended Government Actions:

Provide special dispensation with regard to anti-trust laws so as to permit collaborative efforts among normally competing companies.

Clarify the legal status of ocean-thermal plants situated in international waters.

Provide incentives as discussed in VI. B. 6. i. below.

IV. CRITERIA AND PRIORITIES

Studies essential to the evaluation of ocean-thermal plants: Performance, economic viability, environmental impacts, potential for application, and institutional influences.

Elements critical to demonstrating the technology: Cold water intake pipe, heat exchangers, and (especially) verification of system performance by means of a pilot plant.

Commonality of the element to various ocean-thermal approaches (closed cycle, open cycle; near-shore plant or ocean-based plant). The cold water intake pipe is common to all alternatives, while the development of flash evaporators and deaeration systems relates only to open-cycle systems.

Universality of the research and technology: Corrosion-prevention and anti-fouling techniques will be derivable from, and also of benefit to, other marine applications. The ocean-thermal technology will be applicable to bottoming cycles and to the increasing use of the ocean as a heat sink for nuclear and fossil power plants.

V. ALTERNATIVE R&D PROGRAMS

A. Accelerated Program: Includes engineering development and testing to establish component design and performance in conjunction with construction of two 5 to 10 Mw pilot plants based on two different concepts. These steps will be followed by construction and test of a 100 Mw demonstration plant.

B. Minimum Program: Reduces the program scope and engineering development effort. The major economy results from sacrificing one pilot plant. The net effect is to increase the time to commercial application and to require concentration on either an off-shore or ocean-based application.

C. Discussion of Programs:

1. Cost of budget projections:

a. See Figs. 18, 19, 20, 21. (Not reproduced here.)

b. Most of the development costs are assumed to be borne by the federal government. Pilot and demonstration plants will probably be situated where their output power is usable locally. The capital and operating costs of such plants may be partially recoverable through sales of their products. With commercial implementation of this technology, energy-intensive industries (e.g., the aluminum industry) may build ocean-thermal power plants themselves, thus relieving the demand for electricity from other sources. Private investors will exhibit great interest in funding plants following the demonstration-plant phase.

c. See Fig. 20.

d. The present five-year program enables—through use of pilot plants—an estimation to be made of engineering design requirements and construction costs for scaling up to demonstration plants.

2. Other requirements:

a. No unique manpower skills are required.

b. New testing facilities are proposed, both near-shore and ocean-based.

3. Management plan: The management plan will coordinate the efforts of the federal government with those of private industry and academic researchers, with the goal of turning over the commercialization of ocean-thermal energy to industry at the earliest possible time. Federal laboratories will be utilized in the early phases to manage the individual projects of the ocean-thermal subprogram. These laboratories will conduct in-house research and manage out-of-house activities, based on detailed program development plans. Coordination and involvement of the three major research groups mentioned above is already underway, and participation will be broadened. As demonstration and development projects mature, industry will assume an increasing share of the fiscal and management responsibilities, as discussed in other sections of this report.

FIG. 20.—BUDGET SUMMARY: OCEAN THERMAL CONVERSION SUBPROGRAM—ACCELERATED ALTERNATIVE

[In millions of dollars]

	Fiscal year								
	1974	1975	1976	1977	1978	1979	1980–84	1985–89	1975–79	1980–89
Engineering, ART, SRT		5.5	6.0	6.4	6.8	6.3	20.1	15.3	31.0	35.4
Design and construction of test facilities		3.0	7.0						10.0	
Component fabrication and testing			4.0	6.0					10.0	
Site selection		.1	.2			.2	.3		.5	.3
Pilot plant design and contracting			2.0	4.0	2.0				8.0	
Pilot plant construction					20.0	20.0			40.0	
Pilot plant testing							8.0			8.0
Demonstration plant design and construction							212.0			212.0
Demonstration plant testing							12.5	25.5		38.0
Total		8.6	19.2	16.4	28.8	26.5	252.9	40.8	99.5	293.7

FIG. 21.—BUDGET SUMMARY: OCEAN THERMAL CONVERSION SUBPROGRAM—MINIMUM ALTERNATIVE

[In millions of dollars]

	Fiscal year								
	1974	1975	1976	1977	1978	1979	1980–84	1985–89	1975–79	1980–89
Engineering, ART, SRT		4.0	4.5	5.0	5.5	6.0	26.5	15.5	25.0	42.0
Design and construction of test facilities				2.5	4.5	3.0			10.0	
Component fabrication and testing					2.0	3.0			5.0	
Site selection				.1	.2		.5		.3	.5
Pilot plant design and contracting						1.0	3.0		1.0	3.0
Pilot plant construction							10.0			10.0
Pilot plant testing							3.0	3.0		6.0
Demonstration plant design and construction								212.0		212.0
Demonstration plant testing								12.5		12.5
Total		4.0	4.5	7.6	12.2	13.0	43.0	243.0	41.3	286.0

During the initial implementation of ocean-thermal energy, the federal government could be both supplier and consumer. For example, DOD shore facilities and remote installations (Gaum, Hawaii, etc.) present requirements for small power plants. At these locations, ocean-thermal plants are strategically and economically justified in the near term.

4. Criteria employed:

a. Related R&D programs considered: The ocean-thermal program is based on an extension of existing technology. However, alternative paths are available that would lead to a useful product. These involve the use of open or closed cycles for the heat engine, the design of ocean-based plants, and the construction of plants near shore. The accelerated program includes both a near-shore pilot plant and an ocean-based pilot plant. In the minimum program, only a near-shore pilot is proposed.

b. Criteria for program selection: The program selected is designed to demonstrate the technical and economic feasibility of ocean-thermal energy conversion. Accordingly, the program includes initial engineering design and tests to establish the detailed design of system components, meanwhile proceeding with pilot-plant design and operation to confirm expected performance. Pilot-plant experience then leads to the design and operation of a demonstration plant capable of commercial utilization. Emphasis in the program will be placed on achieving competitive capital cost without sacrificing durability and ease of maintenance.

5. Interdependence of R&D: Basically ocean-thermal systems will depend on adaptations of existing, relatively low-level, technology. In particular, unlike many forms of solar power—they do not require hardware for energy collection or energy storage. The ocean itself serves as a collection and storage medium for the energy provided by the sun so that the systems can operate continuously, day and night, year around. For fullest utilization of ocean-thermal energy, these systems may be remote from land and hence require the conversion of electricity to

some intermediate form (such as hydrogen) for energy transmission.

Engineering developments of this program will contribute design data applicable to low pressure turbine technology, low temperature-gradient heat exchangers, and to specialized ocean platforms. Experience gained in this program will also be valuable in using the ocean as a heat sink for conventional power plants. Significant delays in this program would result in overlooking—during the near term—a substantial, clean energy source of great potential.

6. Acceptability of R&D program: Public acceptability of this program will be very high, since the plants will be out of sight. Problems of the environment and of safety are expected to be minimal, compared to those involved with the development of almost every other energy source. Land usage will be largely avoided. The potential of ocean-thermal systems for providing a clean source of energy should promote general public and industrial support. Studies will be necessary to determine the possible effects on climate and biota of the thermal redistribution resulting from the operation of ocean-thermal plants. Implementation of this technology will help lead to national self sufficiency in energy production.

VI. IMPLEMENTATION PLANTS

A. Direct Benefits of Implementation:

1. Both the civilian and military sectors can utilize the energy (along with protein and fresh water) resulting from implementation of ocean-thermal plants.

2. The potential energy market for ocean-thermal power plants will be comparable to the U.S. energy gap for the foreseeable future. In addition, such plants can supply needed protein and fresh water in large quantities.

3. The production of significant quantities of electricity and/or chemical fuel using ocean-thermal plants will help relieve U.S. dependence upon foreign sources of fossil fuels.

4. Ocean-thermal power plants—like the merchant marine—are vulnerable to acts of war and sabotage. Since a large number of ocean-thermal plants are envisioned, the loss of several such plants should not have a deleterious effect on the national energy system.

5. Ocean-thermal power plants can provide base load and peaking capacity directly or via chemical fuels such as hydrogen. This would improve the diversity and energy utilization efficiency of the national energy system.

B. Economics of Implementation:

1. Projected delivery price of the ultimate product: The ocean-thermal plant could generate electricity at a cost preliminarily estimated at 5 to 10 mills/kwh.

2. As by-product of the conversion to electricity of ocean-thermal energy, protein and/or fresh water can be produced. The value of these resources might indeed be appreciable for some installations, perhaps exceeding the value of the associated energy. The net effect of the production of these additional commodities is to reduce the net price of the energy delivered to the user. If hydrogen is produced, halogens and metals may be additional by-products.

3. Capital costs for ocean-based thermal energy conversion plants are preliminarily estimated at about $400 per kilowatt of capacity. Operating costs (estimated at $10M per year for a 500 Mw plant) may be somewhat higher than those associated with conventional steam plants, because of the marine environment. However, some economy should result because of the benefit of boiler operation at low-temperatures. Thus, a cost trade-off, which could be favorable to the ocean-thermal plant, will be involved.

4. The ship building and turbine industries will be stimulated appreciably by the construction of a fleet of ocean-thermal power plants, and a new labor market will develop for operating them. Resource requirements for the ocean-thermal plants will be manifested in the aluminum industry.

5. The energy output of ocean-thermal plants can be used as electricity and/or converted into fuels such as hydrogen, so as to offset the need for importation of fossil fuels. The ocean-plant technology will be an exportable commodity, and certain subsystems and components of ocean-thermal plants will be patentable. The potential for exportation of energy-intensive products will be enhanced.

6. Assumptions underlying our projections:

a. The required energy and material resources for the construction of ocean-thermal plants will be made available at present "real dollar" prices.

b. The R&D provided by the government (through the demonstration plant phase) is regarded literally, in this case, as pump-priming; i.e., as a subsidy not amortized in the price of the energy initially produced.

c. The costs of labor, expressed in "real dollars," will be comparable with those for other energy-production plants.

d. Capital will be made available at usual interest rates.

e. The date of commercial availability could be as early as 1985 for an accelerated program extending into that period, coupled with appropriate federal incentives (discussed below in i. and in III. B.).

f. The useful lifetime for a durably-built ocean-thermal system will exceed 30 years, with maintenance costs somewhat higher than for conventional steam plants. The costs of decommissioning such plants will be minimal.

g. The increased availability of high quality electrical and/or chemical energy can help satisfy the global and/or U.S. energy deficiency, since the relative potential magnitudes of the supply of ocean-thermal energy and of the world energy gap are comparable. Similarly, the possible by-product resources, protein and fresh water, will be in great demand.

h. As contemplated above, possible excess U.S. capacity for producing renewable ocean energy and the associated resources will find foreign markets.

i. Incentives should be provided by the federal government to speed the development of these ocean resources. Since this new industry will be enhancing U.S. resources, rather than depleting them, there should be an "allowance" to reward successful private participation in this effort. Taxes should be waived on investments in the associated R&D; capital gains exclusions should be offered on returns resulting from corporate investments in this area.

C. Impacts of Implementation:

1. Natural resources required:

a. Investment in ocean-thermal plants will require significant quantities of resources per plant. However, these requirements are expected to be no greater than those needed for conventional steam power plants. For ocean-thermal plants, large heat exchangers (probably of aluminum) are required, but there is no need for fuel. The basic material needs are for plant flotation, water circulation and heat extraction. Considerable amounts of aluminum will probably be incorporated for components requiring corrosion resistance. There is no land required for most of the plants, inasmuch as they will be located in the ocean.

b. The ratios of required steel, plastic and aluminum to national total resources of these materials is inconsequential. Ocean sites for ocean-based plants are widely available.

c. Although other sectors will continue to require these resources, they are in plentiful supply, and we do not expect serious competition in meeting the needs for ocean-thermal facilities. Similarly, the abundance of offshore ocean sites should interpose no obstacles to exploitation, although the availability of sites near land is more limited.

d. The materials requirements can probably be satisfied without difficulty. On the other hand, the ocean resource could present international jurisdictional problems. If ocean-thermal plants were anchored, this potential problem might be more serious than if they were not. However, anchoring is unlikely, since technical considerations favor dynamic positioning as a means of station-keeping.

2. Inputs required:

a. Preliminary estimates of the capital investment for ocean-thermal plants is about $400 per kilowatt of capacity.

b. There is no fuel cost, except for the purpose of priming the pumps. Because of the absence of fuel and the high load factor (ca. 90%), the amortized capital costs lead to an electrical energy production cost (F.O.B. the plant) of about 8 mills per kwh. Intermediate fuels, such as hydrogen, could be produced at competitive prices.

3. Compatability with existing energy system: Ocean-thermal plants will encounter the same sorts of problems or security and concentration-distribution of power posed by existing offshore activities. The forms of energy produced will be compatible with existing and contemplated energy distribution networks and systems.

4. Environmental impacts of implementation: The global environmental impacts—on climate and biota—of large numbers of ocean-thermal plants could possibly be significant. Also, the possible local impacts of even a single plant need to be studied. The principal environmental concerns in exploiting the ocean-thermal resources are the possible consequences of the resulting redistribution of heat.

5. Occupational health and safety considerations: Insofar as the ocean plants are seaworthy, durable, and well designed for maintenance, their health and safety characteristics will be comparable to conventional land-based plants, although their relative isolation presents a potential morale problem for their staff.

6. Other factors:

a. The utilization of the oceans for plant siting will free land sites that otherwise would be used for power plants. Rejected heat from those unbuilt, land-based power plants will then not be released to the atmosphere or to streams or lakes.

b. There will be essentially no social costs, since ocean-thermal plants will have little interaction—even esthetic—with significant numbers of humans. The production of energy, along with food and water resources, will benefit society, which is experiencing increasing shortages in all three commodities.

c. The implementation of this technology has the potential for providing a significant contribution of energy to help bridge the energy gap, both domestically and internationally. Such implementation can be accomplished with minimal impact, while utilizing a renewable energy resource. Since the ocean will probably be increasingly needed as a heat sink in producing power by various means, the technology developed in this program will be useful for that application. From the standpoint of its producing valuable energy, protein and water resources, the implementation of this technology can help lead toward global, political, and social stability.

FINANCIAL HOLDINGS OF SENATOR WILLIAM PROXMIRE

Mr. PROXMIRE. Mr. President, in 1963, 1965, 1967, 1970, 1972, and 1973 I submitted for the record the history of my financial holdings from the time I was first elected to the Senate in August of 1957 until March of 1973. In order to bring the full record up to date, I sub-

mit herewith the history of my financial holdings since March of 1973.

The bulk of my security assets are now in State and municipal bonds, totaling $80,000.

My other assets include ownership in two homes and furnishings in Washington, D.C., on which I owe substantial mortgages to the Perpetual Building Association of Washington, D.C., ownership of my home and furnishings in Madison, Wis., on which the mortgage has now been paid, and from which home I received $200 per month in rent during the last year; ownership of one 1970 automobile and one 1972 automobile, ownership of one checking account in a Washington bank, one checking account in a Madison, Wis., bank and one tax savings account in a Madison bank, for tax purposes. The combined balance, as of this date, in the three bank accounts is $10,946.62.

During 1973 by the sale of U.S. Treasury bonds and notes, I paid of a collateral loan with the National Savings & Trust Co., and purchased additional municipal bonds.

In past years I have not included in my net worth statement the value of the civil service retirement fund to which I have contributed since I came to the Senate. This oversight has just been called to my attention. The cash deposit in that fund is now $36,884.35 as of March 31, 1974. While this should be included as part of my net worth, the increase in value of this deposit in the past year was only a small fraction of the total amount.

Trust custody of stock in my children's names has been turned over to them directly as they are over 21.

I estimate my present net worth to be about $253,000.

The increase in my net worth as compared to my 1973 report is a result of the increase in market value of the two houses I own in Washington, D.C., and the home I own in Madison, the retirement fund cash deposit not previously included—see above—and increased income above expenditures during 1973.

To the best of my knowledge, this is an accurate record of my financial holdings and obligations.

In addition, I herewith submit a balance sheet showing my net worth and how it was arrived at, a copy of my 1973 Federal tax return and a list of all honoraria received during 1973 in the amount of $300 or more. Additional income was received from book royalties, TV appearances, and a series of speeches for the Brookings Institution here in Washington for which I receive $150 per speech.

An amount of $919.45 for expenses incurred for my book, "Uncle Sam, Last of the Bigtime Spenders," during 1972 was reimbursed by the publisher during 1973. All expenses incurred for my book, "You Can Do It!" during 1973 were reimbursed in 1973.

In addition to the $24,926 paid to the Federal Government in taxes in 1973 income I also paid some taxes to the State of Wisconsin of $6,691 for a total income tax obligation of $31,617.

I ask unanimous consent that the balance sheet, copy of 1973 Federal tax return, and list of all honoraria received in 1973 in amount of $300 or more be printed in the RECORD.

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

Net worth of Senator William Proxmire as of April 1974

Municipals and State bonds	$80,000.00
1972 Vega (Blue Book trade-in value—April 1974	1,500.00
1970 Mustang (Blue Book trade-in value—April 1974)	1,150.00
Two checking and one savings account:	
Education account—checking	659.01
Madison account—checking	4,687.24
Madison account—tax savings	5,600.37
	10,946.62
4613 Buckeye Road, Madison	
Assessed value	26,300.00
Market value (March 1973, $35,900)	40,600.00
3220 Ordway Street, NW, Washington	
Assessed value	35,754.00
Market value (March 1973, $60,000)	65,000.00
Mortgage balance	−43,182.92
	21,817.08
3023 Ordway Street, NW, Washington	
Assessed value	37,392.00
Market value (March 1973, $63,000)	68,000.00
Mortgage balance	−8,046.46
	59,953.54
Cash deposit in Civil Service retirement fund as of March 31, 1974	36,884.35
	252,851.59

U.S. INDIVIDUAL INCOME TAX RETURN FORM 1040

Name (If joint return, give first names and initials of both): William and Ellen H.

Last name: Proxmire.

County of residence: Dane.

Your social security number: [redacted]

Spouse's social security No.: [redacted]

Present home address: 4613 E. Buckeye Rd., Madison, Wisconsin 53716.

Occupation:

Yours: U.S. Senator.

Spouse's: Corp. Exec.

2. Married filing joint return (even if only one had income).

Exemptions: 6a Yourself, b Spouse, 2.

c. First names of your dependent children who lived with you. Douglas, 1.

7. Total exemptions claimed, 3.

8. Presidential Election Campaign Fund.—Check X if you wish to designate $1 of your taxes for this fund. If joint return, check X if spouse wishes to designate $1. Note: *this will not increase your tax or reduce your refund.* See note below.

INCOME

9. Wages, salaries, tips, and other employee compensation See statement 1, $45,604.

11. Interest income, $2,137.

12. Income other than wages, dividends, and interest (from line 38), $40,074.

13. Total (add lines 9, 10c, 11, and 12), $87,815.

14. Adjustments to income (such as "sick pay," moving expenses, etc. from line 43), $3,507.

15. Subtract line 14 from line 13 (adjusted gross income), $84,308.

TAX PAYMENTS AND CREDITS

16. Tax, check if from: Schedule G, $24,046.

17. Total credits (from line 54).

18. Income tax (subtract line 17 from line 16), $24,046.

19. Other taxes (from line 61), $880.

20. Total (add lines 18 and 19), $24,926.

21a. Total Federal income tax withheld (attach Forms W–2 or W–2P to front), $14,-875.

b. 1973 estimated tax payments (include amount allowed as credit from 1972 return), $10,864.

22. Total (add lines 21a, b, c, and d), $25,739.

24. If line 22 is larger than line 20, enter amount overpaid, $813.

26. Amount of line 24 to be credited on 1974 estimated tax, $813.

Your signature: William H. Proxmire, April 5, 1974.

Spouse's signature: Ellen H. Proxmire.

Preparer's signature (other than taxpayer): Seidman and Seidman CPA's, 1200 18 St. N.W., Washington, D.C. 20036.

INCOME OTHER THAN WAGES, DIVIDENDS, AND INTEREST

28. Business income or (loss) (attach Schedule C), $41,571.

29. Net gain or (loss) from sale or exchange of capital assets (attach Schedule D), −$1,000.

31. Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E), −$636.

35. State income tax refunds: $139.

38. Total (add lines 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37). Enter here and on line 12, $40,074.

ADJUSTMENTS TO INCOME

41. Employee business expense (attach Form 2106 or statement), See statement 3, $3,507.

43. Total adjustments (add lines 39, 40, 41, and 42). Enter here and on line 14, $3,507.

TAX COMPUTATION

44. Adjusted gross income (from line 15), $84,308.

45. (a) If you itemize deductions, enter total from Schedule A, line 41 and attach Schedule A, $18,083.

46. Subtract line 45 from line 44, $66,225.

47. Multiply total number of exemptions claimed on line 7, by $750, $2,250.

48. Taxable income. Subtract line 47 from line 46, $63,975.

OTHER TAXES

55. Self-employment tax (attach Schedule SE), $880.

61. Total (add lines 55). Enter here and on line 19, $880.

Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by U.S. financial institution)? No.

ITEMIZED DEDUCTIONS

Name(s) as shown on Form 1040: William & Ellen H. Proxmire.

Your social security number: [redacted]

1. One half (but not more than $150) of insurance premiums for medical care (Be sure to include in line 10 below), $150.

4. Subtract line 3 from line 2. Enter difference (if less than zero, enter zero), $0.

5. Enter balance of insurance premiums for medical care not entered on line 1, $180.

7. Total (add lines 4, 5, 6a, b. and c), $185.

8. Enter 3% of line 15, Form 1040, $2,529.

9. Subtract line 8 from line 7 (if less than zero, enter zero), $0.

10. Total (add lines 1 and 9). Enter here and on line 35, $150.

TAXES

11. State and local income, $7,334.

12. Real estate, $2,340.

13. State and local gasoline (see gas tax tables), $12.

14. General sales (see sales tax tables), $431.

17. Total (add lines 11, 12, 13, 14, 15, and 16). Enter here and on line 36), $10,117.

INTEREST EXPENSE

18. Home mortgage, $3,511.
19. Other (Itemize): Natl Saving & Trust, $832.
Union Trust, $132.
Dept. store, $249.
20. Total (add lines 18 and 19). Enter here and on line 37), $4,724.
21. a. Cash contributions for which you have receipts, cancelled checks, etc., $1,274.
24. Total contributions (add lines 21a, b, 22, and 23). Enter here and on line 38, $1,274.

MISCELLANEOUS DEDUCTIONS

33. Other (Itemize) See statement 4, $1,718.
Political contributions, $100.
34. Total (add lines 30, 31, 32, and 33). Enter here and on line 40, $1,818.

SUMMARY OF ITEMIZED DEDUCTIONS

35. Total medical and dental—line 10, $150.
36. Total taxes—line 17, $10,117.
37. Total interest—line 20, $4,724.
38. Total contributions—line 24, $1,274.
40. Total miscellaneous—line 34, $1,818.
41. Total deductions (add lines 35, 36, 37, 38, 39, and 40). Enter here and on Form 1040, line 45, $18,083.
William and Ellen H. Proxmire.
[redacted]
A. Principal business activity: Speaking and writing.
B. Business name: William Proxmire.
D. Business address (number and street) U.S. Senate.
City, State and ZIP code: Washington, D.C.
E. Indicate method of accounting: Cash.
F. Were you required to file Form W–3 or Form 1096 for 1973? (See Schedule C Instructions.), No.
G. Was an Employer's Quarterly Federal Tax Return, Form 941, filed for this business for any quarter in 1973?, No.

INCOME

1. Gross receipts or sales $43,897, balance $43,897.
3. Gross profit, $43.897.
5. Total income (add lines 3 and 4), $43,897.
19. Other business expenses (specify): Travel expenses, $3,575.
(m) Total other business expenses (add lines 19(a) through 19(i)), $3,575.
20. Total deductions (add lines 6 through 19), $3,575.
21. Net profit or (loss) (subtract line 20 from line 5). Enter here and on Form 1040, line 28. Also enter on Schedule SE, line 5(a), $40,322.

EXPENSE ACCOUNT INFORMATION

(1) Entertainment facility (boat, resort, ranch, etc.)?, No.
(2) Living accommodations (except employees on business)?, No.
(3) Employees' families at conventions or meetings?, No.
(4) Employee or family vacations not reported on Form W–2?, No.

PROFIT OR (LOSS) FROM BUSINESS OR PROFESSION

Name(s) as shown on Form 1040: William and Ellen H. Proxmire.
A. Principal business activity: Consultant; product: Services.
B. Business name: Ellen Proxmire.
C. Employer identification number: None.
D. Business address (number and street): 3025 Ordway Street NW, Washington, D.C. 20008.
1 Gross receipts or sales $1,384.
5 Total income (add lines 3 and 4), $1,384.
19 Other business expenses (specify): Travel, $135.
20 Total deductions (add lines 6 through 19), $135.
21 Net profit or (loss): $1,249.

