14. Adjustments to income (such as "sick pay," moving expenses, etc. from line 43): $3,082.

15. Subtract line 14 from line 13 (adjusted gross income): $78,981.

TAX, PAYMENTS AND CREDITS

16. Tax, check if from: x Schedule D: $23,067.

21a. Total Federal income tax withheld (attach forms W-2 or W-2P to front): $10,077.

22. Total (add lines 21a, b, c, and d): $10,077.

BALANCE DUE OR REFUND

23. If line 20 is larger than line 22, enter balance due IRS: $13,304.

Note: 1972 Presidential Election Campaign Fund Designate.—Check x if you did not designate $1 of your taxes on your 1972 return, but now wish to do so. If joint return, check x if spouse did not designate on 1972 return but now wishes to do so.

Preparer's signature (other than taxpayer): Coopers & Lybrand, 1200 1st Nat'l Bank Bldg., Miami, Florida 33131.

Penalty for underpayment: $314.

PART I. INCOME OTHER THAN WAGES, DIVIDENDS, AND INTEREST

28. Business income or (loss) (attach Schedule C): ($8,129).

29. Net gain or (loss) from sale or exchange of capital assets (attach Schedule D): $26,073.

31. Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E): $39.

37. Other (state nature and source), Honorarium—$250; Articles and newsletters—$3,185: $4,065.

38. Total (add lines 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37). Enter here and on line 12: $22,048.

PART II. ADJUSTMENTS TO INCOME

41. Employee business expense (attach Form 2106 or statement): $3,082.

43. Total adjustments (add lines 39, 40, 41, and 42). Enter here and on line 14: $3,082.

PART III. TAX COMPUTATION

44. Adjusted gross income (from line 15): $78,981.

45. (a) If you itemize deductions, enter total from Schedule A, line 41 and attach Schedule A. (b) If you do not itemize deductions, enter 15% of line 44, but do not enter more than $2,000. ($1,000 if line 3 checked): $15,950.

46. Subtract line 45 from line 44: $63,031.

47. Multiply total number of exemptions claimed on line 7, by $750: $1,500.

48. Taxable income. Subtract line 47 from line 46: $61,531.

PART V. OTHER TAXES

58. Minimum tax. Check here x, if Form 4625 is attached: None.

61. Total (add lines 55, 56, 57, 58, 59, and 60). Enter here and on line 19: None.

SENATE—*Thursday, April 25, 1974*

The Senate met at 11 a.m. and was called to order by Hon. DICK CLARK, a Senator from the State of Iowa.

PRAYER

The Reverend John D. Raymond, Belle View Baptist Church, Alexandria, Va., offered the following prayer:

O God, we acknowledge Thee as the God of our fathers, whose grace and mercy are broader than man can measure. As thoughtful men, we pause to reassess life's directions in the light of Thy glory; and to refresh our spirits by Thy power.

With deep humility we thank Thee for our heritage as Americans. Let us never surrender the noble dreams of our Founding Fathers, but with infinite patience, weave them into our highest hopes for a better world.

We ask Thy blessing on those in this body, who, by Thy providence, have been given great responsibility in the affairs of state. May wisdom and courage from on high be theirs, so that as a nation we may fail neither man nor Thee.

Hear our prayer, Father, for it is offered in the name of Jesus of Nazareth. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 25, 1974.

To the Senate:

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

JAMES O. EASTLAND,
President pro tempore.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 15. An act to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide a Federal death benefit to the surviving dependents of public safety officers; and

S. 628. An act to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married.

The message also announced that the House had passed a bill (H.R. 12799) to amend the Arms Control and Disarmament Act, as amended, in order to extend the authorization for appropriations, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 12799) to amend the Arms Control and Disarmament Act, as amended, in order to extend the authorization for appropriations, and for other purposes, was read twice by its title and referred to the Committee on Foreign Relations.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, April 24, 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.

EXECUTIVE SESSION

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

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

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

DEPARTMENT OF JUSTICE

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

Nathan G. Graham, of Oklahoma, to be U.S. attorney for the northern district of Oklahoma.

Clinton T. Peoples, of Texas, to be U.S. marshal for the northern district of Texas.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

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

U.S. POSTAL SERVICE

The second assistant legislative clerk read the nomination of Robert Earl Holding, of Wyoming, to be Governor of the U.S. Postal Service for the term expiring December 8, 1982.

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

DEPARTMENT OF STATE

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

Alfred L. Atherton, Jr., of Florida, to be an Assistant Secretary of State.

Webster B. Todd, Jr., of New Jersey, to be Inspector General, Foreign Assistance.

Leonard Kimball Firestone, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium.

Robert Strausz-Hupe, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sweden.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc

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

AGENCY FOR INTERNATIONAL DEVELOPMENT

The second assistant legislative clerk read the nomination of John E. Murphy, of Maryland, to be Deputy Administrator, Agency for International Development.

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

EXECUTIVE OFFICE OF THE PRESIDENT

The second assistant legislative clerk read the nomination of Henry E. Catto, Jr., of Texas, Chief of Protocol for the White House, to have the rank of Ambassador.

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

INTERNATIONAL EXPOSITION ON THE ENVIRONMENT

The second assistant legislative clerk proceeded to read the nomination of James G. Critzer, of Washington, to be Commissioner for a Federal exhibit at the International Exposition on the Environment.

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

INTER-AMERICAN FOUNDATION

The second assistant legislative clerk proceeded to read sundry nominations in the Inter-American Foundation.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

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

BOARD FOR INTERNATIONAL BROADCASTING

The second assistant legislative clerk proceeded to read sundry nominations in the Board for International Broadcasting.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

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

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The second assistant legislative clerk proceeded to read sundry nominations in the Coast Guard, which had been placed on the Secretary's desk.

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

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

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

LEGISLATIVE SESSION

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

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the distinguished acting minority leader desire recognition at this time?

INFLATION AND WAGE AND PRICE CONTROLS

Mr. GRIFFIN. Mr. President, of course, this Senator has taken note of the action yesterday reportedly taken by the Democratic majority in caucus when, as I understand it, a policy statement was adopted calling for extension of standby authority for the President to impose wage and price controls.

It seems to me that, although the experience has been rather painful, most Members of Congress and the people of the country have learned that wage and price controls do not provide an appropriate answer to the problem of inflation. In fact, controls have been the cause of dislocations in the economy and have actually created shortages which, in turn, have exacerbated the inflation problem.

After that experience, if another wage and price control program were to be instituted, the Congress would want to have a strong hand in its formulation—that Congress would want to play a major role in any such policy decision.

Where is—what has happened to—this interest on the part of Congress to reassert its constitutional responsibilities in the legislative process?

Instead of asserting that role and exercising its responsibility, the resolution on the part of the Democratic majority, as I understand it, would simply hand to the President of the United States broad, unfettered discretionary authority to put into effect, whenever he pleases, whatever wage-price control program he chooses. Of course, thereafter, I am sure there would be considerable criticism aimed at the President regardless of what he did.

I must admit that this maneuver on the part of the Democratic majority may be good politics. But I do not think the country, at a time like this, is looking for politics as usual. I believe the country would expect from Congress a different attitude, a different posture than that.

So, having taken notice of the action of the Democratic majority on yesterday, as for myself, I would respond by challenging the Democratic majority to put into effect the wage and price control program they think would be appropriate at this time—rather than merely handing over broad, unfettered authority to the President of the United States.

If the Democratic majority really believes that wage and price controls are the answer to inflation, then they should also decide and put into effect by legislation the program of wage and price controls they want.

If the Democratic majority really thinks it is the answer, then by all means I suggest to them—indeed, I would challenge them—to put their wage-price control program into effect.

As for me, although I regret that the rate of inflation is higher now than it has been, I also realize that such controls are not the answer. This is one Senator who has learned the lesson which many television viewers learned when they saw farmers killing their baby chickens last year because prices would not justify buying the feed to raise them. As a result, a shortage of chickens developed for a period. Instead of holding prices down, the experience with controls has been that prices are pushed up by shortages resulting from the program.

Mr. MANSFIELD. Mr. President, the distinguished acting Republican leader does not need to challenge the Democratic majority, so-called, because he is well aware that there are Members on his side of the aisle who know that at this moment the inflationary rate in the country stands at 14.5 percent for the first 3 months or more.

As far as the kind of wage and price controls I would want are concerned, I deplored the fact that the President, a year ago last January, terminated phase II, which was working effectively in the fields of wage and price controls. He made a mistake at that time because phase III and phase IV have been utter failures.

This is not a question of politics as usual. Every Senator feels the inflation in his pocketbook. Every Senator's family does, too. But that is of secondary significance. It is the ordinary working people of this country who are feeling inflation the hardest and being given the least in the way of consideration. It is the pensioner and the retiree, those on fixed incomes, who are the ones paying the price. They are the ones who should be given the consideration which is their due.

It is not just up to the so-called Democratic majority in Congress. It is up to the administration and Congress, working together, to try to do something to bring about at least an alleviation of the problem which confronts the Nation as a whole today, a problem which is getting worse, a problem which John Dunlop, this administration's Director of the Cost of Living Council, referred to yesterday in disputing the administration's figures that there would be a downturn in the inflationary rate for this quarter.

Mr. President, we cannot get away from the fact that over the past calendar year, from March 1973 to March 1974, this Nation endured a 10.5 percent inflation; that for January, February, and March of this year the inflation rate was 14.5 percent, and it has not gone down.

We cannot gainsay the fact that the market is declining. I really do not know what that means, because I own no stock. We cannot avoid the fact that there has been a decrease of 5.8 percent in the gross national product. We cannot avoid the fact that bargainings are going to occur sometime this spring between the major labor unions and their employers; and with no controls on whatsoever, the Lord only knows what is going to happen to wages and prices then. The unions may get sizable increases in their wages, and they are entitled to good increases, because they have acted with tact, discretion, and restraint during the past 2 years. But what good is an increase in wages going to be if the increase in inflation supersedes that increase?

I know that the U.S. Chamber of Commerce is not interested in any type of wage and price control. I received a telegram from Mr. Booth this morning, indicating his opposition to what the Democrats in conference just considered on yesterday. I received a telegram from the AFL–CIO this morning saying the same thing. I also received a telegram from at least one other union. Evidently, they were caught by surprise. They evidently did not think that we had any sense of responsibility or concern. They seemed to ignore the fact that we are trying to look after the interests of the people as a whole.

No, Mr. President, this is not politics as usual. This is something which the administration and Congress—Republicans and Democrats—should work together on, so that some alleviation could be achieved insofar as the welfare and the betterment of the people of the Nation are concerned.

The distinguished Senator from Wisconsin (Mr. PROXMIRE) was not in favor of the resolution passed yesterday. He was the only one I knew of. He had left before the vote was taken, but when the vote was taken, it was unanimous on the part of those in the Chamber. The Senator from Wisconsin was primarily responsible, he and his committee, for having passed in the Senate—agreed to by the House and signed by the President, reluctantly—the price and wage controls which the President, when he ordered the first devaluation of the dollar, on August 15, 1971 or 1972, put into effect. Then, when he put phase II into effect, it worked. The big mistake was for the administration to take off phase II. So far as I am concerned, speaking as a Senator from the State of Montana, I would like to see phase II restored, because I think the people are entitled to some consideration.

This is not politics as usual. If we sit on our fannies and do nothing, let me tell you that a lot of Republicans and Democrats, come this November—if not before—are going to pay a political price. But it is not politics. It is economics, and everybody can feel the effects in their pocketbooks.

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

Mr. MANSFIELD. I am delighted to yield.

Mr. ROBERT C. BYRD. Mr. President, I congratulate the distinguished majority leader on his response to the so-called challenge from my distinguished friend, the assistant Republican leader.

The Democratic majority does not need any challenges. It needs only to take notice of the statement made by the administration's own Secretary of Agriculture, Mr. Butz, to the effect that prices in the grocery stores will be up 12 percent this year.

The President of the United States said, a few years back, that he did not want the Economic Stabilization Act, that he did not want the standby authority; but Congress enacted the measure anyhow, providing standby authority for the President to impose controls, and he finally got around to using it. In August of 1971, he imposed a 90-day freeze, and in November of 1971 he imposed phase II price controls. They worked exceedingly well throughout the year of 1972.

In January 1973, those controls were prematurely lifted by the administration; and as we all know, and as the distinguished majority leader has said, phases III and IV proved to be colossal failures.

Mr. President, I do not become overly concerned about challenges; but inasmuch as a challenge has been laid down, I return the challenge to the Republican leadership and Republicans on the other side of the aisle who have consistently been very cooperative with the Democratic leadership in meeting problems of the country. Inasmuch as the gauntlet has been thrown down, I challenge the Republicans to cooperate with the Democrats in bringing some succor and comfort to the old people of this country, and other people who are living on pensions and other low- and middle-income groups who are going to be faced with the same 12-percent increase in the grocery stores that is going to confront everybody else.

I say that the President should be given the standby authority. Whether he uses it or not, is something else. But if those controls are used properly and at the right time, I think they can and will work. I say give him the authority all across the board. Controls have been used properly in some instances; they have been used improperly in other instances. I am not going to say they will not work. Perhaps it is the way they have been applied and the timing by which they have been applied. But give the President the authority.

To maintain that the 535 Members of Congress can administer a price control program is pure bunk. The authority has to be lodged somewhere, and that somewhere is in the Chief Executive officer of this country. Let us give him the authority. He said he did not want it once. But he used it well in phases I and II. He says he does not want it now. But I do not want to be driven at some later date to reimpose controls in this country. Let us take appropriate and timely action now.

If we do not give the President such authority now, I know what the distinguished assistant Republican leader is going to be saying in November: "These prices are out of hand. Of course, the President did not ask for the authority, but the Democratic Congress sat on its fanny. It could have given him the authority. It elected not to do anything." The Democratic-controlled Senate—at least, the leadership and the Democrats in caucus—has proposed to do something rather than nothing.

I hand the challenge back to the assistant Republican leader. Let us take action now to protect the people against runaway inflation.

Mr. GRIFFIN. Mr. President, will the majority leader yield, for a brief response?

Mr. MANSFIELD. I am delighted to yield.

Mr. GRIFFIN. I commend both the majority leader and the assistant majority leader for their very eloquent responses. It seems to me, however, that they have not answered the point which the junior Senator from Michigan was seeking to make, and that is this: The Democratic majority—and, incidentally, if this has turned into a partisan political dialog, I regret it, but it came about——

Mr. MANSFIELD. The Senator is doing his best to do that very thing.

Mr. GRIFFIN. That is right. It came about because of the action taken yesterday by the Democratic caucus in a political session; obviously, I think some response from our side is in order.

Mr. MANSFIELD. If the Senator will yield right there, talking about a Democratic political caucus on yesterday, when the Republicans meet every Tuesday, should I refer to that as a Republican political dinner caucus?

Mr. GRIFFIN. I suppose that depends on what we do and what sort of statements we make.

But in this instance, what is very apparent and what is so obvious—and I would imagine that it should be to the country—is that the Democratic majority is not proposing to do anything at all about the problem of inflation—which all of us concede is a serious problem.

I join in calling attention to the figures cited. They are deplorable. One of the reasons why they are so high, one of the reasons why we have inflation, is that wage-price controls have been in effect and they did not work. Instead, they made the problem worse. What we need to do is to increase production—to increase the supplies; then prices will come down.

Mr. MANSFIELD. Phases III and IV did not work. Phase II did work, and the Senator knows it. He cannot gainsay—he does not gainsay—the fact that the present rate of inflation for this calendar year so far is 14.5 percent and going up. He cannot gainsay the fact that there has been a decline in the gross national product of 5.8 percent at the end of March, probably higher now. He cannot gainsay the fact that negotiations will be carried on which may well create a situation more difficult than the present. He cannot gainsay the fact—and this is a positive factor—that unemployment has decreased from 5.2 to 5.1 percent; nor can he gainsay the fact that the most recent Wholesale Price Index shows an inflationary increase of more than 19 percent, and this has yet to be translated into a consumer increase of even greater than 19 percent. So the trend is up.

We argue here and accuse each other of being political, when we ought to be

cooperating with one another and working with the administration to face up to the needs of the American people.

Mr. President, I ask unanimous consent that the Stevenson resolution which was adopted unanimously by those present at the Democratic conference on yesterday—a conference, may I say, called at my request and on my initiative, something which I seldom do—be printed in the RECORD, so that it will be before the Senate and the public to consider and to look at.

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

RESOLUTION ADOPTED BY SENATE DEMOCRATIC CONFERENCE ON APRIL 24, 1974

Whereas, the overall rate of inflation is at its highest level in 23 years, consumer prices are climbing at the highest rate since 1948 and wholesale price increases continue at double digit levels; and

Whereas, real gross national product is falling at the steepest rates in 16 years and the real earnings of wage earners continue their decline; and

Whereas, all authority to control wages and prices (except in the petroleum sector) and to secure and enforce commitments to exercise price restraint and expand industrial capacity will expire in seven days; and

Whereas, if all such authority is abruptly abandoned, a new surge of inflation will ensue with renewed pressure to impose wage and price controls; and

Whereas, runaway inflation poses a serious threat to the economic well-being of the nation;

Now, therefore, be it resolved that the Democratic Conference condemns the Administration's abandonment of the fight against inflation, pledges its efforts to improve the economic condition of the nation and to that end specifically supports legislation to restrain inflation by 1.) requiring the Executive Branch to monitor all sectors of the economy, private and public and enforce economic stabilization decontrol commitments; and 2.) permitting within a reasonable time an orderly termination of the wage and price controls program and be it further,

Resolved, that the leadership shall select the appropriate legislative vehicle on the Senate floor within the immediate future to permit these proposals to be considered and enacted by the Senate.

The ACTING PRESIDENT pro tempore. The time allocated to the joint leadership has expired.

Mr. MANSFIELD. Will the distinguished Senator from Wisconsin agree to yield 2 minutes out of his time?

Mr. PROXMIRE. I would like to get into the debate.

Mr. MANSFIELD. I should like to give the acting Republican leader an opportunity to respond, because I have taken up too much of his time.

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

Mr. PROXMIRE. Mr. President, I yield 2 of those minutes to the Senator from Michigan.

Mr. GRIFFIN. The problem is that to merely grant the President broad authority to impose wage and price control would be illusory. It might look as though Congress were doing something about inflation but, in fact, it would be doing nothing. Many people could be misled, and attention would be diverted from need for action on the other fronts that would really combat the causes of inflation.

Let me say this: If the Democratic majority really believes a phase II type wage-price control program would be effective, then I believe they ought to legislate it—vote it into effect. And later, when they think it should be terminated, it could be terminated by legislation.

Mr. ROBERT C. BYRD. Would the Senator really vote for it?

Mr. GRIFFIN. No, because I do not think it would work.

Mr. MANSFIELD. Did it not work?

Mr. GRIFFIN. The Democrats have the votes to do it. If they think a 5.5-percent wage ceiling, for example, should be imposed on labor in this country, they ought to do it.

Mr. ROBERT C. BYRD. Along with a ceiling on interest rates?

Mr. GRIFFIN. The Democrats have the votes to do it. At least they ought to try to do it, rather than to merely give the President all this authority and then criticize him for what he does or does not do.

Mr. MANSFIELD. We do not criticize the President. The Senator has criticized the Democrats. We want to work with the President for the common good.

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

Mr. PROXMIRE. Mr. President, I always hesitate to get in bed with the Republicans, but I must say on this occasion I would like to make this bipartisan. I think it is true that a number of Democrats are in favor of continuing controls. However, after due deliberation in the Banking, Housing and Urban Affairs Committee, on a bill that would have provided some limited continuation of controls, five of the nine Democrats voted against continuing controls, and, in substance, against pretty much what was done yesterday at the Democratic caucus. Furthermore, in the House Banking Committee, Democrats voted 11 to 8, against continuing controls.

So this is a bipartisan dispute. It is true that I authored a Senate bill which eventually was amended to include wage and price controls. The House version gave the President authority to institute controls. I was against controls. I was one of four Senators who voted against renewal of control authority in 1971. So I think I have a track record of skepticism with respect to controls.

There is no denial that inflation is our No. 1 problem. It is our No. 1 economic problem, and it is our No. 1 political problem.

The majority leader is exactly right when he points out that we have had an inflation rate of 14.5 percent recently, and that an enormous consumer price inflation may be coming about as a result of the increase in wholesale prices we have already had. But are controls the answer? The truth is that at the time we imposed controls there was an inflation rate of 4.5 percent. After 2½ years of controls, the inflation rate is not 4.5 percent, but 14.5 percent. Does that sound like controls are working? Mr. President, if you hired a manager to hold down the increased costs of your business and 2½ years after you hired him your costs were rising three times as fast, would you hire him again? Of course not. You would fire him and promptly.

This is a food, energy, and Government spending inflation. The Senate has passed legislation to roll back energy prices. The President has ample power to hold down energy prices and will have until March of 1975.

The administration can and should limit any further threats of food inflation by careful management of our exports. It has ample power to do that.

Why should we hand over further power to the President? In what areas? For what useful economic purpose?

We should not ignore the fact that we are facing the biggest peacetime increase in the Federal budget in history, an inflationary increase of $30 billion. President Nixon has just asked for a $5 billion foreign aid program, including $250 million for Egypt.

Any effective anti-inflation program should be cornered on the elimination of unnecessary and wasteful spending on the part of the Federal Government.

Mr. President, I could go on and on with this, but I would like to get into a different subject.

I have been a critic of military spending, but today I would like to speak on what is right about the military, because the military has made a great deal of progress in the last few years.

WHAT IS RIGHT WITH THE FEDERAL GOVERNMENT?—DEFENSE DEPARTMENT MAKES GREAT STRIDES IN INCREASING ITS EFFECTIVENESS

Mr. PROXMIRE. Mr. President, no agency or department of Government has made greater strides in increasing its effectiveness over the past 17 years than the Department of Defense.

I do not say this lightly. The past several weeks I have examined six different major issues facing the American public from the standpoint of assessing what progress we have made in each.

I have made these speeches because of the Watergate syndrome, because of the feeling on the part of many people that there is nothing good on the part of Congress or the executive branch, that the Government is not doing anything right, that the country faces a grim future. I think if we look at the bipartisan progress Congress has made, we get a different picture.

I have talked about advances in education, women's rights, civil rights, health care, and progress in the war on poverty.

When looking at the issue of military security it became clear that the Department of Defense had so sharply improved its capabilities that I intend to devote two speeches to this point. In a second speech on Monday I will discuss Defense Department management improvements.

Today I would like to concentrate on the increases in our strategic power.

By any measurement the Department of Defense has undergone an amazing transformation since the last 1950's. For example, in 1957 when I first entered the Senate, there was only one nuclear retaliatory weapon and it was the manned bomber. We were just then converting

from the B–36 prop aircraft to the B–52 jet fleet.

The United States had been stunned by Soviet successes in the ICBM field and there was fear that the Soviet bomber fleet was a direct threat to our security. With bombers being our only nuclear deterrent, there was legitimate concern that in any preemptive first strike by the U.S.S.R., much of our population would be wiped out.

Contrast that with our strength a few years later. Since 1957 we have added 1,000 Minuteman missiles and 54 large Titan II ICBM's.

The Minuteman missile has gone through three versions starting with the Minuteman I called the LGM–30A. It originally had the MK–5 warhead but was upgraded to the MK–11 warhead series which had a target capability of two. The follow-on Minuteman II used another improved reentry vehicle which had a greatly increased target capacity and also incorporated a penetration aids package.

In a third modification, the system was changed to the Minuteman III.

The Titan II ICBM was placed in underground silos as opposed to the coffin arrangement of the older missiles. The large throw weight of the Titan missile enabled it to carry the largest warhead in the U.S. missile inventory.

Of course, we had no Polaris submarines in 1957. The first such boat was introduced in 1960. Now we have 41 nuclear-propelled submarines with 656 missiles, most of which are the modern Poseidon type.

It is hard to overestimate the impact of the Polaris program. By combining nuclear propulsion and solid propellant technology, a new deterrent force was added to the strategic equation. By hiding in the depths of the worlds oceans for extended periods of time, the Polaris was and remains the most survivable and effective second strike deterrent force in the world.

In addition, both our land- and sea-based missile deterrents have been dramatically upgraded by the incorporation of MIRV technology which increases the number of warheads as much as 10 times. The Minuteman III Mark–12 MIRV system is thought to have three independently targetable warheads that can strike different targets perhaps up to 100 miles apart. At the present time there are 550 Minuteman III missiles planned out of a total force of 1,000. The remainder are the single warhead reentry systems of the Minuteman II.

The expansion in the number of warheads is even more pronounced in the submarine force. We first deployed the Polaris A–3 multiple warhead system in 1964. Although this system had three warheads per missile, the reentry vehicles were not individually guided. They impacted in a rather tight pattern. The Poseidon missile, however, was a true MIRV. It can carry up to 14 individual warheads or penetration aid packages such as decoys. Thus, with 16 missiles per submarine and as many as 14 warheads per missile, the new Poseidon submarine became the most devastating weapon system in the history of mankind. One Poseidon submarine could destroy all of the major Soviet cities east of the Urals.

As I say, we have 41 submarines with this deadly, overwhelming, devastating impact.

By combining land- and sea-based MIRVs and with the introduction of new bomber warheads, the United States will have about 10,000 nuclear warheads to deliver on any potential aggressor by 1979 or more than enough to destroy any known combination of adversaries several times over. It is an awesome power.

Some experts believe we already have sufficient strategic power to deter nuclear war and they question the wisdom of further expansion of this force. I agree that restraint should be demonstrated by all sides, the United States and the U.S.S.R. Furthermore I have proposed a suggestion for a step-by-step phasedown in strategic arms during the SALT II negotiations that would make allowances for the different technologies on both sides.

Our bomber capabilities also are immeasurably more effective now than in 1957. A standoff capability has been added with the Hound Dog and SRAM missile systems. New low-level penetration techniques have been tested. Previously, our bombers were built for a high-level flight into enemy airspace but when the U.S.S.R. began to emplace thousands of surface-to-air missiles, we reoriented our plans to low-level penetration. The giant B–70 could not adapt to the new strategy and was abandoned. Components for electronic warfare now are far beyond what anyone could have anticipated 15 years ago. They protect our aircraft and assist them in getting through enemy defenses.

Just yesterday, the distinguished chairman of the Armed Services Committee proudly pointed out the fact that the head of the Air Force said we now have the finest air force in the world. I could not agree more. He is exactly right. We should recognize that fact because of our ability to negotiate from strength so that we can end the arms race.

In terms of defensive capability, the only strategic defense the United States had in 1957 was an ineffective system of missile launchers designed for use against manned bombers.

The proposed development of a comprehensive ABM system was the main hope for strategic defense. But completion of the nationwide ABM would have been a costly mistake. The only rational solution to strategic defense was the SALT I agreement with the U.S.S.R. and the administration deserves commendation for taking this step.

It is too often forgotten that SALT I did place limitations on ABM systems such that no strategic defense would be possible. By reinforcing mutual vulnerability, SALT I put a stop to one phase of the arms race even though it did not satisfactorily inhibit offensive developments.

In the late 1950's only three early warning radars were in operation in the Far North. Today we have the over-the-horizon radars in Europe and in the Far East to detect hostile launches. The 474–N radar system is designed to protect against unnoticed attack from submarine-launched missiles and an exotic satellite system is operational. Improvements in warning systems have received little public attention but they have contributed substantially to protecting the Nation.

Our missile sysems have been made more secure from attack by hardening silos against nuclear blast and by increasing the survivability of warheads in flight. Silos have been reinforced to withstand overpressures many times larger than in prior years. The missile warhead has been protected by using new materials of great strength but light weight. The warheads themselves have been made smaller but more powerful thereby increasing the effectiveness of the entire missile system. And accuracy has been upgraded by incorporating technologies that were not even considered possible in the late 1950's.

The subsonic interceptors of the 1950's have given way to supersonic aircraft, primarily the F–101 and F–106. In turn, these aircraft are about to be complemented with the latest F–15's and, hopefully, lightweight fighters.

Those of us who have been in favor of cutting down on military spending have been put in the position of being against a strong military defense. That is completely untrue. We are for a strong military force. We are against waste in the military. We know we can best negotiate arms control and an end to the arms race by negotiating from strength.

Although air defense has been deemphasized in recent years, as I believe it should be, we retain substantial capabilities in this field including work on the OTH–B radar, a new austere SAM–D, and several new interceptors.

Not all of the improvements have come in hardware programs. Our military strategies have been updated and in some cases completely renovated. Massive retaliation is a concept of the past. Flexibility and responsiveness to a broad range of options characterizes the present force structure. There is a current debate about the need for moving to a range of weapon systems with a counterforce capability. This issue aside, flexibility is a vital asset.

Reviewing all the evidence, I can only conclude that no other department of Government can show as much improvement in basic capability nor claim such a dramatic increase in effectiveness. The military is not without its problems, but there can be no argument about the tremendous improvement within the military system the past 17 years. It has taken the wisdom of Congress and the hard work of thousands of Defense Department employees of all ranks but the progress is real and substantial.

I think we can contribute to that progress by continuing to criticize and to point out weaknesses and waste in the military, as I think we must.

Mr. President, I yield the floor.

ALASKAN OIL

The ACTING PRESIDENT pro tempore. In accordance with the previous order, the Senator from Alaska (Mr. STEVENS) is recognized for not to exceed 15 minutes.

Mr. STEVENS. Mr. President, yesterday my good friend, the distinguished Senator from Indiana (Mr. BAYH), stated that American oil companies are playing a "switcheroo game" with consumers by planning to export Alaskan oil to Japan and other countries.

During my colloquy with Senator BAYH I explained that there is absolutely no intention to sell Alaskan oil to Japan or any other nation.

If any Alaskan oil is sent abroad it would be on an exchange basis. This would allow the Alaskan oil sellers to exchange, and I emphasize the word "exchange"—Alaskan oil for oil that may originate in Indonesia, or some other country. This could be done to save American consumers money, for this exchange could reduce the cost in transporting oil to the east coast thus saving the energy consumer money.

Unfortunately, my good friend Senator BAYH has ignored provisions in the right-of-way law that Congress passed last year, which stated clearly that Alaskan oil cannot be sold to a foreign nation without the consent of Congress on the recommendation of the President. If one reads the right-of-way law, he will also find that included is a provision which permits an exchange of oil if that will permit more expeditious and economical delivery of oil to the United States.

During his floor statement yesterday, Senator BAYH stated that just this past weekend a regional administrator for the Federal Energy Office confirmed his worst fears. Senator BAYH said that—

Jack Robertson, regional administrator for the area including Alaska, said that we would be exporting Alaskan oil and that much of it probably will be sent to Japan.

Senator BAYH's apparent inference that Mr. Robertson indicated that Alaskan oil would be sold to Japan is not correct. Mr. Robertson subsequently said that his statement was subject to serious misinterpretation.