Did you claim a deduction for expenses connected with:
(1) Entertainment facility (boat, resort, ranch, etc.)?: No.
(2) Living accommodations (except employees on business)?: No.
(3) Employees' families at conventions or meetings?: No.
(4) Employee or family vacations not reported on Form W–2?: No.

CAPTIAL GAINS AND LOSSES

Name(s) as shown on Form 1040: William & Ellen H. Proxmire.

PART II LONG-TERM CAPITAL GAINS AND LOSSES—ASSETS HELD MORE THAN 6 MONTHS

Sale 2M USTB 2/15/80, A, 1/4/73, 61, $1,737, $2,069, —$332.
Sale 1M USTB 2/15/80, A, 3/29/73, 61, $845, $1,035, —$190.
Sale 1M USTB 2/15/80, A, 5/8/73, 61, $843, $1,035, —$192.
Sale 3M USTB 2/15/80, A, 6/7/73, 61, $2,510, $3,104, —$594.
Sale 5M USTB 11/15/73, A, 6/7/73, 64, $4,916, $5,002, —$86.
Sale 11M USTB 5/15/85, A, 6/8/73, 61, $8,632, $11,190, —$2,558.
Sale 30M USTB 8/15/92, A, 6/8/73, 62 $22,628, $30,376, —$7,748.
Sale 10M USTN 5/15/75, A, 6/8/73, 61, $9,841, $10,056, —$215.
Sale 5M Wisc. State Agency, 12/1/96, A, 9/13/73, 12, 271, $4,269, $4,523, —$254.
Net gain or (loss): —$12,169.
Net long-term gain or (loss): combine lines 11, 12(a) and 12(b), —$12,169.
(i) If amount on line 5 is zero or a net gain, enter 50% of amount on line 14;
(ii) If amount on line 13 is zero or a net gain, enter amount or line 14; or,
(iii) If amounts on line 5 and line 13 are net losses, enter amount on line 5 added to 50% of amount on line 13, —$6,085.
(iii) Taxable income, as adjusted (see instruction L), $1,000.)

SUPPLEMENTAL INCOME SCHEDULE AND RETIREMENT INCOME CREDIT COMPUTATION

Name(s) as shown on Form 1040: William & Ellen H. Proxmire.
See statement 2, percentage ownership or occupancy: —$636.
Cost or other basis: $61,615.
Other depreciation: see statement 2, $2,159.
Straight line: $1,567.
Declining balance: $592.
Total: $2,159.

INCOME AVERAGING

Name(s) as shown on Form 1040: William & Ellen H. Proxmire.
1. Taxable income:
(a) Computation year, 1973: $63,975.
(b) 1st preceding base period year, 1972; $47,809.
(c) 2d preceding base period year, 1971; $42,960.
(d) 3d preceding base period year, 1970; $37,093.
(e) 4th preceding base period year, 1969; $32,042.
5. Adjusted taxable income or base period income:
1973, $63,975.
1972, $47,809.
1971, $42,960.
1970, $37,093.
1969, $32,042.
6. Adjusted taxable income from line 5, column (a): $63,975.
7. 30% of the sum of line 5, columns (b), (c), (d), and (e): $47,971.
8. Averageable income (line 6 less line 7): $16,004.

COMPUTATION OF TAX

9. Amount from line 7, $47,971.
10. 20% of line 8, $3,201.
11. Total (add lines 9 and 10), $51,172.
13. Total (add lines 11 and 12), $51,172.
14. Tax on amount on line 13, $17,646.
15. Tax on amount on line 11, $17,646.
16. Tax on amount on line 9, $16,046.
17. Difference (line 15 less line 16), $1,600.
18. Multiply the amount on line 17 by 4, $6,400.
19. Total (add lines 14 and 18), $24,046.
21. Tax (add lines 19 and 20), $24,046.

COMPUTATION OF SOCIAL SECURITY SELF-EMPLOYMENT TAX

Name of self-employed person (as shown on social security card): William Proxmire.
Business activities subject to self-employment tax: Speaking and writing.
(a) Schedule C, line 21, (Enter combined amount if more than one business), $40,322.
6 Total (add lines 5(a), 5(b), 5(c), 5(d), and 5(e)), $40,322.
8 Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7), $40,322.
(a) Maximum amount reportable, under both optional methods combined (farm and nonfarm), $1,600.
(b) From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method), $40,322.
13 Total net earnings or (loss) from self-employment reported on line 12. (If line 13 is less than $400, you are not subject to self-employment tax. Do not fill in rest of form), $40,322.
14. The largest amount of combined wages and self-employment earnings subject to social security tax for 1973 is, $10,800.
15 (a) Total "FICA" wages as indicated on Forms W–2, $1,054.
(c) Total of lines 15(a) and 15(b), $1,054.
16 Balance (subtract line 15(c) from line 14), $9,746.
17 Self-employment income—line 13 or 16, whichever is smaller, $9,746.
18 If line 17 is $10,800, enter $864.00; if less, multiply the amount on line 17 by .08, $780.
19 Self-employment tax (subtract line 19 from line 18). Enter here and on Form 1040, line 55, $780.

COMPUTATION OF SOCIAL SECURITY SELF-EMPLOYMENT TAX

Name of self-employed person (as shown on social security card): Ellen H. Proxmire.
Business activities subject to self-employment tax: Consultant.
(a) Schedule C, line 21. (Enter combined amount if more than one business.), $1,249.
6 Total (add lines 5(a), 5(b), 5(c), 5(d), and 5(e)), $1,249.
Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7), $1,249.
(a) Maximum amount reportable, under both optional methods combined (farm and nonfarm), $1,600.
12 Net earnings or (loss):
(b) From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method), $1,249.
13 Total net earnings or (loss) from self-employment reported on line 12. (If line 13 is less than $400, you are not subject to self-employment tax. Do not fill in rest of form.), $1,249.
14 The largest amount of combined wages and self-employment earnings subject to social security tax for 1973 is, $10,800.
15 (a) Total "FICA" wages as indicated on Forms W–2 $2,050.
(c) Total of lines 15(a) and 15(b), $2,050.
16 Balance (subtract line 15(c) from line 14), $8,750.
17 Self-employment income—line 13 or 16, whichever is smaller, $1,249.
18 If line 17 is $10,800, enter $864.00; if less, multiply the amount on line 17 by .08, $100.

20 Self-employment tax (subtract line 19 from line 18). Enter here and on Form 1040, line 55, $100.

1973 FEDERAL INCOME TAX STATEMENTS OF SENATOR WILLIAM PROXMIRE

STATEMENT 1—WAGES

Employer's name and address	FICA	Income tax withheld	Wages, etc.
(H) U.S. Senate, Washington, D.C.		$14,389	$42,500
(W) Washington Whirl-Around	$120	300	2,050
(H) Tonight Show	18	66	306
(H) Dinah's Place	11	27	192
(H) What's My Line?	15	37	250
(H) Mike Douglas Show	18	56	306
Total wages	182	14,875	45,604

STATEMENT 2—RENT AND ROYALTY INCOME

(H) Property (1):	
Residence, Madison, Wis.:	
Gross rents	$2,400
Expenses:	
Depreciation	767
Repairs (miscellaneous)	84
Interest	34
Taxes (property)	1,116
Total expenses	2,001
Net income	399

DEPRECIATION

Description	Date acquired	Cost or other basis	Accumulated depreciation
House	1958	30,565	10,830
Improvements	July 1, 1964	1,750	1,473
Furniture	Dec. 1, 1964	800	800

Description	Depreciation method	Life Years	Life Percent	Depreciation this year
House	150DB	50		592
Improvements	SL	10		175
Furniture	SL	5		0
Total				767

(W) Property (2):	
Sea Pines Plantation, Hilton Head Island, S.C.:	
Gross rents	$2,505
Expenses:	
Depreciation	1,392
Insurance	53
Interest	1,867
Maintenance	30
Management fees	790
Miscellaneous expense	249
Taxes (property)	194
Total expenses	4,575
Net loss	−2,070
Percent of ownership	50.000
Net deductible loss	−1,035

DEPRECIATION

Description	Date acquired	Cost or other basis	Accumulated depreciation
Building	July 1, 1972	25,300	506
Appliances	do	1,150	58
Carpeting	do	600	60
Heat and air-condition	do	1,450	73

Description	Depreciation method	Life Years	Life Percent	Depreciation this year
Building	SL	25		1,012
Appliances	SL	10		115
Carpeting	SL	5		120
Heat and air-condition	SL	10		145
Total				1,392

Recapitulation of rent and royalty income:	
Property (1)	$399
Property (2)	−1,035
Net loss from rents and royalties	−636

STATEMENT 3—BUSINESS EXPENSE

Travel expense away from home:	
(H):	
Lodging, meals, and tips	$685
Transportation	3,030
Living expense, District of Columbia	3,000
Total business expense	6,715
Less reimbursements	−3,208
Total	3,507

STATEMENT 4—ITEMIZED MISCELLANEOUS DEDUCTIONS

Tax preparation fees	$1,155
Safe deposit box	77
Total	1,232
Employee business expense:	
Other business expense:	
(H):	
Dues and subscriptions	112
Entertainment	69
Photos	135
Recording	170
Total business expense	486
Miscellaneous other deductions	1,718

STATEMENT 5—INTEREST INCOME

(W) Interstate	$46
(H) U.S. bonds and notes	1,375
(H) U.S. Treasury notes and bonds sold	563
(H) United Bank and Trust	153
Total interest income	2,137

STATEMENT 6—RECEIPTED CASH CONTRIBUTIONS

Charities qualifying for 50-percent limitation:	
Cancer fund	100
Heart fund	100
Landon School	415
Yale	120
United Way	100
Multiple sclerosis	100
Hill School	100
Harvard	100
Lake Forest Cem. Comm	55
Wash. Tennis Patrons	35
Miscellaneous organized charities	49
Total receipted cash contributions to charities qualifying for 50-percent limitation	1,274
Total receipted cash contributions	1,274

I hereby certify that I was in a travel status in the Washington area, away from home, in the performance of my official duties as a Member of Congress, for 318 days during the taxable year, and my deductible living expenses while in such travel status amounted to not less than $3,000.

WILLIAM PROXMIRE.

HONORARIUMS

January 23, Paperboard Packaging Council, D.C., speech, $350.

February 16, Menswear Retailers of America, Chicago, speech, $1,000.

March 3, Goshen College, Goshen, Ind., speech, $1,000.

March 3, Muhlenberg College, Allentown, Pa., speech, $1,000.

March 6, American Enterprise Institute, D.C., speech, $2,000.

March 11, Downers Grove Village Forum, Downers Grove, Ill., speech, $1,100.

March 16, Illinois College of Podiatric Med., Chicago, speech, $1,000.

April 6, Northern Illinois Univ., DeKalb, Ill., speech, $1,000.

April 7, Consumer Federation of California, San Francisco, speech, $1,000.

April 10, Newark State College, Union, N.J., speech, $1,500.

April 25, University of Baltimore, Baltimore, Md., speech, $1,000.

April 26, United Jewish Appeal, Flint, Mich., speech, $1,000.

April 27, Economic Society of South Florida, Florida, speech, $1,000.

April 29, Cornell University, Ithaca, N.Y., speech, $1,000.

May 12, Temple Emanuel Brotherhood, Dallas, Tex., speech, $1,125.

May 19, Virginia Commonwealth University, Richmond, Va., speech, $1,050.

June 2, Evergreen State College, Olympia, Wash., speech, $2,000.

June 10, University of Oregon, Eugene, Ore., speech, $1,500.

June 23, Fund for Higher Education in Israel, Daylin, Inc., New York City, NY., speech, $1,500.

August 24, Family Circle magazine, "You Can Do It!", article, $2,700.

September 8, Militia Association of New York & Foreign Policy Association, N.Y., speech, $1,000.

October 18, University of Nevada, Reno, Nev., speech, $1,050.

October 19, Brigham Young University, Provo, Utah, speech, $1,500.

October 21, University of New Mexico, Albuquerque, N. Mex., speech, $1,050.

October 22, Worcester Economic Club, Worcester, Mass., speech, $1,000.

October 26, National Executive Conference, Washington Seminar on Economic Outlook, D.C., speech, $1,000.

November 1, Outdoor Power Equipment Institute, D.C., speech, $500.

November 3, Towson State College, Towson, Md., speech, $700.

November 12, Indiana University of Pennsylvania, Indiana, Pa., speech, $2,000.

November 26, Salmon P. Chase Law School, Covington, Ky., speech, $1,000.

February 1, Simon & Schuster, Inc., "You Can Do It!", book advance, $3,000.

BATTLE OF THE BUDGET GOES UNDERGROUND

Mr. HUMPHREY. Mr. President, in January of 1973, President Nixon sent to Congress what he called a "dramatic document"—the fiscal year 1974 budget of the U.S. Government. This document proposed wide ranging changes in many Government programs. The program cuts and terminations were highlighted by an 8-page table which proclaimed that in fiscal year 1974 savings due to actions taken by the administration would total $16.9 billion. These cuts were accompanied by a great deal of rhetoric about the need to restrain excessive congressional spending and about the comprehensive evaluation of all Government spending which had determined that the cuts proposed were in the most ineffective Federal programs.

The staff of the Joint Economic Committee carefully examined these proposed cuts and the justifications for them. Their study concluded that the real savings from the administration's proposals would be approximately $8 billion. In addition, it concluded that the administration had made no analytical evaluations to support the proposed cuts and that the justifications supplied to the committee were, in fact, nationalizations of no value in formulating spending priorities.

After Mr. Nixon presented the fiscal year 1974 budget, Congress considered it and made several changes. Some of the proposals were accepted; some were not; as is always the case with Presidential budget requests.

And now the fiscal year 1975 budget has been submitted to Congress. This budget is accompanied by a very different kind of rhetoric by the administration. The emphasis is on justifying the large increase in defense spending and on flexibility to spend more if economic

conditions make it necessary. No longer are we confronted with a table of budget cuts and told that if these cuts are rejected a tax increase will inevitably result.

What happened to that infamous budget cut table? It is not reproduced in the fiscal year 1975 budget, but a close examination shows that many of the cuts—even some that Congress rejected for fiscal year 1974—are buried in the fiscal year 1975 budget. At my request, OMB has brought that table up to date and I think my colleagues will find this most interesting.

The programs have been grouped according to their current status in the fiscal year 1975 budget.

The first group lists savings which were not accomplished and are no longer planned. The administration withdrew some of these proposals; others were rejected by Congress. As the table shows, a total savings of $1 billion in fiscal year 1974 and $884 million in fiscal year 1975, as projected in the 1974 budget is no longer anticipated in the 1975 budget.

The second group of programs is even more interesting. These program cuts were not achieved in fiscal year 1974, as proposed by the administration but are repeated either unchanged or somewhat modified in the 1975 budget. The administration had estimated that almost $2½ billion could be saved from these programs in fiscal year 1974, but now they estimate fiscal year 1974 savings from these sources will be only about $700 million.

Despite the fact that many proposed cuts were specifically rejected by Congress—such as medicaid, health, manpower training, and school library support—the administration is proposing them again in the 1975 budget, and counting on them to reduce spending. And, no new analysis has been provided to support the pitifully poor evaluations supplied to the Joint Economic Committee a year ago. In the 1974 budget, the estimated fiscal year 1975 savings were $3.8 billion; in the 1975 Budget, the estimated savings have dropped to $3.2 billion.

Repeating the same budget cut proposals that were rejected by Congress last year shows that the 1974 "Battle of the Budget" has not ended. The administration is continuing to try to reduce these programs, only without last year's fanfare. This is not hard to explain. The victorious majority President of January 1973, was a beleaguered minority President in January 1974.

The third group lists savings which have been partially accomplished. Totals in this category are not very useful because they include the increased oil lease sales which had no place in this table in the first place. Selling oil does not reduce, terminate, or save anything.

The fourth and largest category in this table shows savings which are being accomplished as scheduled. The total estimate for fiscal year 1975—$14.5 billion—is impressive indeed. But on closer examination, we find that over 80 percent of these savings "accomplished as scheduled" were listed in the Joint Economic Committee staff study as being phony to begin with. Some of these phony savings have even grown: last year the administration claimed a saving of $4.7 billion because Congress imposed a ceiling on social service grants. This year that claim has risen to $5.4 billion without anyone doing anything. The table shows that most of the savings the administration has been able to accomplish are as phony this year as they were last year. While the administration's rhetoric has changed, its battle plan remains the same, only now they have gone underground.

Mr. President, I ask unanimous consent that the table prepared by the Office of Management and Budget, and entitled "Outlay Savings From Program Reductions and Terminations, 1974-75," be in the RECORD.

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

OUTLAY SAVINGS FROM PROGRAM REDUCTIONS AND TERMINATIONS, 1974-75

[Fiscal years; amounts in millions of dollars]

1974 budget document			1975 budget document		
	Estimated savings			Estimated savings	
Proposed action	1974	1975	Status	1974	1975
NOT ACCOMPLISHED; NO LONGER PLANNED					
Veterans Administration:					
Bring pensions into close alignment with need	223	227	No longer planned because substantive legislation was not enacted		
Reform veterans benefits administratively to align benefits and need.	160	160	No longer planned		
Department of Agriculture:					
Limit the special milk subsidy to institutions not receiving subsidized milk through free and reduced price child feeding programs.	59	77	No longer planned. Action blocked by Congress		
Department of Health, Education, and Welfare:					
Health: Eliminate duplicative preventive health program grants	53	53	No longer planned	1	
Education:					
Foreign language and area training programs	13	14	do		
State departments of education	36	13	do		
Department of Justice:					
Review prison construction program for its relationship to State and local facilities and impact on alternatives to incarceration on Federal prison population.	28		No longer planned. Alternatives identified and construction continued.		
Commerce:					
Provide planning funds directly to States for support of regional commission and eliminate Federal participation.	27	44	The President accepted congressional action to extend this program through 1974. The 1975 budget proposes a further 1-year extension to permit the transition to a new program.		
Department of Labor:					
Reform manpower training programs administratively to accomplish the purposes of manpower special revenue sharing.	354	250	No longer planned. The Congress and the administration cooperated in the development of new legislation which accomplished the essential objectives of decentralization of decategorization.		
Department of Transportation:					
Reduce operating subsidies for AMTRAK	27		No longer planned due to the failure to secure passage of needed legislation and an unexpected cost overrun of AMTRAK.		
Atomic Energy Commission:					
Defer selected lower priority projects in the nuclear materials, weapons, civilian reactor, and research programs.	21	46	No longer planned primarily because of the importance of energy research in developing the technology to meet future energy demands.		
NOT ACCOMPLISHED BUT REPEATED IN UNCHANGED OR MODIFIED FORM					
Department of Health, Education, and Welfare:					
Income security:					
Eliminate certain optional payment procedures under OASDI.	310	310	Not yet accomplished but repeated essentially unchanged in the 1975 budget. Delay is due to the inaction of the Congress.		345
Improve structure of public assistance programs	158	158	Not yet accomplished but repeated essentially unchanged in the 1975 budget. The increased savings expected in 1975 reflect a reestimate based on better data. Delay is due to the inaction of the Congress.		203
Limit to 5 yr Federal funding responsibility for Cuban refugees.	58	98	Not yet accomplished but repeated in modified form in the 1975 budget. Congressional action has delayed the phaseout of this program for fiscal year 1974.	33	89

1974 budget document			1975 budget document		
	Estimated savings			Estimated savings	
Proposed action	1974	1975	Status	1974	1975
Health:					
Rely on Federal health financing mechanisms to pay depreciation charges in place of medical facilities grant program, and achieve quality care objectives through the professional standards review in place of the regional medical program.	189	206	Not yet accomplished but repeated essentially unchanged in the 1975 budget. Congressional and court action restored program for fiscal year 1974. Savings are expected to be achieved in fiscal year 1976.		36
Focus health manpower training support on areas of special need.	49	54	Not yet accomplished but repeated in modified form in the 1975 budget. The Congress and the courts did not agree to this proposal for fiscal year 1974		66
Eliminate Federal financing for low-priority medicaid services to adults.	75	100	Not yet accomplished but repeated essentially unchanged in the 1975 budget. Delay is due to inaction of the Congress.		75
Phase out over an 8-yr period Federal financing for local mental health programs.	63	75	Not yet accomplished but repeated essentially unchanged in 1975 budget. Congressional and court action restored authority for this program through fiscal year 1974.		10
Education:					
Land grant college support	10	10	Not yet accomplished but repeated in modified form in the 1975 budget. Congressional action restored this program for fiscal year 1974.		13
University community services	15	15	Not yet accomplished but repeated essentially unchanged in the 1975 budget. Congressional action restored this program for fiscal year 1974.		15
Payments to local school systems for certain federally related students.	110	120	Not yet accomplished but repeated as a 1-yr phaseout in the 1975 budget. Congressional action restored this program for fiscal year 1974.		187
Public libraries and school library resources	49	135	Not yet accomplished but repeated essentially unchanged in the 1975 budget Congressional action restored 3 programs for fiscal year 1974 after part of the savings had been achieved.		
Certain narrowly focused categorical programs	53	76	Not yet accomplished but repeated in modified form in the 1975 budget. Congressional action restored these programs for fiscal year 1974 after part of the savings had been achieved.	43	46
Substitute private market mechanism for Federal capitalization of direct student loans	264	288	Not yet accomplished but repeated in modified form in the 1975 budget. Congressional action restored authority for this program through fiscal year 1974. Savings in fiscal year 1976 are estimated to be nearly $300,000,000.		
Veterans' Administration:					
Eliminate duplicate burial benefits	54	54	Not yet accomplished but repeated essentially unchanged in 1975 budget. Increased savings expected in 1975 reflect a reestimate based on better data. Delay is due to inaction of the Congress.		58
Office of Economic Opportunity:					
Reassign OEO activities and discontinue direct Federal funding of community action organizations leaving support to local decision.	328	390	Not yet accomplished but repeated essentially unchanged in the 1975 budget. The Congress appropriated funds to continue OEO and direct funding for Community Action operations through June 30, 1974.	45	285
Department of Agriculture:					
Terminate rural water systems and waste disposal grants which are replaced by loans, or to extent consistent with Water Pollution Control Act, EPA financed.	100	150	Not yet fully accomplished but repeated in modified form in the 1975 budget. Decrease in estimated savings reflects reestimates and the release of some funds for "hardship" applications.	55	50
Department of Housing and Urban Development:					
Temporarily suspend new commitments under housing subsidy programs.	305	612	Some of the reforms are no longer planned. Others are being achieved and repeated in modified form in the 1975 budget.	124	263
Terminate categorical community development programs in favor of urban special revenue sharing:					
Model Cities		435	Repeated in modified form in the 1975 budget	10	385
Urban renewal		180	Not yet accomplished but repeated in the 1975 budget. The increased savings expected in 1975 reflect revised estimates based on better data.		530
All other	7	130	Repeated in modified form in the 1975 budget	8	113
Department of the Interior:					
Reduce construction activity on some roads and other capital improvements of relatively low priority in national parks, public lands, and Indian areas to less than anticipated rates in 1973 and 1974.	10	13	Not yet accomplished but repeated in modified form in the 1975 budget. The increased savings expected in 1975 are due to the elimination of marginal bicentennial projects.	7	45
Constrain land purchases for Federal recreation and wildlife areas and grants to States for purchase of recreation areas in 1973 and 1974 below anticipated levels.	61	46	Repeated in modified form in 1975 budget. Target has not changed but the estimated timing of savings has been revised.	23	88
Civil Service:					
Allocate proper retirement costs to the Postal Service	285	105	Not yet accomplished but repeated in modified form in the 1975 budget.	355	204
ACCOMPLISHED IN MODIFIED FORM					
Funds appropriated to the President:					
Foreign economic assistance:					
Reduced programs of AID below levels previously budgeted	62	170	The 1974 savings will be achieved but it is unlikely that all savings for 1975 will be obtained.	78	64
Department of Agriculture:					
Eliminate cost-sharing for installation of soil and water management practices on private lands and make corresponding reductions in technical assistance given through conservation programs.	258	259	The 1975 reduction will be substantially less than anticipated proposal was modified and cost estimates increased.	210	90
Achieve economics in the Forest Service through tightened management, reduced State forestry support, and shifting construction of forest roads to timber purchases.	94	106	Being accomplished in modified form. Considerably less savings than anticipated.	50	59
Curtail anticipated growth in agriculture extension programs and reduce Federal support for agricultural research of primarily local benefit and low-national priority.	34	34	Congressional additions to these programs have reduced the expected savings.	3	3
Department of Commerce:					
Phase out Economic Development Administration programs in favor of more focused and consolidated efforts to stimulate economic development.	35	56	The President accepted congressional action to extend this program through 1974. The 1975 budget proposes a further 1-year extension at a reduced level to permit the transition to a new program.	—13	10
Department of Health, Education, and Welfare:					
Health:					
Strengthen medicare cost control and eliminate unnecessary advance payments for hospitals.	277	431	Reform of payment methods has been accomplished in modified form. Cost control reforms are no longer planned.	197	
Strengthen Medicaid management	175	200	Being accomplished in modified form	110	90
Phase out training grant over a 3-year period and control the level of new research grants selected in nonpriority areas.	57	67	Being accomplished in modified form. Congressional action restored part of the savings sought.	51	64
Income security:					
Adjusted the growth rate for vocational rehabilitation program.	31	26	Some savings were achieved in 1974, however, congressional action has blocked some of the reductions in 1975.	31	25
Institute quality control for social services research and training.	31	62	Savings were achieved in 1974, however, congressional action has blocked some of the reductions in 1975.	31	25

OUTLAY SAVINGS FROM PROGRAM REDUCTIONS AND TERMINATIONS, 1974-75—Continued

[Fiscal years; amounts in millions of dollars]

1974 budget document			1975 budget document		
	Estimated savings			Estimated savings	
Proposed action	1974	1975	Status	1974	1975
ACCOMPLISHED IN MODIFIED FORM—Continued					
Department of Interior:					
Increase in rate of lease sales on Outer Continental Shelf to increase domestic oil production thereby reducing outlays.	1,010	510	Being accomplished and repeated in modified form in the 1975 budget. The substantial increases in estimated receipts are due to higher prices for leases. The estimates shown do not include the additional oil leases announced since the 1975 budget was prepared.	4,910	3,910
Department of the Treasury:					
Delay construction of Federal Law Enforcement Training Center to assure resolution of environmental impact of problems.	12		Being accomplished. Delay in construction now projected through fiscal year 1975 because of a court review of the environmental impact statement.	12	12
Reduce personnel, travel, and related costs	9	9	Being accomplished in modified form	6	6
Tennessee Valley Authority:					
Slow scheduling of construction activity on projects underway and postpone increases in other programs.	30	25	Being accomplished. Estimated savings have been revised	25	27
ACCOMPLISHED AS SCHEDULED					
Department of Commerce:					
Limit planned expansion of selected science and technology programs of National Bureau of Standards which could be delayed without significant adverse impact.	10	7	Being accomplished as scheduled	10	7
Department of Agriculture:					
Reduce the cost of farm price support programs consistent with rising farm income prospects and achievement of foreign sales agreements: Reducing direct payments to farmers; stopping export subsidies; increasing crop loan interest; terminating old crop loans; and tightening storage facility loan eligibility.	1,219	1,234	Being accomplished as scheduled. Farm-price support payments were substantially changed by the Agriculture and Consumer Protection Act of 1973.	1,048	1,253
Decrease the large interest subsidy to the Rural Electrification Administration through use of Rural Development Act, 5 percent insured loans vice 2 percent direct loans.	373	695	Being accomplished as scheduled. The REA has been transferred off budget.	373	695
Department of Defense—Military:					
Reduce military and civilian personnel and other operations costs	1,200	400	Being accomplished as scheduled	1,200	400
Reduce procurement of Safeguard, aircraft, missiles, and ships	650	1,300	do	650	1,300
Limit growth in research, development, test, and evaluation associated with Safeguard, and other programs.	200	200	do	200	200
Reduce construction associated with Safeguard deployment, bachelor housing, and family housing.	50	200	do	50	200
Limit new spending for all-volunteer force and other legislation	400	500	Being accomplished although not all the legislation has been passed yet.	400	500
Tighten operations of revolving and management funds	200	100	Being accomplished as scheduled	200	100
Department of Defense—Civil—Corps of Engineers:					
Slow scheduling of less critical navigation and flood control projects while meeting essential flood control, power, and water supply demands	471	650	Being accomplished as scheduled. The savings in 1975 are now estimated to be slightly higher than anticipated last year.	471	685
Department of Health, Education, and Welfare:					
Income security:					
Limit outlays through the operation of the administration-supported statutory ceiling on social services grants (already enacted by the Congress).	2,700	4,700	Being accomplished as scheduled. Additional savings are being obtained.	2,800	5,400
Eliminate overpayments and payments to ineligible recipients of public assistance and introduce management improvements.	592	592	Being accomplished. Estimates of savings were revised to reflect better data.	773	384
Department of the Interior:					
Schedule water resources development construction by Bureau of Reclamation at less than anticipated rates except for hydropower and water supply projects.	123	113	Being accomplished as scheduled. Additional savings expected reflect revised estimates.	152	177
Reorient saline water program to emphasize research on new technologies and deemphasize construction of large-scale test plants of known technology.	14	21	Being accomplished as scheduled	15	22
Reduce other costs not accounted for in program	2		do	2	
Department of Justice:					
Return responsibility to functional agencies for Community Relations Service technical assistance program.	4	4	do	4	4
Department of Labor:					
Phase down the emergency employment assistance program consistent with the increase in new jobs in the private sector.	670	700	Being accomplished as scheduled. Estimates of 1974 savings have been revised slightly.	609	700
Increase efficiency of employment and unemployment insurance services.	35	35	Being accomplished as scheduled	35	35
Tighten the operations and management in the Department of Labor.	10	10	do	10	10
Allocate proper unemployment benefit costs to the Postal Service.	26	26	do	26	26
Department of Transportation:					
States are deferring highway projects because of a lack of legislative authority.	82		do	83	
Defer lower priority Coast Guard construction and research contracts.	14	10	do	14	10
Reschedule FAA equipment purchase and long-range research that are not essential to air safety.	35		do	35	
Reorder high-speed rail research and development, placing greater emphasis on near-term needs and deferring projects where results are not required for several years.	41	5	do	41	5
Focus UMTA research and development on immediate improvement programs and hold up contracts for some hardware developments awaiting additional studies and evaluations.	26	5	do	26	5
Rephase intermodal transport research and development, focusing on intermediate problems. Reduce selected research and development projects whose results are not required in the near term.	7	6	do		6
Increase efficiencies of Coast Guard operations	10	3	do	10	3
Increase efficiencies of FAA operations	20		do	20	
Atomic Energy Commission:					
Reduce Plowshare program to permit further economic and environmental study.	3	3	do	3	3
Reduce space electric power and propulsion programs because of no current missions requirements.	12	18	do	12	18
Environmental Protection Agency:					
Actions related to Federal Water Pollution Control Act Amendments of 1972.	950	1,950	do	950	1,950

1974 budget document			1975 budget document		
	Estimated savings			Estimated savings	
Proposed action	1974	1975	Status	1974	1975
General Services Administration:					
Provide more efficient guard service in public buildings	3	3	do	3	3
Require more effective supply practices	25		do	25	
Reduce new computer procurements by improving utilization of existing equipment.	9		do	9	
National Aeronautics and Space Administration:					
Delay the space shuttle to provide for a more orderly program buildup.	45	75	Being accomplished. The space shuttle is being delayed longer than estimated in the 1974 budget.	55	108
Reduce other manned space flight	47	10	Being accomplished. Action was more successful than originally anticipated.	50	52
Defer the High-Energy Astronomy Observatory to allow NASA to study same program objectives at lower cost.	68	56	Being accomplished. Program redefinition was completed earlier than expected and the program was begun ahead of previous plans.	58	52
Cancel Application Technology Satellite-G research can be funded by industry without Government support.	17	16	Being accomplished as scheduled. Increased savings in 1974 reflect reestimates.	19	16
Reduce nuclear power and propulsion research since prospective applications are in the distant future.	16	18	Being accomplished. NASA reinstated a portion of the program in response to congressional action thus reducing savings.	13	17
Cancel experimental STOL aircraft because of uncertainty on the timing of a commercial market.	34	20	Being accomplished as scheduled in 1974. A reduced cost STOL technology program is included in the 1975 budget.	33	13
Reduce NASA personnel and administrative expenses consistent with program reductions.	24	24	Being accomplished as scheduled. Personnel reductions were accomplished faster than expected.	30	31
Veterans' Administration:					
Reschedule construction activities	55.0	65.0	Being accomplished as scheduled. Program savings estimates were changed reflecting better data and lower costs.	33.0	38.0
Restructure medical research in line with current medical needs	13.0	27.0	Being accomplished. Congressional action blocked part of these savings.	11.0	20.0
Civil Service Commission:					
Limit the level of the intergovernmental personnel assistance grant program pending evaluation.	1.0	5.0	Being accomplished as scheduled	1.0	5.0
National Science Foundation:					
Reductions due to curtailment of lower priority programs and other selective reductions.	32.0		do	32.0	
Small Business Administration:					
Reduce direct business loan program of Small Business Administration as needs are met by increased participation of private banking community through SBA guaranteed loans.	41.0	34.0	do	41.0	34.0
Subversive Activities Control Board:					
Terminate as a result of court decisions limiting workload	.4	.4	do	.4	.4
Washington Metropolitan Area Transit Authority:					
Use bond proceeds to even out level of Federal contribution to subway construction.	13.0		do	13.0	
OTHER					
Department of Health, Education, and Welfare:					
Reform medicare cost-sharing and implement effective utilization review.	616	1,300	Similar reform, combined with increased benefits are now proposed as a part of the comprehensive health insurance plan to become effective in January 1976. Savings shown reflect implementation of effective utilization review.	30	40
Redirect or defer selected R. & D. programs of the National Oceanic and Atmospheric Administration which are not directly focused on national objectives or not critical now.	41		Some of the savings are not being achieved because termination of the national data bouy research was deferred pending reevaluation.	26	
Atomic Energy Commission:					
Reduce inventory and working capital requirements (1973 savings were projected to be $56,000,000).	−35		Action was not taken because of changes in working capital requirements.		

LIBRARY LIBERATION

Mr. DOMENICI. Mr. President, we talk today of all kinds of liberation movements, but one of the most worthy movements to espouse is a new image for libraries. Libraries should be liberated to achieve their potential as educational institutions, and as providers of adequate library services to rural and urban areas alike. The Library Services Act was probably the first major force in liberating libraries, in that Americans from coast to coast were made cognizant of the need and the value of libraries. For libraries to be truly liberated today requires financing of the operations already in existence, a guaranteed healthy amount of Federal aid, community based efforts, and allowances for innovation and new construction.

New Mexico has made great strides toward liberating libraries. In New Mexico, the need for multi-county libraries was recognized as early as 1948. Because the State had fewer than a million people in an area that was twice as extensive as all New England, it was necessary for the regional libraries that were created to cover extensive areas. Not counting Santa Fe itself, only four small libraries had been established prior to 1960. However, among people who had never had access to libraries or even to substantial numbers of books, there were loaned a total of 59,784 books in the first 8 months of 1958.[1]

The bookmobile was the key to reaching outlying areas in New Mexico. In fact, history records that in April 1960, the New Mexico Northeastern Regional Library bookmobile covered 304 miles a day between 7:30 in the morning and 5:30 in the afternoon and made three working stops.[2] What I am trying to show here is the length to which New Mexico's bookmobile librarians were willing to go to put books in the hands of their people.

According to an authority with the New Mexico State Library, in fiscal year 1973 there were 38 "legally constituted" libraries in the State of New Mexico. There are many other community based libraries and community library centers in the State not revealed in this total. Today, there are eight bookmobiles in the State, six of which are operated regionally from the State library. One bookmobile is run by the U.S. Bureau of Indian Affairs. In fact, New Mexico ranks fourth in Indian population with the 1970 census showing that there were 72,788 Indians as compared to 56,255 in 1960.[3] This is a fairly large Indian population that libraries must serve. According to State library statistics, in fiscal year 1973, there were 638,009 people served and an additional 180,000 people reached by bookmobiles.

Current news articles more often than not are illuminating the trend of library liberation. John Bebout, author of an article entitled "Partnership Federalism" remarked that—

> Public libraries that are worth their salt are not longer the somewhat cloistered institutions of local cultural benevolence that many of them once were.[4]

Likewise, according to an article in U.S. News and World Report, libraries are attempting to shed a "stodgy image."[5]

The kinds of innovations libraries are offering range from information centers linked by computers, to storefront libraries, to bookmobiles for shut-ins, all the way to karate lessons. In a recent article in the Library Journal, it was re-

[1] Hawthorne, Daniel. *Libraries for Everyone*, New York, Doubleday, 1961, p. 123.
[2] Ibid., p. 124
[3] Hearings, House Committee on Education and Labor, 93rd Congress, 1st Session, H.J. Res. 734 and H.J. Res. 766 (White House Conference on Library and Information Services in 1976), p. 59.
[4] Ibid., p. 39.
[5] "As Libraries Go All Out to Shed a Stodgy Image," *U.S. News and World Report*, December 24, 1973, p. 75.

marked that New Mexico libraries were urged to "jump on the community bandwagon" to get out and work in the community, become an integral part; in order to survive; get the public so hung up on information services they cannot live without your library."[6]

More and more libraries are providing residents with information about their communities, and the—

Nonuser's image of libraries as staid, faceless book storehouses is beginning to crack.[7]

The new mode libraries serve as community information centers. A case in point is the new Zuni Learning Center in New Mexico.[8] This is proof that libraries are reaching out with a variety of programs aimed at getting the potential patron into the library or bringing service to him.

The question arises, how can one liberate libraries when there is little or no Federal funding to stimulate support for innovative projects? No matter how much dedication exhibited by librarians, that dedication requires backing of dollars.

It is interesting to note that according to the National Center for Educational Statistics, New Mexico's libraries in terms of operating receipts in 1968, appear to have received 97.8 percent from local government, 0.3 percent funds from the State and none from the Federal Government. In spite of the fact that New Mexico appears relatively self-sufficient in utilizing local funds to provide library services to its people, there is still a great need for Federal funds to spur development of new programs.

I have included the following table to show the recent obligations for New Mexico with regard to Library Services:

OBLIGATIONS IN THE STATE OF NEW MEXICO

STATE TABLE—1974 CONFERENCE ACTION ON LABOR/HEW BILL

[In thousands of dollars]

	Fiscal year—			
	1972 actual obligations	1973 appropriations [1]	1973 actual obligations [2]	1974 conference agreement
Library resources:				
Public libraries:				
Grants for public libraries (LSCA I)	377	454	296	379
Interlibrary cooperation (LSCA II)	43	67	43	43
Construction (LSCA II)	97	148	119	.....
Library resources (ESEA II)	511	568	511	543
Undergraduate instruction equipment (HEA VI):				
Television equipment	9	9	.....	9
Other equipment	65	65	.....	67

[1] Amounts are calculated on basis of authorized level under Public Law 92-334. Amounts also include 1973 supplemental appropriations for activities covered by the 1974 Labor-HEW bill.
[2] Includes allocations where court cases have been decided on the merits.

Source: Prepared for use by the Senate Committee on Appropriations. Department of Health, Education, and Welfare, Office of Education.

[6] Noel Savage, "News Report, 1973," *Library Journal*, Jan. 1, 1974, p. 25.
[7] Ibid., p. 26.
[8] Ibid.

In view of the fiscal year 1974 and fiscal year 1975 library budget cuts, the rationale has been that revenue sharing could be utilized as a source of alternative funding for libraries. The problem with the pattern of revenue sharing seems to be that some localities are able to provide ample funding for innovative library programs and others are not even supplying enough money for basic library services, due to part to the stiff competition with other local causes.

I would consider the recent fiscal year 1974 Labor/HEW appropriations law as a step in the right direction for library liberation in that it provides over $170 million for library resources. Approximately $49 million of that total applies to titles I and II of the Library Services and Construction Act. In addition, impounded funds were released on December 19, 1973, to total $36 million for public library services and $15 million for construction.

Thomas Jefferson once stated that education is "the most legitimate engine of government." I am positive that Jefferson would espouse the cause of library liberation as libraries are still one of the mighty cogs that turn the engine of education.

SECRETARY OF DEFENSE ALLOCATES 450 SERVANTS TO U.S. GENERALS AND ADMIRALS

Mr. PROXMIRE. Mr. President, 450 U.S. generals and admirals have been allocated personal servants by the Secretary of Defense. Even after my legislation cut the number of servants by over 75 percent last year, the Defense Department clings to its snobbish servant system.

I have written to the Secretary of Defense asking that some way be found to eliminate completely this practice of using enlisted men as personal servants. While he has not ruled out that possibility, he has gone ahead and distributed over 675 servants to 450 of the Nations highest ranking generals and admirals.

Under the new distribution, Gen. Creighton Abrams, Army Chief of Staff, Adm. Thomas Moorer, Chairman of the Joint Chiefs of Staff, Adm. Elmo Zumwalt, Chief of Naval Operations, Gen. Robert Cushman, Commandant of the Marine Corps, and Gen. George S. Brown, Chief of Staff of the Air Force, all get five servants each.

Thirteen other Army generals, 8 admirals, 1 Marine Corps general and 14 Air Force generals all receive 3 servants each.

The rest of the 450 have to make do with 1 or 2 servants with the exception of Adm. William Mack, Superintendent of the Naval Academy, who gets 4.

Of the 675 servants, 189 are based in the Washington, D.C., area. The remainder are scattered around the United States and throughout the world. We have military servants for our brass in such far away countries as Italy, England, Belgium, Taiwan, Japan, Germany, Korea, Brazil, the Canal Zone, Okinawa, Turkey, Thailand, Guam, Spain, and Holland.

I am releasing a list of the generals and their military servants broken down by State so that the people of this country can ask their local brass to justify why they are using enlisted men as servants at taxpayers' expense.

A General Accounting Office report prepared at my request last year showed that not only were these men forced into their jobs as aides to generals and admirals in some cases, but that their job description was that of a domestic servant. The GAO also found that almost all of the Navy servants were Filipinos.

By a vote of 73–9, last year the Senate voted to cut the number of servants to 218 from a prior total of 1,722. That number was subsequently raised at the insistence of the House of Representatives and the military to the present limit of 675.

USE OF ALL SERVANTS SHOULD BE STOPPED IMMEDIATELY

There is no reason why the practice of using servants at public expense cannot be stopped completely. The brass would have us believe that they need free servants because they have special obligations and their wives need the extra help around the house, which, by the way, often is provided free. This excuse by the military brass is utterly ridiculous. Millions of Americans prepare their own meals, clean their own homes, answer their own telephones and drive themselves to and from work. So can the brass.

If an American family feels the need for extra help around the house, they must pay for it out of their own pockets. But the military get their servants free—courtesy of the taxpayers.

This exercise of aristocratic privilege and freeloading must be stopped and the American people are the only force that can do it.

We must have the strongest military force in the world. We need the best equipment, the best trained troops and the highest morale. The use of servants, however, preserves the ancient vestiges of a racist class-system and in the process hurts the morale of enlisted men who take pride in being free men fighting for a free country.

Mr. President, I ask unanimous consent that correspondence from the Department of Defense on this issue be printed in the RECORD, along with a breakdown of those officers assigned servants by position and State.

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

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., March 28, 1974.

Hon. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROXMIRE: This is in further response to your letter of October 17, 1973 regarding enlisted aides.

The allocation of enlisted aides to the individual Services under a ceiling of 675 as specified in the Conference Report to accompany H.R. 9286, has been made by the Department of Defense as follows: Army—256; Navy—151; Marine Corps—34; Air Force—234. The Services have in turn determined the general/flag officer positions to be authorized aide support and have submitted the attached lists of officers who are projected to the authorized/assigned enlisted aides as of June 30, 1974,

the effective date of the 675 ceiling. It should be noted that the Services can expect to make changes in the specific authorizations as reflected in the attached lists because of the following type actions: reorganizations to include addition, deletion, or changes of specific general and flag officer positions; promotion, retirement, or reassignment of general and flag officers to positions with different representational requirements; and assignment to/from public quarters.

With regard to your query concerning the Department's long range plans for continued use of enlisted aides, it is considered that general and flag officers in public quarters will continue to need assistance in many instances to care for those quarters and to meet representational responsibilities. In this respect, the number of enlisted aides will have been reduced by 1047, or 61%, from December 1972 to June 1974. Although there are no reasonable actions that can be taken immediately to reduce the number of enlisted aides beyond the 61% already in progress, there might be other means of reducing enlisted aides that can be implemented in the future. The Department of Defense will pursue consideration of all practical and appropriate alternatives within the level of effort authorized by the Congress.

I trust that the enclosed material will be of assistance to you.

Sincerely,

WILLIAM K. BREHM.

OFFICERS AND SERVANTS ASSIGNED

ALABAMA

Felix M. Rogers, 2.
James V. Hartinger, 1.
John P. Flynn, 1.
Vincent H. Ellis, 1.
William J. Maddox, Jr., 1.
Bates C. Burnell, 1.
Albert R. Escola, 1.

ALASKA

Charles W. Carson, Jr., 1.
James C. Sherrill, 2.
Sidney M. Marks, 1.

ARIZONA

Jack A. Albright, 1.
Harry H. Hiestand, 1.

ARKANSAS

None.

CALIFORNIA

William F. Pitts, 2.
Charles F. Minter, Sr., 1.
John W. Pauly, 1.
John F. Gonge, 1.
Ralph S. Saunders, 1.
Howard M. Lane, 1.
Jessup D. Lowe, 1.
George W. McLaughlin, 1.
Henry Simon, 1.
Gerald W. Johnson, 2.
Ernest T. Cragg, 1.
Omar N. Bradley, 3.
Elvy B. Roberts, 2.
Robert G. Gard, Jr., 1.
Albert E. Milloy, 1.
Orvil C. Metheny, 1.
Robert M. Mullens, 1.
Joseph B. Starker, 1.
George S. Woodward, Jr., 1.
Robert S. Salzer, 2.
Robert B. Baldwin, 2.
Mason B. Freeman, 1.
Fillmore B. Gilkeson, 1.
Mark W. Woods, 1.
Martin D. Carmody, 1.
Ward S. Miller, 1.
John N. McLaughlin, 1.
Joseph C. Fegan, Jr., 1.
Kenneth J. Houghton, 1.
Robert W. Taylor, 1.
Robert L. Nichols, 1.
William R. Quinn, 1.