Mr. President, I ask unanimous consent to have printed in the RECORD Mr. Robertson's subsequent statement, which sets the record straight and states clearly that in no way did Robertson intend his statement to imply that Alaskan oil would be sold by U.S. oil companies to foreign nations.

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

SUBSEQUENT STATEMENT OF JACK B. ROBERTSON, REGIONAL ADMINISTRATOR OF THE FEDERAL ENERGY OFFICE

APRIL 22, 1974.

At a Radio and Television News Directors Association meeting in Spokane, Washington, this past Saturday, I gave a talk on Project Independence. In response to a floor question, I speculated that some oil from Alaska may be shipped to Japan.

My thought was that such a shipment could occur if the west coast market or refining capacity was exceeded, and an oil exchange agreement were reached insuring that volumes in kind would be shipped to the United States from other fields.

Unfortunately, such speculation appears to be subject to serious misinterpretation if taken out of the context of national policy. Basic authority on Alaskan oil exports will not be in the hands of the petroleum companies because, by law, Alaskan oil will not under any circumstances be shipped to foreign countries without the express approval of the President, and subject to Congressional review.

Mr. STEVENS. Mr. President, recently, Secretary of the Interior Rogers C. B. Morton also reaffirmed in a recent Associated Press story that Alaska oil would not be sold to foreign nations. I ask unanimous consent that the Associated Press story be printed in the RECORD.

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

MORTON AND PIPELINE

(By D. Dale Nelson)

WASHINGTON.—Secretary of the Interior Rogers C. B. Morton said today he foresees no export of oil from the Alaska pipeline to Japan or other nations.

"If the oil is needed in the U.S. obviously the oil will go to the U.S." Morton told the House Public Lands Subcommittee.

Rep. John Melcher, D-Mont., subcommittee chairman, asked Morton about a statement by Jack Robertson, Pacific Northwest Regional Administrator of the Federal Energy Office.

Robertson had said Alaskan oil would be exported to Japan and other nations and then returned to the United States through a worldwide series of exchanges.

The bill under which the pipeline is being built prohibits export of the oil unless the President finds that it is not needed in the United States. Congress could override such a finding by the President if it acted within 60 days.

Melcher, whose subcommittee was instrumental in drafting the pipeline bill, brought the subject up during Morton's testimony in support of an unrelated measure which would broaden the authority of the Bureau of Land Management.

"I know you are not responsible for what a Regional Administrator of the FEO says," he told Morton.

"I appreciate that," Morton replied.

Melcher said he had asked John Sawhill, Chief of the Energy Office, for an explanation. Sawhill was not immediately available.

Morton said the exports "would be against the law unless the procedures in the law were followed."

"If it were in the national interest to export to Japan or other countries, I think the export licenses would be granted," he said.

"If there is a big discovery in the Mississippi-Alabama-Florida offshore area and we find the Alaska oil is surplus oil, it might be in the national interest to export it.

"But I don't foresee that. It will probably never come up," Morton said.

Robertson also said that, contrary to previous expectations, the pipeline would operate at nearly its full capacity at the outset.

A spokesman for Alyeska Pipeline Service Corp., the consortium of oil companies formed to build and operate the line, said present plans call for initial operation at 600,000 barrels a day, less than a third of capacity.

The spokesman said Standard Oil Co. of Ohio, one of the affiliated companies, had expressed a hope to double this, but any change would have to be approved by all the companies.

Morton, asked when the pipeline was now expected to be finished, said, "we are aiming at having some oil moving through it before the end of 1977," Rep. Don Young, R-Alaska, said construction is ahead of schedule."

Mr. STEVENS. Finally, Mr. President, Mr. E. L. Patton, president of the Alyeska Pipeline Service Co., said on April 22, that oil from the trans-Alaska pipeline will be shipped to American west coast ports and reiterated that none is scheduled for export. I ask unanimous consent that Mr. Patton's statement be printed in the RECORD.

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

ALYESKA PIPELINE NEWS

BELLEVUE, WASH., April 22, 1974.—E. L. Patton, President of Alyeska Pipeline Service Company, said today that oil from the trans-Alaska pipeline will be shipped to American west coast ports, and reiterated that none is scheduled to be exported. The Trans-Alaska Pipeline Authorization Act stipulated that Alaskan oil will stay in the U.S., unless exports are approved by the President and Congress.

Patton said the company hopes the line will begin transporting oil in 1977, at an initial capacity of 600,000 barrels per day, working up to its ultimate capacity of 2 million barrels per day in the early 1980's.

Current oil industry forecasts indicate that this volume will be required on the west coast, he said. Crude oil production in California is currently running below 1972 and 1973 levels, and is declining.

Mr. STEVENS. Mr. President, I hope that in my remarks this morning I have made it absolutely clear that Alaskan oil will not be sold to any foreign nation, although at some point an exchange of oil in kind might be possible if it saves American consumers money.

Mr. President, I had hoped that the Senator from Indiana would be in the Chamber, but I understand why he cannot be here. However, I again want to clarify the point I tried to make absolutely clear, namely, that Alaskan oil will not be sold to any foreign nations, although at some point, and for a brief period of time after the trans-Alaskan pipeline becomes operative, which will not be for at least 3 or 4 years from now, there will be a surplus of oil on the west coast. At that point an exchange of oil in kind might be possible, and it will save the American consumers money if we make that exchange. The Senator from Indiana apparently believes that in the exchange American consumers end up by paying more for oil, because Alaskan oil is sold below the world price.

Again, I want to clarify for the record that this would be an exchange in kind. We will not be buying foreign oil to replace Alaskan oil.

We will merely be shipping Alaskan oil to foreign destinations and having foreign oil that was originally scheduled to be delivered at the destination of Alaskan oil changed and delivered to the United States. So the total quantity and quality of oil delivered to the United States will be the same, and the dollar transactions will be between Alaskan sellers and U.S. purchasers, and will not involve the purchase of foreign oil.

Finally, I should like to make it very plain why I want to clarify the record on this subject. I have no intention of letting Japan purchase Alaskan oil. As a matter of fact, if I had my way, we

would suspend the sale of any Alsaka's resources to Japan, because Japan continues to fish on the high seas for Alaskan salmon. They are the only nation in the world that continues to fish salmon on the high seas. They have ignored us completely in our requests to them to practice good conservation in their fishing for Alaskan salmon.

I do not want the Japanese to get the idea that the Senator from Indiana got by the statement from Mr. Robertson. They might suddenly decide that we changed our mind and decided we would sell them Alaskan oil. I have no intention of permitting them to do so. If anything, I have the intention of trying to pursue a policy of denying Japan Alaskan oil and other resources, so long as they continue this destructive approach of fishing on the high seas.

I suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. A quorum call is in progress.

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

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

ROUTINE MORNING BUSINESS

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

COMMUNICATION FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED SUPPLEMENTAL APPROPRIATION, 1974, FOR JOINT COMMITTEE ON JUDICIAL ADMINISTRATION, DISTRICT OF COLUMBIA (S. DOC. NO. 93-78)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for supplemental funds for the Joint Committee on Judicial Administration in the District of Columbia (with accompanying papers). Referred to the Committee on Appropriations, and ordered to be printed.

CONSUMER PROTECTION AGENCY ACT—REPORT OF A COMMITTEE (S. REPT. NO. 93-792)

Under the authority of the order of the Senate of April 11, 1974, Mr. MAGNUSON, from the Committee on Commerce today submitted a report on the bill (S. 707) 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, together with minority, supplemental, and additional views, which was ordered to be printed.

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. HELMS:

S. 3380. A bill for the relief of Chun Keung NG. Referred to the Committee on the Judiciary.

By Mr. BENTSEN:

S. 3381. A bill to amend and extend the Rehabilitation Act of 1973. Referred to the Committee on Labor and Public Welfare.

By Mr. SCHWEIKER:

S. 3382. A bill for the relief of Nelson Montenegro. Referred to the Committee on Finance.

By Mr. McGOVERN:

S. 3383. A bill to amend title 38 of the United States Code in order to provide service pension to certain veterans of World War I and pension to the widows of such veterans. Referred to the Committee on Veterans' Affairs.

By Mr. DOLE:

S. 3384. A bill to amend chapter 34 of title 38, United States Code, to extend the time period within which veterans may be entitled to educational assistance under such chapter after their discharge or release from active duty. Referred to the Committee on Veterans' Affairs.

By Mr. BELLMON:

S. 3385. A bill to amend the Atomic Energy Act of 1954, as amended, to provide for a nuclear power park site survey. Referred to the Joint Committee on Atomic Energy.

By Mr. FONG (for himself, Mr. BEALL, Mr. BROCK, Mr. BROOKE, Mr. CHURCH, Mr. COOK, Mr. DOLE, Mr. DOMENICI, Mr. EASTLAND, Mr. FANNIN, Mr. GURNEY, Mr. HANSEN, Mr. INOUYE, Mr. MOSS, Mr. PERCY, Mr. RANDOLPH, Mr. RIBICOFF, Mr. STAFFORD, Mr. THURMOND and Mr. TOWER):

S. 3386. A bill to amend title II of the Social Security Act to increase the increment in old-age benefits payable to individuals who delay their retirement beyond age 65. Referred to the Committee on Finance.

By Mr. DOLE:

S. 3387. A bill to amend the Emergency Highway Energy Conservation Act in order to change the 55 miles per hour speed limit prescribed therein to 60 miles per hour. Referred to the Committee on Public Works.

By Mr. HUMPHREY (for himself, Mr. McGOVERN, Mr. CASE, Mr. MAGNUSON, Mr. KENNEDY, Mr. HART, Mr. CRANSTON, Mr. JACKSON, and Mr. JAVITS):

S. 3388. A bill to amend the Child Nutrition Act of 1966 for the purpose of providing additional Federal financial assistance to the special supplemental food program. Referred to the Committee on Agriculture and Forestry.

By Mr. EAGLETON:

S. 3389. A bill to amend the Act entitled "An act to incorporate the American University," approved February 24, 1893. Referred to the Committee on the District of Columbia.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BENTSEN:

S. 3381. A bill to amend and extend the Rehabilitation Act of 1973. Referred to the Committee on Labor and Public Welfare.

Mr. BENTSEN. Mr. President, I am today introducing an extension of the Vocational Rehabilitation Act for an additional year through fiscal 1976. In addition, my proposal provides for the transfer of the Rehabilitation Services Administration from the Social and Rehabilitation Service to the Office of the Secretary of Health, Education, and Welfare.

For some time, Mr. President, I have been arguing that the States need adequate advance notice of Federal funding in the fields of education, health and aid to the handicapped so that they can more carefully plan their State programs. Too often, States receive Federal funds late in the fiscal year, which disrupts their planning and causes them to spend inefficiently.

Last year, for example, it was August before the States knew what to expect in rehabilitation funds, well into the fiscal year. That is not in the interest of efficient administration nor in the interest of the handicapped people this legislation is intended to serve.

The vocational rehabilitation program has been one of the outstanding programs of Federal-State cooperation through the years. Since its inception some 53 years ago, more than 3 million handicapped persons have been rehabilitated.

My own State of Texas, which has a highly successful program, has doubled its rehabilitants in the last 4 years. Last year, the payroll of these rehabilitated individuals jumped from $15 million to $95 million, a remarkable accomplishment for a single year.

Quite apart from the economic benefits of the program, we must place emphasis cn the human considerations.

To a paralyzed structural engineer in Washington, D.C., vocational rehabilitation funds have meant a chance to go back to work, supervising the steel construction of churches, apartments, and schools.

To a fomer mental patient, it has meant productive work as a compressor operator.

To a deaf printer in Iowa, it has meant a job in the composing room of a major newspaper.

And to a businessman paralyzed by polio, it has meant a chance to open his own business in Minnesota, hiring handicapped workers.

These are not isolated instances. They have been repeated in all parts of the country, and they are the reasons why this legislation has enjoyed broad, bipartisan support over the years.

The second part of my bill, which transfers the program from the Social and Rehabilitation Service to the Office of the Secretary of HEW, is long overdue. The rehabilitation program was created to help disabled individuals develop new talents so that they can again participate in our society to their fullest potential.

Clearly, then, a more appropriate home is needed for the program that the Social and Rehabilitation Service, which is composed primarily of welfare programs.

I am hopeful that this provision will be enacted into law along with the 1 year extension. Comparable legislation has been introduced in the House by Congressman BRADEMAS of Indiana and several cosponsors.

Mr. President, in the past, the President has vetoed vocational rehabilitation legislation in an effort to cut Federal spending. I, too, have been concerned about expanding Federal budgets, and I have voted against programs that I considered extravagant.

This is not one of those programs. Vocational rehabilitation is not only compassionate legislation; it is good economics. If we increase the payroll of handicapped persons, more funds flow into the Federal Treasury, and we decrease dependence on public assistance programs, which are frequently counterproductive.

I consider this measure to be one of our highest domestic priorities, and I am hopeful that we can act on it during this session of Congress.

By Mr. McGOVERN:

S. 3383. A bill to amend title 38 of the United States Code in order to provide service pension to certain veterans of World War I and pension to the widows of such veterans. Referred to the Committee on Veterans' Affairs.

WORLD WAR I VETERANS' PENSION

Mr. McGOVERN. Mr. President, the return of millions of young servicemen from Southeast Asia in the past few years has brought the country to a realization of the problems encountered by men and women who set aside personal plans and ambitions to take up their country's cause during a time of conflict overseas.

In the past year, I have attempted to bring the Senate's attention to the readjustment needs of Vietnam veterans. Aided by a history of strong support from the Senate Veterans' Affairs Committee, we have gathered support for substantial increases in GI bill benefits.

One of the strongest arguments used both by myself and by major veterans' organizations is that the current group of young veterans is entitled to the same level of benefits received by those of us who fought in World War II. Given the overwhelming success of the World War II readjustment programs as documented in several studies, it is difficult, if not impossible, to argue with that reasoning.

It is also reasonable to extend that argument to our treatment of the men and women who served during the first worldwide conflict. If we do, we find that World War I veterans have been neglected to a degree that can only cast shame on every other effort this Nation has made to provide some compensation in civilian life for those who have served honorably in the Armed Forces.

There was no Veterans' Administration at the end of World War I to provide for hospital services and job counseling. There was no GI bill that helped pay for the education of young veterans during the 1920's. Until they became eligible for programs of this kind many years later, all they received was severance pay. And when they came to Washington to protest their plight, they were run out of town as a bunch of troublemakers.

It is now the 1970's and the remaining World War I veterans are still waiting for the recognition and the compensation they should have received half a century ago. Most of them are living out their final years on a meager income of social security and a small, income-related veterans' pension. Every time their social security goes up, their pension from the VA goes down. In many cases, they end up with less total income than they had before the social security raise.

I do not feel that is proper treatment for any citizen of the United States and particularly not for our war veterans. I have often said that you can best judge a country by the way it treats its elderly. While we do have many fine programs intended to aid elderly Americans, it is obvious that we have fallen far short of any decent commitment to those who have grown older and wiser as they watched several more conflicts go by while they waited for recognition of their own service to their country.

Mr. President, I introduce for appropriate reference a bill to provide a guaranteed pension for all World War I veterans. It is identical to a bill introduced earlier this year in the House by Congressman FREY. It is simple in its intent and straightforward in meeting the problem of providing a decent income for veterans of the First World War. I ask unanimous consent that the full text of the bill be printed in the RECORD at this point.

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

S. 3383

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subchapter II of chapter 15 of title 38, United States Code, is amended by adding immediately after section 512 the following new section:

§ 513. Certain World War I veterans

"(a) For purposes of this section—

"(1) The pension and other benefits provided by this section shall be deemed, for all purposes, to be in payment of the debt owed by the Nation to the beneficiaries thereof for services rendered by them and shall not, for any reason, be considered to be a gratuity.

"(2) The term 'World War I' means the period beginning on April 5, 1917, and ending on July 2, 1921.

"(b) The Administrator shall pay to each veteran who served in the active military, naval, or air service at any time during World War I and who is not eligible for pension under section 521 of this title pension at the rate prescribed by this section.

"(c)(1) If the veteran is married and living with or reasonably contributing to the support of his spouse, or has a child or children, the monthly rate of pension shall be $150.

"(2) If the veteran is unmarried (or married but not living with or reasonably contributing to the support of his spouse) and has no child, the monthly rate of pension shall be $135.

"(d) If the veteran is in need of regular aid and attendance, the monthly rate of pension payable to him under subsection (c) shall be increased by $125.

"(e) If the veteran has a disability by reason of which he is permanently housebound but does not qualify for the aid and attendance rate payable under subsection (d), the monthly rate payable to him under subsection (c) shall be increased by $50.

"(f)(1) Any veteran entitled to pension under this section is entitled to hospital, domiciliary, and medical care under chapter 17 of this title for any non-service-connected disability.

"(2) Notwithstanding any other provision of law, the Administrator shall pay on behalf of any veteran receiving pension under this section the cost of any medical services provided outside of Veterans' Administration facilities to such veteran by any physician if the Administrator finds that travel to and from a Veterans' Administration medical facility for such services would impose a medical or financial hardship on the veteran.

"(g) The pension, medical and hospital benefits, and reimbursement for medical costs provided for by this section shall be paid, or provided, as the case may be, without regard to (1) any income of any kind or from any source payable to the veteran or his spouse, and (2) the corpus of the estate of the veteran or his spouse.

"(h) Any veteran who is eligible for pension under section 521 of this title shall, if he so elects, be paid pension, and provided the other benefits, prescribed by this section. If pension is paid pursuant to such an election, the election shall be irrevocable."

(b) The analysis of such chapter 15 is amended by adding immediately after

"512. Spanish-American War veterans."

the following:

"513. Certain World War I veterans.".

SEC. 2. (a) Subchapter III of chapter 15 of title 38, United States Code, is amended by adding immediately after section 537 the following new section:

"§ 538. Widows of certain World War I veterans

"(a) The Administrator shall pay to the widow of each veteran of World War I who at the time of his death was receiving pension under section 513 of this title pension at the rate prescribed by this section, if the widow is not eligible for widow's pension under any other provision of this subchapter.

"(b)(1) If there is a widow and one or more children, the monthly rate of pension shall be $150.

"(2) If there is no child, the monthly rate of pension shall be $135.

"(c) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

"(1) before December 14, 1944; or

"(2) for one year or more; or

"(3) for any period of time if a child was born of the marriage, or was born to them before the marriage.

"(d) The pension provided by this section shall be paid without regard to (1) any income of any kind or from any source payable to the widow, and (2) the corpus of the estate of the widow.

"(e) Any widow who is eligible for pension under section 541 of this title shall, if she so elects, be paid pension prescribed by this section. If pension is paid pursuant to such an election, the election shall be irrevocable."

(b) The analysis of such subchapter III is amended by inserting immediately after

"537. Children of Spanish-American War Veterans."

the following:

"538. Widows of certain World War I veterans.".

By Mr. DOLE:

S. 3384. A bill to amend chapter 34 of title 38, United States Code, to extend the

time period within which veterans may be entitled to educational assistance under such chapter after their discharge or release from active duty. Referred to the Committee on Veterans' Affairs.

ELIGIBILITY PERIOD FOR GI BILL

Mr. DOLE. Mr. President, the most important issue for a large number of Vietnam veterans presently is the extension of eligilibity for educational benefits. Today I am introducing legislation to extend the eligibility period to 10 years from the 8 years prescribed under existing law.

The importance of this measure has been expressed to me personally by many Vietnam veterans in Kansas. They have stated their concern in meetings I have held with them, in telephone calls, and in numerous letters.

MANY VETS AFFECTED

I have been in contact with veterans' counselors at universities in Kansas on this matter and have been advised that as many as one-third of the veterans attending school in the State will lose eligibility on May 31, 1974, unless the law is changed. The Veterans' Administration indicates that nationwide around 285,000 veterans presently attending school will lose eligibility on May 31. The VA estimates that about 500,000 veterans will lose their in-training status in fiscal year 1975 unless the law is changed.

Mr. President, this is a large number of men, for Kansas and for every other State. I think that with this large number of veterans involved we should act as promptly as possible.

GOOD REASON FOR EXTENSION

The issue of extending eligibility is more complex than it might first appear. On the surface, 8 years is an adequate length of time to obtain an education. However, when the Vietnam-era GI bill was initiated in June of 1966, the assistance rate was set at $100 per month for single veterans. It is somewhat astounding to realize that this level of assistance was $10 per month less than Korea veterans could get 14 years earlier in 1952. So it is not hard to understand why few veterans used their educational benefits.

The low assistance rates during the early years of this GI bill can be attributed only to the reluctance then to admit that the Vietnam conflict was a war. Mr. President, one thing almost everyone can agree on, regardless of their views on our Vietnam involvement, is that the conflict was a war. Men were killed and wounded there, just as in every other war. Vietnam veterans bore the effects of battle just as the veterans of any other war. And Vietnam veterans deserve educational assistance from their country just as much as the veterans of any other era.

ASSISTANCE IMPROVING

It is gratifying to me to see that educational benefits were increased under the current administration by 33 percent in 1970 and by another $45 per month in 1972. These substantial increases finally made it possible for more veterans to attend school who could not afford it during the earlier years.

I want to add at this point that I do not think the present level of assistance is adequate for veterans today. I applaud the efforts of the Veterans' Affairs Committee and other Members of the Senate to increase the level of assistance. I am concerned that an early passage of this bill should not prejudice those efforts.

URGENT NEED

But of immediate importance is that many veterans are already attending school. On May 31, 1974, a large number of them will be forced to stop their training or find other means of financial assistance unless we in the Congress do something very quickly.

The Veterans' Administration tells me that unless the law is changed by May 14, there is likely to be disruption in the education of those veterans who became eligible on June 1, 1966. If Congress passes legislation later than May 14, computers will have to be reprogramed and those veterans who are cut off may have to be recertified by the schools they are attending.

CUTOFF WOULD ADD PROBLEMS

We have heard the many reports that veterans have not received their checks on time and have had other difficulties in getting their GI benefits. I remember the difficulties we had when I was a veteran receiving educational assistance after World War II. It appears that veterans are bound to have difficulties with the bureaucracy, regardless of the administration. Mr. President, we can save several hundred thousand veterans a tremendous inconvenience by passing this legislation promptly. I think we owe them at least this much.

WIDESPREAD SUPPORT

This measure is not controversial and it should be possible for Congress to act quickly. The House of Representatives has already passed a bill extending eligibility from 8 to 10 years. Over half of the Senate has cosponsored legislation which extends the eligibility period to 10 years. Mr. President, this represents a majority and I think the bill could be successfully brought to the floor very soon.

UNEMPLOYMENT RISING

There is yet another reason for moving as quickly as possible on this legislation. Department of Labor statistics show that the unemployment rate for Vietnam veterans increased from 4.2 to 5.1 percent in the first 3 months of this year. Undoubtedly, the loss of eligibility for 285,000 veterans now attending school would substantially increase this unemployment rate, in Kansas and in every other State.

The veterans now attending schools are trying to improve their job skills to better compete in the job market. Without assistance under the GI Bill, it would be impossible for many of these veterans to continue their training. The problem is especially acute since the group of veterans concerned are older, having been discharged from the service before 1966. Many of them now have families and are facing an especially difficult time making ends meet even with VA assistance.

MORE ASSISTANCE NEEDED

So, Mr. President, I want to urge early action on this bill. But I want to underscore again my concern for increasing educational assistance to veterans. I hope that, if the Congress passes this bill, it will not be assumed that this measure is adequate to take care of veterans educational benefits. In my statements before the Veterans' Affairs Committee and before the public, I have expressed my concern that the GI bill should be improved. Senator HARTKE and the Veterans' Affairs Committee are conducting hearings to increase assistance. I support these efforts and hope we will vote on a comprehensive bill to raise educational benefits in the near future.

TIMEFRAME IS CRITICAL

But it is getting very late to extend the eligibility period without causing more problems for veterans. This is why I am introducing this bill and I hope we can take it up very soon.

Mr. President, I urge every Senator to support this measure. The need for it exists in every State and the Congress should be responsive to it without waiting until 285,000 Vietnam veterans are deprived of their rightful benefits.

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

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

S. 3384

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1662 (a) of title 38, United States Code, is amended to read as follows:

"(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date ten years after his last discharge or release from active duty after January 31, 1955.".

By Mr. BELLMON:

S. 3385. A bill to amend the Atomic Energy Act of 1954, as amended, to provide for a nuclear power park site survey. Referred to the Joint Committee on Atomic Energy.

Mr. BELLMON. Mr. President, the Joint Committee on Atomic Energy is currently involved in hearings to facilitate the licensing of badly needed nuclear electric powerplants. Most of us are agreed that a way must be found to reduce the inordinate amount of time it takes—over 10 years in many cases, from planning to operation—to get nuclear reactors on the line. When severe energy shortages loom indefinitely into the future and when there is a continuing threat of Arab oil embargoes, we can ill afford such delays. A better means of licensing, consistent with continuing the safety and environmental safeguards that are built into the present AEC licensing process, must be developed.

Many of the provisions of the bills before the Joint Committee on Atomic Energy involve complex technical and somewhat controversial amendments to the Atomic Energy Act of 1954, as amended, and also involve techniques for equitable balancing of local, State, and Federal interests. However, one provision of one of

the bills is so straightforward and clearly in the public interest that I have taken the liberty of excerpting it, with a slight change, and I am introducing it as separate legislation today. I hope the Joint Committee on Atomic Energy will consider reporting this bill separately at an early date or accept it as an amendment to other needed legislation.

This bill provides for a national survey to locate suitable sites for the location of a group of nuclear facilities, such as nuclear powerplants, fuel enrichment or fabrication plants, or energy intensive industries. The bill provides that special attention be given to Federal property, other than national parks, forests, or wilderness areas. In this way, it targets land which may essentially be surplus and which could be put to this better use. Such land exists in the State of Oklahoma on the site of the former Camp Gruber near Muskogee. I would, of course, like to see this area included in the survey.

But more importantly and less parochially, I believe the concept of a site review and environmental statement for several similar facilities at the same location will help immensely to expedite the necessary permits, studies, construction, and operation of these badly needed plants.

Mr. President, the advantages of grouping several similar facilities in one area are many. In this regard, the Chairman of the Atomic Energy Commission, Dr. Dixy Lee Ray, has recently stated:

I believe . . . that we should cluster nuclear power plants instead of spreading them all over the countryside. In addition, at the same location, we should put fuel fabrication plants, processing plants, and waste-handling equipment. Everything should be at one location.

I believe it is in the national interest for Congress to establish national policy in this area so that nuclear power can more effectively and more quickly be developed to meet the Nation's growing energy needs.

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

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

S. 3385

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that Chapter 19 of the Atomic Energy Act of 1954, as amended, is amended by inserting after section 274 the following new section:

"SEC. 275. Nuclear power park site survey.—

"a. The Congress finds that it is in the national interest to minimize the environmental impact of nuclear powerplants by locating and designating sites for nuclear power parks in each region of the Nation. Such parks may be the site for locating several nuclear powerplants serving the region in which they are located, and may include nuclear fuel fabricating and reprocessing facilities, and all other facilities required for a complete fuel cycle; as well as provisions and facilities for storage of nuclear wastes.

"b. (1) Congress hereby directs the Atomic Energy Commission to make or cause to be made a national survey to locate and designate at least one nuclear power park site in each of the existing nine electric reliability regions. For purposes of completing this survey the Atomic Energy Commission may collaborate with the Federal Power Commission, regional electric reliability council staff, electric utilities (whatever the nature of ownership), or others as necessary.

"(2) For purposes of this section, the term 'nuclear park site' means a site large enough to support utility operations and other elements of the total fuel cycle.

"c. For purposes of this Act the survey should—

"(1) include a preliminary evaluation of the regional natural resources, such as land availability, air and water resources, environmental and economic impact, and other factors such as area population, proximity to load centers, transmission line rights-of-way, and the availability of other fuel resources; and

"(2) specifically include federally held property, excluding national parks, wilderness areas, forests, and historical monuments.

"d. A report of the results of the survey under this section shall be transmitted to the Congress and made available to the public within one year from date of enactment of this Act.

"e. There is authorized to be appropriated $1,000,000 to conduct the survey under this section."

By Mr. FONG (for himself, Mr. BEALL, Mr. BROCK, Mr. BROOKE, Mr. CHURCH, Mr. COOK, Mr. DOLE, Mr. DOMENICI, Mr. EASTLAND, Mr. FANNIN, Mr. GURNEY, Mr. HANSEN, Mr. INOUYE, Mr. MOSS, Mr. PERCY, Mr. RANDOLPH, Mr. RIBICOFF, Mr. STAFFORD, Mr. THURMOND, and Mr. TOWER):

S. 3386. A bill to amend title II of the Social Security Act to increase the increment in old-age benefits payable to individuals who delay their retirement beyond age 65. Referred to the Committee on Finance.

PROPOSAL TO PROVIDE 6⅔ PERCENT ANNUAL PREMIUM IN SOCIAL SECURITY BENEFITS FOR PERSONS RETIRING AFTER AGE 65

Mr. FONG. Mr. President, on behalf on myself and Mr. BEALL, Mr. BROCK, Mr. BROOKE, Mr. CHURCH, Mr. COOK, Mr. DOLE, Mr. DOMENICI, Mr. EASTLAND, Mr. FANNIN, Mr. GURNEY, Mr. HANSEN, Mr. INOUYE, Mr. MOSS, Mr. PERCY, Mr. RANDOLPH, Mr. RIBICOFF, Mr. STAFFORD, Mr. THURMOND, and Mr. TOWER, I am introducing today a bill, S. 3386, to amend title II of the Social Security Act to increase the increment in old-age benefits payable to individuals who delay their retirement beyond age 65.

Cosponsorship of the bill by Members of both political parties is most gratifying. As ranking minority member of the Senate Special Committee on Aging, whose work has been characterized by a fine bipartisan spirit, I am especially pleased that Senator CHURCH, the committee's chairman, and Senator RANDOLPH, chairman of the Subcommittee on Employment and Retirement Incomes, are among sponsors of this important legislation.

S. 3386 would expand the choices open to older Americans under the social security system by providing that persons choosing to delay retirement will qualify for higher benefits on the same percentage basis as benefits are now reduced for early retirement.

It provides for an increase of 6⅔ percent in benefits for each year between age 65 and 72 that an individual elects to delay his or her receipt of social security retirement benefits. For those who choose to wait until age 72, the minimum increase in benefits will be 46⅔ percent.

Since continued employment after age 65 may also raise the retiree's average monthly wage for social security benefit calculations, the actual improvement in benefits at retirement may be higher than at the 6⅔-percent annual rate. The maximum increment for retirement at 72 could be substantially above 50 percent.

The purpose of our bill is to make the social security system more flexible by giving the retiree more freedom in adapting its provisions to his or her personal problems. He or she will be able to elect the benefit approach which best suits individual need and desire. To maximize the choice the bill provides a benefit increase of five-ninths of 1 percent for each month that an individual chooses to continue employment after 65.

The proposed benefit increment is a first major step in correcting a serious inequity in social security which sharply penalizes the hundreds of thousands of persons who prefer to continue working or must work after age 65. Together with flat dollar liberalization of the earnings test, which now reduces OASDI benefits by 50 percent of earnings over $2,400 a year, S. 3386 moves us toward complete freedom for the individual in his or her choice of time for retirement.

The bill would in no way interfere with or jeopardize the current right of a person to elect early retirement for social security benefit purposes.

As a simple matter of equity, our bill would recognize the principle of flexibility on behalf of those who delay retirement in much the same way as the law now recognizes the right of persons who choose to retire between 62 and 65.

Except for language which would authorize payment of the increased benefits for the month following its enactment, S. 3386 is essentially the same as S. 2815, which I introduced last year with cosponsorship by Senator TOWER.

As I said then, my decision to propose a 6⅔-percent annual benefit increment was based on two considerations. The percentage is identical to the reduction for early retirement. As a matter of fiscal and legislative practicality, I believe it is probably the maximum increment percentage now acceptable.

If, instead of our proposal, the Congress were to authorize the full actuarial benefit increase which should be available if we assume full entitlement to social security benefits at age 65, I am informed the annual increment would be 12 percent. While this is a laudable objective, I do not believe we are quite ready to go that far at this time.

I decided to propose the 6⅔-percent increment, because it may take a while

to get acceptance of even this amount. Additionally the first year cost to the social security system will be approximately $198 million, about one-half of costs for the actuarially determined 12-percent increment. Long-range average cost, according to the Social Security Administration, would be approximately 0.21 percent of taxable payroll. While the bill as introduced contains no provision for financing, I strongly believe that all additional costs to the social security system should be properly financed from their beginning and would expect the Committee on Finance to incorporate such provisions in the bill before reporting it out for floor action.

Currently those who choose to remain in the work force after 65 are entitled to an annual increment of 1 percent. This provision, enacted in 1972, was welcome, but it does little more than recognize the social security taxes paid atfer 65. It falls far short of real equity. It is relatively ineffective in expanding choices open to older Americans.

It would be my ultimate hope that eventually we would amend the Social Security Act to provide fully equitable consideration for those who decide to continue work after age 65. My proposal offers a beginning, but not necessarily an end.

I have long been disturbed by the high share of social security costs which are now in fact borne by working persons past 65. Older people who work are now actually paying roughly $4 million a year as a hidden subsidy to those drawing benefits.

It is a small wonder that older persons are increasingly unwilling to remain in the work force. This is because the actual return for continuing to work is not enough to impel him or her to continue. Not only does the full time worker lose social security benefits, but he or she also must pay income taxes and social security taxes on earnings. When these are added to expenses incurred in going to the job, often little if any net gain from employment remains for the worker's own use.

The Nation's loss of productivity resulting from waste of skills and experience among older Americans is serious. Even more important is the economic and psychological loss to the individual which comes through disinvolvement from life's mainstream. There is ample evidence that retirement often is accepted most reluctantly because there is little practical choice in terms of economic advantage.

It is time that we counterbalance present incentives in society for early retirement with comparable incentives for later retirement. Without such balance, older Americans are denied full freedom of choice.

Comments from individuals and such distinguished organizations of older people as the American Association of Retired Persons and the National Retired Teachers Association convince me that older Americans—both employed and retired—feel strongly that they should have the right to choose. This demands flexibility in social security along the lines that we now propose.

As a matter of fact, spokesmen for the American Association of Retired Persons and the National Retired Teachers Association at hearings by the Senate Special Committee on Aging were instrumental in encouraging me, through their testimony, to introduce S. 2815 last year. Since its introduction, I have received hundreds of letters from individuals in support of its provisions which are being reintroduced today.

During recent years there has been a great deal of talk about need for a new national policy in aging. Despite some progress, and every step forward is good, we have not yet really come to grips with the challenges in our new era of aging.

Millions of words have been used in thousands of articles and meetings ranging from the White House Conferences of 1961 and 1971 to sessions in our smallest villages. In them all, there has been a call for action to give older Americans full freedom of choice—with honor, dignity, and self-respect. And yet too often our seniors find themselves treated as second-class citizens.

In examinations of need for a new national policy in aging—whether by authorities in medicine, economics, sociology, or other disciplines—one key element in our problem becomes clear. There is need for a new look at retirement practices in this country. We need to reconsider obsession with the numbers game—our pursuit of retirement based solely on artificial chronological rules of age without regard for either actual abilities of older persons to participate in the Nation's productive forces or the desire of many for continued involvement in society's mainstream.

Deliberations by the real experts on aging—older persons themselves—have been no less emphatic about the need for new approaches to the question of retirement. We need to reinstate the principle that choices should be made by the individual in the light of individual abilities and individual desires.

No one would claim that this objective can be achieved through legislation alone. Education about the tremendous productive potential and the will for involvement among older persons may, indeed, be the most important element in solving the problem.

But there are some things that Congress can do. Perhaps most important will be decisions in Federal programs, such as social security, which will offer incentives for continued life-participation by older persons at least equal to current disincentives.

Our bill to provide higher social security benefit increments for those who choose to delay retirement until after 65 in my judgment is an essential step toward this objective. I urge its speedy and favorable consideration by the Congress.

I have previously introduced a bill, S. 2499, to extend job protection of the Age Discrimination Act to persons over 65 as well as those between 40 and 65. It, together with liberalization of the social security earnings test on behalf of those who choose to work part-time, will complement the bill we introduce today. Together they can be instrumental in reinstatement of the rights of older Americans. Among these rights, first and foremost, after life itself, is the right to freedom of choice.

By Mr. DOLE:

S. 3387. A bill to amend the Emergency Highway Energy Conservation Act in order to change the 55 miles per hour speed limit prescribed therein to 60 miles per hour. Referred to the Committee on Public Works.

Mr. DOLE. Mr. President, it has been nearly 4 months now since the enactment of Public Law 93-239, reducing the speed limits on our Nation's highways to 55 miles per hour. During that time, we have had a chance to analyze and evaluate the impact of that initiative to conserve energy, and no one, I think, will question the fact that at least the major objective of the law has been successfully achieved. The lower speed limit has also resulted in a substantial reduction in the number of lives lost on the highways.

It is appropriate now, however, that we review the need for, and intent of, that measure to determine whether it is still timely, and whether certain revisions might not be more desirable for the long term. Based on my conversations with many Kansans over the Easter recess, as well as the correspondence received in my office, I believe modification is both necessary and expedient at this point, and am, therefore, introducing a bill to raise the limit to 60 miles per hour.

Simply stated, my bill will substitute for the present 55 miles per hour speed a prescribed maximum of 60 miles per hour for all vehicles. This adjustment would take effect 60 days after enactment, and would carry with it the provision that States could again use Federal-aid highway funds to change their signs accordingly, although the recent experience has shown that this is not a major item.

It is significant also to point out that in Kansas—and I am certain in most other States as well—this change could be implemented by the Governor or State highway authority without requiring a special session of the legislature.

POSITIVE EFFECTS OF ACT

Mr. President, as I previously suggested, the Emergency Highway Energy Conservation Act has indeed served to reduce the consumption of precious fuel supplies during a period of great crisis in our country. Moreover, there is ample evidence that the lowering of speed limits has had a very favorable secondary effect of saving lives which might otherwise have been lost in high-speed vehicular accidents. However, all this has not come without considerable sacrifice on the part of every citizen, as well as substantial disruption of our patterns of mobility and commerce.

NEGATIVE ASPECTS OF LOWER LIMITS

In restrospect, the speed limit legislation has caused many Americans to curtail their pleasure driving and postpone

or suspend planned vacation trips by automobile. A more serious consequence of the act, perhaps, has been the imposition of a serious economic burden on America's trucking industry. As the old adage goes, "Time is money," and the lower speeds and longer traveltimes have meant that truckers are able to make fewer trips per month, covering less mileage, and consequently earning less income—in the face of greatly increased fuel costs.

So clearly, this has been much more than merely the making of substantial time adjustments by those in the trucking industry—and others who must travel great distances in their businesses. For people in States like Kansas—with many miles between cities, between families, and between important personal destinations—the 55-mile-per hour speed limit has resulted in a considerable loss of mobility and interaction in their daily lives.

AN IMPROVED ENERGY SITUATION

As a result of all our efforts to cope with the acute energy situation, we have "turned the corner" in the matter, and are now in a position to view what was formerly labeled a "crisis" as more of a "problem." This is not to say that we are "out of the woods" by any means, but that we are better able to look ahead now with cautious optimism.

THE IMMEDIATE OUTLOOK

The time has come, then, to reevaluate the evidence and weigh the merits of our earlier action, applying the findings to the immediate future to determine whether some new measures might be in order. And it is my firm belief that such an assessment of the situation ahead does demonstrate the need for a slight change to soften the burden that the 55 miles per hour limit has imposed on important segments of our society and our economy.

FACTORS FOR CONSIDERATION

Not least among the factors for consideration is the decisionmaking process going on in thousands of homes across the country right now regarding the feasibility of a summer vacation trip in the family automobile. While the availability of gasoline for tourism no longer appears to be of primary concern, the question of the extra time required for a long-distance trip is one which many are listing as a negative feature of following through on proposed traveling.

I believe just the psychological boost of an additional 5 miles per hour will be most important in encouraging families to go ahead with their plans. For the great majority of people consider 60 miles per hour to be a more natural and satisfactory speed to travel. They would be able to accept it, I think, in a way that they cannot the present 55 miles per hour limit.

A second major item of concern over the weeks and months ahead has to do with rumors of the threatened renewal of a strike by the trucking industry. Proponents of such a move still argue—and perhaps with some foundation—that they cannot operate their rigs economically and efficiently at the established speed restriction. They further submit that the fuel which they would actually save by being permitted to go 60 would more than offset any amounts lost by all passenger car motorists combined at that speed.

The Nation—and particularly the cattle industry, which is "fighting for survival" right now—cannot afford to undergo a repeat of the previous strike ordeal, and surely, our action to increase the speed limit to 60 miles per hour would be worthwhile if for no other reason than its helping to avert another truck strike.

TIME FOR ACTION

Mr. President, section 2 of the Emergency Highway Energy Conservation Act is not set to expire until June 30, 1975, or until the President declares that there is no longer a fuel shortage. I do not feel that it is advisable to wait that long without reviewing our energy situation, and strongly advocate that we begin immediately to take an incremental approach to the return to "normalcy".

I believe that the circumstances are ripe now for a modified stance on this issue; that we can take timely action to change our speed limits, in keeping with the change in our energy situation; and that this can be done without any noticeable sacrifice in the savings of fuel and lives realized at the present standard.

In short, by moving to enact a 60 mile per hour speed limit today, we can accomplish the most desirable of all legislative goals: that of stimulating a more attractive and acceptable guideline without compromising a recognized need for reasonable and responsible efforts to conserve fuel.

The moment to act is now, and I urge early consideration of my proposal.

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. 3387

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Emergency Highway Energy Conservation Act is amended by inserting at the end thereof a new subsection as follows:

"(g) Notwithstanding the provisions of subsection (b), after the sixtieth day after the date of enactment of this subsection, the Secretary of Transportation shall not approve any project under section 106 of title 23 of the United States Code in any State which has (1) a maximum speed limit on any public highway within its jurisdiction in excess of 60 miles per hour, and (2) a speed limit for all types of motor vehicles other than 60 miles per hour on any portion of any public highway within its jurisdiction of four or more traffic lanes, the opposing lanes of which are physically separated by means other than striping, which portion of highway had a speed limit for all types of motor vehicles of 60 miles, or more, per hour on November 1, 1973, and (3) a speed limit on any other portion of a public highway within its jurisdiction which is not uniformly applicable to all types of motor vehicles using such portion of highway, if on November 1, 1973, such portion of highway had a speed limit which was uniformly applicable to all types of motor vehicles using it. A lower speed limit may be established for any vehicle operating under a special permit because of any weight or dimension of such vehicle, including any load thereon. Clauses (2) and (3) of this section shall not apply to any portion of a highway during such time that the condition of the highway, weather, an accident, or other condition creates a temporary hazard to the safety of traffic on such portion of a highway."

SEC. 2. Subsection (d) of section 2 of the Emergency Highway Energy Conservation Act is amended by striking out "reduction in speed limits to conserve fuel" and inserting in lieu thereof "change in speed limits pursuant to this section".

By Mr. HUMPHREY (for himself, Mr. MCGOVERN, Mr. CASE, Mr. MAGNUSON, Mr. KENNEDY, Mr. HART, Mr. CRANSTON, Mr. JACKSON, and Mr. JAVITS):

S. 3388. A bill to amend the Child Nutrition Act of 1966 for the purpose of providing additional Federal financial assistance to the special supplemental food program. Referred to the Committee on Agriculture and Forestry.

FOOD PROGRAM FOR WOMEN AND INFANTS MUST BE MAINTAINED

Mr. HUMPHREY. Mr. President, today I am introducing, with the distinguished chairman of the Senate Select Committee on Nutrition and Human Needs, Senator MCGOVERN, and others, legislation designed to preserve the special supplemental food program.

This program, which has come to be known as the WIC (women, infants, and children) program is designed to supply high-protein diet supplements to low-income women and infants.

The idea behind the legislation is to feed people during their most vulnerable period of growth, in order to use good nutrition as preventive medicine. I firmly believe that this approach is more medically effective than programs designed for use later in life. I also believe it is much less costly to the taxpayer when done during this period.

There is no doubt in my mind as to the need for this program. Similar pilot projects have shown a marked decrease in infant and maternal mortality when diets are supplemented, and a sharp increase in infant height and weight.

At last, we have a nationwide WIC program underway designed both to feed people and test the results. But unless this legislation is passed, the program will suffer, and diminish so drastically in scope that the initial expense will have been wasted.

The WIC program will spend in less than 6 months of fiscal year 1974, its entire appropriation of $40 million. However, presently there are authorized only $40 million for all of fiscal year 1975. This situation arose out of impoundment of funds for the Department of Agriculture.

Unless the fiscal year 1975 budget is annualized on a 12-month basis, only two things can happen: The programs will run out of money in mid-1975, disrupting entirely the medical study and disappointing millions of participants, or the programs will be allowed to continue, with over half of the participants summarily cut off, before any meaningful benefit could be derived from the program, and also rendering the medical study worthless.

Our bill merely sustains the program, during fiscal year 1975, at its 1974 level of participation. It does not increase participation. The bill also provides for inclusion of many programs that were eligible in every regard for grants in 1974, but were turned down for lack of funds.

I think the future will prove the WIC program to be one of our most valuable, and my guess is it will expand greatly. However, this year I think it important simply to give it a chance, to see that participation levels are maintained, and that the medical study be allowed to continue uninterrupted.

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

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

S. 3388

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 "Special Supplemental Food Program Amendment of 1974."

SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 2. The third sentence of Section 17(b) of the Child Nutrition Act of 1966 is amended by striking out the sum "$40,000,000" each time it appears, and inserting in lieu the following sum: "$131,000,000."

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 411

At the request of Mr. MCGEE, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 411, to amend title 39, United States Code, relating to the Postal Service, and for other purposes.

S. 1336

At the request of Mr. HARTKE, the Senator from Connecticut (Mr. RIBICOFF) was added as a cosponsor of S. 1336, a bill to amend the military retirement computation system.

S. 3235

At the request of Mr. GRIFFIN, for Mr. YOUNG, the Senator from Wyoming (Mr. MCGEE) the Senator from Arizona (Mr. FANNIN), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 3235, to amend the Food Stamp Act of 1964 to provide for the administration of food stamp programs on Indian reservations, and for other purposes.

SENATE JOINT RESOLUTION 202

At the request of Mr. GRIFFIN, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor 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 the service of the incumbent Chief of Naval Operations.

SENATE RESOLUTION 312—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS FOR ROUTINE PURPOSES

(Referred to the Committee on Rules and Administration.)

Mr. JACKSON, from the Committee on Interior and Insular Affairs reported the following resolution:

S. RES. 312

Resolved, That the Committee on Interior and Insular Affairs is authorized to expend from the contingent fund of the Senate, during the Ninety-third Congress, $25,000 in addition to the amount, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act of 1946, and in S. Res. 96, agreed to May 10, 1973, S. Res. 137, agreed to July 20, 1973, and S. Res. 178, agreed to October 23, 1973.

EMPLOYEE STRIKE VOTE ACT OF 1974—AMENDMENT

AMENDMENT NO. 1218

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

Mr. CURTIS submitted an amendment, intended to be proposed by him, to the bill (S. 3203) to amend the National Labor Relations Act to extend its coverage and protection to employees of nonprofit hospitals, and for other purposes.

AMENDMENT OF ARMS CONTROL AND DISARMAMENT ACT—AMENDMENT

AMENDMENT NO. 1219

(Ordered to be printed, and referred to the Committee on Foreign Relations.)

Mr. NELSON submitted an amendment, intended to be proposed by him, to the bill (H.R. 12799) to amend the Arms Control and Disarmament Act, as amended, in order to extend the authorization for appropriations, and for other purposes.

NOTICE OF HEARINGS BEFORE THE INTERIOR AND INSULAR AFFAIRS COMMITTEE

Mr. JACKSON. Mr. President, I wish to announce for the information of the Senate and the public that an open public hearing has been scheduled by the Interior Committee on June 26, 1974, at 10 a.m. in room 3110 Dirksen Senate Office Building to examine the interpretation and administration of Public Law 92–195, the Wild Free Roaming Horse and Burro Protection Act by the responsible Federal agencies charged with enforcement and actions under the act.

As you will recall, Public Law 92–195 included a provision for a report to the Congress by the Department of the Interior and the Department of Agriculture at the expiration of 30 months after the act became law. The date for submission of the report to the Congress is June 15, 1974. The proposed hearing will examine the report as well as agency activities.

Many Members of the Senate are aware that allegations have been raised by citizens over the administration, or lack thereof, of this act. It is the hope of the committee to find out what the facts are with respect to incidents which have been so widely reported.

ADDITIONAL STATEMENTS

DR. RIDDICK PUBLISHES NEW EDITION ON SENATE PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I wish to call attention to the publishing of a new book on Senate procedure, by the eminent parliamentarian of the Senate, Dr. Floyd M. Riddick. The new publication will supplant the previous book on Senate procedure which was authored in 1964 by the late Charles M. Watkins, Senate Parliamentarian, and the then Assistant Parliamentarian, Floyd Riddick.

I welcome the appearance of the 1974 publication, which brings the Senate procedures up to date, and I congratulate Dr. Riddick on his action in preparing the new edition. The book is copyrighted by Dr. Riddick in accordance with Public Law 386, 92d Congress, which authorized the printing and binding of the new edition.

I call special attention to the "appendix," in which Dr. Riddick has provided Senators with various examples of the proper forms of motions commonly used in the day-to-day work of the Senate. These examples should be very helpful to all Senators.

The Senate is a unique body among the parliamentary bodies the world over. It is unique by virtue of its place in our constitutional system. It is also unique by virtue of its rules and precedents that have come down to us through years of experience, some of the rules having been retained to this day in almost the form in which they were originally adopted when the Senate first convened in 1789. Although the standing rules are few in number, the precedents are voluminous, and it is important that they be preserved and adhered to. Consequently, the importance of updating the book on Senate procedure, including, as it does now, the precedents that have accumulated subsequent to the last previous publication 10 years ago, is readily apparent. I know that I express, on behalf of all Senators, the gratitude of the Senate to Dr. Riddick for the long hours and persevering efforts which have made the new edition possible.

COMMENCEMENT ADDRESS BY JAMES E. DAVIS

Mr. TALMADGE. Mr. President, we are entering the commencement season, when young people all across the United States will be graduating from high school and college. This, of course, is an important time in their lives, far more important, I fear, than they realize.

Traditionally, commencement addresses are the order of the day. There recently came to my attention an address delivered at commencement exercises on April 21, 1974, at Jacksonville, Fla., University by James E. Davis, chairman of the board of Winn-Dixie Stores, Inc., that is certainly one of the most impressive I have ever seen.

Outlining qualities and attributes required for success in the tough, competitive world in which we live, Mr. Davis delivered an eloquent and forceful address, in straightforward and honest terms. Mr. Davis is a businessman and I share his respect for the free enterprise system. His observations, however, apply not only to success in the business world, but also to a happy and productive life, regardless of profession or calling in life.

Mr. President, I bring this address to the attention of the Senate, and ask unanimous consent that it be printed in the RECORD.

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

[Commencement Exercises, Jacksonville (Fla.) University, Apr. 21, 1974]

IF YOU WANT TO BE A MILLIONAIRE

(By James E. Davis)

I have allotted myself 21 minutes to make you a millionaire—if I can't do it in that time, you may just have to be happy and poor. In these days when the government endeavors to legislate equality through minimum incomes, regardless of productivity or demonstrated ability, we must assume that you buy the theory that what made the U.S. the greatest nation in the world is an inherent desire of individuals to be "unequal"—to excel others and not depend upon the government. It is important that Jacksonville University produce a new generation of millionaires to take the place of those who have been so generous in the past—the Swishers, the Phillips, Alex Brest, the Wolfsons, the Howards, the Goodings and several others who have been the financial underpinnings of this institution. You, the graduating class, are that generation.

I believe in daydreaming. A dream of what you want to be at 45 or 50 years of age is essential to motivate you. A dream so strong it becomes a plan. For the purpose of my talk, I have assumed your dream may be to become a millionaire. I've looked back over 66 years to try to identify the characteristics and attitudes that I think will help you.

First of all, let me say that it is a highly competitive world and it won't be easy. I went to the Produce Market in Miami at 2:30 a.m. for years and finished taking my telephone orders at 9:00 p.m. each night. If you don't enjoy long hours and hard work and if you can't select a vocation you can eat, drink and sleep, you probably won't make it and neither will your spouse unless he or she is sympathetic and understanding.

Believe me, life is uncertain at best—each of us is just a heartbeat away from eternity. Failure and loss of life stalks us always. Fear is a very essential element of success. My background is in perishable foods where fear is the secret of success. Fear the market will go down—fear you will neglect some detail and your merchandise will be garbage tomorrow. You will soon learn my version of Murphy's Law—Anything bad that can happen will happen. Think it through in detail and take steps to prevent catastrophe and minimize damage. Always have an alternate airport in mind for bad weather. You must take big risks to make it big—but you must run a very scared race. Where there is no chance for failure, there isn't much chance for success. Risk is just another way of saying opportunity.

The greatest design for becoming a millionaire I have ever seen was written by Mr. Eli Witt of Tampa, the Hav-A-Tampa cigar man. Mr. Witt was an invalid, bedridden for many years, but he built a great tobacco and cigarette business. Through his influence from his sick bed atop the old Tampa Terrace Hotel, he held the cigarette tax off in Florida for many years. He summed up his philosophy in two paragraphs which he called "Design for Success." I quote:

"I say to any person, whether he is able or disabled, that if he expects to make a success through government paternalism, he is doomed to disappointment. First, the person must decide definitely and quickly what business he wishes to follow. Then forgetting obstacles and ailments he must apply his mind to learning every detail of that business, in and out, backward and forward. He must not let his love of golf, or tennis, or card playing or gambling, or even his wife, take his eyes from his objective. He must devote day and night to the task of finding out what makes his business tick or what is needed to make it grow.

"In so applying himself, the person with physical handicaps will not have time for worrying or fretting about his lot. He will become so engrossed that the handicaps will be forgotten. I have found it so and I have been happy."

I recommend Mr. Witt's "Design for Success" to you!

Too many Americans in recent years have concluded "We've got it made—no use to worry." The truth is—you must be hungry—that's a basic characteristic you must have for success! If you can't be dedicated to producing a better product or service at a lower price, you aren't going to be even a part millionaire. Most humans produce better under stress—not under affluence. This means that if you are poor now, you may have a better chance of becoming a millionaire than the guy who is already one—and has ceased to be motivated—has to remain a millionaire. Productivity is the name of the game and the Japanese are breathing down our necks in an effort to replace the U.S. as the top economic producers in the world today. We cannot cure poverty with money—only productivity cures poverty and not some scheme to pay people who do not produce. The government cannot give anyone anything it doesn't take away from someone else! Whenever one person gets something without earning it, some other person has to earn something without getting it. Try this on yourself and see where it leads to!

A business is known by the people it keeps. The people who get ahead are those who do more than is necessary and keep on doing it.

Whenever you go out to get a job, remember—you never get a second chance to make a good first impression! You may never see the man who hires you again. A lot hinges on his first impression of you. He might not hire you. If 20% of the people associate beards and long hair with hippies and violence, don't run the risk of making a poor first impression. A $1.50 haircut could be parlayed into a million dollars. In our business, we find that if we satisfy the cranky customer, we don't have to worry about the rest. A cranky customer may be a "square", but she is our customer and we intend to keep her.

Of course, the easiest way to become a millionaire is to strike oil, gold or marry money, but assuming you don't do any of these, let's talk about necessary personal traits you should develop.

At the top of the list is character—let's define character as something in your brain or heart that controls what you do when absolutely no one will ever know if you do wrong. It is a trait of personality your wife or husband and your banker will recognize and respect—especially if the banker loans you money. You will have to hire some money in your lifetime if you become a millionaire—and you will have to pay it back. We mentioned that you must take some risks and being able to borrow capital is one of the essential risks.

You must develop good judgment. It has been said that good judgment comes from exercising poor judgment and not making the same mistake twice. Judgment seems to be the ability to make use of experience—and few of us seem to be born with that faculty. We must acquire it. Don't rationalize your mistakes—analyze them coldly and profit by them. Competitors are really good for you in one area—they call painful attention to your mistakes. I believe you will find an important facet of judgment to be the ability to negotiate amiably. Trade hard—but not offensively. Judgment of what a buyer will pay in a sale is very important.

A most desirable characteristic is the ability to handle people—our relations with our associates and even our family. In this field, I think tact is a very important attribute. I recently read that a good supervisor is a guy who can step on your toes without messing up your shine. That's tact!

In developing the ability to handle people, I think you will find FAIRNESS is probably the most important ingredient in human relations. Perhaps you have heard the story of the employees chatting one day. One said, "Of course, the boss is mean, but he is fair." The other one said, "What do you mean, he is fair?" The reply was, "Well, he is mean to everyone." That is not the kind of fairness I have in mind when I point out it is important that we have this characteristic. Sincere acts of courtesy are never out of place in any business. I believe you will find a dedicated group is much more productive than one individual, so you must learn to be fair to your associates and work at binding them together, moving toward established goals.

Morale is one of the keystones in any business enterprise. I think it can be best defined as "Faith in the people at the top". You can be a hard boss, and still be liked—but not a nagging boss or a grouchy boss. You must be a boss who stays close enough to his business to know a good job from a poor one—a boss who cuts employees in for some of the "goodies" when it can be done. See that your employees don't refer to you as the "Boss" spelled backwards—double SOB! Encouragement is the all-important ingredient in any enterprise—without encouragement, we wither away and die financially and physically. Don't be afraid to dish out liberal doses of encouragement.

Most important, you can't be a millionaire unless you are a dedicated capitalist, and learn to handle money. Remember, you can't be a millionaire without making and saving $10,000 first—you crawl before you walk, and so long as you progress every year, that millionaire glint will stay in your eye. To become a capitalist is simple—just maintain the income over the outgo. This is a concept many educational institutions seem to neglect. If we spend more money than we make every week, we are going to be laborers and not capitalists, regardless of education, intelligence or high station. Hire money when you can use it at a profit—never borrow money to live on. Cut your spending or up your earnings. If you can't do this, you will never be a millionaire. If you don't have a financial plan, make it right now. If it involves making good money, take a little bookkeeping so you can understand your own finances, read a financial statement and balance your own checkbook. One year of accounting probably should be a required course for all college graduates if they are going to have a moderately high income.

Your biggest hurdle in business is to get all the factors together and organize them so you can pay the bills out of the receipts. I think I could run almost any business if somebody would pay the bills. This everlasting problem spoils many business enterprises. Most of the downgrading of business is being done by those who can't do this—do not understand the skill required and turn their envious scorn on those who can do it. Our government for many years has been a classic example of inability to pay the bills out of the receipts—and they mess up any business wherever they get their finger in the pie and eliminate competitive ingenuity.

An important tool of success is keeping your education up to date by reading. The accelerated pace of today's living makes it even more vital. Even with an earned Ph.D. degree, you can be very uneducated within five years. There is no terminal degree in education—it goes on for your entire life. I

have assumed that you have found that education comes largely from the written word. Books are an effort by those who went before us to give us the benefit of knowledge, research and experience. The intent was to make it so you would not have to make the same mistakes in a trial and error effort at solving problems. Socrates said, "Employ your time in improving yourself by other men's writings, so that you shall easily come by what others have labored for". Karl Marx said, "History is economics in action—the contest among individuals, groups, classes and states for food, fuel, materials and economic power." Even Communists have a yen for economic powers. Remember, also, that a memory for figures, names and faces in your business is very important.

You must be an innovator—be on a constant search for better ways to do things. To be an innovator, you must be aggressive, tough minded and persistent. If you are a 3.5 student or better and you got that way by writing long-winded dissertations, shake the habit right now. The habit will lead to what we call the "3-page letter complex"—putting on three pages what should go in one paragraph. The ability to make a logical, concise presentation in writing is a "must"—it may be your only approach to a superior who must be made conscious of your abilities. Ability to cut through fluff and verbiage to get at the crux of a problem is precious—if you have it, cultivate it for it could make you a millionaire. Time is the most precious thing in the world—you must have the ability to make use of it efficiently. Another bad phase of the education problem is the "big word syndrome". When I hear a fellow on television start off with a lot of words that I have to look up, I wonder if he is really informing me or just trying to impress me or maybe make me feel stupid. You don't make progress with your associates by making them feel stupid.

The recent elimination of the grain surpluses in the United States may presage a worldwide famine. There are 75 million new mouths in the world to feed every year. Wheat, rice and corn are the staples of the world's diet and tell the tale in the food business. Available grain lands are relatively static compared to the expanding need.

Food production is probably the growth industry of the 70's. I don't believe burdensome, long-term food surpluses will ever exist again in our lives. Basic food production will be much more rewarding than in the past. There is as much dignity in tilling the soil, animal husbandry and forestry as there is in science, music or poetry. If this is not recognized by educated people, we may soon go hungry. If there is a crop failure in Russia, China, Australia, Argentina or the United States, we may find millions of people will starve. Don't overlook forestry, agriculture or food distribution in selecting your vocation.

I don't have to tell you that this is the age of the "goof off"—the era of the half-done job. The Winn-Dixie cashier who doesn't thank you—the mechanic who does not fix your car—the executive whose mind is on the golf course—even students who want crip courses. Tremendous opportunities exist to do jobs right and satisfied customers will flock to your door if you can do them better than your competition.