ALLOCATION OF ENLISTED AIDES UNDER DOD 675 CEILING TO BE EFFECTIVE JUNE 30, 1974

UNITED STATES ARMY

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
O-11: Bradley, Omar N	General of the Army, Beverly Hills, Calif	3
O-10: Abrams, Creighton W	Chief of Staff, U.S. Army, Washington, D.C	5
O-10: Bennett, Donald V	Commander in Chief, U.S. Army, Pacific	3
O-10: Davison, Michael S	Commander in Chief, U.S. Army, Europe/7th Army.	3
O-10: DePuy, William E	Commanding General, U.S. Army Training and Doctrine Command, Fort Monroe, Va.	3
O-10: Goodpaster, Andrew J	Supreme Allied Commander, Europe, and Commander in Chief, U.S.: European Command.	3
O-10. Kerwin, Walter T., Jr	Commanding General, U.S. Army Forces Command, Fort McPherson, Ga.	3
O-10: Miley, Henry A., Jr	Commanding General, U.S. Army Materiel Command, Alexandria, Va.	3
O-10: Palmer, Bruce, Jr	Commander in Chief, U.S. Readiness Command, MacDill Air Force Base, Fla.	3
O-10: Rosson, William B	Commander in Chief, U.S. Southern Command, Quarry Heights, Canal Zone.	3
O-10: Stilwell, Richard G	Commanding General, 8th U.S. Army, Korea/ Commander in Chief, United Nations Command/Commander, U.S. Forces Korea.	3
O-10: Weyand, Frederick C	Vice Chief of Staff, U.S. Army, Washington, D.C.	3
O-10: Zais, Melvin	Commanding General, Allied Land Forces Southeastern Europe.	3
O-9: Blanchard, George S	Commanding General, VII Corps, U.S. Army, Europe.	2
O-9: Burdett, Allen M., Jr	Commanding General, III Corps and Fort Hood, Fort Hood, Tex.	2
O-9: Collins, Arthur S., Jr	Deputy Commander in Chief, U.S. Army Europe/7th Army.	2
O-9: Cowles, Donald H	Deputy Chief of Staff for Operations, U.S. Army, Washington, D.C.	2
O-9: Davidson, Phillip B., Jr	Deputy Assistant Secretary of Defense (Research and Management), Office of the Assistant Secretary of Defense (Intelligence), Washington, D.C.	2
O-9: Deane, John R., Jr	Chief of Research and Development, U.S. Army, Washington, D.C.	2
O-9: Desobry, William R	Commanding General, V. Corps, U.S. Army Europe.	2
O-9: Dolvin, Welborn G	Commanding General, IX Corps/U.S. Army, Japan.	2
O-9: Flanagan, Edward M., Jr	Comptroller of the Army, Washington, D.C	2
O-9: Gribbie, William C., Jr	Chief of Engineers, U.S. Army, Washington, D.C.	2
O-9: Hollingsworth, James F	Commanding General, I Corps (Republic of Korea/United States) Group, Korea.	2
O-9: Hollis, Harris W	U.S. Representative, Permanent Military Deputies Group, Central Treaty Organization, Turkey.	2
O-9: To be announced	Director of the Army Staff, U.S. Army, Washington, D.C.	2
O-9: Knowles, Richard T	Deputy Commanding General, 8th U.S. Army, Korea.	2
O-9: Knowlton, William A	Superintendent, U.S. Military Academy, West Point, N.Y.	3
O-9: Kornet, Fred, Jr	Deputy Chief of Staff for Logistics, U.S. Army, Washington, D.C.	2
O-9: Leber, Walter P	SAFEGUARD Systems Manager, SAFEGUARD Systems Office, U.S. Army, Arlington, Va.	2
O-9: Lotz, Walter E., Jr	Deputy Director General, North Atlantic Treaty Organization Integrated Communications System Management Agency, Belgium.	2
O-9: Maples, Herron N	The Inspector General, U.S. Army, Washington, D.C.	2
O-9: McLaughlin, John D	Commanding General, Theater Army Support Command, Europe.	2
O-9: Norton, John	Chief of Staff, Allied Forces Southern Europe	2
O-9: Penney, Howard W	Director, Defense Mapping Agency, Washington, D.C.	2
O-9: Pepke, Donn R	Deputy Commanding General, U.S. Army Forces Command, Fort McPherson, Ga.	2
O-9: Potts, William E	Deputy Director, Defense Intelligence Agency, Washington, D.C.	2
O-9: Roberts, Elvy B	Commanding General, 6th U.S. Army, Presidio of San Francisco, Calif.	2
O-9: Rogers, Bernard W	Deputy Chief of Staff for Personnel, U.S. Army, Washington, D.C.	2
O-9: Rowney, Edward L	Joint Chiefs of Staff Representative for Strategic Arms Limitation Talks, Organization of the Joint Chiefs of Staff, Washington, D.C.	2
O-9: To be announced	Director, Plans and Policy, J-5, Organization of the Joint Chiefs of Staff, Washington, D.C.	2
O-9: Seitz, Richard J	Commanding General, XVIII Airborne Corps and Fort Bragg, Fort Bragg, N.C.	2
O-9: Seneff, George P., Jr	Commanding General, 5th U.S. Army, Fort Sam Houston, Tex.	2
O-9: Sutherland, James W., Jr	Chief of Staff, U.S. European Command	2
O-9: Taber, Robert C	Deputy Assistant Secretary of Defense (Manpower and Reserve Affairs), Washington, D.C.	2
O-9: Talbott, Orwin C	Deputy Commanding General, U.S. Army Training and Doctrine Command, Fort Monroe, Va.	2
O-9: Taylor, Richard R	The Surgeon General, U.S. Army, Washington, D.C.	2
O-9: Vaughan, Woodrow W	Deputy Commanding General, U.S. Army Materiel Command, Alexandria, Va.	2
O-9: Walker, Glenn D	Commanding General, 1st U.S. Army, Fort George G. Meade, Md.	2
O-9: Walters, Vernon A	Deputy Director, Central Intelligence Agency, Washington, D.C.	2
O-9: Williams, Robert R	Deputy Commander in Chief, and Chief of Staff, U.S. Army Pacific.	2
O-9: Woolwine, Walter J	Commandant, Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D.C.	2
O-8: Aaron, Harold R	Assistant Chief of Staff for Intelligence, U.S. Army, Washington, D.C.	1
O-8: Albright, Jack A	Commanding General, U.S. Army Communications Command, Fort Huachuca, Ariz.	1
O-8: Baer, Robert J	Project Manager, XM1 Tank System, U.S. Army Tank-Automotive Command, Warren, Mich.	1
O-8: Barfield, Thomas H	Commander, 23d North American Air Defense Command/Continental Air Defense Command Region, Duluth, Minn.	1
O-8: Beatty, George S., Jr	Director, Inter-American Defense College, Fort Lesley J. McNair, Washington, D.C.	1

ALLOCATION OF ENLISTED AIDES UNDER DOD 675 CEILING TO BE EFFECTIVE JUNE 30, 1974

UNITED STATES ARMY

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
O-8: Bernstein, Robert	Commanding General, Walter Reed Army Medical Center, Washington, D.C.	1
O-8: Berry, Sidney B	Commanding General, 101st Airborne Division (Airmobile) and Fort Campbell, Fort Campbell, Ky.	1
O-8: Blakefield, William H	Deputy Commanding General, 1st U.S. Army and Commanding General, U.S. Army Readiness Region III, Fort George G. Meade, Md.	1
O-8: Brown Charles P	Commanding General, U.S. Army Test and Evaluation Command, Aberdeen Proving Ground, Md.	1
O-8: Burton, Jonathan R	Commanding General, 3d Armored Division, U.S. Army Europe.	1
O-8: Cantlay, George G	Deputy U.S. Military Representative, North Atlantic Treaty Organization Military Committee, Belgium.	1
O-7: Palmer, William W	Chief, Military Equipment Delivery Team, Cambodia.	1
O-8: Cobb, William W	U.S. Commander, Berlin, Germany	1
O-8: Coleman, William S	Commanding General, U.S. Army Readiness Region VI, Fort Knox, Ky.	1
O-7(P): Crawford, Albert B., Jr	Project Manager, Army Tactical Data Systems, Fort Monmouth, N.J.	1
O-8: Cunningham, Hubert S	Chief, Joint U.S. Military Advisory Group, Korea.	1
O-8: Cushman, John H	Commanding General, U.S. Army Combined Arms Center/Commandant, U.S. Army Command and General Staff College, Fort Leavenworth, Kans.	2
O-8: David, Bert A	Commanding General, U.S. Army Base Command, Okinawa.	1
O-8: Davis, Franklin M., Jr	Commandant, U.S. Army War College, Carlisle Barracks, Pa.	2
O-8: Davison, Frederic E	Commanding General, U.S. Army Military District of Washington, Washington, D.C.	1
O-8: Del Mar, Henry R	Commander, Military Traffic Management and Terminal Service, Washington, D.C.	1
O-8: Duquemin, Gordon J	Commanding General, 1st Infantry Division and Fort Riley, Fort Riley, Kans.	1
O-8: Ellis, Vincent H	Commanding General, U.S. Army Missile Command, Redstone Arsenal, Ala.	1
O-8: Emerson, Henry E	Commanding General, 2d Infantry Division, Korea.	1
O-8: Fair, Robert L	Commanding General, 2d Armored Division, Fort Hood, Tex.	1
O-8: Fitzpatrick, Thomas E., Jr	Commanding General, 32d Army Air Defense Command, U.S. Army Europe.	1
O-8: Forrester, Eugene J	Commanding General, U.S. Army Administration Center, Fort Benjamin Harrison, Ind.	1
O-8: Foster, Hugh F., Jr	Commanding General, U.S. Army Electronics Command, Fort Monmouth, N.J.	1
O-8: Fulton, William B	Commanding General, U.S. Army Recruiting Command, Fort Sheridan, Ill.	1
O-8: Fuson, Jack C	Commanding General, U.S. Transportation Center and Commandant, U.S. Army Transportation School, Fort Eustis, Va.	1
O-8: Galloway, James V	Chief, Joint U.S. Military Mission for Aid to Turkey.	1
O-8: Gard, Robert G., Jr	Commanding General, U.S. Army Training Center and Fort Ord, Fort Ord, Calif.	1
O-8: Godding, George A	Commanding General, U.S. Army Security Agency, Arlington, Va.	1
O-8: Graham, Erwin M., Jr	Commanding General, U.S. Army Logistics Center, Fort Lee, Va.	1
O-7(P): Greer, Thomas U	Commanding General, U.S. Army Training Center and Fort Dix, Fort Dix, N.J.	1
O-8: Groves, Richard H	Division Engineer, U.S. Army Engineer Division, North Atlantic, New York, N.Y.	1
O-8: Guthrie, John R	Deputy Chief of Staff, Pacific Command	1
O-8: Hamlet, James F	Commanding General, 4th Infantry Division and Fort Carson, Fort Carson, Colo.	1
O-8: Henion, John Q	Commanding General, 9th Infantry Division and Fort Lewis, Fort Lewis, Wash.	1
O-8: Higgins, Hugh R	Commanding General U.S. Army Troop Support Command, St. Louis, Mo.	1
O-8: Hinrichs, Frank A	Commanding General, U.S. Army Aviation Systems Command, St. Louis, Mo.	1
O-8: Hixon, Robert C	Commanding General, U.S. Army Training Center and Fort Jackson, Fort Jackson, S.C.	1
O-8: Hughes, Carl W	Surgeon, U.S. Army, Pacific, and Commanding General, Tripler Army Medical Center, Hawaii.	1
O-8: To be announced	Surgeon, U.S. Army, Europe and Commanding General, U.S. Army Medical Command, Europe.	1
O-8: Hunt, Ira A., Jr	Deputy Commander, U.S. Support Activities Group, Thailand.	1
O-8: Kendall, Maurice W	Chairman/Army Member, U.S. Delegation, Joint Brazil-United States Military Commission/Commander, U.S. Military Group, Brazil.	1
O-8: Kissinger, Harold A	Director, Joint Tactical Communications Office, Fort Monmouth, N.J.	1
O-8: Kraft, William R., Jr	Chief of Staff, U.S. Army, Europe/7th Army	1
O-8: Kroesen, Frederick J., Jr	Commanding General, 82d Airborne Division, Fort Bragg, N.C.	1
O-8: Levan, C. J	Commanding General, U.S. Army Air Defense Center and Commandant, U.S. Army Air Defense School, Fort Bliss, Tex.	1
O-8: Mabry, George L., Jr	Commander, U.S. Army Forces Southern Command, Fort Amador, Canal Zone.	1
O-8: Mackinnon, Robert N	Commanding General, 25th Infantry Division, Hawaii.	1
O-8: Maddox, William J., Jr	Commanding General, U.S. Army Aviation Center, Fort Rucker, Ala.	1
O-8: Marks, Sidney M	Commanding General, U.S. Army, Alaska	1
O-8: Matheson, Salve H	Commanding General, U.S. Army Readiness Region IV, Atlanta, Ga.	1
O-8: McAuliffe, Dennis P	Deputy Commanding General, U.S. Army Combined Arms Combat Development Activity, Fort Leavenworth, Kans.	1
O-8: McDonough, Joseph C	Commanding General, 8th Infantry Division, Division, U.S. Army Europe.	1
O-8: McLeod, William E	Chief of Staff, 8th U.S. Army, Korea	1
O-8: Mellen, Thomas W	Commander, U.S. Military Assistance Command, Thailand.	1
O-8: Milloy, Albert E	Commanding General U.S. Army Readiness Region IX, and Deputy Commanding General, 6th U.S. Army, Presidio of San Francisco, Calif.	1
O-8: Moore, Harold G	Commanding General, U.S. Army Military Personnel Center, Alexandria, Va.	1
O-8: Murphy, Raymond P	Deputy Commanding General, U.S. Army Air Defense Command, Ent Air Force Base, Colo.	1
O-8: Murray, John E	Defense Attache, Republic of Vietnam	1
O-8: Myer, Charles R	Commanding General, U.S. Army School/ Training Center, Fort Gordon, Ga.	1
O-8: Neel, Spurgeon H., Jr	Commanding General, U.S. Army Health Services Command, Fort Sam Houston, Tex.	1
O-8: Noble, Charles C	Division Engineer, U.S. Army Engineer Division, Lower Mississippi Valley, Vicksburg, Miss.	1
O-8: Ott, David E	Commanding General, U.S. Army Field Artillery Center and Commandant, U.S. Army Field Artillery School, Fort Sill, Okla.	1
O-8: Parfitt, Harold R	Commanding General, U.S. Army Engineer Center and Commandant, U.S. Army Engineer School, Fort Belvoir, Va.	1
O-8: Pieklik, Joseph E	Commanding General, U.S. Army Tank-Automotive Command, Warren, Mich.	1
O-8: Powers, Patrick W	Commanding General, U.S. Army Readiness Region II, Fort Dix, N.J.	1
O-8: Raaen, John C., Jr	Commanding General, U.S. Army Armament Command, Rock Island, Ill.	1
O-8: Reseborough, Morgan G	Commanding General, U.S. Army Readiness Region I and Fort Devens, Fort Devens, Mass.	1
O-8: Ryder, Charles W., Jr	Chief, Joint U.S. Military Aid Group to Greece	1
O-8: Heiser, Rolland V	Commanding General, 1st Armored Division, U.S. Army Europe.	1
O-8: Shoemaker, Robert M	Commanding General, 1st Cavalry Division, Fort Hood, Tex.	1
O-8: Sidle, Winant	Commanding General, U.S. Army Readiness Region VII, and Deputy Commanding General, 5th U.S. Army, Fort Sam Houston, Tex.	1
O-8: Singlaub, John K	Commanding General, U.S. Army Readiness Region VIII, Rocky Mountain Arsenal, Colo.	1
O-8: Smith, James C	Commanding General, U.S. Army Readiness, Region V, Fort Sheridan, Ill.	1
O-8: Spragins, Charles E	Commanding General U.S. Army Training Center and Fort Polk, Fort Polk, La.	1
O-8: Starry, Donn A	Commanding General, U.S. Army Armor Center and Commandant, U.S. Army Armor School, Fort Knox, Ky.	1
O-7(P): Street, Oliver D., III	Commanding General, 1st Region, U.S. Army Air Defense Command, Stewart Field, N.Y.	1
O-8: Swenney, Arthur H., Jr	Commanding General, White Sands Missile Range, White Sands, N. Mex.	1
O-8: Tackaberry, Thomas H	Chief of Legislative Liaison, Office of the Secretary of the Army, Washington, D.C.	1
O-8: Tarpley, Thomas M	Commanding General, U.S. Army Infantry Center and Commandant, U.S. Army Infantry School, Fort Benning, Ga.	1
O-8: Van Lydegraf, Dean	Commanding General, U.S. Army Quartermaster Center and Commandant, U.S. Army Quartermaster School, Fort Lee, Va.	1
O-8: Vinson, Wilber H., Jr	Commanding General, U.S. Army Southern European Task Force, Italy.	1
O-8: Vogel, Edward H., Jr	Superintendent, U.S. Army Academy of Health Sciences, Fort Sam Houston, Tex.	1
O-8: Wagstaff, Jack J	Chief, Military Assistance Advisory Group, Germany.	1
O-8: Walker, Sam S	Commanding General, 3d Infantry Division, U.S. Army Europe.	1
O-8: Wier, James A	Commanding General, Fitzsimons Army Medical Center, Denver, Colo.	1
O-8: Wolff, Herbert E	Deputy Director for Signal Intelligence Operations, National Security Agency/Central Security Service, Fort Geroge G. Meade, Md.	1
O-8: Young, Robert P	Commanding General, U.S. Army Training Center and Fort Leonard Wood, Fort Leonard Wood, Mo.	1
O-7: Buckingham, Clay T	Assistant Division Commander, 1st Armored Division, U.S. Army Europe.	1
O-7: Burnell, Bates C	Commanding General, U.S. Army SAFEGUARD Systems Command, Huntsville, Ala.	1
O-7: Escola, Albert R	Commanding General, U.S. Army School/ Training Center, Fort McClellan, Ala.	1

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
0-7: Faul, Lloyd J	Commanding General, U.S. Army Ordnance Center and Commandant, U.S. Army Ordnance School, Aberdeen Proving Ground, Md.	1
0-7: Feir, Philip R	Commandant of Cadets, U.S. Military Academy, West Point, N.Y.	1
0-7: Gatsis, Andrew J	Commanding General, U.S. Army Support Command, Hawaii.	1
0-7: Sadler, Jack R	Chief, Joint U.S. Military Advisory Group, Philippines.	1
0-7: Nutting, Wallace H	Commanding General, 1st Infantry Division (Forward), U.S. Army Europe.	1
0-7: Hardaway, Robert M., III	Commanding General, William Beaumont Army Medical Center, El Paso, Tex.	1
0-7: Healy, Michael D	Commanding General, John F. Kennedy Center for Military Assistance, Fort Bragg, N.C.	1
0-7: Hiestand, Harry H	Commanding General, U.S. Army Intelligence Center and Commandant, U.S. Army Intelligence School, Fort Huachuca, Ariz.	1
0-7: Key, Milton, E	Commanding General, 56th Artillery Brigade, U.S. Army Europe.	1
0-7: Koehler, John J., Jr	Commanding General, 38th Artillery Brigade (Air Defense), Korea.	1
0-7: Krause, Frederick C	Commanding General, 19th Support Group, Korea.	1
0-7: Latham, Willard	Assistant Division Commander, 3d Infantry U.S. Europe.	1
0-7: Meroney, William H., III	Commanding General, Madigan Army Medical Center, Tacoma, Wash.	1
0-7: Metheny, Orvil C	Commander, Western Area, Military Traffic Management and Terminal Service, Oakland Army Base, Calif.	1
0-7: Morton, Richard L	Commander, Eastern Area, Military Traffic Management and Terminal Service, Brooklyn, N.Y.	1
0-7: Mullens, Robert M	Commanding General, 6th Region, U.S. Army Air Defense Command, Fort Baker, Calif.	1
0-7: Munson, James A	Assistant Division Commander, 1st Armored Division, U.S. Army Europe.	1
0-7: Ogden, Dorward W., Jr	Commanding General, U.S. Army Communications System Agency (Provisional), Fort Monmouth, N.J.	1
0-7: Osteen, John L., Jr	Commanding General, U.S. Army Support, Thailand.	1
0-7: Scott, Willard W	Commanding General, V Corps Artillery, U.S. Army Europe.	1
0-7: Redman, Albert, Jr	Commanding General, U.S. Army Communications Command, Continental United States, Fort Ritchie, Md.	1
0-7: Sniffin, Charles R	Assistant Division Commander, 8th Infantry Division, U.S. Army Europe.	1
0-7: Starker, Joseph B	Commanding General, U.S. Army Combat Development Experimentation Command, Fort Ord, Calif.	1
0-7: Stevenson, Robert D	Commanding General, U.S. Army Berlin Brigade, Europe.	1
0-7: To be announced	Assistant Division Commander, 3d Armored Division, U.S. Army, Europe.	1
0-7: Swenson, Richard W	Commanding General, U.S. Army Communications Command, Europe.	1
0-7: Ulatoski, Joseph R	Commander, Joint Casualty Resolution Center, Vietnam.	1
0-7: Weaver, Wilburn C	Commanding General, U.S. Army Communications Command, Pacific.	1
0-7: Woodard, George S., Jr	Commanding General, Letterman Army Medical Center, Presidio of San Francisco, Calif.	1
0-7: Yow, Harold D	Chief, Military Assistance Advisory Group, Ethiopia.	1
0-7: To be announced	Commanding General, 31st Air Defense Brigade, Homestead Air Force Base, Fla.	
0-8: Ochs, Elmer R	Commanding General, U.S. Army Operational Test and Evaluation Agency, Fort Belvoir, Va.	1
0-8: Tobiason, Orville L	Chief of Staff, Allied Land Forces Southeastern Europe.	1
0-8: Hall, Charles M	Director of Operations, J-3, U.S. European Command.	1
0-8: Appel, John G	Director of Logistics, J-4, U.S. European Command.	1
0-8: Patton, George S	Director of Security Assistance, J-7, U.S. European Command.	1
0-8: Lekson, John S	Director of Operations, J-3, U.S. Readiness Command, Macdill AFB, Fla.	1
0-8: McChrystall Herbert J., Jr	Deputy Commanding General, Modern Army Selected Systems Tests, Evaluation and Review, Fort Hood, Tex.	1
0-7: Gregg, Arthur J	Commander, European Exchange Service	1

Notes: (1) A "(P)" following an officer's grade (e.g., 0-8 (P)) indicates that the incumbent has been recommended for promotion to the next higher grade. (2) No aides are projected to be in an aide standby or training status.

UNITED STATES NAVY

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
0-10: Moorer, Thomas H	Chairman of Joint Chiefs of Staff, Washington, D.C.	5/5
0-10: Zumwalt, Elmo R., Jr	Chief of Naval Operations, Washington, D.C	5/5
0-10: Cousins, Ralph W	Commander in Chief, Atlantic and U.S. Atlantic Fleet and Supreme Allied Commander, Atlantic, Norfolk, Va.	3/3
0-10: Kidd, Isaac C., Jr	Chief of Naval Material, Washington, D.C	3/3
0-10: Gayler, Noel A. M	Commander in Chief, Pacific, Pearl Harbor, Hawaii.	3/3
0-10: Weisner, Maurice F	Commander in Chief, U.S. Pacific Fleet, Pearl Harbor, Hawaii.	3/3
0-10: Hollway, James L. III	Vice Chief of Naval Operations, Washington, D.C.	3/3
0-10: Bagley, Worth H	Commander in Chief, U.S. Naval Forces, Europe, London, United Kingdom.	3/3
0-10: Johnston, Means Jr	Commander in Chief, Allied Forces, Southern Europe, Naples, Italy.	3/3
0-9: Mack, William P	Superintendent, U.S. Naval Academy, Annapolis, Md.	4/4
0-9: de Poix, Vincent P	Director, Defense Intelligence Agency, Washington, D.C.	2/2
0-9: Michaelis, Frederick H	Commander, Naval Air Force, U.S. Atlantic Fleet, Norfolk, Va.	2/2
0-9: Wilkinson, Eugene P	Deputy Chief of Naval Operations (submarine warfare) Washington, D.C.	2/2
0-9: King, Jerome H., Jr	Director, J-3, Joint Chiefs of Staff, Washington, D.C.	2/2
0-9: Weinel, John P	Assistant to the Chairman, Joint Chiefs of Staff, Washington, D.C.	2/2
0-9: Peet, Raymond E	Deputy Assistant, Secretary of Defense (security assistance) Washington, D.C.	2/2
0-9: Miller, Gerald E	Deputy Director, Joint Strategic Target Planning Staff, Offutt Air Force Base, Nebr.	2/2
0-9: Minter, Charles S., Jr	Deputy Chairman, NATO Military Committee, Brussels, Belgium.	3/2
0-9: Shear, Harold E	Director, antisubmarine warfare and tactical electromagnetic programs, Washington, D.C.	2/2
0-9: Beshany, Philip A	Commander, U.S.-Taiwan Defense Command, Taipei, Republic of Taiwan.	2/2
0-9: Vannoy, Frank W	Commander, Amphibious Force, U.S Atlantic Fleet, Norfolk, Va.	2/2
0-9: Cagle, Malcom W	Chief of Naval Education and Training, Pensacola, Fla.	2/2
0-9: Harlfinger, Frederick J. II	Director, Command Support Programs, Office of Chief of Naval Operations, Washington, D.C.	2/2
0-9: Bagley, David H	Deputy Chief of Naval Operations (manpower) and Chief of Naval Personnel, Washington, D.C.	2/2
0-9: Le Bourgeois, Julien J	Chief of Staff, Supreme Allied Commander, Atlantic, Norfolk, Va.	2/2
0-9: Talley, George C. Jr	Deputy Chief of Naval Operations (plans and policy) Washington, D.C.	2/2
0-9: Long, Robert L. J	Commander, Submarine Force, U.S. Atlantic Fleet, Norfolk, Va.	2/2
0-9: Turner, Stansfield	President, Naval War College, Newport, R.I	3/3
0-9: Plate, Douglas C	Deputy and Chief of Staff, Commander in Chief, Atlantic, and Commander in Chief, U.S. Atlantic Fleet, Norfolk, Va.	2/2
0-9: Houser, William D	Deputy Chief of Naval Operations (Air Warfare) Washington, D.C.	2/2
0-9: Cooper, Damon W	Chief of Naval Reserve, New Orleans, La	2/2
0-9: Salzer, Robert S	Commander, Amphibious Force, U.S. Pacific Fleet, San Diego, Calif.	2/2
0-9: Rapp, T	Commander, 3d William Fleet, Pearl Harbor, Hawaii.	2/2
0-9: Price, Frank H. Jr	Director, Ship Acquisition and Improvement, Office of Chief of Naval Operations, Washington, D.C.	2/2
0-9: Moran, William J	Director, Research, Development, Test and Evaluation, Office of Chief of Naval Operations, Washington, D.C.	2/2
0-9: Finneran, John G	Commander, 2d Fleet, Norfolk, Va	2/2
0-9: Bayne, Marmaduke G	Commandant National War College, Washington, D.C.	2/2
0-9: Wheeler, Kenneth R	Vice-Chief of Naval Material, Washington, D.C.	2/2
0-9: Custis, Donald L	Chief, Bureau of Medicine and Surgery, and Surgeon General of the Navy, Washington, D.C.	2/2
0-9: Hayward, Thomas B	Director, Navy Program Planning, Office of Chief of Naval Operations, Washington, D.C.	2/2
0-9: Baldwin, Robert B	Commander, Naval Air Force, U.S. Pacific Fleet, San Diego, Calif.	2/2
0-9: Murphy, Daniel J	Commander 6th Fleet, Gaeta, Italy	2/2
0-9: Steel, George P., II	Commander, 7th Fleet, Yokosuka, Japan	2/2
0-9: Weschler, Thomas R	Director Logistics, J-4 Joint Chiefs of Staff, Washington, D.C.	2/2
0-9: St. George, William R	Deputy and Chief of Staff to Commander in Chief, U.S. Pacific Fleet, Pearl Harbor, Hawaii.	2/2
0-9: Perry, Oliver H., Jr	Chairman, Inter-American Defense Board, Washington, D.C.	2/2
0-9: Moorer, Joseph P	Vice Chairman, U.S. Delegation, U.N. Military Staff Committee, New York, N.Y.	2/2
0-8: Riera, Robert E	Commandant, 8th Naval District, New Orleans, La.	1/1