Let me remind you of some new and old-fashioned ideas in simple language that you need to adopt as a policy:

1. Honesty is not only the best policy—it is the only one for success in life. Don't give your word carelessly, but if you do, keep it. Keep appointments—be dependable—be on time.

2. A fair day's work for a day's pay and fair pay for a day's work. I've heard that the great inventor, Thomas A. Edison, said, "Genius is 1% inspiration and 99% perspiration".

3. The most dangerous drug of our times is not a hard drug, but a drug called "SFN"—something for nothing. Don't get addicted to it, or you will never be a millionaire.

4. There is no such thing as it can't be done—problems are unsolved opportunities. Someone is going to solve great problems and be liberally rewarded.

5. The "I will" is worth more than the "IQ", but together they are unbeatable. Real motivation to get results will make life interesting.

I have often wondered why some of the millionaires I know were not "A" students—some didn't even finish college, but were highly motivated and tenacious. Proper education undoubtedly would have made it much easier—you have this great advantage. If you desire to become a millionaire, don't have many sidelines—you have a full time job ahead of you.

Now if you aren't the aggressive type, if your plans do not seem to work out, but your health is good and you can digest anything you want to eat, don't be downhearted. A lot of millionaires can't digest their food and would give all they have to have good health. Sometimes success brings indigestion and nerves anyhow, so just be happy. There are counterbalancing things even in success. I think there is wealth in things other than dollars. To be a really good teacher, minister or doctor borders on the divine. My third grade teacher inspired me to believe in myself—I've idolized her since—I still keep in touch. She is 84 years old and a Winn-Dixie stockholder. The satisfaction from this type of life work must be overwhelming.

Each person in the world, no matter how humble, has a sphere of influence—real success consists of expanding that sphere of influence constructively each day.

Let me close by pointing out that opportunity for college graduates has never been greater—more people can afford more goods and services than ever before in history—all signals are A-OK—GO for the Jacksonville University Graduating Class of April 21, 1974. You can be a millionaire—don't tell me it can't be done—I've seen it done. I made a similar talk amongst 20 years ago and I wondered if it was wasted effort. Two years later, a man came to me and said, "I liked your talk—we think alike. My boss and principal stockholder has just died and I need a new boss and owner". I told him I did not want to be his boss, but if he could manage to become as good an expense man as he was a salesman, I'd show him how to buy the company and I would make an investment with him. He is now several times a millionaire and I am a satisfied stockholder.

In the parlance of the grocery business, there are 57 rules for success—the first one is to do a good job. Don't worry about the other 56!

THE OIL INDUSTRY

Mr. FANNIN. Mr. President, in the midst of the emotionalism and demagoguery arising from the crisis, there are some voices of reason.

Yesterday I had reprinted in the RECORD an excellent editorial from the Arizona Republic which puts the issue of oil industry profits into proper perspective.

Today I would like to have reprinted three commentaries delivered by Robert F. Hurleigh on the Mutual Broadcasting System. Mr. Hurleigh has examined the facts and warns about the very dangerous witch-hunt that is being carried on. Politicians through irresponsible statements and proposals are causing great damage to the very industry which must get us out of the energy crisis, if we are to get out of it at all.

Mr. President, I ask unanimous consent that the three commentaries which Mr. Hurleigh made on April 12, 15, and 17 be printed in the RECORD.

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

COMMENTARY No. 1

During the oil crisis of the past several months the public has been bombarded with extravagant charges, and a certain amount of demagoguery, aimed at making the oil companies the scapegoats. The anger of the American motorist, waiting in long lines for a few gallons of gas, was fanned every day by new accusations by politicians, many deeply concerned and anxious to escape the voters' wrath by pointing the finger of blame at the oil industry. And when the fourth quarter and annual reports of the profits of oil companies were published in January the screeching reached a deafening crescendo. Indeed, the oil companies—taken as a group of some 30 of various size—had a pre-tax income 54 per cent higher than the year before. So there stood the oil companies: big fat cats. I'm sure many political cartoonists had a field day resurrecting that old picture of a bloated tycoon—diamond stickpin, thousand dollar bills bulging from every pocket and with his arm around a burnoosed Arab sheik. Certainly, a 54 per cent increase in pre-tax income for 1973 over 1972 was remarkable and demanded examination. But all we got was a superficial examination and what has come very close to being a very dangerous witch-hunt.

This reporter has been around a long, long time and has learned that the American people are basically fair-minded, and though their attitudes may, for a while, be preset by inflammatory charges and constant repetition, they are not dumb—as Mr. Lincoln decided many years ago. Because the hostility of a few months ago may be dissipating, perhaps we can clear our minds enough to take a look at the other side of the coin, for this is what any fair-minded person will want to do. And in so doing, we should note that some of the very newspapers and television companies whose reporters were quick to take the meat axe to the oil industry had a greater profitability in 1973 than most of these oil companies. So if we wanted to talk about "unconscionable" profits, we should in all fairness recognize such facts. And there is an urgent need to understand the underlying factors responsible for the unusual level of earnings experienced by oil companies in 1973. In 1972, more than half of the over-all profits of the oil companies were earned in the United States, but last year the proportion changed drastically and dropped to only 37 per cent and thus, with this larger, worldwide operation, the largest single effect on profitability came about through devaluation of the dollar—an action of the United States government. Thus, of the total growth in profits, the great bulk—more than 85 per cent—occurred outside the United States. We'll have more facts for your consideration at a later time, but, for now—so goes the world today.

COMMENTARY NO. 2

A few months ago we pointed out in one of these commentaries that a Senate Subcommittee on energy problems had presented to the Senate one of the most comprehensive, all-inclusive reports, with recommendations, that had been made to that time. Now, that Subcommittee report was made twenty years ago—and has been gathering dust in the archives of Congress ever since. We have been told by energy experts that this Subcommittee report needs only up-dating to be an effective guide today. Yet, it has remained half-lost and half-forgotten for all these twenty years while several Congressional committees are writhing and wrangling to come forth with energy legislation. As most of us know, the temper of the times is dangerous and some members of Congress seem more anxious to use the energy lag as an issue than to make a thorough, well-reasoned and open-minded assessment of all the abnormal forces which have been at work—especially in 1973 and continuing into this year. Instead of using the oil companies as scapegoats, the Congress and the Administration should be doing a little honest soul-searching, examining its own role in bringing about the energy shortage and to restrain themselves from the impulsive rush to take punitive action simply because they feel that the public, incensed by the personal frustrations and hardships of the oil crisis, is hostile and that the issue is politically attractive. The petroleum industry will have to find twice as much oil between 1970 and 1985 as it did in the preceeding fifteen years. That's how much more oil the world is using every year. The estimated cost of finding that oil and providing the facilities to satisfy this expanding world market will amount to well over a trillion dollars, and in the United States alone, the oil industry must come up with more than a half trillion dollars. This is about four times as much as was spent for the same purposes during the preceeding fifteen years. So here's the trillion dollar question: Where's the money coming from? Well, half of that will have to be borrowed—loans from banks, etcetera. But profits will be needed to pay the other half and to make interest and principal payments on the loans. And no matter all the hullaballoo we've heard about the tremendously high profits of the oil companies in 1973 and probably in 1974's first half, the average annual growth in earnings of the oil companies for the last five years has been no more than twelve percent, and if we're going to expect the oil companies to do the job that must be done, they're going to require a return on their invested capital of 15 percent or better and it's about time that Congress begins to take a meaningful look at the true facts. So goes the world today.

COMMENTARY NO. 3

It takes a long time for the truth to catch up with a lie. That's an often used cliche, but it is a truism because it has been proved accurate time and again. It's astonishing that much false information—not necessarily lies, but certainly false and misleading information—is often disseminated only to be proved incorrect at a later date. We have had a considerable amount of false information spread around by people in high places, and misleading information by a gaggle of others, in regards to the oil crisis that the truth is having a hard time catching up. After all the blame heaped on the oil industry for the crisis and its resultant frustrations, we are beginning to get a different story. And yet, the media is not giving the same exposure to these corrective reports as was given to the earlier charges. Take this case in point: During the finger-pointing and blame-casting of a couple of months ago, one of the nastier charges was to the effect that the oil industry was dishonest about its supplies and inventories. Now, buried within the papers and briefly mentioned, if at all, by radio and television, is the report of the Federal Energy Office that the oil companies were telling the truth. The Energy Office has been auditing the oil company refineries, and says the nation's system of monitoring oil imports is as foolproof as any system we have in this country. So here we have the information that the oil industry, after auditing, has been truthful in its reports on refinery operations and imports, yet I am sure that very few of the people who heard the emotionally charged accusations against the oil industry will ever know the truth. But you and I will know, and possibly a handful that reads below the centerfold on inside pages of newspapers. There's another bit of information that has been given almost no exposure over-all about the financial situation of the big oil companies: The stock prices of Exxon, Mobil, Texaco and others are way down—as much as 40 percent off the 1973 highs. Now that should be as much of a surprise to you as it was to me, because we all know these oil companies had soaring profits last year, and will report "embarrassingly high profits" for the first quarter of this year. But isn't it surprising that the people who own these oil companies, through their shares of stock, the share holders, lost money if they bought their stock last year and still hold it. Most financial observers agree that the principal reason for this drop in the stock of the big oil companies is the political uncertainties hanging over the industry in almost every corner of the world, including the United States. As far as this reporter has been able to learn, that information has not been given the attention its importance warrants. So goes the world today.

A TAX CUT NOW WOULD BE A STUPID AND FOOLISH ECONOMIC POLICY

Mr. PROXMIRE. Mr. President, a tax cut now would be a tragic and foolish economic policy. Inflation is here. It is rampaging. It will probably get worse. This is the worst of all times to stimulate the economy through either a tax cut or a big increase in spending.

As vice chairman of the Congressional Joint Economic Committee, I have listended to the administration and private economic experts on this subject.

While it is true that the economy is suffering from both inflation and a falling off of the GNP at the same time, inflation is rampaging while a recession is not yet here. The record of economists in predicting the economic future ranges from poor to terrible. We should, therefore, concentrate on the clear and visible and certain problem, that is the virtually unprecedented rise in prices and the overwhelming evidence that it will continue to get worse. And it will get worse for the following reasons.

INFLATION WILL GET WORSE

Food prices, even with record crops, are estimated to go up by 12 percent this year. If there is a crop failure anywhere, that will be an appalling underestimate.

Since 1971 wages have been controlled while prices have gone through the roof. Labor will no longer be content with an average annual increase of 5.5 percent but will be shooting for at least 10 to 12 percent merely to cover increased prices and productivity.

When controls come to an end this month there will be a price increase bubble on top of a price increase bubble. A number of union contracts have automatic escalation clauses. Industries controlled in the past will raise prices.

Gasoline prices will continue to rise, according to the head of the Federal Energy Office, Mr. Sawhill. And food and gasoline make up about half of the inflationary thrust.

For all these reasons a tax cut now would merely add fuel to the inflationary thrust.

For all these reasons a tax cut now would merely add fuel to the inflationary fire.

BAD PUBLIC POLICY

It is bad public policy. It is badly timed. I intend to fight it on the Senate floor.

There are numerous policies the administration and Congress could follow both to reduce inflationary pressures and to halt the slowdown in the economy.

There should be spending cuts in the most inflationary areas, particularly for defense spending, public works, and highways.

Meanwhile, a part of these cuts should be used to provide public service jobs and to stimulate housing where relatively small outlays produce very big economic gains in both jobs and production. Further, the administration should mount a strong effort against the high price of old and new domestic oil as well as a food program to make certain the American consumer stands at the front of the food line instead of bringing up the rear.

The present situation of "Sta-flation" demands a subtle and sophisticated set of economic policies.

The blunderbuss of either a net tax cut—one not offset either by spending cuts or loophole closing—or a big increase in spending would promote economic disaster at this time.

A tax cut now is foolish policy. It should be defeated.

ADDRESS TO THE UNITED NATIONS SPECIAL SESSION BY THE PAKISTAN MINISTER OF FINANCE, PLANNING. AND DEVELOPMENT

Mr. ABOUREZK. Mr. President, the recent special session of the United Nations General Assembly is perhaps one of the most important meetings that has taken place in the history of the United Nations.

It is the first time that small nations

have sat down with large and powerful nations on more or less equal terms.

Those of us who have been accustomed to dictating terms to smaller and less powerful nations should, out of our own enlightened and humane self-interest, pay special heed to what the small nations have to say vis-a-vis their relations with us.

Mr. President, I ask unanimous consent that one of the more important addresses to the United Nations special session, given by the Pakistan Minister of Finance, Planning and Development, Dr. Mubashir Hasan, be printed in the RECORD. It is both a brilliant speech and one that merits our full attention.

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

TEXT OF THE STATEMENT OF HIS EXCELLENCY DR. MUBASHIR HASAN

Mr. President, your re-election, by acclamation, to preside over this special session is a personal tribute to you and also a recognition of the important role which your country, and indeed the Latin American continent, play in world affairs today.

The General Assembly of the United Nations, representing, as it does, 135 states, is meeting for the first time in order to consider specifically the state of the world economy and the economic relations among states and groups of states. It is indicative of the gravity of the situation that it has brought to this session such distinguished personalities including Heads of States and Governments.

The problem before this special session is an all-embracing one—political, social, economic, biological and ecological. It affects every facet of national and international life. Its implications are awesome and mind-boggling; but for us in the Third World, or call us the fourth, the fifth, or indeed the last, the essentials of the problem are simple.

For the industrialized world, the primary problem is that of making suitable adjustments in the economic order that has brought to them the highest standards of affluence ever attained by man in the history of civilization.

For us in the non-industrialized world, the spectre of death looms large. Poverty, hunger and disease have reached unprecedented levels. Out of every three children born in the developing countries, one succumbs before the age of five. For those who survive, it is a life of deprivation, desperation and degradation. Theirs is a subhuman existence. It is an intense but, mercifully, a short struggle, as their life expectancy is no more than thirty years.

The degree of tragedy varies with time and circumstances. One of the worst in contemporary history is unfolding on the continent of Africa. The suffering caused by the drought to Mauritania, Mali, Niger, Chad, Upper Volta and Ethiopia, is such as cannot even be imagined by those countries where such visitations have not taken place.

How has this tragic situation come about? Hardly a generation ago our Charter lay down in Article Fifty-five that the United Nations should promote a "higher standard of living, full employment, and conditions of economic and social progress and development." The problems we face today have come about because we did not take measures that the Charter required of us. Despite our political independence and sovereign status, an unceasing transfer of resources has been taking place from the poor to the rich nations. This transfer occurs in many forms. However, the single most active mode is that of "unequal exchange." The prices of commodities exported by the developing countries are low because we are forced to pay low wages to our workers. Not only are our wages low, but our profits are low too. If our profits were higher, the income, or value added we receive per unit of our exports would be on a par with that of the developed countries with their high wages. But this is not the case. Thus the exchange is unequal. Furthermore, where our goods compete with those of the developed countries, tariff and non-tariff barriers force our prices down. This is the case with textiles, leather goods and a large number of foodstuffs.

Where our goods do not compete, it is the mutual competition of producers within the same country and between different poor countries that keeps them low. Such goods include tea, coffee, cocoa, copper and other minerals and, until recently, oil and phosphates.

One must ask oneself how much such products would cost if they were to be produced by the highly paid workers of the industrialized nations. It is a question of simple arithmetic. The labour of the developed countries is paid at least ten, and of certain types, twenty times of what the labour of a developing country receives. If one were to assume that at present only one-third of the cost of production is the wage cost, then a wage ten times higher would raise these prices four-fold. I regard this as a low estimate, because, in fact, our average wage rates are much less than a tenth of the rates in the developed countries and the proportion of labour costs in our products is much higher than a third. Thus the magnitude of the difference between what we *do* receive and what we *should* receive is hundreds of billions of dollars. Our estimates range between 250 and 630 billion annually, depending upon the method and range of calculations. The figures may at first sight seem incredible but, unfortunately, these are hard and cold facts which explain the basic reason for the miseries of two billion people, nearly two-thirds of mankind who toil from dawn to dusk, from childhood to old age.

Our delegation has studied the transfer of resources and income from the un-industrialized to the industrialized world. The principal elements of the mechanics of this transfer are the following:

(i) Unfair tariffs imposed by developed countries result in government revenues which are, in effect, paid by the exporting developing countries.

(ii) The tariff structure becomes more unfavourable to the developing countries as the degree of processing increases. For example, it tends to encourage the export of cotton rather than yarn, and yarn rather than cloth. In other words, there is discrimination against our exports in direct proportion to the value-added in the developing countries. On the other hand, the added value in the exports from the developed countries is overpaid. In addition, quota restrictions are imposed by the developed countries against imports of manufactures and agricultural products from the developing countries.

(iii) The developing countries are required to pay exhorbitant interest on capital and excessive profits on investment to the developed countries.

(iv) The increase in creation of international reserves of currency always favours the developed countries.

(v) The prices of raw materials from the developing countries are unfavourably depressed not only through the competition of producers but also through the existence of monopolies, cartels and unfair trade practices indulged in by the buyers in the developed countries.

(vi) Even the trade surplus of oil in the developing countries has been going to the service of the developed countries.

(vii) The developed countries have a virtual monopoly of the means of ocean and air transport.

(viii) The international financial practices such as clearance of money transactions, insurance and co-insurance schemes, and fixation of freight rates, all work in favour of the developed countries.

(ix) The managements of firms from the developed countries operating in the developing countries prefer to make purchases of their requirements from the developed countries at very high prices. These are not "arms-length" transactions in all cases.

(x) The developed countries charge too high a price of technology from the developing countries.

(xi) Emigration of educated, skilled, and professional manpower from the developing countries to the developed countries.

In sum, the economic power of the developed countries which determines the pattern of investment, production, commerce and consumption in the developing countries is always used to the advantage of the first group of countries and to the detriment of the second. At the same time, the pattern of consumption has become so lop-sided that the privileged countries obtain a disproportion share of production, leaving very little for consumption in the poor countries. Similarly, the affluence of the developed countries, being based on the intensive use of raw materials, is in effect depleting the natural resources of the developing countries at an alarming rate. These serious excesses are further compounded by a thoughtless and short-sighted pursuit of unrestricted production and consumption which cause ecological imbalances and pollute the land, water and atmosphere of our planet.

The availability and prices of raw materials are posing an extremely difficult problem to most countries. Shorn of rhetoric, the problem of raw materials boils down to this: Until recently the developing countries, producing raw materials, literally got a raw deal.

The terms of trade were against us. Having no holding capacity, we had to sell at cheap prices and any increase in production was penalized by lower unit prices. The international middleman, the speculator and the hoarder of the commodity markets, reaped most of the benefits while the individual producer and the producing country suffered. The recent rise in commodity prices has not helped many developing countries, but in fact has made us suffer to an unbearable degree. To support my point, I have only to refer to the high prices of fertilizer, foodgrains and certain other essential items like edible oil. Whichever way the developing countries turn, we are faced with ever-increasing difficulties. Shortage of fertilizers will lead to loss in food production which means more food imports and a worse balance of payments. This snowballing effect will continue until we are economically and, in some cases, physically wiped out. This is the grim spectacle facing us at present.

The waste of the natural resources of our world, both renewable and non-renewable, is a folly mankind can ill-afford. The gifts of the earth, without which no economy can function, are being exhausted at an incredibly increasing speed. The sooner it can be controlled the better.

My religion, Islam, is quite explicit on the subject that God has created sustenance for all his creatures and that the resources of the earth are for all mankind.

I quote from the Holy Quran:

". . . He (God) is the one who made *for you* all that there is in the earth. . . ." (Ch. 2:29).

And again:—

"Do you not see how Allah has made of service to you whatsoever is in the skies and in the earth and has loaded you with favours, both within and without. . . ." (Ch. 31:20).

It is our deep belief that the riches of land, sea, and the spaces beyond are meant

for the good of all mankind for all time not merely for one generation, much less for the exclusive use of their temporary owners. Indeed, Islam also proclaims that the individuals, and nations for that matter, who seemingly own wealth (or anything) are only its custodians. They are allowed to use only as much of it as they rightfully need. They must not waste this wealth nor usurp the share of others; otherwise severe chastisement awaits them.

We are urged by many distinguished friends to allow the forces of supply and demand to operate freely.

We are asked to put our faith in the great enterprises which utilize the resources and operate the existing system of international trade. But they do not operate *for* the objectives that have been stated again and again by a vast majority of the speakers in this special session. They operate merely for *profit* and they use up the natural resources for the economic priorities of a minority rather that a majority. They do it in a manner that is not in accord with the economic needs of developing nations.

To say that the international monetary system is in disarray would be an understatement. It allows the privileged countries to incur large deficits because their currencies are used as the basis for international exchange. The monetary crisis is the result of a situation in which the increase in production in the developed countries still does not keep pace with the increase in demand. The inflation which is raging across the world today, and which has created a situation that can no longer be sustained, is the manifestation of the effort to consume more than is produced.

The antagonism between the rich and the poor is natural. You have to be poor to realize it. The poor are increasingly beginning to believe that the rich have not become rich by Divine design but by expropriating the fruits of their labour; that some nations are affluent and others are impoverished as a result of the cumulative effect of the eras of imperialism, colonialism and neo-colonialism, and not due to any inherent defect in themselves.

In fact, most people in developing countries work hard, for excruciatingly long hours, to eke out a miserable living. Surely, such labour deserves better reward than they receive.

The problem under consideration at this session has a historical perspective. The history of centuries of unjust and unequal existence is the history of a long struggle. Over the last few decades the developing countries have struggled successfully for their political independence. They are now struggling for their economic emancipation. It is not natural that the struggle should continue until peace on earth and good-will among mankind are established,

What I have just stated is not a distorted interpretation of history. It is history's object lesson. For us in the Islamic Republic of Pakistan, it is also the word of Allah who says in the Holy Quran and I quote:—

"Mischief has appeared on land and sea because of what the hands of men have wrought (so) that (God) may give them a taste of some of their deeds, in the hope that they may turn back (from evil). . ." (Ch: 30:4I).

Again:—

". . . and if Allah had not repelled some men by (means of) others, the earth would have been corrupted. . . ." (Ch: 2:25I).

There is another matter intimately connected with the agenda before the Assembly. Most developing countries owe huge debts to the developed countries. These were accumulated over the last fifteen to twenty years. These were given and received with the objective of economic development of the poorer nations. The loans were made with the best of intentions but, as it is apparent, the intended objectives did not materialize. The borrowing was not a unilateral act of the recipient countries but was a joint decision of the donor and the recipient. In actuality the final say was that of the donor and not that of the recipient.

Before the increase in the cost of oil, the economies of the developing countries had reached a breaking point as in many cases as much as one quarter of their export earnings were being used for servicing their debts. And, in most cases, these exports consist of those very vital commodities and goods so urgently required for improving the economic welfare of their own people.

We, therefore, suggest that when proposals are formulated for alleviation of the problems with which the developing countries are faced, the question of the burden of debt has to be kept in full view. The solution in the form of the most liberal rescheduling, if donor countries cannot persuade themselves to reach a still more generous solution, is an absolute imperative.

The debate has been remarkable for its range and depth. I should like here to express my country's warmest appreciation to His Excellency Mr. Houari Boumedienne, President of Algeria, for his vision in calling for the convening of this special session. The debate has been remarkable also for the number of concrete proposals and useful suggestions it has brought forth, for the relief of those immediately affected, and for changing the international economic order.

We fully endorse the theme of self-reliance expounded by the Chairman of the delegation of the People's Republic of China envisaging reliance on the strength of our own people, and making full use of our own resources for economic development.

We are re-assured by the determination of the USA, announced by Secretary of State, Dr. Kissinger, to build food reserves, to restore the world's capacity to deal with famine, and to increase the quantity of food aid over the level provided last year.

We support the bold initiative of His Imperial Majesty, the Shahinshah of Iran, for the establishment of a Special Development Fund.

We welcome the reported decision of OPEC to create a fund for soft-term loans to developing countries.

We welcome the announcement of the Minister of Petroleum and Mineral Resources of Saudi Arabia that they will participate in a number of institutions and funds to mitigate the hardship of the developing countries.

We are wholly with the Arab countries in establishing institutions such as the Kuwait Development Fund, the Arab Bank and a Fund for Africa.

We envy the centrally planned economies which, as the Foreign Minister of USSR stated, ensure proportionate and harmonious use of all resources and which have not been affected by the present crisis.

We also fully appreciate the many constructive proposals made by other delegations which deserve detailed and expeditious study for the improvement and the well-being of people all over the world.

As many distinguished delegates have already spoken on the subject, it is not necessary for me to relate once again the gravity of the economic plight of the nations hit by the rise in the prices of oil, fertilizer, wheat and other essential commodities.

So hard has been the blow that more than a billion people are in no condition to suffer the agony of the delay that detailed investigations, time-consuming diagnosis and a protracted debate on treatment must entail. They need first-aid without further loss of time.

And, we will support any scheme, any proposal, any institution that will lead to an enduring solution of the problem. A co-operative effort of producers, a fund for stabilization of prices, and a stockpiling operation; all are welcome towards the objective of having stable prices, assured supplies and satisfaction of reasonable demands. Let experts sit down and formulate a workable scheme which will achieve this objective for all nations of the world, rich and poor, developed and developing, producer or consumer. This will indeed be a noble effort.

I have already referred to the restrictions, particularly tariffs placed on our exports by the developed countries and remarked that their effect is to lower the prices we receive. Because our economies are so dependent on foreign exchange earnings, we have no choice but to cut our prices below those of the competing producers. In effect, it is we who pay these tariffs and the governments of the developed countries that collect revenue out of them. It is understandable that no country would like to see whole industries and agricultural and mining activities swept away by low-cost competitors.

However, these tariffs and non-tariff barriers designed for protection of producers at home were never intended to become means of raising revenue at the expense of the developing countries. It is only just and reasonable, therefore, that these tariff revenues should be refunded to the governments of the exporting countries by the governments of the developed countries. Such a scheme would go very far indeed towards improving the trading relationships between all countries.

The basic pre-requisite to fulfill the purpose of this special session cannot be met unless the world production is increased. Unless there is more production, there can be no increase in anyone's prosperity. All nations have to join in increasing production. The developed nations naturally have to carry the major burden in this endeavor as their productive capacity is larger. But their production cannot increase without increase in the production of the Third World. And the Third World will have to be generously helped in order to help itself and the rest of the humanity.

Unfortunately, my delegation does not see in the immediate future the prospect of a technological breakthrough in the industrialized countries which can lead to a substantial increase in their production.

The second alternative for transfer of goods and services to the Third World is to reduce consumption in the affluent countries. Will the developed nations do this? This is a big question mark for the whole world.

The third alternative is further impoverishment of the under developed nations. However, this would lead to major upheavals.

All these issues, although economic in appearance, are political in substance. It is, therefore, imperative that solutions be found on the basis of the principles laid down in the charter of the United Nations.

The complexity and immensity of the problem, the possibilities of recession and depression, the spectre of pestilence and famine need not give rise to pessimism and gloom. The very covering of this session, the addresses of the high dignitaries and the level of the debate demonstrate the desire of mankind for a just solution. Above all, the desire for unity and the awakening of the Third World auger well for the future. We are happy that the recent Islamic Summit held in Pakistan helped, among other things, in stimulating this process of awakening. This is evident from the large number of messages received from all over the world by our Prime Minister, Mr. Mulfikar Ali Bhutto. The Lahore Declaration contains portions relating to economic co-operation that are of vital significance not only to the Islamic countries, but also to the whole world.

What is required is a vision on the part of the rich, both in the oil-consuming and the oil-producing countries. In this vision lies

the only chance of a peaceful solution of the current crisis. Should we fail to find a solution based on justice and equity, let us always remember that Nature has its own grand design for fulfillment of the destiny of mankind.

I thank you.

IMPORTING FOREIGN DOCTORS

Mr. TAFT. Mr. President, one of the most important problems facing the United States prior to adoption of any national health insurance plan is our need to provide adequate health manpower. We have attempted to fill this void through the use of foreign-trained physicians. We spend more on health care in the United States as a percentage of our gross national product than any other country in the world. Yet, as pointed out in an HEW study, 20 percent of U.S. doctors are foreign trained. In reference to this situation, I would like to bring to the attention of my colleagues an article from the Youngstown Vindicator, March 23, 1974, questioning our reliance on foreign-trained physicians.

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

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

IMPORTING FOREIGN DOCTORS

A survey by the Department of Health, Education and Welfare has turned up national figures that support the need for the Northeastern Ohio Universities College of Medicine, along with other medical schools in the state.

One-fifth of the physicians now in the United States are graduates of foreign medical schools. During 1972, the most recent year available, nearly half the doctors granted licenses to practice were foreign graduates continuing their studies in America.

That certainly wasn't the intention of the bill passed by Congress 25 years ago to extend benefits to foreign residents and internists working in hospitals in the United States. The idea was that they would learn the latest technology and then take it back to their own people. What has happened instead is that eight out of ten doctors who come to the U.S. never go home again. There are more Thai medical graduates in New York City alone than in all of Thailand.

It's true that without these foreign-trained doctors, many hospitals and health agencies would be dangerously understaffed. But this drain of talent from countries that need physicians contradicts the American policy of helping other countries through AID, the Agency for International Development.

The presence of foreign doctors has been used by both federal and state agencies, including HEW, as an argument against funding additional medical schools. It's time for the United States to educate enough of its own students as physicians to fill the country's needs. This would make it more attractive for foreign graduates to serve their own people.

TESTIMONY OF SENATORS RIBICOFF AND LONG BEFORE THE WAYS AND MEANS COMMITTEE ON NATIONAL HEALTH INSURANCE

Mr. RIBICOFF. Mr. President, today Senator RUSSELL LONG and I testified before the House Ways and Means Committee on national health insurance on behalf of S. 2513, the Long-Ribicoff bill.

In light of the interest in national health insurance I ask unanimous consent that our testimony be printed at this point in today's RECORD, as well as a fact sheet on the Long-Ribicoff bill.

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

TESTIMONY OF SENATOR ABE RIBICOFF BEFORE THE HOUSE WAYS AND MEANS COMMITTEE THURSDAY, APRIL 25, 1974

Mr. Chairman and members of the Ways and Means Committee, I am pleased to have this opportunity to discuss with you the need for national health insurance.

As you know, health care costs have been rising rapidly in America. The average personal health bill per person in 1973 amounted to $441. In 1950, it was only $78. The growth in this period for health costs was 2½ times greater than increase in wages. And as these costs rise, more Americans are hard pressed to pay for health care. Last year approximately one million families were saddled with health bills of a catastrophic nature. Often these bills wiped out savings, prevented children from going to college or forced people to sell their homes.

What all this means is that for more and more people health care is becoming a privilege which can be afforded only by the few. It should be a right enjoyed by all.

We probably all agree on this goal. The question becomes, then, how do we achieve this goal? How do we make health care a right? Many of the solutions of course are not part of national health insurance. We need more doctors providing basic general medical care all over the country. We need a coordinated program of hospital and health facility construction, modernization and use. We need proper health planning. No health system can function properly without these elements.