ALLOCATION OF ENLISTED AIDES UNDER DOD 675 CEILING TO BE EFFECTIVE JUNE 30, 1974

UNITED STATES ARMY

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
0-8: Freeman, Mason B	Superintendent, Naval Post-Graduate School, Monterey, Calif.	1/1
0-8: Gilkeson, Fillmore B	Commandant, 11th Naval District, San Diego, Calif.	1/1
0-8: Erly, Robert B	Chief, Military Assistance Advisory Group, Portugal, and Commander, Iberian Atlantic Command, Lisbon, Portugal.	1/1
0-8: Isaman, Roy M	Commander, Naval Air Test Center, Patuxent River, Md.	1/1
0-8: Anderson, Roy G	Commandant, 5th Naval District, Norfolk, Va.	1/1
0-8: Charbonnet, Pierre N., Jr	Commander, Fleet Air Mediterrean, Naples, Italy.	1/1
0-8: Burke, Julian T., Jr	Commander, Service Force, U.S. Atlantic Fleet, Norfolk, Va.	1/1
0-8: Morrison, George S	Commander, U.S. Naval Forces, Marianas, Guam, Marianas.	1/1
0-8: Woods, Mark W	Commander, Cruiser-Destroyer Force, U.S. Pacific Fleet, San Diego, Calif.	1/1
0-8: Ramage, James D	Commander, Caribbean Sea Frontier, Roosevelt Roads, P.R.	1/1
0-8: Carmody, Martin D	Commandant, 12th Naval Dis rict, San Francisco, Calif.	1/1
0-8: Armstrong, Parker B	Commander, Service Force, U.S. Pacific Fleet, Pearl Harbor, Hawaii.	1/1
0-8: Donaldson, James D., Jr	Commander, Fleet Air Western Pacific, Atsugi, Japan.	1/1
0-8: Esch, Arthur G	Commandant, Naval District, Washington, Washington, D.C.	1/1
0-8: Turner, Frederick C	Commander, Carrier Group TWO, Athens, Greece.	1/1
0-8: Pugh, William M., II	Commandant, 3d Naval District, Brooklyn, N.Y.	1/1
0-8: Miller, Ward S	Commander, Naval Base, Los Angeles/Long Beach, Los Angeles, Calif.	1/1
0-8: Ferris, James	Chief of Naval Air Training, Corpus Christi, Tex.	1/1
0-8: Livingston, William H	U.S. Defense Attache, U.S. Naval Attache, and U.S. Naval Attache for Air, United Kingdom, London, United Kingdom.	1/1
0-8: Synder, Edwin K	Chief, Legislative Affairs, Navy Department, Washington, D.C.	2/2
0-8: Nance, James W	Deputy Chief of Staff, Commander in Chief, U.S. European Command, Vaihingen, Germany.	1/1
0-8: Kane, John D. H., Jr	Commandant, 9th Naval District, Great Lakes, Ill.	1/1
0-8: Bass, Thomas E., III	Commandant, 13th Naval District, Seattle, Wash.	1/1
0-8: Tahler, Graham	Commandant, 6th Naval District, Charleston, S.C.	1/1
0-8: Wentworth, Ralph S., Jr	Commander, Crusier-Destroyer Force, U.S. Atlantic Fleet, Norfolk, Va.	1/1
0-7: Cooley, Samuel M., Jr	Commander, Iceland Defense Force, Keflavik, Iceland.	1/1
0-7: Shelton, Doniphan B	Commander, Naval Base, Subic, Subic Bay, Republic of Philippines.	1/1
0-7: Morgan, Henry S., Jr	Commander, U.S. Naval Forces, Korea, Seoul, Korea.	1/1
0-7: McMullen, Frank D., Jr	Commander, Submarine Force, U.S. Pacific Fleet, Pearl Harbor, Hawaii.	1/1
0-7: Rogers, William H	Commander, U.S. Naval Forces, Japan, Yokosuka, Japan.	1/1
0-7: Rectanus, Earl F	Director of Naval Intelligence, Washington, D.C.	2/2
0-7: Coleman, Joseph L	Commandant, 4th Naval District, Philadelphia, Pa.	1/1
0-7: Sackett, Albert M	Chief of Naval Technical Training, Millington, Tenn.	1/1
0-7: Rumble, Richard E	Commandant, 1st Naval District, Boston Mass.	1/1
0-7: Blount, Robert H	Commander, U.S. Naval Forces, Southern Command; Commandant 15th Naval District, Fort Amador, C.Z.	1/1
0-7: Denton, Jeremiah A., Jr	Commandant, Armed Forces, Staff College, Norfolk, Va.	1/1
0-7: Paddock, Richard A	Commandant, 14th Naval District, Pearl Harbor, Hawaii.	1/1
0-7: Hanson, Carl T	Chief, Navy Section, U.S. Military Group Brazil, Rio De Janeiro, Brazil.	1/1
Total		151/151

Notes: (1) Provisions of 10a U.S.C. 7579 vest authority for determination of individual authorizations of public quarters stewards with the Secretary of the Navy, rather than with the Secretary of Defense as may have been implied in Senator Proxmire's letter of Oct. 13, 1973. Accordingly, the Secretary of the Navy may make necessary revisions to the above listing as military reasons may require. (2) Navy has no provision for assignment of public quarters stewards to formal training of for assignment in a stand-by status. No such assignments are reflected in the above listing nor re any such assignments authorized.

UNITED STATES AIR FORCE CEILING—234

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
STRATEGIC AIR COMMAND, OFFUTT AF BASE, NEBR.		
0-10: John C. Meyer	Commander in Chief	3
0-9: James M. Keck	Vice Commander in Chief	2
0-8: Martin G. Colladay	Chief of Staff	1
0-8: Ray B. Sitton	DCS/Operations	1
0-8: Edgar S. Harris, Jr.[1]	Asst DCS/Operations	1
0-8: Andrew B. Anderson, Jr	Dir Operations Plans	1
0-8: Eugene L. Hudson	DCS/Logistics	1
0-8: Harry M. Darmstandler	DCS/Plans	1
0-8: John R. Hinton, Jr.[1]	Inspector General	1
0-8: Billy J. Ellis	DCS/Personnel	1
2 Air Force Barksdale AFB, La.:		
0-9: Richard M. Hoban	Commander	2
0-8: Eugene Q. Steffes, Jr	Vice Commander	1
15 Air Force March AFB, Calif.:		
0-9: William F. Pitts	Commander	2
0-8: Charles F. Minter, Sr	Vice Commander	1
8 Air Force Andersen AFB, Guam:		
0-9: George H. McKee	Commander	2
1 Strat Aerospace Division, Vandenberg AFB, Calif.:		
0-8: John W. Pauly	Commander	1
MILITARY AIRLIFT COMMAND, SCOTT AFB, ILL		
0-10: Paul K. Carlton	Commander	3
0-9: Jay T. Robbins	Vice Commander	2
0-8: William A. Dietrich	Chief of Staff	1
0-8: Alden G. Glauch	DCS/Operations	1
0-8: Thomas A. Aldrich[1]	DCS/Plans	1
0-8: Warner E. Newby[1]	DCS/Logistics	1
22 Air Force Travis AFB, Calif.:		
0-8: John F. Gonge	Commander	1
0-8: Ralph S. Saunders[1]	Vice Commander	1
21 Air Force McGuire AFB, N.J.:		
0-8: Lester T. Kearney, Jr	Commander	1
AIR TRAINING COMMAND, RANDOLPH AFB, TEX.		
0-9: William V. McBride	Commander	2
0-8: Alton D. Slay	Vice Commander	1
AF Mil Tng Ctr, Lackland AF Base, Tex.:		
0-8: Robert W. Maloy	Commander	1
Keesler Tech Tng Ctr, Keesler AF Base, Miss.:		
0-8: Bryan M. Shotts	Commander	1
Chanute Tech Tng Ctr, Chanute AF Base, Ill.:		
0-8: Frank W. Elliott, Jr	Commander	1
Sheppard Tech Tng Ctr, Sheppard AF Base, Tex.:		
0-8: Robert L. Petit	Commander	1
Lowry Tech Tng Ctr, Lowry AF Base, Colo.:		
0-8: Charles C. Pattillo	Commander	1
AIR FORCE SYSTEMS COMMAND ANDREWS AFB, MD.		
0-10: Samuel C. Phillips	Commander	3
0-9: John B. Hudson	Vice Commander	2
0-8: Vernon R. Turner	Chief of Staff	1
0-8: Robert T. Marsh[1]	DCS/Systems	1
Aeronautical Sys Div (Wright-Patterson AFB, Ohio):		
0-9: James T. Stewart	Commander	2
0-8: Douglas T. Nelson	Vice Commander	1
0-8: Benjamin N. Bellis	Systems Program Director, F-15	1
0-8: Abner B. Martin[1]	Systems Program Director, B-1	1
AF Flight Test Ctr. Edwards AFB, Calif.:		
0-8: Howard M. Lane[1]	Commander	
AF Spec Wpns Ctr, Kirtland AF Base, N. Mex.:		
0-8: Thomas W. Morgan	Commander	1

Grade and name of officer	Position of officer	Projected authorized/assigned enlisted aides as of June 30, 1974
AF Contract Mgmt Div., Kirtland AF Base, N. Mex.:		
O-8: Donald G. Nunn	Commander	1
USAF Space and Missile Test Center, Vandenberg AF Base, Calif.:		
O-8: Jessup D. Lowe	Commander	1
Armament Development and Test Ctr, Eglin AFB, Fla.:		
O-8: Henry B. Kucheman, Jr.	Commander	1
Aerospace Medical Division, Brooks AFB, Tex.:		
O-8: George E. Schafer [1]	Commander	1
AF Eastern Test Range, Patrick AFB, Fla.:		
O-8: Kenneth R. Chapman	Commander	1
Electronic Systems Div., L. G. Hanscom AFB, Mass.:		
O-8: Albert R. Shiely, Jr	Commander	1
TACTICAL AIR COMMAND, LANGLEY AFB, VA.		
O-10: Robert J. Dixon	Commander	3
O-9: Dale S. Sweat	Vice Commander	2
O-8: James A. Knight, Jr	DCS/Operations	1
USAF Tactical Fighter Weapons Center, Nellis AFB, Nev.:		
O-8: Gordon F. Blood	Commander	1
Air Force Shaw AFB, S.C.:		
O-8: James D. Hughes	Commander	1
AIR FORCE LOGISTICS COMMAND, WRIGHT-PATTERSON AF BASE, OHIO		
O-10: Jack J. Cotton	Commander	
O-9: Edmund F. O'Connor	Vice Commander	1
O-8: George Rhodes	Chief of Staff	1
O-8: Edmund A. Rafalko	DCS/Plans and Operations	1
O-8: James A. Bailey	DCS/Comptroller	1
O-8: Herbert J. Gavin	DCS/Maintenance	
Sacremento Air Material Area, McClellan AFB, Calif.:		
O-8: George W. McLaughlin	Commander	1
Ogden Air Mat Area Hill, AFB, Utah:		
O-8: Bryce Poe II	Commander	1
San Antonio Air Mat Area, Kelly AFB, Tex.: O-8: William A. Jack.	Commander	1
Warner-Robins Air Material Area. Robins AFB, Ga.: O-8: Robert E. Hails.	Commander	1
PACIFIC AIR FORCES, HICKAN AFB, HAWAII		
O-10: John W. Vogt, Jr	Commander in Chief	3
O-9: Carlos M. Talbott	Vice Commander in Chief	2
O-8: Winton W. Marshall	DCS/Plans	1
O-8: Ralph T. Holland	DCS/Logistics	1
5 Air Force Fuchu AFB, Japan:		
O-9: Robert E. Pursley	Comdr and Comdr U.S. Forces, Japan	2
O-8: Edward P. McNeff	Vice Commander	1
13 Air Force Clark AFB, Philippines:		
O-9	Commander	2
O-8: Leroy J. Manor	Vice Commander	1
7 Air Force Nakhon Phanom Airport, Thailand:		
O-8: Jack Bellamy	DCS/Operations and Asst Chief of Staff/Operations U.S. Support Activities Group.	1
U.S. AIR FORCES IN EUROPE, RAMSTEIN AB, GERMANY		
O-10: David C. Jones	Commander in Chief	3
O-9: Louis L. Wilson, Jr	Vice Chief	2
O-8: Wilbur L. Creech	DCS/Operations	1
O-8: Edwin W. Robertson II [1]	Inspector General	1
16 Air Force Torrejon AFB, Spain:		
O-8: Salvador E. Felices	Vice Commander	1
3 Air Force RAF, Mildenhall, England:		
O-8: Evan W. Rosencrans	Commander	1
The U.S. Logistics Group (TUSLOG), Ankara, Turkey:		
O-8: Arnold W. Braswell	Commander	1
17 Air Force Sembach Air Base, Germany:		
O-8: John C. Giraudo	Commander	1
AEROSPACE DEFENSE COMMAND, ENT AF BASE, COLO.		
O-9: Royal N. Baker	Vice Commander	2
O-8: Kenneth C. Dempster	DCS/Logistics	1
14 Aerospace Force Ent AFB, Colo.:		
O-8: Otis C. Moore	Commander	1
HEADQUARTERS COMMAND USAF, BOLLING AFB DISTRICT OF COLUMBIA		
O-8: John L. Locke	Commander	1
USAF ACADEMY, COLORADO SPRINGS, COLO.		
O-9: Albert P. Clark	Superintendent	3
AIR FORCE RESERVE, ROBINS AFB, GA.		
O-8: Earl O. Anderson	Vice Commander	1
AIR UNIVERSITY, MAXWELL AFB, ALA		
O-9: Felix M. Rogers	Commander	2
Air War College:		
O-8: James V. Hartinger	Commandant	1
AF Institute of Technology, Wright-Patterson AFB, Ohio:		
O-8: Frank J. Simokaitis	Commandant	1
Air Comd and Stf College, Maxwell AFB, Ala.:		
O-8: John P. Flynn [1]	Commandant	1
USAF SECURITY SERVICE, SAN ANTONIO, TEX.		
O-8: Walter T. Galligan	Commander	1
ALASKAN AIR COMMAND, ELMENDORF AFB, ALASKA		
O-8: Charles W. Carson, Jr	Commander	1
USAF SOUTHERN COMMAND, ALBROOK AFB, PANAMA		
O-8: Arthur G. Salisbury	Commander	1
OFFICE OF THE SECRETARY OF DEFENSE, WASHINGTON, D.C.		
O-9: Daniel James, Jr	Asst Secretary of Defense (Public Affairs) Prin Deputy.	2
Defense Nuclear Agency:		
O-9: Warren D. Johnson	Director	2
Defense Supply Agency, Washington, D.C.:		
O-8: Joseph J. Cody, Jr	Deputy Director, Contract Administration Administrative Service.	1
O-8: Donald H. Ross	Assistant Director, Plans, Programs and Systems.	1
O-8: Abraham J. Dreiseszun	Commander, Defense Personnel Support Center, Philadelphia, Pa.	1
National Security Agency, Fort Meade, Md.:		
O-9: Lew Allen, Jr	Director	2
JOINT CHIEFS OF STAFF, WASHINGTON, D.C.		
O-9: Louis T. Seith	Director, Plans and Policy	2
Central Treaty Org (CENTO), Ankara, Turkey:		
O-8: Colin C. Hamilton, Jr	Chief of Staff, Combined Military Planning Staff.	1
North Atlantic Treaty Org (NATO), Brussels, Belgium:		
O-10: Theodore R. Milton	NATO Military Commission (Mil Rep), U.S. Representative.	3
Industrial College of the Armed Forces, Fort McNair, Washington, D.C.:		
O-8: Edward A. McGough III	Dep Commandant	1
ALLIED COMMAND EUROPE		
Shape Hqs Casteau, Belgium:		
O-10: Russell E. Dougherty	Chief of Staff	3
O-8: William W. Wisman	Special Project Officer Static War Hqs	1
O-8: Richard F. Shaefer	Asst Chief of Staff, Operations	1
Allied Forces Southern Europe (AIRSOUTH), Naples, Italy:		
O-9: Joseph G. Wilson	Commander and Comdr, 15 AF	2
O-8: William H. Holt	Chief of Staff	1
6 Allied Tactical AF, Izmir, Turkey:		
O-9: Sanford K. Moats	Commander	2
Allied Forces Cen Europe (AFCENT), Brunsum, Holland:		
O-8: William E. Byran, Jr	Dep C/S Opns and Intel	1
Allied Forces Northern Europe (AF-North), Kolsaas, Norway:		
O-8: Kendall S. Young	Air Deputy	1

ALLOCATION OF ENLISTED AIDES UNDER DOD 675 CEILING TO BE EFFECTIVE JUNE 30, 1974—Continued

UNITED STATES AIR FORCE CEILING—234—Continued

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
EUROPEAN COMMAND, VAIHENGEN, GERMANY		
O-10: George J. Eade	Deputy Commander in Chief	3
O-8: Edward Ratkovich	Director, Intelligence	1
O-8: William R. Hayes	Deputy Director, Logistics	1
O-8: Foster L. Smith	Director, Plans and Policy	1
Military Assistance Advisory Group (MAAG), Rome, Italy:		
O-8: George M. Johnson, Jr.	Chief	1
Military Assistance Advisory Group (MAAG), Iran:		
O-8: Devol Brett	Chief	1
JOINT NORTH AMERICAN AIR DEFENSE COMMAND (NORAD) AND CONTINENTAL AIR DEFENSE COMMAND (CONAD) ENT AFB, COLO.		
O-10: Lucius D. Clay, Jr	Commander in Chief and Comdr, Air Defense Command, ADC.	
O-8: John M. McNabb	DCS/Intelligence	1
O-8: James E. Paschall	DCS/Plans and Programs	1
21 NORAD (CONAD) Region Hancock Field, N.Y.:		
O-8: Ray M. Robison, Jr	Commander	1
24 NORAD (CONAD) Region Malmstrom AFB Mont.:		
O-8: Lawrence J. Fleming	Commander	1
25 NORAD (CONAD) Region McChord AFB, Wash.:		
O-8: Jack K. Gamble	Commander	1
PACIFIC COMMAND, PEARL HARBOR, HAWAII		
O-9: William G. Moore, Jr	Chief of Staff	2
O-8: Eugene F. Tighe, Jr	DCS/Intelligence	1
O-8: Lawrence F. Tanberg	Inspector General	1
U.S. Support Activities Group (USSAG) Nakhon Phanom airport, Thailand:		
O-10: Timothy F. O'Keefe	Comdr, USSAG and Comdr, 7 AF	3
UN Command/U.S. Forces, Seoul, Korea:		
O-9: John R. Murphy	Chief of Staff	2
Military Assistance Advisory Group (MAAG) Taipei, Taiwan:		
O-8: Slade Nash	Chief	1
ALSAKAN COMMAND, ELMENDORF AFB, ALASKA		
O-9: James C. Sherrill	Commander in Chief and Commander Alaskan NORAD RGN.	2 2
U.S. READINESS COMMAND, MACDILL AFB, FLA.		
O-9: Ernest C. Hardin, Jr	Dep Commander in Chief	2
O-8: Woodward E. Davis, Jr	Director, Plans and Policy	1
U.S. SOUTHERN COMMAND, QUARRY HEIGHTS, PANAMA		
Miscellaneous:		
O-8: John B. Henry, Jr	Chief of Staff	1
Miscellaneous:		
O-8: Walter R. Tkach	Surgeon to the President, Washington, D.C.	1
CHIEF OF STAFF, USAF, WASHINGTON, D.C.		
O-10: George S. Brown	Chief of Staff, USAF	5
O-10: Richard H. Ellis	vice Chief of Staff, USAF	3
O-9: Duward L. Crow	Asst vice Chief of Staff, USAF	2
O-8: Homver I. Lewis	Air Force Reserve Chief and Comdr	1
O-8: Roy M. Terry	Chief of Chaplains	1
Comptroller of the Air Force:		
O-9: Joseph R. DeLuca	Comptroller	2
Asst Compt for Audit and Comdr AF Audit Agency, Norton AFB, Calif.:		
O-8: Henry Simon	Asst Comptroller	1
Inspector General:		
O-9: Gerald W. Johnson	Inspector General	2
Deputy Inspector General, Norton AFB, Calif.:		
O-8: Ernest T. Cragg	Dep IG for Inspection and Safety and Comdr. AF Inspection and Safety Center.	1
Surgeon General:		
O-9: Robert A. Patterson	Surgeon General, USAF	2
O-8: Maxwell W. Steel, Jr	Dep. Surg. General	1
Deputy Chief of Staff/Personnel:		
O-9: John W. Roberts	DCS/Personnel	2
O-8: Ray M. Cole	Asst DCS/Personnel	1
AF Military Personnel Center, Randolph AFB, Tex.:		
O-8: Travis R. McNeil	Asst DCS/Personnel for Mil Pers and Comdr. AF Military Personnel Center.	1
Deputy Chief of Staff/Plans and Operations:		
O-8: James E. Hill	Asst DCS/Plans and Operations	1
O-8: Charles I. Bennett, Jr	Dep Director of Plans	1
AF Test and Evaluation Center, Kirtland AFB, N. Mex.:		
O-8: John J. Burns	Commander	1
Deputy Chief of Staff/Programs and Resources:		
O-9: George S. Boylan, Jr	DCS/Programs and Resources	2
O-8: William W. Berg	Asst DCS/Programs and Resources	1
O-8: James A. Hill	Dir of Programs	1
O-8: Maurice R. Reilly	Dir of Civil Engineering	1
Deputy Chief of Staff/Systems and Logistics:		
O-9: William W. Snavely	DCS/Systems and Logistics	2
Deputy Chief of Staff/Research and Development:		
O-9: William J. Evans	DCS/Research and Development	2

[1] Nominated for promotion to major general on Feb. 6, 1974.

Note: The above allocation leaves 11 enlisted aide authorizations for brigadier generals. The specific O-7 positions will be designated at a later date. There are no enlisted aides on standby or in training. The above list represents general officer positions and incumbents as of Jan. 25, 1974, including known projected reassignments and retirements as of that date. Also included are 11 major general nominees expected to be promoted when confirmed by the Senate. Actual allocations on June 30, 1974, could vary due to retirements, reassignments, promotions or transfers to/from public quarters.

UNITED STATES MARINE CORPS

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
O-10: Cushman, Robert E., Jr	Commandant of the Marine Corps, Washington, D.C.	5
O-10: Anderson, Earl E	Assistant Commandant of the Marine Corps, Washington, D.C.	3
O-9: Robinson, Wallace H., Jr	Director, Defense Supply Agency, Alexandria, Va.	2
O-9: Axtell, George C	Commanding General Fleet Marine Force, Atlantic, Norfolk, Va.	2
O-9: Keller, Robert P	Commanding General Marine Corps Development and Education Command, Quantico, Va.	2
O-9: Lahue, Foster C	Chief of Staff, Headquarters Marine Corps, Washington, D.C.	2
O-9: Wilson, Louis H., Jr	Commanding General, Fleet Marine Force, Pacific, Honolulu, Hawaii.	2
O-9: Beckington, Herbert L	Deputy Chief of Staff for Plans and Operations, Headquarters Marine Corps, Washington, D.C.	2
O-8: McLaughlin, John N	Commanding General, 4th Marine Division, Camp Pendleton, Calif.	1
O-8: Fegan, Joseph C., Jr	Commanding General, Marine Corps Recruit Depot, San Diego, Calif.	1
O-8: Brown, Leslie E	Commanding General, Marine Corps Air Station, Cherry Point, N.C.	1
O-8: Miller, Thomas H., Jr	Commanding General, 2d Marine Aircraft Wing, Cherry Point, N.C.	1
O-8: Barrow, Robert H	Commanding General, Marine Corps Recruit Depot, Parris Island, S.C.	1
O-8: Houghton, Kenneth J	Commanding General, 1st Marine Division, Camp Pendleton, Calif.	1
O-8: Bohn, Robert D	Commanding General, Marine Corps Base, Camp Lejeune, N.C.	1
O-8: Jones, James R	Commanding General, Marine Corps Supply Activity, Philadelphia, Pa.	1
O-8: Snowden, Lawrence F	Chief of Staff, U.S. Forces, Japan, Honsha, Japan.	1

Grade and name of officer	Position of officer	Projected authorized/ assigned enlisted aides as of June 30, 1974
0-7: Taylor, Robert W	Commanding General, 3d Marine Aircraft Wing El Toro, Calif.	1
0-7: Lanagan William H., Jr	Commanding General, 2d Marine Division, Camp Lejeune, N.C.	1
0-7: Berge James H., Jr	Commanding General, 4th Marine Aircraft Wing, Glenview, Ill.	1
0-7: Nichols, Robert L	Commanding General, Marine Corps Base, Camp Pendleton, Calif.	1
0-7: Quinn, William R	Commanding General, Marine Corps Air Station, El Toro, Calif.	1

COLORADO

Charles C. Pattillo, 1.
Royal N. Baker, 2.
Kenneth C. Dempsler, 1.
Otis C. Moore, 1.
Albert P. Clarke, 3.
Lucius D. Clay, Jr., 3.
John M. McNabb, 1.
James E. Paschall, 1.
James F. Hamlet, 1.
Raymond P. Murphy, 1.
John K. Singlaub, 1.
John A. Wier, 1.