But all the planning, modernization and improved medical technology is worthless unless people can afford it. That is what we are discussing today.

In structuring an adequate mechanism to pay for health care we must be careful not to adopt simplistic or unworkable solutions. The American medical system is a complex and unique system. It is the third largest industry in the Nation, employing 4.4 million people.

Health spending in fiscal 1973 amounted to $94.1 billion and the system involves over 7,000 hospitals, 320,000 doctors, 748,000 nurses and countless suppliers of medical equipment and drugs.

Over 1,000 insurance companies provide policies covering 134 million persons.

What works in Canada, Sweden or England will not necessarily work here. We must tailor our system to our needs and our capabilities.

In the past few years many health insurance proposals have been introduced. Every element of the health sector has its own view of what is right for our health care system. All of the proposals have some good points. It is now time to put an end to the polarization of attitudes and move toward the shaping of a health bill which provides adequate health protection for all and is workable in our Nation.

One of the things that strikes me in looking at the more recent health proposals is that a consensus is beginning to build. There is a widening recognition of the need to provide protection against the catastrophic costs associated with prolonged illness or disease. There is a strong need to assure that the poor have access to adequate health care. In these aspects, I am pleased to note the similarity of approach to the problems by the Long-Ribicoff bill and the proposal recently introduced by the distinguished Chairman of this Committee (Mr. Mills) and Senator Kennedy who has played a leading and constructive role in health care matters in the Senate.

The major area of difference between the major health proposals is the question of how to assure adequate basic health protection for the vast majority of Americans.

Should the Federal Government take over the task? Should private health insurance be mandated? Or is there some middle ground?

In developing a solution I believe we should look at two important points: First, the scope of the problem and secondly, our capability to implement a solution.

THE SCOPE OF THE PROBLEM

The first major problem is that, while most Americans have health insurance of one form or another, it is inadequate to cover the catastrophic costs which can bankrupt almost any family within weeks. Over half the policies sold in America have limits not exceeding $10,000. Too often insurance coverage stops just when people need it the most.

We must assure that everyone in America has protection against these financial disasters.

Title I of the Long-Ribicoff bill provides this protection through a Social Security administered and financed program. Both the Administration bill and the Kennedy-Mills bill recognize the need for catastrophic protection and I am sure that between the three bills we can reach agreement on where the catastrophic ceiling should be set.

The second part of the problem is that the poorer a person is, the less likely he or she is to have health insurance. While 90% of those with incomes over $10,000 have hospital insurance, only 39% of those with income under $3,000 have such coverage. Even more shocking some 20% of the under age 65 population (38 million people) have no private health insurance at all.

Congress attempted to meet the needs of the poor through the federal-state Medicaid programs enacted in 1965. It is clear today—almost ten years after enactment of Medicaid—that major reforms are needed in the program. Benefits and eligibility vary widely from state to state. State regulations compete and conflict with federal ones, resulting in waste and inefficiency. State budgets are increasingly unable to cope with rising Medicaid costs. State Medicaid costs have risen to $4.5 billion—a 583% increase in 10 years. In Connecticut alone Medicaid costs will rise from $60 million in 1973 to $70 million in 1975.

Title II of the Long-Ribicoff bill attempts to meet the needs of the poor through a federalized version of the Medicaid program which will provide uniform benefits and eligibility on a national basis. The focus of responsibility for the program will be centered at the federal level rather than split between state and federal agencies. And states will have some of the burden of Medicaid costs removed from their already strained budgets. The cost of such a program is within reasonable bounds—$5.6 billion. I am pleased that the Kennedy-Mills bill adopts our low-income plan.

Finally, while our priorities must include protection against catastrophic illness for all Americans and health care for the poor, the majority of Americans—the middle class and the working men and women should be assured of health protection. They can't afford to pay large out-of-pocket expenses below the catastrophic ceiling.

What can be done for them? Today, most of them have private health insurance of one form or another. Three quarters of those with incomes between five and seven thousand dollars have health insurance. Eighty four percent of those with incomes between $7,000 and $9,000 have insurance. And ninety percent of those with incomes over $10,000 have insurance.

In total 134 million persons are covered by some form of commercial health insurance. Blue Cross and Blue Shield cover 79 million people and 500 independent plans cover 11 million people.

Today private health insurance covers more people than ever before and it pays for more of a person's health bill. In 1950 private health insurance covered 9% of personal health costs. By 1972 it covered 26%.

Thousands of Americans work in the private insurance field and there is a reservoir of expertise and administrative capability in the private market.

There is no need to eliminate this capability by federalizing the system if the private market can provide adequate basic coverage. But just as there is no need to federalize the health system, we should not be placed in a position of mandating private health insurance.

Our problem is to make sure that the private health insurance that is sold is adequate. Unfortunately, in too many cases it is not. Fine print loopholes, waivers, exclusions, internal policy limits too often take away what the bold print of the policy promises to give.

This is an intolerable situation. All Americans should be able to buy an adequate basic health policy at a reasonable rate without all the loopholes. Can the insurance companies meet this challenge? Title III of the Long-Ribicoff bill gives them the opportunity to try. It would give the insurance industry three years in which to make model basic policies available to all who want to buy them at a rate that is reasonable.

If the insurance companies can do the job of providing basic coverage they should be allowed to do so. If they cannot, an alternative will surely be devised. I believe our approach provides a solid middle ground between federalizing the system or simply mandating private coverage.

FEDERAL CAPABILITY TO SOLVE THE PROBLEM

Having identified the scope of the problem what can government do? As Senator Long mentioned earlier, one of the major reasons we favor the Long-Ribicoff approach is that we are concerned about the Federal Government's ability to effectively implement large social programs. The implementation of the Medicare program was a monument to what dedicated civil servants can do.

However, implementation of that program stretched our administrative capacity close to the limit, creating, as you know, a host of difficulties, some of which have still not been resolved successfully. I am sure that the casework in each of your offices reflects the limits of Medicare's administrative capacity. A fully-federalized health insurance program would, of course, pose enormous administrative burdens well beyond the Medicare program.

Imposing a giant new federal health program would only disillusion many by promising more than it can deliver. We simply do not have the administrative capacity to administer and pay claims for over 200 million Americans, deal with 7000 hospitals, over 320,000 doctors and countless other segments of the health industry. Nor does our health care system have the capacity to deliver all the increased demand for services which fully federalized national health insurance would induce.

In the health care area, I think members of this Committee should give special attention to the experience with the implementation of the health provisions of H.R. 1. By February 1974, 16 months after passage of H.R. 1, final regulations had been issued on less than one-third of the health-related provisions in the Act. Specifically, there were 87 health provisions which needed regulations and regulations had been issued on only 28 of these.

The problems encountered in implementing the new Supplemental Security Income (SSI) program which involves only a few million beneficiaries, reemphasizes that our capacity to administer is not limitless.

Clearly, our realistic administrative capabilities must be kept in mind in developing national health insurance. It is far more desirable to set our sights at this time on a proposal which can be implemented properly than to attempt a giant step which is doomed to failure. Once we have mastered the problems of implementing a realistic health insurance plan, we can expand it in the future as necessary to meet the changing health needs of the American people.

One final point. In shaping a program we must keep in mind the costs. What are American taxpayers willing to spend for health care? The Social Security tax has just about reached its limit. Today, most people pay more in Social Security taxes than they do in income taxes.

The combined Social Security-Medicare levy is now 5.85%.

I don't think we can afford to increase that tax by 3 or 4 percentage points as has been suggested. I believe we can assure proper health care protection for all Americans at a price they can afford. The general approach of Long-Ribicoff provides that assurance.

I look forward to working with all of you as we shape a program to assure adequate health care for all Americans.

3D PARTY PAYERS

[Government pays 40¢ of every dollar for national health expenditures (26¢ Federal and 14¢ State and local). Average personal health care bill in fiscal 1973 was $375 (this figure includes only personal health costs)]

Payment source of personal health care	1950 (percent)	1960 (percent)	1973 Percent	1973 Dollars
Direct patient payment	68	55	35	(132)
Federal/State, local	20	27	38	(142)
Private health insurance	9	21	26	(96)
Philanthropy	3	2	1	(5)

Private health insurance plays a larger role for those under 65.

75 Blue Cross plans cover 76 million persons; 71 Blue Shield plans cover 68 million; together they cover 79 million different people.

APPENDIX: HEALTH INDUSTRY FACTS

1. Health is third largest industry in United States, employing 4.4 million people—an increase of 2 million (80%) over 1960.

2. Health spending in Fiscal 1973 was $94.1 billion (7.7% of GNP):

3½ times the amount in 1960 (5.2%).

8 times the amount in 1950 (4.6%).

3. Average health bill per person $441 in 1973 (personal health costs plus research, etc.):

$142 in 1960.

$78 in 1950.

The growth from 1950 to 1973 is 2½ times as great as wage increases.

4. 1965–72 health care rose by $45.8 billion for the following reasons:

52% ($23.1 billion) due to price increases.

10% ($4.4 billion) from population growth.

38% ($17 billion) from increased use of services and new medical techniques.

5. Hospital care is largest item ($36.2 billion) in health care bill of the nation.

Physicians services $18 billion.

Dentists $5.4 billion.

1,000 commercial companies write policies covering 134 million persons for hospital care.

500 independent plans cover 11 million persons.

End of 1972 about 4/5 of population under age 65 had hospital or surgical insurance:

80% had hospital.

77% had surgical.

76% in-hospital physician.

76% non-hospital x-ray and lab.

51% for office and home visits.

58% for out-of-hospital prescription drugs.

21.5% for nursing home care.

9.5% had dental care.

20% of under age 65 (38 million people) have no health insurance at all. Disproportionate numbers of them were children and poor.

Medicaid applied to 17.4 million people and 2.1 million were blind and disabled.

The poorer a person's family income, the less likely he is to have health insurance.

The proportion of persons under age 65 with hospital protection was 2¼ times more for those with above $10,000 in income than for those with under $3,000.

PERCENTAGE OF UNDER AGE 65 WITH INSURANCE COVERAGE

	Hospital	Surgical	Children under 17
Income under $3,000	39.3	36.7	23.3
$3,000 to $4,999	53.1	50.2	49.1
$5,000 to $6,999	74.5	71.8	74.6
$7,000 to $9,999	84.3	81.9	88.4
$10,000 or more	90.1	88.3	91.8

OVERVIEW

In 1972 the private health insurance industry (including Blue Cross and Blue Shield) collected $22.3 billion in premium income. A little more than 87% ($19.5 billion) was returned in claims and benefits. Overall operating expenses were $3.1 billion (14% of premium income). The net underwriting loss was 1%. That was made up for in income from investment of reserves.

While the commercials received about $11 billion in premium income (76% from group and 24% from individuals) and the Blues $10 billion, the operating expenses of insurance companies was more than three times that of the Blues ($2.3 billion or 21.4%) of premium income for commercials compared with $700 million or 6.9% of premium income for the Blues.)

Following is a breakdown of the above overall statistics into four categories: 1) commercial individual; 2) commercial group; 3) Blue Cross; 4) Blue Shield.

1) Commercial individual plans received $2.6 billion in income and paid out $1.4 billion (52.6%) in benefits. Operating expenses amounted to 47% of premium income. Net underwriting gain of $10 million.

2) Commercial group plans received $8.3 billion in income and paid out $7.8 billion (93.3%) in benefits. Operating expenses amounted to 13.4% of premium income. Net underwriting loss of $600 million.

3) Blue Cross plans received $7.1 billion in income and paid out $6.5 billion (92.0%) in benefits. Operating expenses amounted to 5.2% of premium income. Net underwriting gain of $200 million.

4) Blue Shield plans received $2.9 billion in premium income and paid out $2.5 billion (87.2% in benefits. Operating expenses amounted to 11.3% of premium income. Net underwriting gain of $40 million.

NOTE.—The poorer performance of commercials vis a vis Blues is mitigated by the following:

1. Commercials pay federal and state taxes which Blues don't have to pay:

2. Commercials sell more individual policies which have high selling costs;

3. Commercials write more major medical and surgical-medical which have a higher operating expense than straight hospital coverage because of lower premium, large number of claims per enrolee, smaller amount per claim and greater complexity in administering.

PRIVATE HEALTH INSURANCE PERFORMANCE COMPARISON 1971–1972

Premium income for private insurance industry (including Blues) rose 14% in 1972. Claims rose only 10% and operating expenses were stable.

Thus, the industry reduced its net underwriting loss from $792 million in 1971 to $300 million in 1972.

Appendix:

Here is how it breaks down:

1. Blues had 13% increase in premium income in 1972. Claims rose only 10% and operating expenses were stable. Net underwriting gain jumped from less than $8 million in 1971 to $243 million in 1972.

2. Commercials had 14% increase in premium income in 1972. Claims rose only 9% and operating expenses rose only nominally. Net underwriting loss of $775 million in 1971 was reduced to $548 million in 1972.

Commercial individual had a 10% rise in premium income and 7% rise in claims. Operating expenses remained the same. Thus the $20 million net underwriting loss in 1971 was turned into a net underwriting gain of $10 million.

HEALTH MANPOWER 1972

320,000 active physicians in United States or 156 per 100,000 population.

One out of 5 is a graduate of a foreign medical school.

While numbers per 100,000 are up, the proportion of physicians in office-based practices providing patient care is down from 109 per 100,000 in 1950 to 95 per 100,000 in 1972.

HEALTH CARE INSTITUTIONS—7,000

HOSPITALS IN AMERICA

In 1972, there were 33.3 million admissions, 219 million outpatient visits at a total cost of $32 billion.

38% of hospitals (with 54% of bed capacity) are nonprofit.

Hospital expense per day varies from $64 in West Virginia to $130 in Alaska. In Connecticut it is around $100.

Average length of stay varies from 5.2 days in Alaska to 9.6 days in New York.

Financial position of hospitals is improving. Net income in 1971 was $547 million.

STATEMENT OF THE HONORABLE RUSSELL B. LONG BEFORE THE COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES, APRIL 25, 1974

Mr. Chairman, Members of the Ways and Means Committee, Senator Ribicoff and I are here today to testify in support of H.R. 14079, the Catastrophic Health Insurance and Medical Assistance Reform Act of 1974, introduced by Congressman Waggonner. The Waggonner bill is the House companion to S. 2513, the bill which Senator Ribicoff and I introduced last October.

S. 2513, as you may know, has 24 cosponsors in the Senate, including 8 Members of the Finance Committee. The cosponsorship covers a broad bipartisan range.

This morning, I would like to describe briefly the problems which the bill seeks to correct and the major features of H.R. 14079 itself. Then I will outline the reasons why Senator Ribicoff and I, along with the other Senate sponsors, believe that this bill represents the direction the nation should take in the health insurance area.

Our bill is a three-part approach—with each part relating to the others. First, Title I of the bill would establish a Catastrophic Health Insurance program which would protect nearly all Americans against the prohibitive costs of a catastrophic illness or accident. Title I benefits would constitute a ceiling of protection beneath which basic coverage would be provided by Medicare for the aged and disabled, the low-income plan established under Title II of the bill and private insurance meeting minimum standards established under Title III of the bill.

Catastrophic illnesses or accidents can strike any American family with devastating effect. These catastrophic and uncontrollable events leave not only physical scars, but they all too often ruin the financial future of entire families—wiping out savings and disrupting long-held plans.

Under the Catastrophic program in our bill, persons currently or fully insured under Social Security would be eligible for benefits after they had incurred medical expenses of $2,000 per family or after an individual had been hospitalized for 60 days. The types of services covered would be the same as those under Part A and Part B of Medicare except that there would be no upper limits on the number of hospital days. Hospital expenses thus would be covered from the 61st day on. The patient would be responsible for copayments equal to $21 per day, as under Medicare. On the medical side, the patient would pay a copayment of 20 percent. All copayment responsibility for both hospital and medical service would cease when the patient or a family had incurred copayment charges of $1,000 during a year under the Catastrophic Health Plan.

The program would be administered by Social Security and would include all of the cost and quality controls and reimbursement mechanisms contained in Medicare. It would be financed by a payroll tax of three-tenths of one percent each on employers and employees and would cost about $3.6 billion.

As I have noted, this Catastrophic program is designed to mesh with and complement existing private basic health insurance coverage for the general working population. It would be expected that the average citizen would obtain basic private health insurance coverage against the first 60 days of hospital care and the first $2,000 of medical bills. That is not unrealistic. Most Blue Cross plans, for example, cover at least 60 days of hospital care.

Title II of the bill would replace Medicaid with a reformed and expanded program covering the low-income population for the first 60 days of hospitalization and the first $2,000 of medical bills. The current Medicaid program, as you know, in general covers only those poor people who are aged, blind and disabled, or in broken families. It is available primarily to people on welfare.

Even for those on welfare, however, the present State-run Medicaid programs vary from State to State in random fashion with different benefits and varying eligibility levels. In one State an aged couple with an income of $2,600, for example, might be eligible for benefits while in another State they might not. Similarly, they may be eligible for 15 days of hospitalization in one State and 60 days in another.

We need a program which erases these inequities and which would extend benefits to intact families of the working poor also—families who are earning a living but who are too poor to afford the increasing costs of obtaining private health insurance against basic health care costs. Migrant workers and their families are one low-income group who would be reached by Title II of our bill.

Under Title II all low-income individuals and families, regardless of whether they were on welfare, and without the red tape and inequities of an assets test, would be eligible for benefits. The income limits would be set at $2,400 for an individual, $3,600 for a couple, $4,200 for a three-person family and $4,800 for a family of four. The income limits would rise by $400 for each additional family member. The program would contain a "spend down" feature. Families with incomes above the eligibility level could thus become eligible when their incurred medical expenses brought their incomes to the eligibility levels. For example, a family of four with an income of $5,000 would be eligible for benefits after they had incurred $200 of health expenses. The program would cover 60 days of hospital care and all necessary skilled nursing facility care, intermediate care and home health services. Additionally, the plan would cover all medically-necessary physicians' services and other health services such as laboratory and X-ray services.

It should be pointed out that the benefits of the low-income plan are residual; that is, the plan would pay only after payment by any private health insurance which the individual or family might have.

This program would also be administered by Social Security and it would also include Medicare's cost controls and reimbursement mechanisms. It would be financed out of general revenues and is estimated to cost $5.3 billion per year above present Federal-State Medicaid expenditures. States would continue to pay a fixed yearly sum related to their Medicaid expenditure levels in the year before the new program started, as well as 50 percent of the estimated amount of non-Federally matched funds spent by State and local governments for people and types of care now covered under the new program. General assistance health care costs is an example of this type of expense. That fixed dollar contribution would not be increased in subsequent years. Each State, thus, would realize substantial immediate savings under the program.

These two parts of the bill—Catastrophic and Low Income—combined with Medicare for the aged and disabled, would assure that those who generally have the most difficulty in obtaining adequate health insurance coverage—the aged, the disabled, the poor and those with catastrophic illnesses—will receive health insurance protection with Federal assistance.

The vast majority of the population, those who are not in these special risk groups, should be enabled to obtain adequate private insurance against their basic health care costs where they do not or cannot do so today. Private health insurance has demonstrated that it can do a reasonably adequate job in providing basic health protection to the bulk of the working population. However, I would be the last to say that the protection has been complete. Too many private health insurance policies sold today—particularly individual policies—contain inadequate benefits or unreasonable restrictions. Rather than virtually abandoning the present private health insurance system and replacing it with a large Federal health insurance program, we should instead try first to find ways to improve present health insurance coverage for the average working man.

The third part of our bill addresses this problem. It would establish a voluntary certification program under which private health insurance companies could have their health insurance policies certified by the Federal Government, if those policies met certain standards.

For example, benefits would have to include payment for at least 60 days of hospital care and the first $2,000 of medical bills so that private basic health coverage would mesh with the Catastrophic program.

Other criteria would ban exclusions—such as coverage of newborns—and waiting periods in group policies, and for individual policies limit exclusions only to preexisting pregnancies, with waiting periods for other conditions limited to not more than 90 days. A further criterion would be that the premiums charged be reasonable in relation to benefits paid. Individual policies would probably be sold principally through mass enrollment campaigns with subsequent annual open enrollment periods. Benefit payments under such coverage must be at group benefit payment ratios—and not at 40 or 50 cents on the dollar.

Under the bill, any private insurer could voluntarily submit his policies to the Secretary for certification. This Government certification could then be used by the insurer in his advertising for the policy like a "Good Housekeeping Seal of Approval." In addition, Title III of the bill contains provisions which would allow private health insurance companies to establish pooling mechanisms in the States to assure broader availability of private basic health insurance coverage to the non-group population.

The intent of Title III of the bill is to effectively stimulate, both through the voluntary certification process and the pooling

provision, the availability of adequate private basic health insurance at reasonable cost. Companies which did not make such coverage available after a reasonable period of time could not serve as carriers or intermediaries for either Medicare, the Catastrophic program or the Low-income Plan. Additionally, the Secretary would report back to the Congress in three years on the extent to which the private health insurance industry had succeeded in making certified policies of this sort broadly and generally available to the population.

With this report in hand, the Congress could then assess the extent to which there was a need for further expansion of the Federal health insurance program or whether the private health insurers were meeting the challenge of providing adequate basic coverage to those with the resources to obtain such coverage.

We believe the private health insurance industry has adequate implicit and explicit incentives to meet the challenge of Title III. However, to nail it down, I would be willing to propose or accept a further modification: Three years from the effective date, in any area of the country where certified basic policies were not generally and actually available to individuals and groups, such coverage could be purchased from the Social Security Administration at cost. Now, I don't believe this would be necessary—but it sure would guarantee universal availability of good basic health insurance protection.

In summary then, this bill, in combination with the present Medicare program, would provide Federal health insurance protection to those groups most in need of such protection—the aged, the disabled, the low-income population and those with catastrophic illnesses—and would at the same time stimulate, where necessary, the upgrading, broadening and availability of private basic health insurance.

Mr. Chairman, as you can see, this bill represents an incremental approach to our national health insurance problems. My belief in the wisdom of such an incremental approach is based on two premises. First, I think our experience with the current Medicare program and, particularly, with the implementation of the 1972 Amendments, should show us that the Government's administrative capacity is limited and that it would be a grave mistake for us to bite off more than we can chew.

The distinguished Senator from Connecticut who is with me today served, as you know, as a Secretary of HEW under President Kennedy, and is certainly qualified to speak to you, as he will, on the administrative problems entailed in implementing large-scale social programs.

The second premise underlying my advocacy of an incremental approach is that there is not a clearly defined need for a Federal role in providing basic health insurance coverage to the average working family. For example, your able staff recently produced a National Health Insurance Resource Book. The chart on page 77 of this book points out that at least 4 out of 5 families with annual incomes of $5,000 or greater have basic private health insurance protection.

As I mentioned above, that protection is not always adequate and it is not always generally available. So, although there is not a clear need for the Federal Government to provide basic health insurance to the average worker, there is a need to upgrade that coverage and make it more generally available. Title III of our proposal would do that.

Mr. Chairman, this bill does not constitute a "be all-end all" approach, but it does provide an opportunity to provide significant assistance to many millions by closing major gaps in the financing of necessary health care. We believe that careful building and improving upon the present system through this major initiative is the most feasible approach to our health financing problem. What Senator Ribicoff and I propose to do is what we know needs to be done and can be done.

FACT SHEET: LONG-RIBICOFF CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM ACT OF 1973

TITLE I—CATASTROPHIC HEALTH INSURANCE PLAN

Eligibility

All persons covered by the Social Security System and their spouses and dependents. This constitutes 95% of the population. Most of the rest of the uncovered population are government employees. State and local governmental employees not covered under Social Security could buy into the program. Federal employees who are eligible for basic and catastrophic protection under the Federal Employees Health Benefits Act would continue to be covered by that program.

Benefits

Social Security administered trust fund pays for medical bills after a family has incurred $2000 of medical bills in a year. Hospital costs would be paid for after a person has incurred 60 days of hospital costs. The $2000 deductible and the 60 day deductible are entirely separate. If a person were to meet the hospital deductible alone it would be eligible only for the hospital benefits. Similarly, if a family were to meet only the $2000 deductible, it would be eligible only for medical benefits.

After the deductibles are met there would still be copayments required similar to the Medicare copayments ($17.50 a day for hospital and 20% of medical bills). But these copayments would stop once they reach $1000.

Cost

$3.6 billion payable by .3% increase in Social Security tax on employee and employer.

Effective date

July 1, 1974.

TITLE II—MEDICAL ASSISTANCE PLAN

Replaces Medicaid with a uniform national program of medical benefits for low-income persons administered by Social Security Administration.

Eligibility—34 million people

All persons now receiving Medicaid benefits.

All individuals and families having an annual income at or below the following levels:

$2400 for an individual;
$3600 for a two-person family;
$4200 for a three-person family;
$4800 for a four-person family; and
$400 additional for each additional family member.

Families with incomes above these levels would become eligible if they spend enough on medical care to reduce their income to the eligibility levels. Thus, a family of four with $5000 would become eligible if it spent $200 for medical care.

Benefits

Provides hospital care for up to 60 days and all skilled nursing facility care, intermediate facility care and home health services.

Also covers physicians services, X-ray, laboratory, prenatal and well-baby care, family planning counselling services, and supplies, periodic screening, diagnosis and treatment for children under 18, inpatient mental health care that consists of active care and treatment in a medically accredited institution and outpatient care in a qualified community health center. Outpatient psychiatric services would be limited to 5 visits related to "crisis" intervention and additional visits could be authorized upon finding that in their absence the patient would require institutionalization or be severely dysfunctional.

The plan would also pay the $6.30 monthly Part B Medicare premium for persons eligible for this Title.

Copayments and deductibles

Only copayment is $3 for each of first 10 visits to doctor per family (but no copayments for visits for well-baby care and family planning services).

Payments of health care providers and administration

Same as Medicare (reasonable costs for institutions, reasonable charges for physicians.)

Payments made under the program would have to be accepted as payment in full and there could be no additional charges to patient.

Benefits reduced to patients by $250 if they have failed to enroll in an employer-employee plan in which employer pays 75% or more of the premium cost.

Cost

$5.3 billion in federal general revenues. States would have to pay no more than they did for Medicaid in the year prior to this Title's effective date plus one-half of what they paid for medical services for those not covered by Medicaid. Thus states would be held harmless against additional costs or caseloads.

Effective date

July 1, 1975.

TITLE III

Establishes a voluntary certification program for private basic health insurance to encourage the availability of adequate private health insurance.

Insurer could submit policy to HEW Secretary for certification. Certification is based on adequacy of coverage, conditions of eligibility, actual availability. Certified policies would be advertised as such.

Criteria for certification of policies

Must provide 60 days of hospital care and coverage of medical bills up to $2000. (This meshes with catastrophic plan.)

Limits on deductibles and copayments.

Ban on exclusions, waivers of liability and waiting periods in group policies, and with respect to individual policies, a limit on medical exclusion to pre-existing pregnancy and waiting periods for other pre-existing conditions to not more than 90 days.

At least one annual open enrollment period.

Reasonable ratios of benefit payments to premiums defined in terms of average ratios for group policies generally written by insurers.

Incentives to provide certified policies

For three years from effective date of act, Secretary of HEW studies progress of insurers in making certified policies actually and generally available to population.

After that time no insurer could serve as a Medicare carrier or intermediary unless it offered one or more certified policies to the general public in each geographic or service area in which it did business.

Insurance pooling

Contains an anti-trust exemption under which insurers could enter into contracts or arrangements for the sole purpose of establishing insurance "pool" arrangements in order to offer to the general public certified health insurance policies. Such pools allow proportionate sharing of risks and rewards.

U.S. SENATE,
Washington, D.C.

List of cosponsors of S. 2513, the Catastrophic Health Insurance and Medical Assistance Reform Act of 1973.

Russell B. Long (D-Louisiana).[1]
Abraham Ribicoff (D-Connecticut).[2]

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[1] Chairman of the Senate Finance Committee.

[2] Member of the Senate Finance Committee.

Herman E. Talmadge (D-Georgia).
Gaylord Nelson (D-Wisconsin).
Lloyd Bentsen (D-Texas).
Clifford P. Hansen (R-Wyoming).
Robert Dole (R-Kansas).
William V. Roth, Jr. (R-Delaware).
Hugh Scott (R-Pennsylvania).
Charles H. Percy (R-Illinois).
George McGovern (D-South Dakota).
James Abourezk (D-South Dakota).
Joseph M. Montoya (D-New Mexico).
Gale McGee (D-Wyoming).
Lawton Chiles (D-Florida).
Floyd Haskell (D-Colorado).
Milton Young (R-North Dakota).
Daniel Inouye (D-Hawaii).
Alan Bible (D-Nevada).
Howard W. Cannon (D-Nevada).
Edward J. Gurney (R-Florida).
Jennings Randolph (D-West Virginia).
Ernest Hollings (D-South Carolina).
Quentin Burdick (D-North Dakota).

IDA REPLENISHMENT

Mr. McGOVERN. Mr. President, the Congress still has before it legislation to authorize a U.S. contribution to help replenish the World Bank's International Development Association loan fund.

In contrast with much of our foreign aid, we do know that the kind of assistance made available through this program can have an impact. It is earmarked for the most fundamental development requirements of the countries with by far the most pressing needs, and the record is most encouraging. Also in contrast with many of our aid programs, it involves relatively modest sums of money.

I have received a letter from M. Hossain Ali, the Ambassador of the People's Republic of Bangladesh, describing that country's interest in the IDA program. Because it may be helpful to Senators and Representatives who are weighing the importance of the program in recipient countries, I ask unanimous consent that Ambassador Ali's letter be printed in the RECORD.

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

EMBASSY OF THE PEOPLE'S
REPUBLIC OF BANGLADESH,
Washington, D.C., March 19, 1974.

Hon. GEORGE S. MCGOVERN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MCGOVERN: You may kindly recall the recent rejection of the administration proposal seeking authorisation for the US contribution to the fourth replenishment of IDA funds by the House of Representatives. Most of the developing countries like Bangladesh are besieged with problems of massive price increases in their essential imports—oil, food, fertilizer and industry raw materials. For Bangladesh it has come as a bolt from the blue because of its major reliance on concessional aid for its economic rehabilitation and delevopment.

The role of the International Development Association as a source of concessionary aid for assisting development efforts of poor nations like Bangladesh is well recognised. The compelling requirement of attending to problems like population, unemployment, malnutrition, illiteracy has made the need of a devasted land like Bangladesh for such assistance only more pronounced. Recent indications expressed at Nairobi were for an expanded IDA role to assist development effort in such areas of basic human problems. Inability or partial failure to replenish its resources by the more affluent members of international community at this critical time would, therefore, frustrate such efforts with disastrous consequences.