CONNECTICUT

None.

DELAWARE

None.

FLORIDA

Henry B. Kucheman, Jr., 1
Kenneth R. Chapman, 1.
Ernest C. Hardin, Jr., 2.
Woodard E. Davis, Jr., 1.
Bruce Palmer, Jr., 3.
John S. Lebson, 1.
Malcolm W. Cagle, 2.

GEORGIA

Robert E. Hails, 1.
Earl O. Anderson, 1.
Walter T. Kerwin, Jr., 3.
Donn R. Pepke, 2.
Salve H. Matheson, 1
Charles R. Myer, 1.
Thomas M. Tarpley, 1.

HAWAII

John W. Vogt, Jr., 3.
Carlos M. Talbott, 2.
Winton W. Marshall, 1.
Ralph T. Holland, 1.
William G. Moore, Jr., 2.
Eugene F. Tighe, Jr., 1.
Lawrence F. Tanberg, 1.
Carl W. Hughes, 1.
Robert M. MacKinnon, 1.
Andrew J. Gates, 1.
Maurice F. Weisner, 3.
William T. Rapp, 2.
William R. St. George, 2.
Parker B. Armstrong, 1.
Frank O. McMullen, Jr., 1.
Richard A. Paddock, 1.
Louis H. Wilson, Jr., 2.

IDAHO

None.

ILLINOIS

Paul K. Carleton, 3.
Jay T. Robbins, 2.
William A. Detrick, 1.
Alden G. Glauch, 1.
Thomas A. Aldrick, 1.
Warner E. Newby, 1.
Frank W. Elliott, Jr., 1.
William B. Fulton, 1.
John C. Raaen, Jr., 1.
James C. Smith, 1.
John D. H. Kane, Jr., 1.
James H. Berge, Jr., 1.

INDIANA

Eugene J. Forrester, 1.

IOWA

None.

KANSAS

John H. Cushman, 2.
Gordon J. Duguemin, 1.
Dennis D. McAuliffe, 1.

KENTUCKY

Sidney B. Berry, 1.
William S. Coleman, 1.
Donn A. Starry, 1.

LOUISIANA

Richard M. Hoban, 2.
Eugene A. Steffes, Jr., 1.
Charles E. Sragin, 1.
Damon W. Cooper, 2.
Robert E. Riera, 1.

MAINE

None.

MARYLAND

Samuel C. Phillips, 3.
John B. Hudson, 2.
Vernon R. Turner, 1.
Robert T. Marsh, 1.
Lew Allen, Jr., 2.
Glenn D. Walker, 2.
William H. Blakefield, 1.
Charles P. Brown, 1.
Herbert E. Wolff, 1.
Lloyd J. Faul, 1.
Albert Redman, Jr., 1.
William P. Mack, 4.
Roy M. Isaman, 1.

MASSACHUSETTS

Albert R. Shiely, Jr., 1.
Morgan G. Reseburough, 1.
Richard E. Rumble, 1.

MICHIGAN

Robert J. Baer, 1.
Joseph E. Pieklik, 1.

MINNESOTA

Thomas H. Barfield, 1.

MISSISSIPPI

Bryan M. Shotts, 1.
Charles C. Noble, 1.

MISSOURI

Frank A. Hinrichs, 1.
Robert P. Young, 1.

MONTANA

Lawrence J. Fleming, 1.

NEBRASKA

John C. Mayer, 3.
James M. Keek, 2.
Martin O. Colladay, 1.
Ray B. Sitton, 1.
Edgar S. Harris, Jr., 1.
Andrew B. Anderson, Jr., 1.
Eugene L. Hudson, 1.
Harry M. Darmstandles, 1.
John R. Hinton, Jr., 1.
Billy J. Ellis, 1.
Gerald E. Miller, 2.

NEVADA

Gordon F. Blood, 1.

NEW HAMPSHIRE

None.

NEW JERSEY

Lester T. Kearney, Jr., 1.
Albert B. Crawford, Jr., 1.
Hugh F. Foster, Jr., 1.
Thomas V. Greer, 1.
Harold A. Kissinger, 1.
Patrick W. Powers, 1.
Dorward W. Ogden, Jr. 1.

NEW MEXICO

Thomas W. Morgan, 1.
Donald G. Nunn, 1.
John R. Burns, 1.
Arthur H. Sweeney, Jr., 1.

NEW YORK

Ray M. Robinson, Jr., 1.
William A. Knowlton, 3.
Richard H. Groves, 1.
Oliver D. Street III, 1.
Philip R. Feir, 1.
Richard C. Morton, 1.
Joseph P. Moorer, 2.
William M. Pugh II, 1.

NORTH CAROLINA

Richard J. Seitz, 2.
Frederick J. Kroesen, Jr., 1.
Michael D. Healy, 1.
Leslie E. Brown, 1.
Thomas H. Miller, Jr., 1.
Robert D. Bohn, 1.
William H. Canagan, Jr., 1.

NORTH DAKOTA

None.

OHIO

James T. Stewart, 2.
Douglas T. Nelson, 1.
Benjamin N. Bellis, 1.
Abner B. Martin, 1.
Jack J. Catton, 3.
Edmund F. O'Connor, 2.
George Rhodes, 1.
Edward A. Rafalko, 1.
James A. Bailey, 1.
Herbert J. Gavin, 1.
Frank J. Simokaitis, 1.

OKLAHOMA

David E. Ott, 1.

OREGON

None.

PENNSYLVANIA

Franklin M. Davis, Jr., 2.
Joseph L. Coleman, 1.
James R. Jones, 1.

RHODE ISLAND

Stansfield Turner, 3.

SOUTH CAROLINA

James D. Hughes, 1.
Robert C. Hixon, 1.
Graham Tahles, 1.
Robert H. Barrow, 1.

SOUTH DAKOTA

None.

TENNESSEE

Albert M. Sackett, 1.

TEXAS

Robert W. Maloy, 1.
William V. McBride, 2.
Alton D. Slay, 1.
Robert L. Petit, 1.
George E. Schafer, 1.
William A. Jack, 1.
Walter T. Galligan, 1.
Travis R. McNeil, 1.
Allen M. Burdett, Jr., 2.
George P. Seneff, Jr., 2.
Robert L. Fair, 1.
C. J. Levan, 1.
Spurgeon H. Neel, Jr., 1.
Robert M. Shoemaker, 1.
Winant Sidle, 1.
Edward H. Vogel, Jr., 1.
Robert M. Hardaway III, 1.

TEXAS—Continued

Herbert J. McChrystal, Jr., 1.
James Ferris, 1.

UTAH

Bryce Poe II, 1.

VERMONT

None.

VIRGINIA

Robert J. Dixon, 3.
Dale S. Sweat, 2.
James A. McKnight, Jr., 1.
William E. DePuy, 3.
Henry A. Miley, Jr., 3.
Walter P. Leber, 2.
Orwin C. Talbott, 2.
Woodrow W. Vaughan, 2.
Jack C. Fuson, 1.
George A. Godding, 1.
Edwin M. Graham, Jr., 1.
Harold G. Moore, 1.
Harold R. Parfitt, 1.
Dean Van Lydegraf, 1.
Elmer R. Ochs, 1.
Ralph W. Cousins, 3.
Frederick H. Michaelis, 2.
Frank W. Vanroy, 2.
Julien J. LeBourgeois, 2.
Robert L. J. Long, 2.
Douglas C. Plate, 2.
John G. Finnesan, 2.
Roy G. Anderson, 1.
Julian T. Burke, Jr., 1.
Ralph S. Wentworth, Jr., 1.
Jeremiah A. Denton, Jr., 1.
Wallace H. Robinson, Jr., 2.
George C. Axtell, 2.
Robert P. Keller, 2.

WASHINGTON

Jack K. Gamble, 1.
John Q. Henion, 1.
William H. Meroney, III, 1.
Thomas E. Bass, III, 1.

WEST VIRGINIA

None.

WISCONSIN

None.

WYOMING

None.

WASHINGTON, D.C.

John D. Wemel, 2.
Raymond E. Peet, 2.
Harold E. Shear, 2.
Frederick J. Harfinger, II, 2.
David H. Bagley, 2.
George C. Talley, Jr., 2.
William D. Houser, 2.
Frank H. Price, Jr., 2.
William J. Moran, 2.
Marmaduke G. Bayne, 2.
Kenneth R. Wheeler, 2.
Donald L. Custis, 2.
Thomas B. Hayward, 2.
Thomas R. Wesehler, 2.
Oliver H. Perry, Jr., 2.
Arthur G. Esel, 1.
Edwin K. Snyder, 2.
Earl F. Reetanus, 2.
Robert E. Cushman, Jr., 5.
Earl E. Anderson, 3.
Foster C. Lahue, 2.
Herbert L. Beekington, 2.
Creighton W. Abrams, 5.
Frederick C. Weyand, 3.
Donald H. Cowles, 2.
Phillip B. Davidson, Jr., 2.
John R. Deane, Jr., 2.
Edward M. Glanagan, Jr., 2.
William C. Gribble, Jr., 2.
Fred Kosnet, Jr., 2.
Herron N. Maples, 2.
William W. Potts, 2.
Bernard W. Rogers, 2.
Edward C. Rowney, 2.
Richard B. Taylor, 2.
Vernon A. Walters, 2.
Walter J. Woolwine, 2.
Harold R. Aaron, 1.
George S. Beatty, Jr., 1.
Robert Bernstein, 1.
Frederick E. Davidson, 1.
Henry R. DelMar, 1.
Thomas H. Tackaberry, 1.
Thomas H. Moorer, 5.
Elmo R. Zumwalt, Jr., 5.
Issac C. Kidd, Jr., 3.
James L. Holloway III, 3.
Vincent de Poix, 2.
Eugene P. Wilkinson, 2.
Jerome H. King, Jr., 2.
John L. Locke, 1.
Daniel James, Jr., 2.
Warren D. Johnson, 2.
Joseph J. Cody, Jr., 1.
Donald H. Ross, 1.
Abraham J. Dreiseszun, 1.
Louis T. Seith, 2.
Colin C. Hamilton, Jr., 1.
Theodore R. Milton, 3.
Edward A. McGough III, 1.
Walter R. Tkach, 1.
George S. Brown, 5.
Richard H. Ellis, 3.
Duward L. Crow, 2.
Homer I. Lewis, 1.
Roy M. Terry, 1.
Joseph R. Deluca, 2.
Robert A. Patterson, 2.
Maxwell W. Steel, Jr., 1.
John W. Roberts, 2.
Ray M. Cole, 1.
James F. Hill, 1.
Charles I. Bennett, Jr., 1.
George S. Boylan, Jr., 2.
William W. Berg, 1.
James A. Hill, 1.
Maurice R. Reilly, 1.
William W. Snavely, 2.
William J. Evans, 2.

BELGIUM

Russell E. Dougherty, 3.
William W. Wisman, 1.
Richard F. Shaefer, 1.
Walter E. Lotz, Jr., 2.
George G. Cantlay, 1.
Charles S. Minter, Jr., 2.

BRAZIL

Maurice W. Kendall, 1.
Carl T. Hanson, 1.

CAMBODIA

William W. Palmer, 1.

ENGLAND

Evan W. Rosencrans, 1.
Worth H. Bagley, 3.
William H. Livingston, 1.

ETHIOPIA

Harold D. Yow, 1.

EUROPE

Arthur J. Gregg, 1.
Andrew J. Goodpastor, 3.
Melvin Zais, 3.
George S. Blanchard, 2.
Arthur S. Collins, 2.
William R. Desobry, 2.
John D. McLaughlin, 2.
John Norton, 2.
Howard W. Penney, 2.
James W. Sutherland, Jr., 2.
Robert C. Taber, 2.
Jonathan R. Burton, 1.
Thomas E. Fitzpatrick, Jr., 1.
William R. Kraft, Jr., 1.
Joseph C. McDonough, 1.
Rolland V. Heiser, 1.
Sam S. Walker, 1.
Clay T. Buckingham, 1.
Wallace H. Nutting, 1.
Milton E. Key, 1.
Willard Latham, 1.
James A. Munson, 1.
Willard W. Scott, 1.
Charles R. Sniffin, 1.
Robert D. Stevenson, 1.
Richard W. Swenson, 1.
Orville L. Tobiason, 1.
Charles M. Hall, 1.
John G. Appel, 1.
George S. Patton, 1.

GERMANY

David C. Jones, 3.
Louis K. Wilson, Jr., 2.
Wilbur L. Creech, 1.
Edwin W. Robertson II, 1.
John C. Giraudo, 1.
George J. Eade, 3.
Edward Ratkovich, 1.
William R. Hayes, 1.
Foster L. Smith, 1.
Michael S. Davidson, 3.
William W. Cobb, 1.
Jack J. Wagstaff, 1.
James W. Nance, 1.

GREECE

Carles W. Ryder, Jr., 1.
Frederick C. Turner, 1.

GUAM

George H. McKee, 2.
George S. Morrison, 1.

HOLLAND

William E. Bryan, Jr., 1.

ICELAND

Samuel M. Cooley, Jr., 1.

IRAN

Devol Brett, 1.

ITALY

Joseph G. Wilson, 2.
William W. Holt, 1.
George M. Johnson, Jr., 1.
Wilber H. Vinson, Jr., 1.
Means Johnston, Jr., 3.
Daniel J. Murphy, 2.
Pierre N. Charbonnet, Jr., 1.

JAPAN

Robert E. Pursley, 2.
Edward P. McNeff, 1.
Welborn G. Dolvin, 2.
George P. Steele II, 2.
James D. Donaldson, Jr., 1.
William H. Rogers, 1.
Lawrence F. Snowden, 1.

KOREA

John R. Murphy, 2.
Richard G. Stilwell, 3.
James F. Hollingsworth, 2.
Richard T. Knowles, 2.
Hubert S. Cunningham, 1.
Henry E. Emerson, 1.
William E. McCleod, 1.
John J. Koehler, Jr., 1.
Frederick C. Krause, 1.
Henry S. Morgan, Jr., 1.

NORWAY

Kendall S. Young, 1.

OKINAWA

Bert A. David, 1.

PACIFIC

Donald V. Bennett, 3.
Robert R. Williams, 2.
John R. Guthrie, 1.
George L. Mabry, Jr., 1.
Wilbur C. Weaver, 1.

PANAMA

Arthur G. Salisbury, 1.
John B. Henry, Jr., 1.
William B. Rosson, 3.
Robert H. Blount, 1.

PUERTO RICO

James D. Ramage, 1.

PHILIPPINES

Leroy J. Manor, 1.
Jack R. Sadler, 1.
Doniphan B. Shelton, 1.

PORTUGAL

Robert B. Erly, 1.

SPAIN

Salvador E. Felices, 1.

TAIWAN

Slade Nash, 1.
Philip A. Beshany, 2.

THAILAND

Jack Bellamy, 1.
Timothy F. O'Keefe, 3.
Ira A. Hunt, Jr., 1.
Thomas W. Mellen, 1.
John L. Osken, Jr., 1.

TURKEY

Arnold W. Braswell, 1.
Sanford K. Moats, 2.
Harris W. Hollis, 2.
James V. Galloway, 1.

VIETNAM

John E. Murray, 1.
Joseph R. Ulatoski, 1.

ADJOURNMENT TO MONDAY, APRIL 22, 1974

Mr. MANSFIELD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the provisions of House Concurrent Resolution 475 as amended, that the Senate adjourn until Monday, April 22, 1974.

The motion was agreed to; and, at 4:57 p.m., the Senate adjourned until Monday, April 22, 1974, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate April 11, 1974:

DEPARTMENT OF JUSTICE

Bert C. Hurn, of Missouri, to be U.S. Attorney for the western district of Missouri for the term of 4 years. (Reappointment)

DEPARTMENT OF STATE

The following-named person for reappointment in the Foreign Service as a Foreign Service Officer of Class 3, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Helen J. Terranova, of Florida.

For reappointment in the Foreign Service as a Foreign Service Information Officer of Class 3, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Robert F. Krill, of Pennsylvania.

For appointment as Foreign Service Officers of Class 3, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Leon J. Bajek, of Texas.
E. Lloyd Davis, of Maryland.
Jan B. Verschuur, of Maryland.

For appointment as Foreign Service Officers of Class 4, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

James Henry Hawkins, of Illinois.
Harry D. Hobbs, of Florida.
Andres Gilberto Sanchez, of Texas.

For appointment as Foreign Service Officers of Class 5, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Ruth A. Davis, of California.
William Hoffman, of Florida.
George Mu, of California.
Robert B. Peterson, of California.
Donald J. Planty, of New York.
Richard B. Sorg, of Ohio.

For appointment as Foreign Service Officers of Class 6, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Norman Alexander, Jr., of Louisiana.
William K. Chapman, of Utah.
Ronald Lewis Kates, of New Jersey.
James O. Mazingo, of Rhode Island.
Thomas Tondee Orum, of Michigan.
Joseph Monroe Segars, of Pennsylvania.
Joyce A. Smith, of Tennessee.
Alma Lucille Thomas, of North Carolina.

For promotion from a Foreign Service Officer of Class 8 to Class seven:

James D. Whitten, of California.

For appointment as Foreign Service Officers of Class 7, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Michael G. Anderson, of Illinois.
Paul E. Behnke, of Illinois.
Lawrence Neal Benedict, of California.
David C. Bennett, of California.
Terry R. Broderick, of Illinois.
Roger E. Burgess, Jr., of Massachusetts.
William J. Burke, Jr., of Connecticut.
Robert C. Campbell, of Oregon.
Gary Couey, of California.
Brian Dean Curran, of the District of Columbia.
John A. Dooley, of New York.
Angelo M. Figueroa, of Puerto Rico.
James Michael Gagnon, of Virginia.
Michael Gelner, of Missouri.
William Gregory Goffe, of Virginia.
Russell Graham, of Connecticut.
David N. Greenlee, of New York.
Patricia Ann Haigh, of Virginia.
Ruth E. Hansen, of Illinois.
Stanley P. Jakubowski, of Connecticut.
Teresa Chin Jones, of Virginia.
Mary J. Kosheleff, of Ohio.
David C. Litt, of the District of Columbia.
Karen R. Longeteig, of Idaho.
Nancy J. Mackie, of California.
Thomas R. Maertens, of Minnesota.
Joseph Neal McBride, of Massachusetts.
Keith P. McCormick, of California.
George Innes Middleton, of California.
Paul A. Miller, of Kansas.
George H. Mitchell, Jr., of Virginia.
Diana M. Mongomery, of California.
William Dale Montgomery, of Virginia.
Russell E. Morrow, of Texas.
Gay William Mount, of Washington.
Sue H. Patterson, of Virginia.
Bronson E. Percival, of the District of Columbia.
David Catlin Pierce, of California.
Steven R. Pruett, of Hawaii.
John F. Scott, of Iowa.
Neil Edward Silver, of Virginia.
Richard J. Tierney, of Virginia.
Helen Weinland, of the District of Columbia.
George MacDonald White, of Indiana.
Linda Louise Young, of Pennsylvania.

For appointment as Foreign Service Information Officers of Class 7, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Stephen Mark Dubrow, of Florida.
Richard D. Gong, of New Jersey.
Don Reed Hamilton, of Oklahoma.
Alfred Haworth Jones, of Minnesota.
Robert J. Meade, of New Jersey.
Patricia J. Moser, of Maryland.
Lawrence I. Piotkin, of Virginia.
Anna M. Romanski, of New Jersey.
Ralph H. Ruedy, of Iowa.

For appointment as Foreign Service Officers of Class 8, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Thomas V. Biddick, of California.
Michael A. Chisek, of Illinois.
Gary W. Christian, of Missouri.
Nancy M. DeGumbia, of Connecticut.
Jay L. Dehmlow, of Florida.
Thomas E. Dowling, of New York.
Douglas V. Ellice, Jr., of Connecticut.
Jeffrey Gallup, of California.
Donna Jean Hrinak, of Pennsylvania.
Nancy Hudson, of Texas
Margaret Teresa Kromhout, of the District of Columbia
Virginia A. Lancina, of Florida
James B. Lane, Jr., of Ohio
David L. Lyon, of Maryland
Dianne E. Markowitz, of Pennsylvania
Linda M. Mathews, of California
Frank V. Nash, of Connecticut
Frederick Polasky, of Maryland
Carolyn Lorraine Schleber, of California
James F. Schumaker, of California
Andrew Sciacchitano, of Illinois
Paul H. Tyson, of New Jersey
Richard H. Wallen, of Colorado

For appointment as Foreign Service Information Officers of Class 8, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Sheila West Austrian, of California
K. Kimberly King, of Virginia
Douglas B. Wilson, of Arizona

Foreign Service Reserve Officers to be Consular Officers and Secretaries in the Diplomatic Service of the United States of America:

Lewis V. Barnes, of the District of Columbia.
Thomas J. Barrett, Jr., of Pennsylvania.
Robert A. Benedetti, of Virginia.
Dalton C. Bohnet, of California.
James D. Boney, of Virginia.
Victor J. Bonilla-Sosa Newman, of California.
Richard R. Bradford, of Virginia.
Ernest B. Brant, of Virginia.
Ronald L. Cerra, of Virginia.
James V. Doane, Jr., of Rhode Island.
Christian F. Frederick, of Virginia.
Donald E. Graves, of the District of Columbia.
Jean Gunther, of New Jersey.
Barbara Hemingway, of Connecticut.
Gordon J. Hopman, of Virginia.
Sarah R. Horsey, of the District of Columbia.
Arthur B. Hough, of Virginia.
Kirk-Patrick Kotula, of New Jersey.
Daniel Nastoff, of Ohio.
Kenneth W. Plummer, of Massachusetts.
Glenn M. Price, of Michigan.
Fernando L. Richards, of Virginia.
Martha Sardinas, of the District of Columbia
Melvin T. Spence, of the District of Columbia
Constantine Warwariv, of Maryland
Clare M. Weaver, of Louisiana
David R. Wilson, of Virginia

Foreign Service Reserve Officers to be Secretaries in the Diplomatic Service of the United States of America:

Marjorie S. Belcher, of Massachusetts.
John L. Brady, of the District of Columbia.
Edmund P. Glowen, Jr., of Washington.
Bernice Ann Powell, of Michigan.
Richard A. Reiser, of Ohio.
Patsy G. Stephens, of California.

Foreign Service Staff Officers to be Consular Officers of the United States of America:

J. Loretta Baker, of Florida.
Marie D. Burke, of North Carolina.
Mark T. Colby, of Maryland.
Francis E. Matthews, of Pennsylvania.
John E. Witt, of California.

In the Coast Guard

The following named lieutenant commanders of the Coast Guard Reserve to be permanent commissioned officers in the Coast Guard Reserve in the grade of commander:

Carmin (n) Yannone	Roger J. Davis
Walter L. Henson	John A. Kwekel
Richard E. Jaffe	James B. Carson
Walter J. Symons	Ronald J. Vito
David A. Treffs	John M. Richmond
John P. Lynker	Henry G. Steinman
George E. McCabe	Wilfrid W. Csaplar
Stuart A. Yoffe	Roger J. Erickson
James B. Lowe	Stephen M. Aug
William A. Parker	Thomas P. Marian
Harry A. Gard	Wendelin S. Sonntag
Herbert C. Gould	Richard L. Powell
Gordon W. Greene	

In the Air Force

The following officer for temporary appointment in the U.S. Air Force under the provisions of chapter 839, title 10 of the United States Code:

To be brigadier general

Col. John T. Guice, xxx-xx-xxxx FG, Air National Guard.

In the U.S. Army

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. George Edward Pickett, 577–54–0390, Army of the United States (major general, U.S. Army).

In the Air Force

The following cadets, U.S. Air Force Academy, for appointment in the Regular Air Force in the grade of second lieutenant, effective upon their graduation, under the provisions of section 8284 and 9353, title 10, United States Code. Date of rank to be determined by the Secretary of the Air Force.