Bangladesh, yet to recover from the ravages of a war, represents a complex and difficult development problem and this is well known. Our need for a steady flow of development assistance is, therefore, most pressing. The first Five Year Plan launched in December 1973 estimates requirement of an inflow of $2.2 billion of foreign capital during 73–78 to finance the plan's implementation. It is admitted that an increasing tempo of development activities leads to a rapid increase in the imports of raw material, intermediate and capital goods. Against this requirement the import bill for raw materials alone, excluding food, accounts for 70% of the annual export earning of about $400 million.

If Bangladesh has to import 2 million tons of food grains from its own foreign exchange earnings nothing is left for other vital imports. Annual oil import bill itself has increased from $36 million to about $130 million. Development prospect has further been endangered by massive increase in the price of all our essential imports—food, fertiliser, cotton, edible oil and industrial raw materials.

Against this background our expectation of annual IDA assistance is estimated at $120 million a year. This represents one-third of the total foreign exchange requirement of about $360 million to finance our development plans. So far IDA assistance to Bangladesh since its independence has been to the extent of $228.55 million which has helped us substantially in overcoming pressing needs and problems related to reconstruction of the economy.

Our First Five Year Plan has recognized the overwhelming importance of increased agricultural production to attain self-sufficiency in food grains. Development of the water resources, increased irrigational facilities, availability of an improved agricultural input package, strengthening of existing institutional facilities—all these will have to play a vital role in achieving the target. Similar importance has been attached to the critically sensitive sector of population planning. This is just to mention a few priorities outlined in the plan. Implementation of all these development goals, amongst others, is substantially dependent on the availability of concessionary assistance from institutions like the IDA.

Prospect of finding alternative source for resources is severely limited. Rapid expansion and diversification of exports within the constraint of existing international trade barrier and other related issues can also hardly be achieved. Borrowing from the international money market at commercial and near-commercial terms is prohibitive for Bangladesh besides being difficult because of low credit rating. Prospect of an increased flow of resources through reformed international monetary order looks remote; possibility of immediate assistance from the I.M.F., though being discussed presently, is still uncertain.

The above discussion would indicate the critical importance of IDA assistance for financing development needs of countries like Bangladesh and the role of the U.S. as a leading donor and pacesetter. The United States has played a vital role in the creation and funding of the IDA. This is in addition to hear equally momenteres role in assisting development programmes of needy nations within bi-lateral framework.

We hope that the U.S.A. will continue to recognize the desperate need of nations like Bangladesh and help them to face challenges of hunger, poverty, malnutrition, unemployment, all stemming from underdevelopment.

I shall be grateful for your kind consideration and help.

With kindest regards,
Your sincerely,

M. HOSSAIN ALI.

GREENWOOD MILLS

Mr. THURMOND. Mr. President, an excellent example of the American economic system and the opportunities it offers can be found in the story of Greenwood Mills, with headquarters in Greenwood, S.C. It also illustrates quite clearly the impact of initiative, integrity, and hard work on the outcome of such economic enterprises.

Greenwood Mills was founded in 1889, but by 1907 it had encountered financial difficulty. At that time a young man named James C. Self, a bank cashier, was asked to assume the presidency of the mill. There were some lean years, but Mr. Self, by determination and skill, brought the company through its difficulties.

Once the business was back on its financial feet, it began to grow. New plants were built; employee rolls expanded and the surrounding areas prospered. Greenwood Mills continued to prosper and grow through the years, establishing many community facilities as part of its growth. Today, the company operates 18 plants in South Carolina, in addition to sales headquarters in New York, and employs thousands of people.

The president of Greenwood Mills now is James C. Self, Jr., who has continued the policies of initiative and dedication which his father had used for the benefit of so many. The top management team today, headed by Mr. Self, reflects many years' experience with the company and a dedication to serving the needs of people and the Nation. Two sons of President Jim Self have now joined him in the business. They are James C. Self, III, and William Mathews Self.

The company president himself began working at the mill when he was 16, learning the business from all levels. He is also a business administration graduate of The Citadel.

Mr. President, this fine company and the outstanding people who provide its leadership and production are typical examples of the American system. Hard work, imagination, and dedication to high principles when given an opportunity can still provide the economic harvest to be reaped by whole communities and, indeed, the whole Nation.

Mr. President, an excellent magazine article, entitled "Greenwood Mills: A Self Enterprise," appeared in the April issue of the Sandlapper of Columbia, S.C. I ask unanmious consent that the 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:

GREENWOOD MILLS: A SELF ENTERPRISE

(By Beth Ann Klosky)

Every morning when James C. Self, president of Greenwood Mills, arrives at his office in the firm's downtown Executive Building, he receives a daily briefing from several of the key executives, who compose the textile

company's top management team. Usually the informal conference takes place in Self's office, where an old-fashioned rolltop desk sits conspicuously near the president's modern flat-top model.

This old oak piece was the personal desk of Self's father, the late James C. Self Sr. Its former quarters were much less pretentious, but it stands with timeless dignity in its present surroundings, a silent witness to the activities of a second-generation industrial team. To Self and his associates the mellowed old desk is more than a sentimental keepsake; it is part of the Greenwood Mills heritage and a reminder of the company's philosophy that "Dedication to the finest quality stands behind every yard of Greenwood fabric," and that "People are more important than anything else."

It is this philosophy of placing first importance on the people of Greenwood Mills that makes the South Carolina-based, family owned and operated textile enterprise somewhat different from other large chains. For nearly 65 years, since the senior Self became president of the company, the team approach has characterized operations of the textile firm, an unusually close-knit organization in which the people—from top management to production employees—are personally committed to a common goal, working together in concerted effort.

For this and other reasons, including a liberal policy of promotions within the company, longtime service with Greenwood is the rule rather than the exception. Sixteen of the 18 plants are located within a 25-mile radius (in Greenwood and Laurens counties), a convenience to employees that allows promotions from one location to another without the necessity for families to move. Significantly, the 14 officers of the company (excluding Self) have a combined total of 291 years of service and an average of nearly 20 years each. Among them are three men who join in corporate decision-making: Executive Vice Presidents C. D. Blalock, finance; Robert A. Liner, manufacturing; and Cecil Browning, sales.

In the early years the success of Greenwood Mills helped to usher in a new era of economic growth and community progress for Greenwood County. During his lifetime James C. Self Sr. once observed: "I don't think much of a man who makes money in a community and then forgets about it." These were not idle words. As the textile firm prospered and grew, it enabled Mr. and Mrs. Self Sr. to establish first the Self Foundation and later the Mathews Foundation (neither has any connection with Greenwood Mills) which have poured millions of dollars into community and state improvement. Figures show that since their inception in the 1940s the two foundations have contributed more than $9 million for medical and educational purposes. Self Memorial Hospital in Greenwood, now county owned, was established and maintained for years through Self Foundation funds. The hospital still receives aid from the foundation.

While growing up in the late 19th century Jim Self, son of a country doctor and a former school teacher, helped his widowed mother operate the family farm in Edgefield County. Setting his sights on a higher education he enrolled in the first class at Clemson College in 1893, digging ditches on the raw campus for eight cents an hour to help pay his tuition. Then came the depression of 1894. Discouraged when he was paid less than $100 for four bales of cotton, Jim left college and went to work as a clerk in a country store. By living frugally he managed to save $150 to pay his tuition at a business college; after completing his training he took a job as bookkeeper at the old Bank of Greenwood. Within a few years he was promoted to cashier.

Meantime, Self acquired 14 shares of stock in the Greenwood Cotton Mill, the community's first industry, organized in 1889 by William L. Durst. The industry prospered, and a second plant opened in 1905. By then Durst had died and his brother J. K. Durst, organizer and first president of the Bank of Greenwood, was serving as president. When the panic of 1907 came along conditions changed for the worse, and by 1908 Greenwood Cotton Mill was in trouble. The second plant closed down; the original plant remained in operation, but with its old machinery becoming obsolete and the mill's debt greater than its total value, the future looked black. In its darkest hour the mill's board of directors turned to Jim Self, a redhaired, blue-eyed young man of 32 who was known for his business acumen and organizational ability. Jim agreed to take over as president and treasurer of the mill (at an annual salary of $1,800) despite the fact that people kept asking him, "How can you save that broken-down, bankrupt mill?"

A less stubborn man might have thrown in the sponge, but not Self. He was in the mill office before daybreak and long after midnight trying to figure a way to keep going. There was never enough money to buy the cotton to operate and meet the payroll of 250 employees. Self realized the mill was doomed unless new machinery could be obtained; but how could it be done without collateral? Determined to find a way, he went to Boston to discuss his plight with manufacturers, and through salesmanship, enthusiasm and his own unmistakable integrity he persuaded them to take a chance and provide the machinery on a deliver now, pay later basis.

Jim Self had a rare capacity for matching men and machines and an intuitive grasp of the ability and potential of associates he brought into the company. The first of the original team was P. D. Wade, who became superintendent of the cotton mill in 1908. The mill showed only a small net profit in 1910, but two years later profits were up to $46,600; the second plant had reopened and the number of spindles had doubled. The following year J. B. Harris Sr., another longtime associate, joined the company. Harris became Self's right-hand man and helped him guide the destiny of Greenwood Mills for 42 years, until the death of the senior Self. Harris was chairman of the board when he retired in 1962. Other men who became part of Jim Self's team were L. B. Adams, who was treasurer for many years and who retired as executive vice president; Joe Chalmers, who headed manufacturing; and Horace Brinson, veteran secretary.

By 1916 Self had acquired a majority of the mill's stock, and with profits that year at $108,000 he resigned his job at the bank and assumed full-time duties at the mill. Additional looms were purchased; improvements on employee housing went forward; a church for the mill's employees was constructed; a night shift was initiated successfully despite warnings that it wouldn't work; and that same year Jim married Lura Mathews, daughter of one of his early employers in the country store of Durst and Mathews.

In the 23 years between the world wars the foundation on which the modern textile firm had risen was solidified. By remaining in a liquid position the comapny was able to take advantage of opportunities as they arose without borrowing money (Greenwood's expansion over the years has been financed wholly from within the organization), and at the end of World War I the Greenwood enterprise was one of the textile operations with its head above water. When business conditions improved Self acquired an interest in Ninety Six Cotton Mill.

Throughout the '20s and '30s the company continued to grow. During that period an expansion was begun at Ninety Six Cotton Mill; Grendel Mill No. 2 in Greenwood was purchased, renamed Mathews for Self's father-in-law; the plant modernized and its production doubled. When the Depression hit, the sound financial structure of the Self organization enabled it to forge ahead despite economic setbacks. In those years marking the initiation of government direction and government control Self's chief concern was the welfare of his employees. He kept enough currency on hand to meet the weekly payrolls, loading it in a truck in his backyard and hauling it to the plants on payday. By 1935, when most of the country was still recovering from the Depression, Greenwood was on three shifts a day; by the end of the year Jim Self had purchased all outstanding stock to become sole owner of Greenwood Cotton Mill. Two years later Mathews Plant was expanded to become the largest single plant in the world producing fabrics from spun rayon.

During World War II the plants produced millions of yards of fabrics for the armed forces. Mathews Plant alone wove more than 40 million yards of a special poplin used for cold weather garments, a performance for which it received the Army-Navy E award four times. After the war the company organized its own selling house, Greenwood Mills, Inc., which now occupies several floors of a New York skyscraper and directs district sales offices in 10 major American cities from coast to coast, plus an office in London.

Because of the transportation problem mill villages were a product of necessity during the early history of the textile industry. Long before they came under attack by the critics Jim Self's thinking on the subject proved he was way ahead of his time. In 1916 he said: "Every man ought to have a home. The sense of possession . . . the labor to render a house beautiful and comfortable refines . . . and promotes virtue, religion and patriotism—everything upon which society depends for its peace and permanence."

One way Self sought to inspire, uplift and challenge his workers was to provide employees and their families with good homes in attractive surroundings. Turning so-called mill villages into community assets, Greenwood Mills built whole new residential areas of substantial brick houses in varied design, complete with landscaped yards, shrubbery and seeded lawns. An example is Harris Village, where wide streets are lined with four- to seven-room brick houses constructed of the best materials and featuring all modern conveniences.

In employee housing alone Self was an innovater in industrial progress. He was one of those leaders who helped bring about the New South and the resulting sociological change that led to the sale of mill homes to employees. Some 1,500 Greenwood Mills homes were offered for sale to employees beginning in 1962, but Self did not live to see the transition; he died in 1955 at the age of 79. By 1967 every mill home was privately owned and the company had turned over its water, electric and sewer facilities to the City of Greenwood, the Town of Ninety Six and the Greenwood REA.

An organization especially close to Self's heart was the Quarter Century Club of mill employees. At its first meeting in 1948 when the first Quarter Century pin was presented to him by his son J. C. Self Jr., the father said: "Son, I hope you stay with this organization as long as I have and have people as good to work with as I have." The second James C. Self recalled this affectionate remark when he assumed his father's place as president.

During the past 18 years Greenwood has forged steadily ahead, changing and expanding to meet modern challenges. In contrast to old-line procedures, Mathews plant was modernized in 1957–58 as three units to make it more competitive. Separate and specialized units were also established within Greenwood and Ninety Six Mills; all plants built since 1950 now operate as specialized units. In the 1960s Sloan and Adams plants at Ninty Six and Chalmers plant at a site near Durst were constructed. Looking beyond county bound-

aries the firm next acquired Joanna Cotton Mills in Laurens County, transforming the facilities into four specialized plants. Then came acquisition of a plant in Orangeburg, recognized as the most modern in the world for dyeing and finishing light-weight textiles. A second Orangeburg plant, 18th in the chain was recently purchased and will specialize in knit goods—the company's latest venture. Meantime, a growing need for additional administrative office space led Greenwood Mills to acquire the old Oregon Hotel, which was renovated, modernized and is the textile firm's corporate headquarters.

The historic rolltop desk in the president's office is a vivid reminder of industrial pioneering, but the man who sits beside it today is representative of a modern technological age which has seen the Greenwood textile firm emerge as a highly sophisticated, streamlined operation. A young grandfather in his early fifties, the second Jim Self displays the same energy and drive of the president before him, but the personalities of father and son are different. Sandy-haired, not quite so tall, the second-generation president has an engaging, rather shy manner and is described by his associates as still a country boy at heart. He's reserved around strangers, dislikes big cities and hates to make speeches.

"Little Jim" as he was affectionately known in his youth received an early indoctrination in textile manufacturing. At age 12 he began accompanying his father on business trips that resulted in many good things being "rubbed off" on him. When he was 16 he went to work in the plants and learned the industry from the ground up. After graduating from The Citadel with a degree in business administration, Jim served overseas during World War II. He married his childhood sweetheart Virginia Turner, and their two sons are now the third generation of Selfs associated with the company.

There have been times when decisions made by the second-generation president prompted old-timers to remark, "Your father wouldn't have done it that way." Jim's reply was always the same: "Conditions have changed; if my father were alive he'd do things differently now."

By 1967 Greenwood was listed in the top 20 textile enterprises in the nation, with a growth pattern indicating an eventual rank in the top 10. Currently Greenwood Mills employs 6,500 people and has an annual payroll of more than $40 million. Its plants produce each week approximately 6 million yards of fabrics in styles ranging from corduroys and poplin to fine-count batistes and various types of synthetics, most of it marketed finished. The fabrics go into clothing, industrial uses and home furnishings. Besides marketing its own cloth the New York-based Greenwood Mills, Inc., is also the selling house for Inman Mills in Inman and Harmony Grove in Commerce, Ga.

As in the past, quality is at the heart of Greenwood Mills. Its long list of satisfied customers, some of whom date back to the 1920s, is ample proof of its reputation for quality fabrics. Over the years the textile firm's research department has developed a number of new fabrics including "Bondyne," which bridged the gap between lower priced fabrics and the higher priced easy-care blends. Philosophically the management opposes unions and so advises its employees, because the company feels that it can do more for its people in a more personal, nonunion operation.

All of Greenwood's operating units and its employees are a part of the community. In fact, the company encourages its workers to be a vital force in community life. Its thinking along this line is indicated by the decision to support the local YMCA rather than provide a company swimming pool, to develop a community playground rather than one for mill families. The Self Memorial Hospital, as well as churches and schools built by the company, were all turned over to the county, the congregations and the public school system.

Looking to the years ahead James C. Self predicts that the textile industry will experience new and dramatic developments and that Greenwood Mills, operating under a well-defined growth pattern, will move on to higher plateaus of technology and achievement. Whatever the future holds for the family owned enterprise, Jim Self will continue to credit its success to the many valuable men and women who make up his working team—from the officers and office staff to the superintendents, supervisers and production workers who are "the bedrocks of Greenwood's operating strength."

The character of quality that has made Greenwood Mills a distinguished name in textiles was no accident. It is the outgrowth of the Self philosophy that gives priority to human values and considers it both an obligation and a privilege to serve community, state and nation in the best interests of mankind.

GENOCIDE CONVENTION: THE FIGHT IS NOT OVER

Mr. PROXMIRE. Mr. President, I was very gratified 2 months ago when after years of effort by myself and several colleagues, the Genocide Convention was finally brought before this body for consideration. I was saddened that it actually did not come to a vote; but I intend to continue speaking on this subject until the opportunity arises again, for this is a treaty that under no circumstances should be lightly dismissed or allowed to pass into oblivion.

I believe that most of the objections raised against the treaty do not carry anywhere near as much weight as the arguments in favor of it. Our national heritage commits us to the sentiments expressed in this document, advocating as it does the right of all groups and nationalities to be free from persecution and extermination. World opinion demands that we support it. And the events of recent decades have shown that the terrible crime condemned by it is not an ethereal, hypothetical thing, but a horrifying reality.

Therefore, Mr. President, the fight to reconsider the Genocide Convention Treaty must continue. It can cease only when this country and this body renew their commitment to human rights and liberty, by giving this document the approval that it unquestionably deserves.

VIETNAM VETERANS GI BILL

Mr. McGOVERN. Mr. President, on April 10, I appeared before the Senate Committee on Veterans' Affairs with Senators MATHIAS, INOUYE, and DOLE in support of our bill to increase GI bill education benefits (S. 2789).

The bill has been cosponsored by 35 of our Senate colleagues and there is a great deal of interest around the country in our effort. For that reason, I ask unanimous consent that our joint testimony be printed in the RECORD to help other Senate offices answer constituent inquires.

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

JOINT TESTIMONY OF SENATOR GEORGE MCGOVERN, SENATOR CHARLES MATHIAS, SENATOR DANIEL INOUYE, AND SENATOR BOB DOLE

On June 22, 1944, 16 days after the Normandy invasion, President Franklin Delano Roosevelt signed Public Law 346, The Federal government, in approving what became known as the G.I. Bill of Rights, affirmed its faith in ultimate victory by the Allied Forces. The G.I. bill in President Roosevelt's words showed further that the American people would "not let the men and women in our armed forces down."

By prior legislation, the President and Congress had already provided for the armed forces of World War II: dependency allowances; mustering out pay; hospitalization, medical care and vocational rehabilitation and training; pensions in case of death or disability in military service; war risk life insurance, and guaranty of premiums on commercial policies during service; protection of civil rights and suspension of enforcement of certain civil liabilities during service; emergency maternal care for wives of enlisted men; and reemployment rights for returning veterans.

Public Law 346 gave servicemen and women the opportunity of resuming their educational or technical training after discharge, or of taking a refresher or retainer course, not only with tuition reimbursement up to $500 per school year, but with the right to receive a monthly living allowance while pursuing their studies. It made additional provisions for federally guaranteed loans to veterans for housing, farm and business purchase and construction; unemployment payment to veterans unable to find work; job counseling for returning veterans; construction of additional necessary hospital facilities; and a strengthened Veterans Administration "able to discharge its responsibilities with promptness and efficiency."

These government programs were enacted in recognition of the fact that the members of the armed forces in service to their country are "compelled to make greater economic sacrifice and every other kind of sacrifice than the rest of us, and are entitled to definite action to help take care of their special problems."

In the three decades since the first G.I. bill became law, millions of American men and women have served in the armed forces. They have participated in three major conflicts—World II, Korea and Vietnam—and they have been involved in lesser conflicts around the globe. They have provided a blanket of national security for the United States and international stability between the Western Allies and the Sino-Soviet bloc.

Each American who entered the service, either voluntarily or through the draft, became an essential element in our defense machinery. Each entered the service with no guarantee that they would not at some time be called upon to risk life and limb in defense of their fellow citizens. Each left the security of home, family and job to serve this nation.

The original G.I. bill was followed by the Korean Conflict Program, the post-Korean program and the present G.I. bill for Vietnam veterans. Each bill was intended to provide vocational readjustment and to restore educational opportunities lost due to service in the armed forces. The Cold War G.I. bill is not meeting that purpose today because of the inadequacy of many of its provisions. The Comprehensive Vietnam Era Veterans Educational Benefits Act (S. 2789) which we have introduced for consideration before this Committee is designed to correct these inadequacies.

Vietnam was this nation's longest, costliest, and most confusing war. Many of the veterans who fought in Vietnam experienced serious doubts about their mission and ques-

tioned why they should face enemy bullets, mortars and mines half a world away from home. His return home has been equally confusing as indifference, skepticism or outright hostility has greeted him. The Vietnam veteran has returned to more economic, social and employment problems facing him than any other group of veterans in our history. Rampant inflation, high unemployment, tight housing markets, high rents and food prices have made the readjustment problems for Vietnam veterans unique and difficult without the extra burden of an unsympathetic public and government assistance programs unequal to his needs.

Although we do not necessarily need a reference point to see that the Vietnam Era G.I. bill is inadequate, the simple fact is that today's veteran is not as well treated as the veteran of World War II. We, therefore, agree with Chairman Hartke's statement that "as a matter of equity, today's veteran should receive benefits in inflation adjusted dollars that are no less than the maximum amount that was available to me and other veterans following World War II."

By paying tuition, the World War II G.I. bill accorded all veterans an equal opportunity to enter education and training programs. In the few schools where educational costs were more than the $500 school year ceiling provided by the V.A., a veteran could accelerate the consumption of his 48 months entitlement to cover the difference.

Numerous studies, including the V.A. sponsored report by the Educational Testing Service, the National League of Cities/U.S. Conference of Mayors Special Veterans' Opportunity Committee Report, the report of the American Association of Community and Junior Colleges and hundreds of letters from Vietnam veterans and their families have attested to the fact that today's G.I. bill does not provide equal education, training assistance and opportunities for all Vietnam era veterans.

One of the findings made by the ETS study was that the single most important factor determining whether a veteran can make use of his G.I. benefits is the State in which he resides. The monthly subsistence allowance that vets presently receive does not begin to cover the cost of schooling in high cost public education states.

Today's G.I. bill also discriminates against veterans who are poor, educationally disadvantaged, members of minority groups, married with families to support. Because of increases in tuition costs over past years, the amount that a veteran has for living expenses after paying educational expenses varies from veteran to veteran, school to school and state to state. The financial resources available under today's G.I. bill limits veterans without supplementary resources to education and training at low cost public institutions. If a veteran does not live in a community which provides low cost public education, his educational benefits are not sufficient to allow him to receive education or training. If a veteran has no outside source of income and wishes to attend a private educational institution, he does not have that choice.

Representative Olin Teague in reference to the Korean War G.I. bill stated, "The scholarship allowance should be sufficient to maintain a veteran-student under reasonable and normal circumstances in a reliable institution with customary changes for non-veterans used as a guide." The present G.I. bill does not meet that standard. There are some startling statistics that prove this point.

A recent study by the National College Entrance Examination Board shows that the cost next fall for a student's tuition, room and board will average $2400 at public colleges and universities. Thus the average single vet will fall short approximately $500 of basic needs. Married veterans will have an even more difficult time meeting expenses. By using the average veteran at an average cost of $2400, by definition over half of the affected veterans are even worse off. With the average cost for tuition, room and board at a private institution estimated at $4039, the veteran without additional financial resources is excluded from this market. Tuition at two year technical, vocational and professional institutions averages $2000 per year before counting living expenses.

The effect that the high cost of education has had on the married vet's use of education benefits is striking. Sixty-seven percent of all Vietnam veterans are married. Yet, only 41.8 percent of veterans using the bill are married. Of the total Vietnam veterans with dependents, only 13.4 percent are currently using the educational entitlements.

The national average for Vietnam era veteran G.I. bill enrollment in junior and four-year colleges by states is 24.4 percent of the veteran population. Thirty-two states have participation rates below the national average. These states are primarily those which do not provide low cost public education, but rely on private colleges or higher cost public institutions for educating their students.

Using Veterans Administration statistics, the difference between what the Vietnam veteran receives in inflation adjusted dollars compared to what World War II veterans received is shocking. The $500 tuition ceiling of World War II would be the equivalent of $2,517 in 1974 dollars. The supplemental benefits received after World War II equal in today's dollars $1,287 for a single vet, $1,800 for a vet with one dependent and $2,061 for a vet with two or more dependents. So today's single veteran receives $203 per month in adjusted dollars less than his World War II counterpart, $219 less if he has one dependent and $211 if he has two or more dependents.

These facts prove conclusively that the present educational benefits program does not provide the veteran the opportunity and flexibility to attend the institution and to pursue the education and training of his choice. Indeed, many of today's veterans cannot use their entitlement at all.

The Comprehensive Vietnam Veterans Educational Benefits Act recognizes that the present system of administering veterans educational and readjustment benefits is not meeting the specific intent and objectives of Congress and is denying readjustment assistance to thousands of Vietnam era veterans. The Comprehensive Bill amends the current G.I. bill to provide specific solutions to the inadequacies and shortcomings of the present system and improve the effectiveness of existing programs. The Comprehensive bill is designed to broaden the base of veterans' participation in the G.I. bill by providing, for the first time since the Cold War G.I. bill was enacted, an equal opportunity to all veterans to utilize the benefits he or she is entitled to as a result of serving our nation's needs as a member of the armed forces.

We believe that our bill, as opposed to various other proposals before this Committee, is the only legislation that will truly equalize the veterans' opportunity to participate in the G.I. bill. The combination of the variable tuition, accelerated payment, increased subsistence allowances, time extension and an expanded work study program make the Comprehensive bill an integrated plan that will assure that each veteran will be able to receive an education no matter what has economic or marital status and regardless of where he lives.

The provisions of the Comprehensive bill have been endorsed by 39 Senate co-sponsors. The major veterans' organizations have spoken out in favor of the major elements of this legislation. Our offices have received thousands of letters of support for S. 2789.

We do not believe that our legislation is perfect. This Committee has the experience and expertise to provide the changes and polishing that any final bill will require. We do feel strongly, however, that the comprehensive approach of our legislation is absolutely necessary if equal opportunities are to be provided to all veterans.

TUITION EQUALIZER PROGRAM

One of the most crucial provision of our bill on which we would like to focus today is that found in Sec. 2, subparagraph (9) of S. 2789—or what has come to be known as the "Tuition Equalizer" provision. Under our proposal, the federal government would provide a grant of up to $600 per veteran annually to meet tuition costs which exceed $400 per year. The first $400 of tuition would continue to be paid by the veteran out of his regular monthly subsistence allowance.

The need for a provision such as this has been clearly underscored by the findings of the Educational Testing Services study. One of its central findings deserves particular emphasis:

"Current benefits levels, requiring as they do the payment of tuition, fees, books and supplies, and living expenses, provide the basis for 'unequal treatment of equals'. To restore equity between veterans residing in different states with differing systems of public education, some form of variable payments to ameliorate the differences in institutional costs would be required."

The simple truth is that wide disparities in the cost of tuition—both between states and within each state—make a mockery of our commitment to provide equal educational opportunities to veterans who gave equal service to their country, to say nothing of our commitment to provide anything approaching benefits comparable to those available to veterans of World War II.

We are convinced that a direct relationship can be shown between the cost of tuition and the participation rates of veterans under the G.I. bill in any given area in the country. Nationally, only about 25% of the almost seven million Vietnam era veterans have ever attended College since 1966 under the G.I. bill, according to April 1973 figures (the most recent data made available by the Veterans Administration). On a state-by-state basis, however, the participation rates vary widely—from a peak of 37 percent in California to a low of about 14 percent in Vermont and Indiana.

We believe that it is no mere coincidence to find that veterans living in California, with the highest veterans' participation rate in the land, are blessed with the availability of a broad range of low-cost public higher education—an entire state college system with tuition of about $160 per year—while the major institutions of public higher education charge tuitions as high as $630 to $700 in Indiana and $720 to $1088 in Vermont.

Nor are these states alone in their high tuition costs for public education (and consequently, low veterans participation rates). Indeed, most of the major industrial states—where most of the Vietnam era veterans are concentrated—charge tuition rates well above the national average. These states include Pennsylvania, Ohio, New York, Maryland, New Jersey, Wisconsin and Michigan. Veterans living in all of these states suffer the unfair disadvantage of being unable to use their G.I. bill educational benefits without significant outside financial support to help them pay the high cost of tuition. (A complete state-by-state list of tuition costs and participation rates is attached for the Committee's review).

Even in states with the highest veteran participation rates, such as California, serious inequities exist because of variations in tuition costs. We have already noted, for example, that the California veteran has access to a broad range of state colleges with a tuition in the area of $160 per year. Nevertheless, the highly regarded University of California system requires a tuition payment of about four times that amount—$644. There-

fore, even in California, the Vietnam era veteran does not have access to the best public higher education in his state without substantial outside financial aid or resources.

As for private colleges and universities, very few of which charge tuition under $1000, today's veteran is simply priced out of the market. His World War II counterpart, of course, was financially equipped to attend virtually any public or private university in the nation, since the $500 ceiling for tuition under the World War II GI bill covered all but the highest-cost tuitions. In 1947, for example, Yale University's student body was composed of almost 60 percent veterans.

In the 1971–72 academic year, Yale's student body consisted of only 0.8 percent (eight-tenths of one percent) veterans. It may no longer be economically feasible for the federal government to provide grants to cover the full cost of private tuition as was provided after World War II; but at the very least, the enactment of our tuition-equalizer provision would constitute a kind of tuition "rollback" for the veteran who could otherwise have afforded private tuition had his education not been disrupted by military service. In too many cases, for example, a veteran left (or delayed entrance at) a private college or university to enter military service, only to return three or four years later and find the tuition increased by as much as $300 to $600 or more. Thus, our tuition provision would at least restore the veteran who seeks education at a private college to the same financial footing on which he stood before serving in the armed forces, even if we cannot afford to cover the full cost of his tuition.

We have already observed that under the existing framework of the G.I. bill, those who are most severely hurt by the inequities in tuition costs are the very ones whose educational needs are greatest—these are the veterans who struggle for economic survival is so keen that the soaring cost of tuition represents an almost insurmountable barrier to full use of the G.I. bill benefits. In addition, among those veterans who can afford to pursue higher education, the economics of our current program generate a disproportionate reliance on two-year and junior college programs where the costs tend to be lower even as the range of ultimate employment opportunities afforded is narrower. The costs of a full four-year college degree program are simply too high for most of today's Vietnam veterans of modest means.

It would appear, therefore, that the G.I. bill as it is currently structured operates to the maximum benefit of veterans who are largely white and upper-middle class. The millions of other "working class" veterans have little opportunity to use the benefits we offer. And of those who do, their options are generally restricted to low-cost junior colleges or even less-than-reputable "get rich quick" courses of instruction.

The central purpose of our tuition-equalizer provision is thus to provide every veteran in the nation, regardless of his state of residence, with an equal opportunity to attend a full college degree program at any public institution of higher education of his choice. This is the least we can do if we are to fulfill the commitments we made when we sent them off to war.

As we have pointed out, we would have preferred to provide true comparability with the World War II G.I. bill by providing tuition grants for any college or university, public or private. In that regard, the low-cost loan provision of S. 2784 constitutes an important contribution and may well provide the best solution—by allowing those veterans who prefer to pursue higher-cost private education to borrow the funds necessary to pay their fees. It should be noted, however, that such a loan provision *without* a tuition grant would still leave the poorer and working class veterans at a serious disadvantage—for these latter are the veterans who would be mose reluctant and, indeed, could ill afford to go heavily into debt to pay for their educations without the ultimate promise of a high-paying job at the other end with which to pay off their loans. But as a *supplement* to the tuition provision of S. 2789, the loan provision would go a long way toward opening up private education opportunities to Vietnam era veterans.

OPPOSING ARGUMENTS

Opposition to the tuition-equalizer provision of S. 2789 has tended to take the form of three general lines of argument; none of which we find entirely persuasive:

(1) That it is unnecessary because current benefit levels are already sufficient to assure comparability with the World War II G.I. bill;

(2) That it would be unwise or unfair to reward states which have failed to develop broad low-cost systems of public education by providing grants to veterans attending high-cost institutions; and

(3) That it is administratively infeasible in view of the alleged abuses involved with the World War II tuition program.

The first argument, most commonly advanced by the Veterans Administration, is based on an almost surrealistic comparison on the value of World War II benefits with current levels. And while we discuss the inadequacy of the VA's comparability figures more fully in other parts of this testimony, we should recall at this point that while the cost-of-living generally has only roughly doubled since World War II, tuition rates for public *and* private colleges and universities have increased closer to five-fold. And under the VA's "logic," the minimum-wage rate, which stood at 40¢ per hour in 1947, would be "adequate" today if it stood at a mere 80¢ per hour, based solely on cost-of-living increases.

The second argument—focusing on the disparity between the efforts being made by different states to hold the line on public education tuition—almost answers itself. It is argued that our tuition provision would incidentally benefit states with high-cost public education at the implied expense of those states which subsidize the costs of public education more fully, thus reducing the states' incentive to maintain low tuitions. This might be a plausible line of argument if veterans constituted a large enough proportion of the student population to have a significant impact on tuition policies at public institutions. Quite the contrary is the case. Today's student population is, and may be expected to remain, largely nonveteran. Consequently, any change in a state's tuition policy will affect a far greater number of non-veterans than veterans. It should also be noted that under the present program, California is using G.I. bill benefits at a rate of two to three times greater than New York where a comparable veteran population exists. That means that New Yorkers are subsidizing the college costs in California where participation is higher and tuition considerably lower.

Even more importantly, this "state-effort" line of argument also begs the central question on which we seek to focus here today: namely, our belief—one which we are sure we share with this Committee—that educational opportunity for the Vietnam veteran is at its heart a *federal* responsibility, and not one which we can continue to ask the states to subsidize, each at its own discretion. With such wide variations in tuition costs emerging in all parts of the country, we in Congress can no longer sit on the sidelines—wishing, hoping, even exhorting the states to equalize their tuition costs. For while we wait, poring over percentage figures, cost-of-living indicators and national averages being supplied to us by various agencies of government, veterans who fought in the same war, shared the same foxhole, came from identical backgrounds and armed with the same degree of personal wealth, come home to find a program of educational benefits which allows one to attend the public college of his choice and denies the same opportunity to another, simply because he is unfortunate enough to live in a state where tuition outstrips his means.

Finally, the third argument—relating to the abuses which are said to have characterized the World War II program—may be the most perplexing, because it has been recited so often and, frankly, so ritualistically. In the Veterans Administration's response to this Committee's request for comment on S. 2789, for example, the VA dismised this proposal in one short paragraph, almost as if by wave of its hand, merely stating that "We firmly believe that to return to a tuition repayment system, even though the payment would be made to the veteran instead of the school, would again open the door to the many abuses which occurred in the earlier (World War II) program." There was no further discussion or analysis, no acknowledgement of any pertinent changed circumstances since 1947, nor even any attempt to explore administrative means of preventing these alleged abuses from recurring under an improved program.

There were indeed some abuses in the tuition program following World War II. But it seems to us that our responsibility here in Congress is to explore ways of learning from our experience and forging a better program. Some relief from the staggering cost of tuition is far too important to today's veteran to allow a program for tuition grants to continue simply being held hostage by our dimming recollection of an earlier program which may have been flawed.

ABUSES OF TUITION PAYMENT PLAN

We recognize the fact that the Veterans' Administration has not handled education payment programs in the past in a highly competent way. In light of their problems in constructing workable system for mailing out advance subsistence checks, it might seem foolish to add on the extra burden of administering a tuition payment plan. We believe a system can be worked out that will administer the tuition program effectively and with a minimum of abuse. This Committee has accumulated a great amount of expertise in understanding and dealing with the administrative procedures at the Veterans Administration. We wish to lend the strongest possible support we can to whatever regulations or qualifying provisions the Committee may deem necessary in our tuition proposal to prevent whatever forms of abuse or administrative tangles that might be anticipated. Our primary concern is that an equal education be provided for all veterans in all states. As long as that remains central, we would be more than happy to follow the Committee's recommendations on any modifications that are necessary.

We do feel that we should speak to some of the specific reservations that have been voiced about the tuition payment plan. They center primarily on the history of abuses set forward in Congressional hearings following the World War II G.I. bill. We would also like to point out the efforts we have made in the drafting of this provision which we feel will help avoid many of the abuses documented in previous programs.

A change of major significance is the much lower proportion of veterans in the student population now as compared to the post World War II period. Following the second world war, better than 50 percent of the college student population was composed of veterans. The invitation to possible abuses

such as charging out-of-state tuition for in-state veterans are obvious. The possibility for abuse was furthered also by the great influx of veterans in a relatively short period of time.

The situation is entirely different today. Compared to the over 500 percent figure for the World War II program, less than 10 percent of the current student population is made up of veterans. The only reasonable assumption to make is that abuses would be reduced almost in direct proportion to the reduction in the percentage of student veterans. It would no longer benefit schools to change policy affecting the entire student body in order to take advantage of the 10 percent who are veterans.

STATUTORY SAFEGUARDS

The primary abuses, then, will not occur in standard two or four years public or private colleges. The danger lies with the kinds of abuses documented in connection with correspondence and certain short term vocational programs. In order to structure the tuition-equalizer program to prevent the possible abuses, we have included two main changes from the World War II program. First, the veteran must pay the first $400 of the tuition cost himself. Veterans themselves are going to be a little more cautious in their choice of schools and programs knowing that they are making that sizable of an investment. Second, the Veterans Administration payment for tuition costs above $400 up to $1000 is made to the veteran himself. Any attempt to impose extra changes to get more out of the VA would necessarily entail collusion on the part of the veteran and the school he wishes to attend.

The VA may not be the most popular institution with young veterans, but we doubt seriously that they would go so far as to enter into behind-the-back agreements that benefit the school just to effect some kind of revenge on the Veterans Administration.

As was noted before, we heartily endorse any efforts the Committee may make to expand these safeguards. We do wish to be on record as being aware of the possible problems the program may encounter and we urge the Committee to look into preventative measures for abuses that might occur in the areas of recruiting, advertising, and falsifying job placement percentages. Knowing the competence and expertise of this Committee, we are confident of your ability to deal with these problems and we wish to cooperate in whatever way we can in your investigations and subsequent program planning.

There is one final, major abuse that we can and must speak to. Even though veterans have historically shown themselves to be highly motivated and responsible students, there are those who will drop out of programs after the tuition payment is made and perhaps attempt to claim part of the Veterans Administration tuition rebate as their own. This would seem to call for some sort of system set up with participating schools to prevent the total tuition rebate from being paid directly to the veteran and then counting on the veteran to send back the proportion due the VA.

Every school that has early drop-outs has a plan for tuition reimbursement depending on the length of time expired during that current term. It should be a simple matter for schools to separate the amounts paid by the veteran and by the Veterans Administration and apply their formula to each. Separate rebate checks would then be sent to both the veteran and directly to the VA. As with the payment plan itself, it would seem that the veteran could only abuse the rebate system with the cooperation of the school involved.

INCREASE IN SUBSISTENCE ALLOWANCE OF 13.6 PERCENT

The Veterans' Administration maintains that an 8.2 percent increase in subsistence rates is all that is necessary to equalize GI Bill benefits in line with recent cost of living increases. This figure is predicated on the assumption that the subsistence level maintained since 1972 has been adequate to meet the veterans' educational needs. That is a blatantly false assumption. The Educational Testing Service study, conducted during 1973, showed that the current subsistence payments were falling short of the total needs of veterans attending a typical four-year college anywhere from $600 for a single veteran up to $2,000 for a married veteran with two dependents.

The VA argues further that benefit rates have risen almost 70 percent since 1970 resulting in a 200 percent increase in the budget allotments for the program. That may be true. But again, it is based on a faulty assumption and is only a small part of the total picture. Before the increase instituted in 1970, the monthly subsistence allowance for a single veteran was $130 per month. In comparison to any reasonable standard, whether it be the levels maintained in the World War II program or the cost of education in 1970, that figure is ridiculously low. If one were to divide the $500 tuition allotment available to W.W. II vets by nine (the number of months in a typical school year) and add the $75 per month subsistence payment available at that time, the monthly sum available during the 1940's under the GI Bill comes out almost precisely to that same figure of $130.

The simple fact is that, although the increases may have been generous since 1970, the 70 percent increase does not begin to make up for the fact that education costs have risen 300 percent since W.W. II.

Even if the VA contentions were correct and benefit levels were adequate in 1972 and 1973, the 8.2 percent takes no account of possible education cost rises in the next year or two. And those rises are not only possible, they are predicted and planned for. A report recently released by the College Entrance Examination Board, based on a survey of 2,200 institutions of higher education, showed that the cost of a college education will rise again this fall making it 9.4 percent more expensive than the current school year.

Add to this rise in education costs the fact that in 1973, consumer prices for essential goods rose at a greater rate than they had for 26 years and the fact that wage and price controls are to be lifted very soon and it is easy to predict that without a substantial increase in subsistence benefits, veterans may be dropping out of school by the thousands during the 1974–75 school year.

The 13.6 percent increase in subsistence payments has already passed the House of Representatives by a unanimous vote. Given the total inadequacy of current benefit levels and the predictions for unprecedented living and educational cost rises to come, the 13.6 figure must be seen as a bare minimum raise.

It, too, is only a part of the solution. Even with the recommended subsistence raise, veterans who are educationally disadvantaged or come from lower income families or those who are striving to support a family while continuing their educations or those who reside in States where the public tuition cost is well above the national average of $400 per year have no chance at all. That is why we are advocating a tuition equalizer payment dealt with more extensively in an earlier section of this testimony.

We wish to note that an error was made in the drafting of our bill and it was not our intention to exclude wives, widows, and children pursuing educational programs under chapter 35 of title 38 from the 13.6% raise. We agree with the VA's recommendation that the subsistence increase be extended to all those covered in chapters 31, 34, 35 and 36, but we hope the Committee will see fit to set the raise at 13.6% rather than the 8.2% recommended in the administration bill, S. 2960.

EXTENSION OF THE DELIMITING PERIOD FROM 8 TO 10 YEARS

Another provision of our bill which was included in the House passed measure, H.R. 12628, is the extension of the delimiting period from 8 to 10 years. The VA argues that eight years "is an adequate period within which to meet the readjustment concept of the GI Bill program. . . ." Taken at face value, eight years is adequate time for a veteran to complete a four year course of education. But once again, the VA is predicating their argument on the faulty assumption that benefit levels during the eight years since the Vietnam Veterans GI Bill came into effect in 1966 have been adequate to meet the veterans' educational needs.

In 1966 when the program was begun, the only benefits available were the monthly subsistence allowance. It began at $100 per month and rose to $130 in 1967, $175 in 1970 and $220 in 1972. One can detect a similar although slower rise in participation rates during those years.

The administration in 1966 refused to call the Vietnam conflict a war and resisted passage of a GI bill. The subsistence rate of $100 per month in 1966 was even lower than the $110 per month under the Korean GI Bill in 1954. Obviously, the Vietnam GI Bill was totally inadequate in its early stages and very few veterans found it possible to attend school until the subsistence allowance was markedly increased in later years.

Thus, it was not until 1972 that many veterans who had been eligible since 1966 could begin to take advantage of the benefits available. The $220 per month subsistence allowance for single veterans passed in 1972 did give many veterans their first opportunity to meet the high costs of a college education. We need not remind this Committee that the $220 figure was enacted over the strenuous objections of the current administration who advocated a raise to only $190 per month.

We regret that we can not come up with an accurate figure showing the number of veterans whose eligibility will run out this year before they have had a chance to complete their educational or training programs. Judging from the calls and correspondence that have come into our offices, as many as one third of the participating veterans may be affected. We are confident that the Committee offices as well as the individual offices of the Committee members can corroborate our own experience.

It has been a long battle, born principally and often exclusively by this Committee, to bring the benefit levels offered under the GI Bill up to a decent level. We are on the verge of enacting a program that for the first time in the eight year history of the Vietnam GI program may provide an adequate level of benefits. It would be an outrage for veterans who have waited patiently for such a program if they were unable to take part because their eligibility time had passed by. Furthermore, it has been the intention of our bipartisan coalition and certainly the intention of the Committee to affect changes in the GI program that would allow disadvantaged and lower income veterans to pursue an educational or training program in return for the service they gave their country. For them to see the program adjusted to meet their needs and then see it disappear in the middle of their training, or before they even had the opportunity to begin, would give little satisfaction to the members of the Committee or our coalition

who began seeking improvements long before the issue became a popular cause.

ACCELERATION OF THE SUBSISTENCE ALLOWANCE

A third part of S. 2789 not included in any other Congressional proposals to date is the proposal to allow veterans to draw their monthly entitlements in larger amounts over a shorter period of time. Specifically, a single veteran could draw up to $440 per month for 18 months rather than $220 per month over a 36 month period as under current law.

The specific intent of this measure is to provide the opportunity for married veterans with or without dependents, veterans wishing to attend expensive, high quality two year vocational schools and veterans attending costly two and three year professional graduate programs to attain their educational and training goals with a minimum of financial worry. Under the current program, it is these three groups that receive the least consideration.

We wish to point out particularly the plight of the married student veteran. Two out of three Vietnam era veterans are married, and one would conclude that the participation rates would reflect this figure. They do not. The facts are that substantially less than 50 percent of the veterans currently training under the GI Bill are married. It can safely be assured that a veteran with family responsibilities has an even greater need for the education and training needed to place him in a competitive position in today's job market. Perhaps the greatest failing of the current program is the lack of assistance for those who need it most. Nowhere is this failure more evident than in the case of the married veteran.

The tuition equalizer proposal contained in our bill may help the married veteran, but it is set up more to offset the high public tuition costs that exist in many States. It does not take into account the vastly greater living expenses of the married veteran.

According to figures in the E. T. S. study, the married veteran has approximate living expenses, exclusive of tuition and school fees, of $3,358 without children and $4,421 with three children for the nine month school year. This should be compared to the estimate for a single veteran of $1,973. Comparable subsistence benefits available to each category during a nine month period are $1,980 for the single veteran, $2,349 for the married veteran with no children and $2,844 for the married veteran with three children. A married veteran with no children has living expenses above that of a single veteran of $1,385 while he receives only $369 in additional subsistence payments. A married veteran with three children has living expenses which total $2,268 more than the single veteran while receiving only $864 in additional monthly allowances.

The accelerated subsistence proposal would give the married veteran a fighting chance to provide for his family while he completes his education. Moreover, it would give the thousands of GI's who interrupted their educations or completed their degrees a better than even chance to either complete the degree they began before their service or go on to law or medical school.

It is interesting to note that the VA estimates first year expenditures for the accelerated proposal to be $663.7 million. While we have no idea how that figure was arrived at, it seems to us that they must be figuring on massive participation in the acceleration program primarily by those who have not yet begun their training. This seems to be an admission of the inadequacies of the present program. The VA has provided no solid analysis for its argument that the acceleration clause would be an invitation to abuse and that many young veterans would climb on board for a free ride for two years and then have no money for the remainder of their education. This is an insult to the integrity and the intelligence of young men who have learned the bitter lessons of war and now seek only to find a decent job and a respectable place in society.

NINE MONTH ENTITLEMENT EXTENSION

We have further proposed that the 36 month entitlement period be opened to the possibility of extension for nine additional months in cases where a veteran has not completed his chosen course of education and training within the 36 month limitation.

The section is specifically written so that the VA may determine, on a case by case basis, eligibility for the extension provision. It is intended to help veterans whose education was interrupted or extended in a typical four year program either because they transferred schools or joined the service during their education and subsequently lost valuable credit hours making it impossible for them to complete the program in the normal four years. There are also a number of educational and training programs currently enrolling veterans under the GI Bill program that take longer than 36 months to complete the requirements. We feel quite strongly that the program needs the flexibility to meet the needs of those who fall into these categories.

REMOVAL OF RESTRICTIONS ON WORK-STUDY PROGRAM

The purpose of the work-study program is two-fold. It enables young veterans to pick up additional funds for their education at the same time they perform valuable service for the VA. The program is a good one and should not be subject to current statutory limitations establishing a $250 advance payment, setting a 100-hour aggregate work period, and imposing an 800 man-year overall ceiling on the program.

We recommend that these limitations be lifted. It would increase the monetary benefits available to the veterans participating. It would bolster the VA's administrative work force, which must be terribly under staffed given the bureaucratic problems we have all witnessed in the last few years and particularly the last few months. As with the extended entitlement provision, this would give the VA more flexibility in meeting the needs of the veteran as well as their own work force needs.

VIETNAM ERA VETERANS COMMUNICATION CENTER

Aside from the deficiencies in the benefits available to young veterans wishing to further their education, we have noted a lack of effective coordination by the VA of the programs available to Vietnam veterans. At present, there are programs spread through the Department of Defense, Labor, and HEW as well as the VA that are floundering without any effective overview of the veterans' needs—particularly in the outreach area. Also noticeably absent is any direct participation by Vietnam era veterans in policy roles with jurisdiction over the programs that affect them most.

It has often been stated in the course of the Vietnam conflict and the months since American involvement came to an end that it has been a war unlike any other war experienced by this country. Young veterans have not been welcomed home as heroes in the way those of us who fought in World War II were. On the contrary, they have been treated as outcasts, a bitter reminder of an unpleasant time we would all just as soon forget.

For that reason, it is incumbent upon the Congress and the Administration to go an extra mile for the Vietnam veteran in helping him adjust to a peace time existence where he is not always welcome.

That is why we have proposed the creation of a Vietnam Veterans Communication Center. A similar version of the Center has already been approved by the House of Representatives. Our proposal is designed to give today's veteran a real voice in the veterans programs and a chance to adjust programs set up in another era for another veteran to the vastly different needs of the 1970's veteran.

THE AGE OF TRANSITION

Mr. CURTIS. Mr. President, much has been spoken and written about the energy crisis, but few speeches or compositions I have heard or seen compare with a presentation that was made early this month at the Midwest Conference on World Affairs held at Kearney State College, Nebraska.

The presentation to which I refer was a speech by John D. Emerson, energy economist for the Chase Manhattan Bank, who keynoted the conference.

Mr. Emerson's remarks formed the basis for a very thorough discussion of the energy problem by students and faculty members from a number of midwestern colleges. Because of his knowledge and the pertinence of his analysis as spokesman for a very large financial institution that keeps tabs on oil problems throughout the world, I request unanimous consent to have his remarks printed in the RECORD.

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

THE AGE OF TRANSITION

(By John D. Emerson, Energy Economist)

It is a great pleasure to have been invited to Kearney, to address this distinguished gathering, on the occasion of your Eleventh Annual Conference on World Affairs. Your theme—the oil shortage and energy crisis—is most appropriate to the times. It is a theme that is being discussed all over the country—all over the world, in fact.

For more than twenty years after the end of World War II, new supplies of oil were created throughout the world at a faster rate than the growth in the consumption of oil. Because of surplus capacity, competition enabled increases in demand in the market place to be met with no increase in price. This was a very comfortable situation for consumers. Petroleum product prices showed little change during these years either in the U.S. or in other large consuming areas. In fact, relative to other consumer items, they actually declined. This state of affairs did not, however, meet the needs of producing countries.

We became so accustomed to cheap energy that when it ran out, we were caught off guard. Habit is a very powerful force, and habit led many people to believe that the standard of living that our economy had provided was enshrined in the Bill of Rights. It is not, of course. To a large extent, consuming nations achieved their high standard of living by buying commodities, including oil, very cheaply from producing countries. Instead of paying the producing countries a fair price for their oil, we imposed import quotas, and the Europeans imposed high taxes to protect domestic energy.

These conditions have now changed. And we should assess the changes soberly. There is no cause for panic, and wild accusations, and hunting for scapegoats. Neither should we go to the other extreme and pretend that today's energy problems are just a nightmare, and when we wake up, all will be well again.

Today, the oil producing nations have come of age. They are no longer minors under our tutelage. They will try to make decisions from the point of view of their best interest rather than ours. From time to time, they will make mistakes, just as Washington has been known to make mistakes. We must give

up the idea that we have a right to their oil as well as to our own. That is not to say that we cannot buy some foreign oil and import it on the best terms available. But if we don't like the terms, then we must make do with whatever energy we can produce in our own country—Project Independence, in fact.

A conference such as this one provides an excellent opportunity for us to examine thoughtfully what has happened to the economic system that for so many years we took for granted. It provides an opportunity to consider solutions to our present problems. In looking backwards as well as forwards, we must remember that important though the United States is, it is still a part of a much larger world. And what goes on in that world has helped shape our own destiny and will continue to do so.

In the years immediately following World War II, the United States was still a net exporter of oil. Europe relied mainly on coal for its energy. And Japan's energy needs were quite small. There were predictions of shortage in those days too. But with the lifting of wartime price controls, the free enterprise system went to work, and within a few years, there was a surplus of oil both in the U.S. and overseas. American companies were encouraged by the State Department to invest in the Middle East. And this was a wise policy since it gave the United States direct access to the large reserves in that part of the world, on favorable terms.

No policy is good for all time, however. By the middle fifties, so much foreign oil was entering the United States at prices far below domestic prices that the domestic industry was placed in jeopardy. In those days there were many advocates of importing cheap foreign oil. Had their voices been heeded, we would have had several years of very low prices. Domestic production would have dropped sharply, and our dependence on imports would have risen very rapidly. We would have entered this present crisis with a moribund domestic petroleum industry and an import level representing 60 to 70 percent of our needs. Such a situation would have been far worse than the one we now face. It would have been most explosive politically.

We might have paid the producing countries more. We decided, however, on an oil import control program instead. The purpose of this program was to share the growth of demand between imports and domestic production. The program worked reasonably well, except that the threat of higher imports was used to prevent domestic prices from rising. It kept the domestic oil producing industry alive, even though it could not be described as bursting with health. The consumer had nothing to complain about. Competition helped to keep prices down. In those days producing country governments received less than one dollar a barrel for their oil. OPEC was in existence, but had not yet achieved the cohesiveness necessary to control supply and thereby to influence price.

The free enterprise system has for years been providing the people of this country with the highest standard of living ever achieved by mankind, and energy has been an important part of this achievement. But we could not let well alone. In our desire to live better at even lower cost, we upset the system.

Twenty years ago this year, we acquiesced in a decision to allow the Federal Power Commission to control the wellhead price of natural gas. For twenty years politics instead of the market has controlled natural gas prices. OPEC until recently was unable to control supply and influence price. But for twenty years, the Federal Power Commission controlled price and influenced supply. They influenced demand too, not only for natural gas, but also for other sources of energy. The low controlled price of natural gas stimulated demand, but impaired the incentive to search for new reserves. Because of its controlled price, natural gas was such a successful competitor that other sources of energy—oil and coal—withdrew from many of the markets served by gas, which by the end of the sixties, was the leading industrial fuel across the nation. Oil refiners spent millions of dollars to convert their unsaleable fuel oil into products like gasoline, that did not compete with natural gas. Coal mines simply closed down.

That was not wise policy. It was political expediency. A few voices, crying in the wilderness, protested that the distortions created by controlled prices would cause us to run out of gas. Well, we have not actually run out of gas, but we reached the point several years ago when gas supplies could not be expanded in line with demand.

The end of an era was in sight. Domestic oil production peaked at about the same time as domestic gas production. The coal industry was beset by difficulties as a result of the new Mine Safety Law and the Environmental movement, and was in no position to expand. The nuclear electric power program has also been slowed down by environmental challenges.

Within the space of two or three years, the entire growth of our energy supply, which used to rest upon the broad base of domestic oil, gas, and coal, has become dependent upon imported oil. Oil imports rose from 22 percent of consumption in 1970 to 35 percent in 1973. This happened at a time when coincidentally other large oil users around the world increased their demand for oil to the point where the world oil supply/demand balance, which for so long had been titled in favor of oil consumers, finally swung the other way, putting the producers in the driver's seat.

Economic conditions, thus, were finally right for OPEC to make its moves. Sporadic price increases occurred in the latter part of 1970. These were followed by general price increases that were agreed in Teheran in early 1971. A year later the Geneva agreement protected the oil producing governments against devaluation of the dollar. This agreement was later revised to make it more sensitive to currency changes. All of these agreements affected the posted or tax price of oil. Meanwhile, however, the market price, which was the economic rather than the negotiated price, was increasing even more rapidly than the posted price. In other words, from 1971 on, the price of oil would have risen whether OPEC had been in existence or not. It is fair to say that by and large until October 16, 1973, the price of oil was an economic price.

At that time, and as a direct result of the Middle East War, oil prices became political prices. The cutback in production by Arab nations reduced the available world supply and caused the price to skyrocket. Because today's foreign oil prices are political prices, not economic prices, they are unlikely to last. For the time being, however, world oil markets are chaotic. No one should expect, though, that foreign oil prices will go back to the low levels of the good old days. Unless they are distorted by price controls, domestic crude oil prices will move in phase with foreign prices.

And so, in the United States today, we find ourselves in a period of transition. This is an uncomfortable time for all of us. The old days of abundant supplies and low prices are over. The future is still something of a question mark.

It is natural enough that the loss of a way of life that was very pleasant should disturb us. Since we are all very human, it is natural enough that in our distress we should try to affix blame for our problems, while we encourage our politicians to try to distort economics to preserve the old ways for us. The result is that most discussions of energy generate more heat than light. It is easy to write cheap rhetoric. But cheap rhetoric and preconceived ideas will not secure the future for us. Let us examine our problems dispassionately and plan intelligently for the years ahead. Our problems are not insoluble by any means. They will yield to time and money. How much time and how much money depends upon the way we tackle them.

We should understand quite clearly that solving our energy problems does not mean going back to the good old days of wasteful energy use. Those days are gone, if not forever, at least for the next two generations. Sometime in the future, we may hit upon another source of cheap energy. In the meantime, our energy problems should be tackled from both ends. We must economize in our use of energy, and we must plan to increase our supplies of domestic energy. Much can be done on both accounts.

Relative to the total production of goods and services, we use 25 percent more energy than West Germany or Japan. Our energy input per dollar of Gross National Product is 25 percent higher. The differences represents far greater quantities of energy going into the non-business sector in this country. It represents our uses of energy to achieve convenience. And it is in these uses that we need to make economies.

Let us start with gasoline. Gasoline is used to move vehicles, and vehicles are used to move people and goods. In the United States, we use five times as much gasoline *per person* as in Germany and nearly ten times as much *per person* as in Japan. Granted that people travel longer distances in the United States, the disparity between these three developed nations suggests that economies can be made. And, of course, they can. We can continue and accelerate the trend to smaller cars.

We can slow down the proliferation of cars by making it more expensive to own and operate second and third cars. We can encourage the development of more public transportation—not a few grandiose schemes, each of which takes ten years to accomplish, but a substantial increase in surface transportation.

The supply/demand/price mechanism of the market place will help us accomplish substantial savings if we do not keep trying to thwart it. Gasoline will be in short supply for some time, and this should lead to higher prices. So we will have considerable incentive to economize.

In the past we have solved problems and bought convenience by using cheap energy. In the future we will have to find other solutions to the problems and do without some of the inconveniences. If we can limit our energy growth to rates far below the past, a large part of the problem would be solved.

However, let us not underestimate the difficulties of energy conservation. There has been for many years a close relationship between the input of energy and the output of goods and services. In conserving energy, therefore, we have to find ways that *will not* slow down our economic growth. Otherwise, we will be exchanging energy problems for unemployment problems. In the technical sense, only about half of the energy input to our economy is usefully employed. The proportion varies with different uses. For example, in the production of electricity, only about one-third of the input of energy reappears as electricity. The rest represents heat lost to the atmosphere. For many years we have had the technology to recover much of this waste heat and put it to work. What was lacking was the incentive. High energy costs will give us that incentive. Although oil and gas space heating equipment is very efficient, we can make economies in this field by much closer attention to insulation—that is to retaining the heat once we have produced it. Improving the efficiency of utilization is the most important aspect of our energy conservation program, and it is not a goal that can be achieved quickly. But its importance can be gauged from the fact that

if we are able to improve the overall efficiency of energy utilization from 50 percent to 60 percent in ten years, this would reduce the rate of gross energy input from 5 percent a year to 3 percent a year without sacrificing economic growth.

We must distinguish between improving the efficiency of energy use and eliminating waste. Waste is the product of thoughtlessness and carelessness. The fear of shortage and high prices will do much to eliminate waste. Industry will inspect its plant to eliminate leaky valves. Families will plan the use of their automobile more carefully to avoid unnecessary trips. The economies to be made by eliminating waste are more of a one shot deal however. They should result in about one year of no growth in energy input, but obviously their impact cannot be repeated every year.

The same market forces that should lead us to economize in the use of energy should also encourage the development of new energy supplies. Let me emphasize again that we can either work towards the attainment of our objectives, or we can work against these goals by clinging to the past. Legislation to roll back prices is totally at cross purposes with Project Independence. Our new energy supplies will come largely from areas and processes in which we have little experience—offshore drilling in untried areas, conversion of coal to liquids and gas, and the development of shale are a few examples.