Ain, Robert A., Jr., xxx-xx-xxxx
Alcorn, Richard L., xxx-xx-xxxx
Alfano, Salvatore, xxx-xx-xxxx
Allard, Gary S., xxx-xx-xxxx
Allen, Larry M., xxx-xx-xxxx
Alley, Bruce E., xxx-xx-xxxx
Andersen, Allen E., xxx-xx-xxxx
Andersen, Stephen J., xxx-xx-xxxx
Anderson, Bruce R., xxx-xx-xxxx
Anderson, Charles W., Jr., xxx-xx-xxxx
Anderson, Lloyd L., Jr., xxx-xx-xxxx
Anderson, Robert C., xxx-xx-xxxx
Appelhans, Louis J., xxx-xx-xxxx
Arendsee, Douglas W., xxx-xx-xxxx
Arnold, Robert S., xxx-xx-xxxx
Atkins, Robert L., Jr., xxx-xx-xxxx
Augustyn, Michael J., xxx-xx-xxxx
Baarsch, Thomas E., xxx-xx-xxxx
Baca, Michael, xxx-xx-xxxx
Bachran, Lance W., xxx-xx-xxxx
Badger, Brian R., xxx-xx-xxxx
Bagnall, James W., xxx-xx-xxxx
Baker, John G., xxx-xx-xxxx
Baker, Larry W., xxx-xx-xxxx
Balale, Michael E., xxx-xx-xxxx
Baldwin, Clark J., xxx-xx-xxxx
Baldwin, Gary A., xxx-xx-xxxx
Baldy, Thomas F., xxx-xx-xxxx
Balent, Bruce F., xxx-xx-xxxx
Ball, Murray J., xxx-xx-xxxx
Ballinger, Franklin F., xxx-xx-xxxx
Barclay, Richard G., xxx-xx-xxxx
Barker, Alan G., xxx-xx-xxxx
Barker, David V., xxx-xx-xxxx
Barry, Bruce N., xxx-xx-xxxx
Bates, Hobart C., xxx-xx-xxxx
Bates, Richard H., Jr., xxx-xx-xxxx
Batson, William L., xxx-xx-xxxx
Bauer, Paul E., xxx-xx-xxxx
Bauer, Steven R., xxx-xx-xxxx
Baugh, Thomas, xxx-xx-xxxx
Bauknight, Lavoy D., Jr., xxx-xx-xxxx
Bayne, Robert A., xxx-xx-xxxx
Beam, James M., xxx-xx-xxxx
Bechtel, Peter A., xxx-xx-xxxx
Bednarz, Eugene J., xxx-xx-xxxx
Bejsovec, Todd E., xxx-xx-xxxx
Belkowski, Robert A., Jr., xxx-xx-xxxx
Bell, Mark R., xxx-xx-xxxx
Bench, John K., xxx-xx-xxxx
Bender, Thomas M., xxx-xx-xxxx
Bennett, William D., xxx-xx-xxxx
Beno, Mikael S., xxx-xx-xxxx
Berdine, Terry G., xxx-xx-xxxx
Berry, William M., III, xxx-xx-xxxx
Berryman, Donald E., xxx-xx-xxxx
Beshara, Lance H., xxx-xx-xxxx
Bettesworth, William P., xxx-xx-xxxx
Betzold, Robert W., xxx-xx-xxxx
Beyer, Merrill L., III, xxx-xx-xxxx
Bierbaum, Neal R., xxx-xx-xxxx
Binkley, Robert G., xxx-xx-xxxx
Biondo, Samuel A., Jr., xxx-xx-xxxx
Birdwell, Bruce F., xxx-xx-xxxx
Bishop, Robert D., xxx-xx-xxxx
Blackman, James F., xxx-xx-xxxx
Blanchet, Richard J., xxx-xx-xxxx
Blankinship, Ross M., xxx-xx-xxxx
Bonsi, David J., xxx-xx-xxxx
Boone, James B., xxx-xx-...
Booth, Robert W., xxx-xx-xxxx
Borah, Jack A., xxx-xx-xxxx
Bosserman, David N., xxx-xx-xxxx
Bowman, Richard E., xxx-xx-xxxx
Boyce, Steven C., xxx-xx-xxxx
Boyd, Lowell R., Jr., xxx-xx-xxxx
Bozarth, Stephen E., xxx-xx-xxxx
Bozek, Blair L., xxx-xx-xxxx
Bratlien, Michael D., xxx-xx-xxxx
Braydich, Michael D., xxx-xx-xxxx
Brede, Herbert C., III, xxx-xx-xxxx
Brewer, Frank W., xxx-xx-xxxx
Brezovich, Joseph L., Jr., xxx-xx-xxxx
Brickell, James L., xxx-xx-xxxx
Brockman, John C., xxx-xx-xxxx
Brooke, Robert H., xxx-xx-xxxx
Brooks, Greg, xxx-xx-xxxx
Brown, Merritt J., xxx-xx-xxxx
Brown, Ronald D., xxx-xx-xxxx
Brown, Tully W., xxx-xx-xxxx
Browning, Robert W., xxx-xx-xxxx
Brozena, Anthony G., Jr., xxx-xx-xxxx
Brozovich, Michael J., xxx-xx-xxxx
Bryant, Charles E., xxx-xx-xxxx
Bryant, Frederic B., Jr., xxx-xx-xxxx
Buckwalter, Joseph M., xxx-xx-xxxx
Budinger, Kris M., xxx-xx-xxxx
Bunker, David C., xxx-xx-xxxx
Burchby, Dale D., xxx-xx-xxxx
Burdick, David G., xxx-xx-xxxx
Burger, James E., xxx-xx-xxxx
Burnside, Robert M., xxx-xx-xxxx
Butler, Bradley L., xxx-xx-xxxx
Butts, Dennis D., xxx-xx-xxxx
Caggianello, Anthony J., xxx-xx-xxxx
Caldwell, Richmond H., Jr., xxx-xx-xxxx
Campbell, Christopher M., xxx-xx-xxxx
Canitz, James A., xxx-xx-xxxx
Capozzi, Rocky P., xxx-xx-xxxx
Capp, William A., xxx-xx-xxxx
Carel, Dennis C., xxx-xx-xxxx
Carlton, Patrick L., xxx-xx-xxxx
Carrington, George W., Jr., xxx-xx-xxxx
Carroll, Dean L., xxx-xx-xxxx
Carter, Edward M., xxx-xx-xxxx
Carter, Teddy A., xxx-xx-xxxx
Casement, William J., xxx-xx-xxxx
Casey, Kevin C., xxx-xx-xxxx
Casey, Richard J., xxx-xx-xxxx
Chag, Gary S., xxx-xx-xxxx
Chandler, Carroll H., xxx-xx-xxxx
Chase, Michael L., xxx-xx-xxxx
Cheatham, Robert T., III, xxx-xx-xxxx
Cheek, Kevin E., xxx-xx-xxxx
Chenault, Donald D., xxx-xx-xxxx
Chinn, Glen W., xxx-xx-xxxx
Christensen, Boyd W., xxx-xx-xxxx
Claude, Robert A., xxx-xx-xxxx
Cleaveland, Richard M., xxx-xx-xxxx
Clemens, Terry L., xxx-xx-xxxx
Clement, Donald J., xxx-xx-xxxx
Cline, Richard L., xxx-xx-xxxx
Coleman, Allen D., xxx-xx-xxxx
Collazo, Victor M., xxx-xx-xxxx
Collins, Dennis F., xxx-xx-xxxx
Collins, James W., Jr., xxx-xx-xxxx
Colotta, James E., xxx-xx-xxxx
Colton, Thomas H., xxx-xx-xxxx
Conklin, Kurt S., xxx-xx-xxxx
Conrardy, Richard R., xxx-xx-xxxx
Conroy, Daniel R., xxx-xx-xxxx
Cook, Donald R., xxx-xx-xxxx
Cook, Michael J., xxx-xx-xxxx
Coppock, Kelvin R., xxx-xx-xxxx
Corbett, Dwight G., xxx-xx-xxxx
Corrigan, Patrick J., xxx-xx-xxxx
Corsaro, John A., Jr., xxx-xx-xxxx
Cote, Jeffrey A., xxx-xx-xxxx
Cotharin, Benjamin A., xxx-xx-xxxx
Cotton, David C., xxx-xx-xxxx
Cottongim, Theodore J., xxx-xx-xxxx
Couden, Tommy J., xxx-xx-xxxx
Council, William C., Jr., xxx-xx-xxxx
Court, Kevin, xxx-xx-xxxx
Coviello, Vincent, xxx-xx-xxxx
Cox, Roger W., xxx-xx-xxxx
Coy, Timothy D., xxx-xx-xxxx
Craig, Stephen V., xxx-xx-xxxx
Cranford, Michael V., xxx-xx-xxxx
Crean, Patrick H., xxx-xx-xxxx
Crenshaw, Robert L., xxx-xx-xxxx
Crenshaw, Ronald L., xxx-xx-xxxx
Cripe, Robert C., xxx-xx-xxxx
Crist, Rodney S., xxx-xx-xxxx
Crooks, Louis C., xxx-xx-xxxx
Cunningham, Rex J., xxx-xx-xxxx
Cutler, Robert E., xxx-xx-xxxx
Daley, David K., xxx-xx-xxxx
Daley, Patrick J., xxx-xx-xxxx
Danforth, Lawrence A., xxx-xx-xxxx
Daniels, Stephen C., xxx-xx-xxxx
Dankowski, Greg C., xxx-xx-xxxx
Davis, Barton B., xxx-xx-xxxx
Davis, Bruce E., xxx-xx-xxxx
Davis, Rudee F., xxx-xx-xxxx
Dehart, Paul E., Jr., xxx-xx-xxxx
Delach, Donald M., xxx-xx-xxxx
Delorenzo, Michael L., xxx-xx-xxxx
Dennis, Richard W., xxx-xx-xxxx
Derck, Calvin B., xxx-xx-xxxx
Deunk, Norman W. III, xxx-xx-xxxx
Diemand, William E., xxx-xx-xxxx
Dietel, Ronald J., xxx-xx-xxxx
Dieter, Kenneth M., xxx-xx-xxxx
Dildy, Douglas C., xxx-xx-xxxx
Dillard, Billy D., xxx-xx-xxxx
Dimarchi, David O., xxx-xx-xxxx
Diprimo, Mario K., xxx-xx-xxxx
Dodd, Wesley D., xxx-xx-xxxx
Donaldson, James, xxx-xx-xxxx
Donham, Danny W., xxx-xx-xxxx
Donnelly, Stephen C., xxx-xx-xx...
Dorris, Joseph L., xxx-xx-xxxx
Dorsey, Dean, xxx-xx-xxxx
Duey, Gordon L., xxx-xx-xxxx
Duncan, David S., xxx-xx-xxxx
Dunn, Frederick C., Jr., xxx-xx-xxxx
Dunn, Michael J., xxx-xx-xxxx
Duran, Jack J., xxx-xx-xxxx
Durgin, Harry R., Jr., xxx-xx-xx...
Durio, Gregory E., xxx-xx-xxxx
Dykes, Gregory A., xxx-xx-xxxx
Earp, Ronald O., xxx-xx-xxxx
Easthead, Donald J., xxx-xx-xxxx
Eiband, David M., xxx-xx-xxxx
Elliott, Gary W., xxx-xx-xxxx
Emanuel, Paul A., xxx-xx-xxxx
Ephland, John G., Jr., xxx-xx-xxxx
Estes, Richard B., xxx-xx-xxxx
Ettenson, Gordon M., xxx-xx-xxxx
Evans, Byron M., xxx-xx-xxxx
Evans, Robert W., xxx-xx-xxxx
Eydenberg, Francis M., xxx-xx-xxxx
Fair, John A., xxx-xx-xxxx
Falsone, Frank J. III, xxx-xx-xxxx
Farmwald, Jay A., xxx-xx-xxxx
Farus, James E., xxx-xx-xxxx
Fay, Dennis B., xxx-xx-xxxx
Fazio, Salvatore, Jr., xxx-xx-xxxx
Fedewa, Frederick A., xxx-xx-xxxx
Fedors, Richard G., xxx-xx-xxxx
Feeney, Edward J., Jr., xxx-xx-xxxx
Fehseke, Scott R., xxx-xx-xxxx
Felix, Woodrow D. II, xxx-xx-xxxx

Ferraro, Antonio, xxx-xx-xxxx
Fick, Donald E., xxx-xx-xxxx
Findlay, Gregory J., xxx-xx-xxxx
Findley, Michael C., xxx-xx-xxxx
Finnegan, Robert J. Jr., xxx-xx-xxxx
Fiorenzi, Peter J., xxx-xx-xxxx
Fitzgerald, James R., xxx-xx-xxxx
Fitzpatrick, Charles E., xxx-xx-xxxx
Fitzsimmons, Bob S., xxx-xx-xxxx
Flattery, David A., xxx-xx-xxxx
Flory, Robert A., xxx-xx-xxxx
Fly, Ronald E., xxx-xx-xxxx
Flynn, Gerald K., xxx-xx-xxxx
Forberg, Steven S., xxx-xx-xxxx
Forsyth, Frank L., xxx-xx-xxxx
Fowler, Byron T., xxx-xx-xxxx
Frank, Howard W., Jr xxx-xx-xxxx
Frank, Norman G., Jr., xxx-xx-xxxx
Freeth, David, xxx-xx-xxxx
Frost, Douglas H. Jr., xxx-xx-xxxx
Fruland, William E., xxx-xx-xxxx
Fueyo, Michael H., xxx-xx-xxxx
Fuller, Stanley G., xxx-xx-xxxx
Fulton, James, xxx-xx-xxxx
Fundarek, David L., xxx-xx-xxxx
Furfari, James C., xxx-xx-xxxx
Gaddy, Gary J., xxx-xx-xxxx
Galik, Andrew F., xxx-xx-xxxx
Garcia, Peter F., xxx-xx-xxxx
Garhart, Ronald L., xxx-xx-xxxx
Garland, John G. III, xxx-xx-xxxx
Garner, Gary M., xxx-xx-xxxx
Garramone, David M., xxx-xx-xxxx
Garrett, James L., xxx-xx-xxxx
Garrity, James J., xxx-xx-xxxx
Gavares, Peter M., xxx-xx-xxxx
Gehri, Mark J., xxx-xx-xxxx
Gentry, Gailon L., xxx-xx-xxxx
Gibbs, Robert H., xxx-xx-xxxx
Gibson, Frederick W., xxx-xx-xxxx
Gibson, Rodney E., xxx-xx-xxxx
Giersch, Michael L., xxx-xx-xxxx
Giese, Michael C., xxx-xx-xxxx
Gilbert, Terence L., xxx-xx-xxxx
Gilliam, Paul E. Jr., xxx-xx-xxxx
Gilmore, John F., xxx-xx-xxxx
Glenn, James E., xxx-xx-xxxx
Glick, Floyd J., xxx-xx-xxxx
Glifort, Kenneth F., xxx-xx-xxxx
Glock, Albert E., Jr., xxx-xx-xxxx
Goodrich, Dan R., xxx-xx-xxxx
Goodwin, Thomas E., xxx-xx-xxxx
Grandcolas, James S., xxx-xx-xxxx
Greco, John R., xxx-xx-xxxx
Green, Thomas K., xxx-xx-xxxx
Green, Timothy T., xxx-xx-xxxx
Greeson, James T., xxx-xx-xxxx
Greiner, Jeffrey H., xxx-xx-xxxx
Gress, Stephen G., Jr., xxx-xx-xxxx
Griffin, Daniel, xxx-xx-xxxx
Griffith, William E., xxx-xx-xxxx
Guardino, Alfred J., xxx-xx-xxxx
Gudeczauskas, Anthony C., xxx-xx-xxxx
Guelich, Hampton H., xxx-xx-xxxx
Gum, Michael E., xxx-xx-xxxx
Guzowski, Paul F., xxx-xx-xxxx
Hackney, Edward E., xxx-xx-xxxx
Haile, Raymond E., xxx-xx-xxxx
Hairston, Carleton P., xxx-xx-xxxx
Hall, Thomas M., II, xxx-xx-xxxx
Halley, Donald J., xxx-xx-xxxx
Halpin, Michael P., xxx-xx-xxxx
Halseth, Thomas G., xxx-xx-xxxx
Halsey, William R., xxx-xx-xxxx
Halsor, Mark D., xxx-xx-xxxx
Hamilton, David S., xxx-xx-xxxx
Hamm, Harold R., xxx-xx-xxxx
Hancock, Kenneth C., xxx-xx-xxxx
Hand, Charles B., xxx-xx-xxxx
Hankins, Paul M., xxx-xx-xxxx
Hansen, Steven A., xxx-xx-xxxx
Harimoto, Deane Y., xxx-xx-xxxx
Harlan, Mark A., xxx-xx-xxxx
Harnly, Douglas A., xxx-xx-xxxx
Harper, Martin L., xxx-xx-xxxx
Hathaway, Michael K., xxx-xx-xxxx
Hayden, Thomas F., III, xxx-xx-xxxx
Hayes, William A., xxx-xx-xxxx
Hayhurst, James L., xxx-xx-xxxx
Haynie, Richard A., xxx-xx-...
Hazen, James G., xxx-xx-xxxx
Heffernan, Thomas J., xxx-xx-xxxx
Heffner, Richard P., xxx-xx-xxxx
Hegland, David A., xxx-xx-xxxx
Heil, Steven L., xxx-xx-xxxx
Heinle, Dennis R., xxx-xx-xxxx
Henricks, Terence T., xxx-xx-xxxx
Henwood, Barton E., xxx-xx-xxxx
Herrman, David P., xxx-xx-xx...
Hester, Wesley B., xxx-xx-xxxx
Higginbotham, Bradley K., xxx-xx-xxxx
Higgins, Ernest W., xxx-xx-xxxx
Hill, Kent D., xxx-xx-xxxx
Hof, George M., xxx-xx-xxxx
Hoffman, Donald J., xxx-xx-xxxx
Hoffmann, Edward W., xxx-xx-xxxx
Hoglund, David L., xxx-xx-xxxx
Hoke, Scott A., xxx-xx-xxxx
Holck, Eric K., xxx-xx-xxxx
Holkeboer, Thomas K., xxx-xx-xxxx
Holland, Stephen, xxx-xx-xxxx
Hollerbach, Don M., xxx-xx-xx...
Holley, Charles R., Jr., xxx-xx-xxxx
Holliway, Robert H., xxx-xx-xxxx
Honsinger, John H., Jr., xxx-xx-xxxx
Hood, Robert C., xxx-xx-xxxx
Hood, Robert R., xxx-xx-xxxx
Horacek, James R., xxx-xx-...
Horn, Steven R., xxx-xx-xxxx
Horowitz, Gary M., xxx-xx-xxxx
Houde, Neal J., xxx-xx-xxxx
Householder, John S., xxx-xx-xxxx
Hovrud, David L., xxx-xx-xxxx
Howard, Mark A., xxx-xx-xxxx
Hoyle, Joseph C., xxx-xx-xxxx
Huber, Lawrence D., xxx-xx-xxxx
Huddleson, Scott A., xxx-xx-xxxx
Huffman, Phyllip B., xxx-xx-xxxx
Hughes, Dennis C., xxx-xx-xxxx
Hughes, Philip G., xxx-xx-xxxx
Hughes, William F., Jr., xxx-xx-xxxx
Hyatt, Mark A., xxx-xx-xxxx
Iacobucci, James C., xxx-xx-xxxx
Iken, Daniel R., xxx-xx-xxxx
Ilseng, Jimmy D., xxx-xx-xxxx
Inscoe, Philip D., xxx-xx-xxxx
Irish, Philip A., III, xxx-xx-xxxx
Jackson, David G., xxx-xx-xxxx
Jackson, John P., xxx-xx-xxxx
Jacobs, Jeffrey L., xxx-xx-xxxx
Jacobson, Mark C., xxx-xx-xxxx
James, Donald W., xxx-xx-xxxx
Janisse, Thomas C., xxx-xx-xxxx
Jeffs, Raymond E., xxx-xx-xxxx
Jensen, Robert A., Jr., xxx-xx-xxxx
Johansen, Marc C., xxx-xx-xxxx
Johnson, Mark D., xxx-xx-xxxx
Johnson, Mark R., xxx-xx-xxxx
Johnson, Roy T., Jr., xxx-xx-xxxx
Johnson, Verle L. Jr., xxx-xx-xxxx
Jolly, Jay D., xxx-xx-xxxx
Jones, Charles E., xxx-xx-xxxx
Jones, John P., xxx-xx-xxxx
Jones, William H., xxx-xx-xxxx
Judkins, James E., xxx-xx-xxxx
Justiz, Charles R., xxx-xx-xxxx
Kaan, Kevin J., xxx-xx-xxxx
Kampa, Lawrence M., xxx-xx-xxxx
Kane, Thomas P., xxx-xx-xxxx
Karner, Joseph R., xxx-xx-xxxx
Katahara, Lester K., xxx-xx-xxxx
Keagle, James M., xxx-xx-xxxx
Keaton, James M., xxx-xx-xxxx
Kelley, Joseph E., xxx-xx-xxxx
Kelly, Christopher A., xxx-xx-xxxx
Kelly, James R., xxx-xx-xxxx
Kelly, John E. Jr., xxx-xx-xxxx
Kelly, William M., xxx-xx-xxxx
Kemerling, Robert A., xxx-xx-xxxx
Kemp, Kelvin P., xxx-xx-xxxx
Kerley, Donald J., xxx-xx-xxxx
Kimmel, William S., xxx-xx-xxxx
Kinard, Walter A., xxx-xx-xxxx
Kinkead, Scott A., xxx-xx-xxxx
Kirkpatrick, Richard A., xxx-xx-xxxx
Kirsteatter, Gary L., xxx-xx-xxxx
Kisby, Arthur E., xxx-xx-xxxx
Kitchen, Craig N., xxx-xx-xxxx
Klena, Martin J., xxx-xx-xxxx
Klimes, Kenneth G., xxx-xx-xxxx
Kline, Timothy H., xxx-xx-xxxx
Klinger, Peter C., xxx-xx-xxxx
Knauss, Brian L., xxx-xx-xxxx
Knight, Wade D., xxx-xx-xxxx
Knoll, Michael G., xxx-xx-xxxx
Kocher, Lloyd W., xxx-xx-xxxx
Kohler, Erik P., xxx-xx-xxxx
Kolessar, Thomas D., xxx-xx-xxxx
Kolm, Paul A., xxx-xx-xxxx
Konwin, Kenneth C., xxx-xx-xxxx
Koraly, Steven C., xxx-xx-xxxx
Koster, James F., xxx-xx-xxxx
Kotecki, David A., xxx-xx-xxxx
Kurtz, Gregory A., xxx-xx-xxxx
Kuskie, Michael R., xxx-xx-xxxx
Lambert, Charles E. Jr., xxx-xx-xxxx
Lambert, Kent B., xxx-xx-xxxx
Lane, David T. II, xxx-xx-xxxx
Lane, Jesse P. III, xxx-xx-xxxx
Lane, Lance R., xxx-xx-xxxx
Lansford, John F., Jr., xxx-xx-xxxx
Lanzit, Chris R., xxx-xx-xxxx
Larson, Michael S., xxx-xx-xxxx
Latham, Charles B., xxx-xx-xxxx
Lawrence, George A., xxx-xx-xxxx
Lazaroff, Robert C., xxx-xx-xxxx
Lee, Bradford W., xxx-xx-xxxx
Lee, Jeffrey W., xxx-xx-xxxx
Lee, Mark C., xxx-xx-xxxx
Lenzi, Stephen M., xxx-xx-xxxx
Leonard, Jack E., xxx-xx-xxxx
Leonard, James M., xxx-xx-xxxx
Leopardi, Mark A., xxx-xx-xxxx
Leslie, James C., xxx-xx-xxxx
Lessley, Jimmy D., xxx-xx-xxxx
Leverson, Bruce N., xxx-xx-xxxx
Lewis Howard J, Jr., xxx-xx-xxxx
Lewis, Lynn M., Jr., xxx-xx-xxxx
Leysath, Terence L., xxx-xx-xxxx
Ligday, Robert C., xxx-xx-xxxx
Lillis, James M., xxx-xx-xxxx
Lind, Orville R., xxx-xx-xxxx
Lindner, Stuart P., xxx-xx-xxxx
Lindstrom, Eldon R., xxx-xx-xxxx
Linzmeier, Ralph B., Jr., xxx-xx-xxxx
Lockette, Emory W., Jr., xxx-xx-xxxx
Loftus, Brian E., xxx-xx-xxxx
Loftus, Lawrence J., xxx-xx-xxxx
London, Charles R., xxx-xx-xxxx
Long, Jack D., xxx-xx-xxxx
Long, Lynn I., xxx-xx-xxxx
Loskill, Edwin R., xxx-xx-xxxx
Lovegrove, Matthew G., xxx-xx-xxxx
Lovett, Cole K., xxx-xx-xxxx
Lower, Roy W., xxx-xx-xxxx
Lowery, Lawrence W., xxx-xx-xxxx
Lowrey, Robert L., xxx-xx-xxxx
Luby, Michael A., xxx-xx-xxxx
Lucas, Charles L., xxx-xx-xxxx
Lucca, Michael J., xxx-xx-xxxx
Lunsford, Stephen G., xxx-xx-xxxx
Luntzel, James R. III, xxx-xx-xxxx
Lutz, Robert J., xxx-xx-xxxx
Lux, Gregory K., xxx-xx-xxxx
Lynch, Patrick J., xxx-xx-xxxx
Lyons, Michael O., xxx-xx-xxxx
Macelhaney, William L., xxx-xx-xxxx
Macey, Theodore I., xxx-xx-xxxx
Madison, John E., Jr., xxx-xx-xxxx
Malizola, Michael J., xxx-xx-xxxx
Malutich, Stephen M., xxx-xx-xxxx
Maples, James M., Jr., xxx-xx-xxxx
Maquet, Michael L., xxx-xx-xxxx
Massaro, James C., xxx-xx-xxxx
Mastroianni, John N., xxx-xx-xxxx
Matlock, Jimmy C., xxx-xx-xxxx
Maughan, Michael B., xxx-xx-xxxx
May, Thomas A., xxx-xx-xxxx
McAlpin, Sherman E., xxx-xx-xxxx
McBride, James I., xxx-xx-xxxx
McCance, Thomas L., xxx-xx-xxxx
McClure, James A., xxx-xx-xxxx
McCord, Michael S., xxx-xx-xxxx
McCormack, Darrell L., xxx-xx-xxxx
McCoy, Michael W., xxx-xx-xxxx
McGinnis, Michael M., xxx-xx-xxxx
McIlhenny, Edward A., xxx-xx-xxxx
McIntire, Francis E., Jr., xxx-xx-xxxx
McKean, Kenneth F., xxx-xx-xxxx
McKinley, John E., xxx-xx-xxxx
McLane, Bruce P., xxx-xx-xxxx
McLaughlin, Lary R., xxx-xx-xxxx

McLauthlin, Scott B., xxx-xx-xxxx
McLean, Brian W., xxx-xx-xxxx
McManamy, Thomas J., xxx-xx-xxxx
McMonagle, Donald R., xxx-xx-xxxx
McNabb, Duncan J., xxx-xx-xxxx
McSpadden, William A., xxx-xx-xxxx
Meeker, James R., xxx-xx-xxxx
Mefford, Scott D., xxx-xx-xxxx
Mentemeyer, Richard A., xxx-xx-xx...
Michel, Norman E., xxx-xx-xxxx
Miklos, Mark, xxx-xx-xxxx
Miles, Ross A., xxx-xx-xxxx
Miller, Dave A., xxx-xx-xxxx
Miller, John L., xxx-xx-xxxx
Miller, John M., xxx-xx-xxxx
Miller, Martin G., xxx-xx-xxxx
Milroy, Andrew G., xxx-xx-xxxx
Moats, J. E., xxx-xx-xxxx
Monacell, Dennis L., xxx-xx-xxxx
Monaghan, Joseph R., Jr., xxx-xx-xxxx
Monti, Stewart T., xxx-xx-xxxx
Moody, Curt S., xxx-xx-xxxx
Moody, David L., xxx-xx-xxxx
Moore, Jeffrey W., xxx-xx-xxxx
Moorefield, Robert K., xxx-xx-xxxx
Morris, James E., xxx-xx-xxxx
Morris, Richard A., xxx-xx-xxxx
Morrow, Robert K. Jr., xxx-xx-xxxx
Motley, William T., xxx-xx-xxxx
Muck, Michael W., xxx-xx-xxxx
Munrb, James S., xxx-xx-xxxx
Murphree, Harold W., xxx-xx-xxxx
Murphy, Charles E., xxx-xx-xxxx
Murphy, Franklin, xxx-xx-xxxx
Murphy, Scott W., xxx-xx-xxxx
Murphy, William J., xxx-xx-xxxx
Murray, Frank J., xxx-xx-xxxx
Murray, William S., xxx-xx-xxxx
Myers, Dean A., xxx-xx-xxxx
Nardecchia, Philip M., xxx-xx-xxxx
Neddo, Roger C., Jr., xxx-xx-xxxx
Nelson, James R., xxx-xx-xxxx
Nelson, Richard G., xxx-xx-xxxx
Nelson, William P., xxx-xx-xxxx
Nemetz, James A., xxx-xx-xxxx
Neumann, David K., xxx-xx-xxxx
Newell, David F., xxx-xx-xxxx
Newman, Eric J., xxx-xx-xxxx
Newman, Robert W., xxx-xx-xxxx
Newsome, Richard W., Jr., xxx-xx-xxxx
Nickelson, Richard B., xxx-xx-xxxx
Nierstheimer, Randal W., xxx-xx-xxxx
Northgraves, Jeffrey A., xxx-xx-xxxx
Norton, Edward C., xxx-xx-xxxx
Nugent, William J., xxx-xx-xxxx
Oberbillig, Ronald M., xxx-xx-xxxx
Obrien, Kevin P., xxx-xx-xxxx
Oconnell, Michael J, III, xxx-xx-xxxx
Olsen, David E., xxx-xx-xxxx
Omasta, Robert P., xxx-xx-xxxx
Oneill, John P., xxx-xx-xxxx
Orr, James C., xxx-xx-xxxx
Oukrop, Donald L., xxx-xx-xxxx
Overton, John J., xxx-xx-xxxx
Pailes, William A., xxx-xx-xxxx
Palanica, John M., xxx-xx-xxxx
Paparella, Dominick, xxx-xx-xxxx
Pappas, Robert E., xxx-xx-xxxx
Paquette, James R., xxx-xx-xxxx
Parker, David S., xxx-xx-xxxx
Parker, Thomas J., xxx-xx-xxxx
Parsons, James A., xxx-xx-xxxx
Passwater, John M., xxx-xx-xxxx
Patterson, Russell W., xxx-xx-xxxx
Payne, James M., xxx-xx-xxxx
Pedersen, Richard M., xxx-xx-xxxx
Pefley, Michael D., xxx-xx-xxxx
Pelton, Douglas R., xxx-xx-xxxx
Pennett, John G., xxx-xx-xxxx
Pennock, John C., xxx-xx-xxxx
Peplinski, James H., xxx-xx-xxxx
Perry, Gilbert T., Jr., xxx-xx-xxxx
Peters, Richard A., xxx-xx-xxxx
Pethe, Travis M., xxx-xx-xxxx
Pettitt, Richard E., xxx-xx-xxxx
Pilling, Richard A., xxx-xx-xxxx
Pitsko, Daniel A., Jr., xxx-xx-xxxx
Pohl, Lawrence P., xxx-xx-xxxx
Pondrom, Patrick H., xxx-xx-xxxx
Poreda, Christopher, xxx-xx-xxxx
Powell, Alfred M. Jr., xxx-xx-xxxx
Powers, Richard R. Jr., xxx-xx-xxxx
Prawdzik, Victor S. III, xxx-xx-xxxx
Priddy, Warren R., xxx-xx-xxxx
Puzak, Nicholas, Jr., xxx-xx-xxxx
Pyrch, Thomas A., xxx-xx-xxxx
Quanbeck, Gordon H., xxx-xx-xxxx
Quinn, Keith A., xxx-xx-xxxx
Rabinowitz, Mark S., xxx-xx-xxxx
Rader, Mark W., xxx-xx-xxxx
Rae, Scot C., xxx-xx-xxxx
Rambeck, Douglas E., xxx-xx-xxxx
Ramey, Kent M., xxx-xx-xxxx
Randolph, Stephen P., xxx-xx-xxxx
Range, David N., xxx-xx-xxxx
Rathbun, Charles D., xxx-xx-xxxx
Ratkewicz, Arthur G., xxx-xx-xxxx
Ravenscroft, Donald L., xxx-xx-xxxx
Read, Gary A., xxx-xx-xxxx
Reed, Harold E., xxx-xx-xxxx
Reves, Melvin M., Jr., xxx-xx-xxxx
Reich, Michael E., xxx-xx-xxxx
Reily, David K., xxx-xx-xxxx
Reinholz, David A., xxx-xx-xxxx
Reinschmidt, John S., xxx-xx-xxxx
Renfro, Lawrence A., xxx-xx-xxxx
Restey, Michael W., xxx-xx-xxxx
Reynolds, John F., xxx-xx-xxxx
Reznick, Steven G., xxx-xx-xxxx
Richardson, Earl N., xxx-xx-xxxx
Richardson, Eugene S., xxx-xx-xxxx
Richardson, Thomas J., xxx-xx-xxxx
Riedl, Charles A., xxx-xx-xxxx
Risinger, Steven A., xxx-xx-xxxx
Risner, Norman K., xxx-xx-xxxx
Ritz, Steven R., xxx-xx-xxxx
Rivard, James T., xxx-xx-xxxx
Rivas-Pingel, Roberto J., xxx-xx-xxxx
Rivers, John R., xxx-xx-xxxx
Robards, Michael L., xxx-xx-xxxx
Robinson, Neal T., xxx-xx-xxxx
Rogers, Paul L., xxx-xx-xxxx
Rollins, John M., xxx-xx-xxxx
Romano, James J., xxx-xx-xxxx
Rosenberg, Nathan O., xxx-xx-xxxx
Rosser, James R., xxx-xx-xxxx
Roth, Russel T., xxx-xx-xxxx
Rowell, Phillip V., xxx-xx-xxxx
Ruhsam, Thomas M., xxx-xx-xxxx
Rummer, James D., xxx-xx-xxxx
Rusk, David K., xxx-xx-xxxx
Russ, Raymond J., xxx-xx-xxxx
Russell, Bobby L., xxx-xx-xxxx
Ruxer, Robert L., Jr., xxx-xx-xxxx
Ryan, Robert E., xxx-xx-xxxx
Sacrider, Michael J., xxx-xx-xxxx
Sambuchi, Gary, xxx-xx-xxxx
Sams, David W., xxx-xx-xxxx
Sanborn, Phillip A., Jr., xxx-xx-xxxx
Sandwick, Richard L., xxx-xx-xxxx
Sarno, Ronald A., xxx-xx-xxxx
Sauls, Lloyd L., Jr., xxx-xx-xxxx
Sayers, Robert E., xxx-xx-xxxx
Scheidt, Colin C., xxx-xx-xxxx
Schellinger, Daniel B., xxx-xx-xxxx
Schmid, Michael J., xxx-xx-xxxx
Schmidt, Michael H., xxx-xx-xxxx
Schmitt, Thomas J., xxx-xx-xxxx
Schocker, Peter R., xxx-xx-xxxx
Schoeck, Edward P., xxx-xx-xxxx
Schoeck, James A., xxx-xx-xxxx
Scholten, Myron J., xxx-xx-xxxx
Schrader, Kurt H., xxx-xx-xxxx
Schraeder, Robert J., Jr., xxx-xx-xxxx
Schultz, Robert G., xxx-xx-xxxx
Schweitzer, Dennis L., xxx-xx-xxxx
Sciacca, John M., xxx-xx-xxxx
Scott, Darryl A., xxx-xx-xxxx
Scott, Robin E., xxx-xx-xxxx
Scroggs, William A., Jr., xxx-xx-xxxx
Sebring, Michael M., xxx-xx-xxxx
Sega, Ronald M., xxx-xx-xxxx
Segulja, Thomas E., xxx-xx-xxxx
Seip, Norman R., xxx-xx-xxxx
Selway, Michael M., xxx-xx-xxxx
Sefras, David R., xxx-xx-xxxx
Sevdy, Tris A., xxx-xx-xxxx
Sexton, William A. III, xxx-xx-xxxx
Seydewitz, James C., xxx-xx-xxxx
Shacklett, Jack L., xxx-xx-xxxx
Shamess, James M., xxx-xx-xxxx
Shanley, Frank T., xxx-xx-xxxx
Sheprow, Mark E., xxx-xx-xxxx
Sherry, Paul D., xxx-xx-xxxx
Shine, Joseph D., xxx-xx-xxxx
Shnowske, John R., xxx-xx-xxxx
Shockley, Randall D., xxx-xx-xxxx
Shotton, Neil U., xxx-xx-xxxx
Shutt, Samuel L., xxx-xx-xxxx
Sienicki, James J., xxx-xx-xxxx
Sihrer, Wayne F., xxx-xx-xxxx
Sills, James A., xxx-xx-xxxx
Sims, William J. III, xxx-xx-xxxx
Skalko, James P., xxx-xx-xxxx
Slaton, James F., xxx-xx-xxxx
Smith, Bruce G., xxx-xx-xxxx
Smith, Clarence D., Jr., xxx-xx-xxxx
Smith, Gregor D., xxx-xx-xxxx
Smith, James B., xxx-xx-xxxx
Smith, John C., xxx-xx-xxxx
Smith, Mark E., xxx-xx-xxxx
Smith, Scott L., xxx-xx-xxxx
Smith, Thomas D., xxx-xx-xxxx
Snedeker, Michael J., xxx-xx-xxxx
Solan, John B., xxx-xx-xxxx
Solt, Russell M. III, xxx-xx-xxxx
Spendley, Paul K., xxx-xx-xxxx
Spray, James M., xxx-xx-xxxx
Spry, Phillip L., xxx-xx-xxxx
Stafford, Robert W., xxx-xx-xxxx
Stangl, Kip K., xxx-xx-xxxx
Stant, Kirk E., xxx-xx-xxxx
Stanton, Lawrence A., xxx-xx-xxxx
Steadman, Michael J., xxx-xx-xxxx
Stearman, Ricky T., xxx-xx-xxxx
Steeby, Kurt R., xxx-xx-xxxx
Steinhilpert, Gregg P., xxx-xx-xxxx
Stephens, Tracy G., xxx-xx-xxxx
Stephenson, David P., xxx-xx-xxxx
Sterne, Stephen A., xxx-xx-xxxx
Stevens, Charles A., xxx-xx-xxxx
Stevens, Riley R., xxx-xx-xxxx
Stewart, Charles G., xxx-xx-xxxx
Stiffler, Donald R., xxx-xx-xxxx
Stockert, Dennis M., xxx-xx-xxxx
Stockstad, Alan C., xxx-xx-xxxx
Stone, Frederick W. Jr., xxx-xx-xxxx
Strack, Stephen M., xxx-xx-xxxx
Straight, Gregory E., xxx-xx-xxxx
Strang, Lawrence L., xxx-xx-xxxx
Straub, Richard, xxx-xx-xxxx
Strong, Howard P., xxx-xx-xxxx
Struble, James D. Jr., xxx-xx-xxxx
Sturdevant, Harold L. Jr., xxx-xx-xxxx
Sturdivant, Willis A., xxx-xx-xxxx
Sullivan, John V., xxx-xx-xxxx
Sumida, Michael K., xxx-xx-xxxx
Surber, Dan C., xxx-xx-xxxx
Sutley, Robert A., xxx-xx-xxxx
Swallom, Donald W., xxx-xx-xxxx
Sweda, John C., xxx-xx-xxxx
Sweeney, John D., xxx-xx-xxxx
Tarleton, Gadson J. III, xxx-xx-xxxx
Tate, Ralph H. III, xxx-xx-xxxx
Taylor, Dewayne G., xxx-xx-xxxx
Taylor, Mark J., xxx-xx-xxxx
Teigeler, Edward F. III, xxx-xx-xxxx
Terpolilli, Ralph N., xxx-xx-xxxx
Terry, Michael R., xxx-xx-xxxx
Thomas, Nicholas, xxx-xx-xxxx
Thurgood, Steven R., xxx-xx-xxxx
Tice, Andrew W. Jr., xxx-xx-xxxx
Tietjen, James G., xxx-xx-xxxx
Timberlake, Marion A. Jr., xxx-xx-xxxx
Tomich, John J., xxx-xx-xxxx
Traficanti, Joseph J., xxx-xx-xxxx
Trautman, Robert S., xxx-xx-xxxx
Trovillion, Gary H., xxx-xx-xxxx
Trumbull, Keith R., xxx-xx-xxxx
Tucker, Charles W., xxx-xx-xxxx
Tupper, Kenneth W., xxx-xx-xxxx
Ufford, John C., xxx-xx-xxxx
Urdawl, Russell J., xxx-xx-xxxx
Vanhorn, William H., xxx-xx-xxxx
Vanney, Mark S., xxx-xx-xxxx
Vanscoyk, Randy G., xxx-xx-xxxx
Vechik, Kenneth W., xxx-xx-xxxx
Vereb, John M., xxx-xx-xxxx
Verling, John D., xxx-xx-xxxx
Vieweg, Christian S., xxx-xx-xxxx
Vliet, Laurence C., xxx-xx-xxxx
Vollink, Dennis J., xxx-xx-xxxx
Voss, John R., xxx-xx-xxxx
Wahl, Walter E., xxx-xx-xxxx

Walker, Douglas A., xxx-xx-xxxx
Walker, Philip E., xxx-xx-xxxx
Walker, Ronald D., xxx-xx-xxxx
Wallingford, Stephen H., xxx-xx-xxxx
Ward, John R., xxx-xx-xxxx
Watson, Ronald W., xxx-xx-xxxx
Watson, Thomas F., xxx-xx-xxxx
Wayne, Robert W., Jr., xxx-xx-xxxx
Weaver, John W., xxx-xx-xxxx
Webb, Lance C., xxx-xx-xxxx
Weiss, Steven W., xxx-xx-xxxx
Weiss, Thomas R., xxx-xx-xxxx
Wells, George M., xxx-xx-xxxx
Wells, Michael E., xxx-xx-xxxx
Whalen, Edward, xxx-xx-xxxx
Wheelock, Johnny B., xxx-xx-xxxx
Whitton, Robert S., xxx-xx-xxxx
Widmer, Robert J., Jr., xxx-xx-xxxx
Wilde, Linn E. III., xxx-xx-xxxx
Wildman, David M., xxx-xx-xxxx
Williams, Alan P., xxx-xx-xxxx
Williams, James C., xxx-xx-xxxx
Williams, Richard, xxx-xx-xxxx
Williams, Robert L., xxx-xx-xxxx
Williams, Robert L., xxx-xx-xxxx
Wilson, Barry S., xxx-xx-xxxx
Wilson, David S., xxx-xx-xxxx
Wohlman, Richard A., xxx-xx-xxxx
Wolfert, Michael L., xxx-xx-xxxx
Wooten, Marc A., xxx-xx-xxxx
Worth, Brian D., xxx-xx-xxxx
Wright, Donald O., xxx-xx-xxxx
Wright, Richard H., xxx-xx-xxxx
Yaap, Henry R., xxx-xx-xxxx
Yasuhara, Thomas T., xxx-xx-xxxx
Yeilding, James H., xxx-xx-xxxx
York, Jeffrey P., xxx-xx-xxxx
Young, Alan H., xxx-xx-xxxx
Yucuis, William A., xxx-xx-xxxx
Zdanuk, Anthony F., Jr., xxx-xx-xxxx
Zimmerman, John A., xxx-xx-xxxx
Zimmerman, John C., xxx-xx-xxxx

The following cadets, U.S. Military Academy, for appointment in the Regular Air Force in the grade of second lieutenant, effective upon their graduation, under the provisions of section 541 and 8284, title 10, United States Code, date of rank to be determined by the Secretary of the Air Force.

Barton, Terry L., xxx-xx-xxxx
Bower, Ralph E., III, xxx-xx-xxxx
Burden, James A., xxx-xx-xxxx
Cathcart, Douglas C., xxx-xx-xxxx
Chafin, James T., III, xxx-xx-xxxx
Conley, Adrain C., xxx-xx-xxxx
Crewse, Douglas O., xxx-xx-xxxx
Dejonckheere, Richard K., xxx-xx-xxxx
Fletcher, William A. Jr., xxx-xx-xxxx
Hulsey, George D., xxx-xx-xxxx
Kirk, Flayo O., xxx-xx-...
Lambert, David W., xxx-xx-xxxx
Lengnick, Thomas A., xxx-xx-xxxx
Lennon, Mark P., xxx-xx-xxxx
Luce, Michael W., xxx-xx-xxxx
Martin, Ted A., xxx-xx-xx...
McConnell, Michael P., xxx-xx-xxxx
Muir, William C., Jr., xxx-xx-xxxx
Oxford, Vayl S., xxx-xx-xxxx
Robbe, Adrian D., xxx-xx-xxxx
Scott, Winfield W. III, xxx-xx-xxxx
Stinson, David R., xxx-xx-xxxx
Thompsen, David W., xxx-xx-xxxx
Weidner, Michael L., xxx-xx-xxxx
Westenhoff, Charles M., xxx-xx-xxxx

EXTENSIONS OF REMARKS

MANY STOOD BEHIND HANK

HON. CLEM ROGERS McSPADDEN

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 10, 1974

Mr. McSPADDEN. Mr. Speaker, on the night of April 8, 1974, at 9:07 p.m., in Atlanta, Ga., a 40-year-old professional baseball player named Hank Aaron blasted a baseball 385 feet over the left field fence. That is not the first time Hank had blasted a home run, nor was it the longest. The notable fact was that particular home run established an all-time world's record for the most home runs hit by any one player.

Hank Aaron was the man who held the bat, but behind the former shoeshine boy who accomplished this feat, stood a long line of precursors, other men, black and white, which made that historic moment possible. It is a moment in history which all Americans share because all Americans, regardless of race, creed, national origin or religion, are a nation of achievers.

Henry Aaron held the wood which made that moment in history possible in which he eclipsed the world's record for home runs previously held by the great Babe Ruth. There will be constant and never ending discussions and debates concerning minor points: that the Babe hit his in fewer games: that the Babe hit more in one season; there will be many sessions of avid fans who will have topics of conversations for years to come. Irrespective of the discussions and debates, behind Hank Aaron we find many instances of innovators and explorers such as the black who sailed with Christopher Columbus on the voyage which discovered the New World. Behind Henry Aaron was the black, who with the Spanish Conquistadore Coronado roamed what is now Mexico and the great Midwest of the United States in search of the fabled and elusive golden villages of Fidola.

Behind Henry Aaron was Crispus Attucks, a black slain by panicky British troops on the streets of Boston two centuries ago. Further, behind Hank Aaron stood Mathew Henson, a black companion of Admiral Perry and the man who actually planted the Flag of the United States at the North Pole. Further back behind Hank Aaron stood the Mississippi Senator, Blanche K. Bruce, the first black in history to serve a full term in the U.S. Senate. Behind Hank stood the innovators like Jackie Robinson who reportedly withstood an hour of vituperation from the mouth of Branch Rickey who was trying the first black to play in the major leagues. Rickey was testing the great Robinson to see if he could stand the racist explicitives which would be, and were, hurled at him until his greatness and gentleness as a man, drew admiration instead of catcalls and slander. Rickey, the story goes, then apologized and said, after Jackie had kept his cool, "That's what you're going to have to put up with."

Behind Hank stood the living legend of Sachel Paige who's motto was "Don't look back, they may be gaining on you." Hank Aaron didn't look back and he was the one who made the gains.

Behind Hank stood Luke Easter, the second black admitted into major league baseball. There behind Hank and Jackie and Luke stood such great athletes and great men as Don Newcomb and Roy Campanella, a great catcher sliced down in mid-career by a tragic accident.

Hank Aaron was the man who held the wood which batted ball number 12–12–2–2– over the left field fence but there were countless men who made that moment possible—that moment which is cheered by all Americans, black, white, red, green, or pie-balded. A salute to Hank Aaron should also be a salute to all those men, named and unnamed, who made it all possible. This is a time when we need heroes. Hank Aaron is a Christian gentleman and a hero.

Thank you, Mr. Speaker.

MASSACHUSETTS CHAMPIONING CAUSE OF FREEDOM

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 10, 1974

Mr. MOAKLEY. Mr. Speaker, throughout the history of our great Nation the people of Massachusetts have consistently championed the cause of freedom not only at home but abroad as well.

This drive to improve the condition of all men, which has its roots in Lexington and Concord, once again has surfaced to champion the cause of black people in South Africa, Rhodesia, Angola, and anywhere else in the world where apartheid exists.

This "apartheid" doctrine, which denies the basic human equality of all men, is an affront to the people of Massachusetts and all persons of good will throughout the world.

Under the leadership of the Massachusetts Black Caucus, the House of Representatives of the Commonwealth on March 27 approved a resolution condemning the white supremacist policy wherever it exists today.

At the direction of the Speaker of the Massachusetts House, this resolution is being sent directly to the Governments of South Africa, Rhodesia, and Angola.

It is with great pride and honor that I place the full text of this resolution into the CONGRESSIONAL RECORD so that my colleagues in the House might know of the dedication to freedom of the people of the Commonwealth of Massachusetts:

RESOLUTIONS CONDEMNING THE SYSTEM OF "APARTHEID"

Whereas, The Governments of South Africa and Rhodesia have consistently followed a system of "Apartheid"; and

Whereas, Wages for white workers in South Africa and Rhodesia are ten to fifteen times more than wages for black workers; and

Whereas, Most black workers are forbidden to join labor unions; and