These will be high risk, capital intensive operations. Whether or not they flourish depends upon the climate for investment that is created in this country. Private capital must be induced to invest in these operations by the possibility of high profits. Please note that I said possibility, not guarantee. The private enterprise system is a profit and loss system. If an operation is unsuccessful, it is a private loss, not a public loss financed by the taxpayers.

The search for new supplies will be a high risk operation in the early stages. As we gain more experience in these areas, the risks will lessen, investors will be satisfied with lower rates of return, and prices will tend to move down. But all this is a long way in the future, and it will take a great deal of money.

This is perhaps the right time to talk about the role of profits. We have heard a great deal recently about "windfall profits," which is just the politicians name for economic rent. There is no doubt that the economic rent of domestic producers has been increased substantially as a result of the actions of the cartel of foreign producing nations. But these "windfall profits" represent the funds we need to finance project Independence. If we legislate them away through price controls, rollbacks, or higher taxes, our chances of funding Project Independence become much slimmer. We really must decide what we want.

What is the situation today? Crude oil prices and intrastate gas prices are high enough to provide the incentive for investment in the search for and development of new supplies. And the industry is responding. It is hampered somewhat by the straitjacket of price controls which create shortages of things the industry needs. But all over the country, there are signs of increased activity. High bonuses are being paid for attractive acreage, including shale oil acreage. These are encouraging signs. But we must be patient, and not expect results in a few weeks. The age of transition should be measured in years. We can hold it to a minimum, however, by closing ranks and working with industry rather than against it. Energy self-sufficiency is not an easy goal. But I believe that most of us have learned in the past few months that it is a goal worth working and sacrificing for. We owe it to our children to plan for their future as well as our today.

OUR BLUNDERING OIL DIPLOMACY

Mr. HART. Mr. President, the recent international petroleum crisis has led us to ask about the role of the major oil companies and to question what their responsibility has been.

Perhaps the most thorough investigation of the question has been conducted by the Foreign Relations Committee's Subcommittee on Multinational Corporations which is chaired by Senator CHURCH. The subcommittee's hearings suggest that the U.S. Government has delegated American energy policy to a group of companies who have been quite naturally more interested in their own profits rather than the public welfare.

The hearings raise serious questions about the structure of the petroleum industry and the need for major reorganization if a competitive market in oil is to be restored.

The work of the subcommittee and the hearings thus far are summarized in an excellent article by Stephen Nordlinger, entitled, "Our Blundering Oil Diplomacy," which appears in the April 27 issue of The Nation. I ask unanimous consent that this article be printed in the RECORD following my remarks.

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

[From The Nation, Apr. 27, 1974]

THE "NATIONAL SECURITY" CARTEL—OUR BLUNDERING OIL DIPLOMACY

(By Stephen Nordlinger)

(NOTE—Stephen Nordlinger, a member of the Washington bureau of the Baltimore Sun, has been covering the oil situation for more than a year.)

WASHINGTON.—As the Shah of Iran, nattily dressed in a brown plaid suit and camel's hair coat, flew off in early 1971 for his annual vacation at St. Moritz, he spoke triumphantly at the airport of new opportunities being opened by the power of the Arab nations to extract huge concessions from the international oil companies. By threats and an ample amount of wheeling and dealing, he had managed to best the wily old oil negotiators of the West in what now appears to have been a major step toward the first energy crisis in the peacetime history of the United States.

The shortages and the accompanying soaring prices for fuel that plague the American motorist and home owner can be traced in large part to those pivotal negotiations in Teheran more than three years ago. The Arab nations won an additional $10 billion for their oil, but much more important than that, they flexed their muscles and effectively cowed the companies.

Once the Arabs had proved their skill and strength at the bargaining table, they went on to achieve further and further concessions, most notably a share in the equity ownership of the companies. Then, after less than three years, the Arabs this past winter breached a five-year agreement made at Teheran by unilaterally quadrupling prices.

For this debacle, the oil companies must bear a large measure of responsibility. They had failed, in the face of mushrooming world demand, to build a production capacity sufficient to relieve the pressure on them at the negotiations. The defeat must also be attributed to the often ruthless behavior of the companies toward the Arab nations in years past. The Arabs, for the first time really sensing the full value of oil and the power of united action, were prepared to strike back.

But the heaviest blame for what transpired at Teheran must fall on the U.S. Government, which for more than twenty years had encouraged the companies to enter the waiting trap and then out of ignorance and fear undermined their bargaining position at the fateful negotiations. Teheran was the climax of a strategy in which the cause of national security, as defined by the State Department, dictated what masqueraded as a national energy policy.

In the name of national security, the government had espoused a policy that completely coincided with the short-term interests of the oil companies, but cost the American public multibillions in lost tax revenues and higher prices. The government fostered the growth of an international oil cartel that set prices and production levels and apportioned markets. Consequently, the oil companies were ill-prepared when the government failed to support them at the moment when they sought to present a united front to the Arabs—the decision again being made in the cause of national security, rather than according to a serious national energy policy, which in any case did not exist.

The maneuverings of the government and the industry have now been brought to light in days of testimony before the Senate Foreign Relations Subcommittee on Multinational Corporations, headed by Sen. Frank Church. Since early this year, scores of once-classified documents have been made public to buttress the record. The committee's staff, Jerome Levinson, Jack Blum, John Henry and William Lane, spent more than a year compiling the information.

The government's case against the international oil cartel that began developing in 1949, the granting to the companies in 1950 of tax credits that have transferred billions from the U.S. Treasury to the coffers of the Arab nations and, finally, the withdrawal of support at Teheran in 1971 were all decisions taken in the name of national security. Ironically, the nation today appears something less than totally secure in meeting its fuel requirements. Along the way since 1949, the State Department and the Justice Department divided sharply on just where the nation's security interests lay. Even within State there was dissension over policies that eventually left a lasting mark on the world's oil production.

The international oil crisis did not develop suddenly from the imposition of the oil embargo; it stems from actions by the oil companies that were subsequently condoned and even abetted by the government. These companies became a virtual supranational government and exercised powerful control, insofar as oil was concerned, over the foreign and domestic policies of the United States and the world. A close relationship developed between government officials, many enlisted straight from the oil business, and the industry itself.

A red boundary line, drawn with a pencil on July 31, 1928, has come to symbolize the power of the Seven Sisters, the seven international oil companies that over the decades have woven a tight fabric of joint, coordinated ventures. This line, which encircles Iraq as well as Saudi Arabia and other nations of the old Ottoman Empire, demarks the area in which four of these companies held sway by agreeing to curtail world crude output and limit competition in refining, marketing, and the securing of concessions.

In the early 1920s, the State Department proclaimed a so-called "open door policy" for oil exploration in the Middle East, so that American companies could secure equal rights with their British rivals in the mammoth reserves of Iraq. The companies insisted on this policy as an indispensable condition for their participation in the Middle East. However, the companies, sensing the advantages of cartel strength and fear-

ing a possible oil glut, soon lost their enthusiasm for "open door" competition. The State Department, bowing to their new desires, abandoned a policy it had so strenuously pursued, and the Red Line Agreement came into being.

Also, in 1928, representatives of the three oil giants, Standard of New Jersey (now Exxon), Royal Dutch Shell and the Anglo-Iranian Oil Co. (now British Petroleum), gathered at an English castle, ostensibly to shoot grouse. From that meeting came a further agreement to restrict competition in the significant oil markets of the world. This agreement, precipitated by a price war in India, completed the chain of major company control from crude supply source through market distribution outlets for at least a decade and even during the dislocation of World War II. After the war, the seven companies continued their arrangements as rich new crude reserves developed in the Persian Gulf area, especially in Saudi Arabia and Kuwait.

Accordng to testimony by David I. Haberman, an attorney in the Justice Department's antitrust division from 1953 to 1972, the companies expanded the number of interlocking, jointly owned production companies to unify control of concessions and crude output, and established a system of long-term mutual supply contracts that allowed exchanges among themselves without risk of competition from new companies.

The Federal Trade Commission in 1952 filed a 378-page report, "The International Petroleum Cartel," and the Justice Department announced a grand jury investigation that won banner headlines. But then the State Department, muttering "national security," moved in to protect the industry, and in effect took over the nation's antitrust policy. The Justce Department, by contrast, felt strongly that the country would be more secure if the cartel were broken up.

In a June 1952 memorandum, now made public by the Church subcommittee, H. G. Morison, an Assistant Attorney General, advised Attorney General McGranery that, in the absense of competition, the Navy had bought oil during World War II at prices which bore no "relationship whatever to the low cost of producing oil" in the Middle East. While the United States was being charged $1.05 a barrel, the Arabian-American Oil Co. (Aramco) was making sales in Saudi Arabia to affiliated American companies and the Japanese at 70¢ and 84¢ a barrel. The memorandum said that the $70 million which Standard Oil of California and the Texas Company (now Texaco) charged the Navy for petroleum products was $38.5 millon more than they charged other purchasers for equivalent products.

Despite manifold evidence of a cartel, President Truman was persuaded to pull the teeth of the Justice Department's case by reducing it from a criminal to a time-consuming civil action. The suit against Gulf, Exxon and Texaco was settled years later by consent decree; the cases against Mobil and Standard of California were dropped. According to a now declassified message sent by Dean Acheson to Morison at the Justice Department, the State Department feared that the criminal action would arouse a movement in the Middle East to nationalize the companies accused of conspiring, lead to a "decrease of political stability in the region," and discourage American companies from investing there.

Leonard J. Emmerglick, who left the Justice Department in 1954, apparently discouraged after working closely on the oil cartel case, testified that the decision to reduce the case to a civil action was taken by the National Security Council on Friday in the closing days of the Truman administration. That Sunday evening President Truman summoned Mr. Emmerglick to the living quarters of the White House and told him he had taken the potentially momentous action not on the advice of the Cabinet officers who attended the Security Council meeting but solely on the assurance of Gen. Omar Bradley that the national security called for the decision. However, documents now issued by the subcommittee indicate that the State Department determined the action. The consent decrees reached years later apparently had little effect on the activities of the companies.

Soon after scuttling the cartel case, the State Department, under John Foster Dulles, moved quickly to assure the domination by the major companies over the potentially lucrative Iranian crude supply by keeping the competition of independents out of the area. Again national security was cited, this time the threat of Soviet expansion. It was believed that the most reliable way to restore Iranian oil production after the collapse of the Anglo-Iranian Oil Co. following nationalization by Dr. Mohammed Mossadegh was to move in the major foreign and American companies.

A now declassified memorandum by Adrian S. Fisher, then legal adviser at State, said these companies lack "any particular desire" to produce this oil because of adequate supplies elsewhere, but the government's persuasion prevailed. The Justice Department finally went along with the Iranian decision, though its antitrust division strongly maintained that the agreement was totally inconsistent with the civil cartel case it was still pursuing in court. In the end, the State Department's decision killed any chance of making the cartel case stick, according to Senator Church. His subcommittee is seeking further documents which, investigators said, would link the entrance of the major companies into Iran to the termination of the criminal action. It is worth noting that, according to an internal Justice Department memorandum, the independent oil companies had wanted a 36 per cent share of the consortium, but the share was reduced to 5 per cent by the State Department. Despite the majors' professed reluctance to enter Iran, it turned out to be a "good investment," a former top official, Howard W. Page, testified.

There was some significant disagreement within the State Department itself over the handling of these crucial matters. The subcommittee has made public a memorandum written at the time by a key oil adviser, Richard Funkhouser, now serving with the Agency for International Development, which stated "that the ability to accommodate to changing situations in the Middle East is best developed under an environment of free competition rather than from efforts to 'hold the line,' which seldom succeed." Every encouragement, he said, should be given to independents to move Iranian oil.

Funkhouser quoted some oil executives and economists as believing that the Anglo-Iranian Oil Co. might never have been nationalized if there had been competitors in Iran. "There is a certain safety in numbers," he wrote, adding that a monopoly is "ideally easy to nationalize." Despite this advice, the government avoided any actions that would cause giant consortiums like Aramco or the one in Iran to relinquish parts of their concessions to competitors, and thus minimize the growing possibility of substantial takeovers by the Arab nations.

Out of this period that brought the collapse of the criminal action against the cartel and the granting of a concession in Iran to the major companies came the secret decision in 1950 to treat the royalties of the Arab nations as taxes, to be credited dollar for dollar against what the companies owed the U.S. Treasury. Once more, the justification was national security.

The corrupt regime of the late King Ibn Saud of Saudi Arabia, into whose purse went an enormous share of the oil revenues from Aramco, began demanding much more money in 1949 and 1950. Sharp increases in royalties, if treated merely as business expenses, would have been a severe blow to Aramco's profits. On the advice of the company and with the approval of Dean Acheson, the Saudis in 1950 changed the royalties to a so-called "income tax." The amount paid could then be deducted from U.S. taxes.

As a result of this Treasury Department tax ruling, the four companies that control Aramco—Exxon, Texaco, Standard of California and Mobil—which had paid $50 million in U.S. taxes in 1950, paid $6 million in 1951; and Saudi Arabia, which had received $66 million as royalties in 1950, got $110 million as taxes in 1951. Aramco lost nothing by this even swap and the Treasury Department lost a good deal. From then on, the American Government began losing close to $200 million a year in tax revenues from oil companies operating in the Middle East.

Testifying before the Church subcommittee, George C. McGee, a multimillionaire oilman and at the time of the tax-credit decision the top man on Middle East affairs at the State Department, justified this new policy by what he described as the critical contest in the Middle East "between ourselves and the Soviets." The very corruption and ineptitude of such regimes as that of Ibn Saud made them especially vulnerable to a nationalization movement that would upset the stability of the area, the McGee argument went, and could be prevented only by a constant transfusion of American money.

The National Security Council made the decision in secret; there was no consultation with Congress. On this decision as well, McGee's adviser on petroleum matters, Funkhouser, said in a memorandum that the preferable route to political stability in the Middle East was not through tax favors but by reducing the size of the concessions held by individual companies, a move that would also promote competition. "Since many new American companies are interested in the area and financially strong enough to enter the field, continuation of oil properties in U.S. hands would be almost assured," Funkhouser said. "Middle East states prefer American companies to those of other nationalities."

In recalling the simultaneous decision by the company and the State Department to adopt the principle of the tax credit, McGee said that the solution was reached separately, although "our reasoning based on political grounds coincided with theirs." At that time ARramco was selling its entire production to Europe, but McGee said it was vital to the United States to have Saudi Arabian reserves owned by American companies "for a time of crisis."

The final chapter in the story of the symbiotic relationship of the major oil companies and the American Government began in the late 1950s and early 1960s. An excess production capacity prompted the companies unilaterally to cut the posted price of crude in the Middle East by 20¢ a barrel. This action precipitated the formation of the Arab cartel, the Organization of Petroleum Exporting Countries.

Alarmed by this development, John J. McCloy, former High Commissioner for Germany and then employed by the major oil companies, has disclosed to the Church subcommittee that he met secretly with President Kennedy to alert him to the danger posed by the Arab cartel. Subsequently he spoke to each and every Attorney General to apprise them, he said, of the unfolding situation. The companies sought nothing at the time from the government, because the ample spare production capacity available and the requests of the Arab nations for ever greater production put them in a strong position.

By the 1970s, however, the rapid rise in world demand for energy made the companies vulnerable. George T. Piercy, senior vice president of Exxon admitted to the subcommittee that the industry had failed to anticipate this surge in demand, thus exposing it to pressure from the Arabs. In Libya, the new revolutionary regime of Col. Muammar el-Qaddafi won major concessions in 1970 from Occidental Petroleum, an independent that relied on Libyan crude.

The potential showdown feared by McCloy ten years earlier, became a reality for the major companies as they approached the negotiations in Teheran in early 1971. McCloy stepped up his calls and visits to Washington. John N. Mitchell, the former Attorney General, said in a deposition for the subcommittee that McCloy, then representing twenty-three oil companies, met or talked to him four times in January 1971, as special agreements were prepared by the government and industry before the Teheran bargaining began.

At that time, two key State and Justice Department officials, James Akins and Dudley Chapman, went to New York and waited outside the door of McCloy's law office while the agreements were drawn up, thus indicating the continuing intimacy between government and the industry. According to testimony, the Justice Department secretly consented to the industry-sponsored agreements: one was to allow the major and independent companies to join in a united front to bargain with the Arabs for a new global contract without fear of antitrust prosecution; the other would permit a sharing of oil in the event any company was shut down by Libya.

Although the Justice Department granted the companies the right to bargain as a bloc, the State Department withdrew its support from the companies' desire to bargain with all the oil-producing countries at one time, including those in the Persian Gulf and Libya, so that there would be no leap-frogging price effect, with companies being picked off one by one.

At the request of the companies, John N. Irwin II, then Under Secretary of State, was sent on one day's notice to the Middle East to speak to some of the conservative nations. He had no time to prepare and, as he conceded to the subcommittee, he totally lacked any "real background" in the oil business. Quickly he submitted to the threats and astute maneuvering of the Shah of Iran and Arab leaders who convinced Irwin, now Ambassador to France, that the negotiations with the Persian Gulf states and Libya must be separate. Without consulting the industry negotiators in Teheran, Irwin cabled back, according to his testimony, that the separate bargaining was necessary. His recommendation was routinely accepted by the State Department, and the industry, its position undercut, agreed to separate sessions in Teheran and later in Tripoli.

Justifying his recommendation, Irwin, true to the government's explanation for its past oil policy, told the subcommittee that his mission to the Middle East was to protect the national security, in this case against a threatened halt of production. There was no point, he suggested, in antagonizing the Arab nations. The message he brought to the Middle East—that the United States hoped that oil supplies would not be disrupted, that the companies must be cooperative and that the U.S. Government definitely would not become involved in the negotiations—strengthened the hand of the Arab negotiators. The entire Irwin mission, in fact, puzzled the Arabs, who probably expected the United States to take a tough stand. "I don't know what Mr. Irwin's visit was for," said Jamshid Amuzegar, the Iranian Foreign Minister, in an interview during the preliminary negotiations.

With the demand for oil exceeding production capacity, the Arabs were in a strong position at Teheran, yet the companies still held some cards. The Arabs needed oil revenues, on which they depended for 50 to 95 per cent of their incomes, and they relied heavily on the technical skills and other resources of the international companies. But in the wake of the Irwin mission, the companies struck the best deal they could get; it was supposed to last for five years. The agreement was hailed by the State Department as bringing "stability" to the Middle East, but within less than three years, it was torn up by the Arabs. Representatives of the industry, which had played its last trump, were summoned to "negotiation" in Vienna and the emboldened Arab nations unilaterally imposed new demands that sent the posted price of crude oil from $3.01 a barrel last October 1 to $11.65 in January, the present level.

The American consumer is paying handsomely for the vacuum in energy leadership in Washington over the last forty years or more. For almost all of this period, the oil companies filled the gap, virtually dictating policy in their own self-interest. This policy, when it involved international concerns, was rationalized on national security grounds. The Irwin mission that culminated the decades of neglect was doomed to fail, since it was impossible to generate an energy policy overnight.

The big oil companies cannot be left any longer to their own devices. Despite the risk of becoming embroiled in international disputes, the government, as the presumed protector of the public interest, must play a forceful role in dealing with the oil producers and the oil-producing countries.

TWO HUNDREDTH ANNIVERSARY OF CHARLESTON COLLEGE

Mr. HOLLINGS. Mr. President, recently the College of Charleston in my home State of South Carolina celebrated the 204th anniversary of its founding. It is the oldest municipal college in the United States. For over two centuries it has been training people who went on to leadership in almost every field of endeavor. And I am happy to report that age has brought no diminution of vitality. Under the distinguished leadership of its president, Theodore S. Stern, and its fine faculty and administration, the college has attained even higher levels of excellence.

The highlight of the Founders' Day ceremony this year was the speech delivered by Dr. Steven Muller, president of the Johns Hopkins University and the Johns Hopkins Hospital. His visit to the College of Charleston was the occasion for Dr. Muller to receive the honorary degree of doctor of letters for his many outstanding contributions to education.

Not the least of these contributions was Dr. Muller's brilliant Founders' Day address. It was a presentation so perceptive, so much to the point, and so deserving of wide public attention, that I believe it appropriate to call it to the attention of the Congress.

Dr. Muller knows education, and he sees it whole. He understands the dangers inherent in the fragmentation of knowledge which we have been witnessing in recent years. He knows that the victim of excessive compartmentalization of knowledge is wisdom. And he knows that the man or woman who devotes his or her education entirely to the mastery of one narrow field is depriving himself of true education. Knowledge without wholeness, without a core, provides neither meaning nor perspective. It brings no wisdom. As Dr. Muller puts it:

> In the rush to specialize, irrelevant common ground has been ruthlessly cut away. A common command of history, literature, mathematics, basic science, and philosophy is no longer the shared province of us all. This has cost us shared values.

The problem, of course, is finding the ideal approach for so complex a society as the one in which we live. The dilemma is clear—our society depends upon, and demands, specialized knowledge. Yet the acquisition of that knowledge is so all-consuming that breadth, perspective, and meaning are nearly impossible to come by. To recapture the center of knowledge without sacrificing the benefits which specialization has brought, is as great a challenge as higher education in this country has ever had to face.

The need of the hour is a serious national dialog on the direction we want higher education to take. We need the input of educator and noneducator, of citizens up and down and all across this land of ours, if we are to meet this challenge. In his Founders' Day speech, Dr. Muller has provided us with a searching analysis of where we are, and he has opened the topic for discussion. Let us hope we have the good sense to follow up.

Mr. President, in the hope of stimulating such a dialog, I ask unanimous consent that the Founders' Day proceedings be printed in the RECORD. These include President Theodore S. Stern's introduction of Dr. Muller, the citation which accompanied the honorary degree, and Dr. Muller's speech, "The Higher Learning in America."

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

INTRODUCTION OF DR. STEVEN MULLER BY PRESIDENT STERN

It is an honor and privilege for me to present our Founders' Day speaker. As an alumnus of Johns Hopkins University, it is particular privilege for me to be able to recognize this distinguished scholar and educator. The close ties that have existed between the South's greatest university and greatesst college are well recognized. The Classics Department at the College of Charleston was staffed by distinguished Hopkins' scholars such as della Torre and Gildersleeve. T. Emmet Reid served as Professor of Chemistry after receiving his Ph. D. from President Daniel Colt Gilman in 1895. President Randolph in 1914 stated, "The work in English, in History, and in the Classics, as it has been given in the College by the present occupants of these Chairs, has been the backbone of our College work." He referred to Professor Lancelot Harris, a Johns Hopkins alumnus, who had been thoroughly prepared in literature and philosophy, and today six members of this faculty received their training at Hopkins. Ladies and Gentlemen, I am proud to present the President of The Johns Hopkins University and The John Hopkins Hospital, Dr. Steven Muller.

CITATION

Steven Muller, as president of one of the nation's great universities and hospitals, as a leader in the fields of government and international relations, as a teacher and an authority in matters of education, you have served your adopted country faithfully and

well. Because of your outstanding contributions in international affairs and education, the College of Charleston is privileged to confer upon you the degree of Doctor of Letters.

THE HIGHER LEARNING IN AMERICA

We are a troubled people, and our higher learning helps us too little. It is hard to try to understand why this is so; harder still to know what to do. I can offer no answers, but if you will share my thoughts, perhaps we can at least discover together a stronger sense of purpose and direction.

We meet in harsh times. Americans awaken these mornings to heavy days. Our wants and needs cost more each day. Birds still sing, the sun shines and flowers bloom, but our air is impure. We fill our stomachs, but we no longer know just what we are eating or drinking. We receive news, but we cannot separate truth from lies. Many are lonely because families are apart, in person and in spirit. We seek worthy leaders, but we are ashamed of most of those we have elected. We all have countless fears.

Americans remain a busy people and our lives still move without patience. But as we rush through our days, most of us wonder about our purpose. We are no longer certain that bigger, faster, higher, more is necessarily better. Yet we take little pleasure in idleness. We were weaned long ago from comfortable patterns and pace. Instead we are overstimulated, on a great high of sensation, seeking new sensation in ever larger doses. It is a big high, and we are afraid to crash. Better keep moving, keep busy, stay turned on and tuned in, go, now.

We have learned to distrust each other. Behind the outstretched hand we sense the sales pitch. Behind the smile we await the lie. Around the corner we fear the knife and the pistol. Behind the advertising we expect the rip-off. The word "nice" is disappearing, except in irony. We need and seek affection, even love, but we behave with malice toward all and charity toward none.

The future belongs to our young. We are wary of them. They seem a separate society, perhaps because so many of us regarded them as a burden and separated ourselves from them as much as possible. Social scientists refer to the young as a peer-group oriented society, more influenced by each other than by adults. Much of their youth is spent under the eye of a new nursemaid—television. Television may be the greatest common influence on them. But television land is an illusion with warped values. It worships our sponsor, who has the money, what you say goes. Your sales must come, your will be done, on the networks and in the marketplace. Give us this day our daily lie, and forgive us our cheating as we expect to be cheated. Lead us not toward reflection, but deliver us from thinking, for yours is deception, distortion, and corruption forever.

We grasp for hope. Some of us seek to restore faith. Some strive for political reform. Some of us consider education, the traditional training ground of the young, of the future. Despairing of the schools, some look at higher education—the higher learning—to which so many of the young are now exposed. What hope can we derive from higher learning in America today?

Examining the state of our higher learning shows that we have achieved much in the way of preparing people to work effectively in our complicated, highly skilled economy. Our professional schools are superb. In their specialties, our scholars excel and expand technique and knowledge. Millions of students have access to higher learning and come away with a variety of skills. Never before have so many been taught so much by so many in so many places.

So far, so good. But missing are wisdom and coherence. Wisdom is defined in the dictionary as "the power of judging rightly and following the soundest course of action, based on knowledge, experience, and understanding." One requirement for the attainment of wisdom is reflection. There is little time for reflection at the modern university. The old university was called an ivory tower—a term of contempt indicating its lack of practicality. It was not very practical, perhaps, but it at least permitted reflection. Now someone has called the university a knowledge factory. It is much more practical, but no longer tranquil. I am not referring to student unrest or economic problems. I speak of heavy workloads for students and faculty, of an abundance of mutual competition, and of the production of marketable skills rather than reflective minds.

Knowledge is fragmented. Yet if wisdom is based on knowledge, experience and understanding, is wisdom possible when knowledge, experience and understanding are each compartmentalized and splintered into specialties? The university stresses specialization in terms of marketable skills of the highest order of technical competence, and in so doing it sacrifices coherence. Gripped by the technology we have created, we have substituted advanced skilling for higher learning.

In earlier times, advanced knowledge could be said to resemble an orderly mansion. One could move from a foundation of literacy and elementary mathematics through the chambers of the arts and sciences and the learned professions, the whole roofed over by philosophy. The whole was visible, and even those in only one corner of one small room were not unfamiliar with the entirety of the mansion and often spoke with the other inhabitants. No longer. Today advanced knowledge resembles a labyrinth still under construction. It lacks both wholeness and a center. Tunnels extend in all directions, crossing each other occasionally, and the best and the brightest are at work extending them. Those at the cutting edge of each tunnel have no communication with their fellows at the edges of other tunnels. Beginners step ahead, but only within a particular tunnel, except for the occasional intersection of tunnels or the decision to crawl all the way out of one tunnel and into another.

I invoke these metaphors only to dramatize a state of learning that lacks focus. There is no longer a body of higher learning. Scholars master pieces of knowledge, no whole. They have little in common. Their judgments are exquisitely confined to fragments. They do not even share common points of departure. In the rush to specialize, irrelevant common ground has been ruthlessly cut away. A common command of history, literature, mathematics, basic science, and philosophy is no longer the shared province of all. This has cost us shared values.

The values that survive are suspect. We prize the open clash of ideas. We claim that the best idea will triumph: a sort of jury judgment assuming all ideas are equal in the context of an adversary system. Is that a right assumption? Is it the best way to find answers? Are we sure bad ideas do not drive out the good? Is the best idea by definition that which is most widely held? In practice we behave as if that which works is good. But is everything that works good? Within our higher learning there is no place to ask these questions or to address them systematically. Technically expert, our higher learning tends to be morally disorienting.

America has become used to looking to higher education for advanced skills. Universities have also been asked increasingly to solve some of the problems of society. But a fragmented, sensationalized, distrustful people that looks to the university for wisdom is cruelly disappointed. Wisdom is neither in store nor being produced. The university mirrors American society as it is. It offers no new and whole vision of a better society or a better life. If anything, higher learning in the United States reinforces the splintering of knowledge and lack of coherence. It provides no integrating focus.

There is no injustice in the thought that the American university should offer a new vision and hope to the American people. However, the difficulties are severe. Two inadequate suggestions can already be heard. One is emotional rather than rational, and would de-emphasize or reduce the university commitment to advanced specialized research. It makes no sense to argue that we would be better served with less research or less knowledge. Ignorance is no cure. A society already committed to advanced technology is doomed if it attempts to go backward or stand still. A retreat from research would buy us nothing and cost us much.

The other notion is that what I have called advanced skilling should be leavened by some required minimum of work in the humanities. This sounds attractive, but it is not very plausible. The humanities in most universities are themselves already fragmented and specialized. For example, I wonder how much an engineering or medical student would gain for a course in literary criticism, or in the philosophy of Wittgenstein. More important, requiring certain fragments or inserting new ones into the mosaic of a splintered curriculum falls short of the real change that is needed.

It is easy—and fashionable—to blame the faculty for the university's shortcomings, because the faculty bears responsibility for the curriculum. However, we must realize that every incentive leads the faculty away from integration. At the best colleges and universities, the highest rewards are reserved for professors who excel in specialized research and who stand, to use a cliche, not at the center but at the frontiers of knowledge. Peer-group acclaim for the research professor comes far less from within his college or university than from his fellow specialists in their national organization. These facts are too familiar to require elaboration. What is less widely recognized is that members of a university faculty today do not easily converse together intellectually, because their specialized vocabularies inhibit discourse and mutual comprehension.

This Tower of Babel phenomenon occurs even when small groups of faculty from different fields gather. In most universities there is simply no room to gather the entire faculty, and even with a common tongue several hundred or more would find discourse impossible. In fact, the size of our national enterprise in higher education is probably the single greatest obstacle to constructive change. A few good minds around a table still constitute a hopeful prospect, but what can we hope for from several hundred good minds in an amphitheater? Here only the strongest leadership could hope to be effective.

Our universities, however, are not notorious for their response to leadership, perhaps as a consequence of their intolerance of discipline. Nothing is more precious than the university tradition of free inquiry and free speech. Nothing would destroy the university more quickly than intellectual regimentation, but academic freedom does not therefore require anarchy. Although there are not many convinced advocates of anarchy, tension between academic freedom and administrative or organizational discipline is ever-present within the university.

College and university faculties are widely regarded as hostile to the free enterprise

system and biased in favor of collectivism. There is irony, then, in the discovery that today's university is a veritable fortress of intellectual laissez-faire. It asserts that all inside must be allowed maximum freedom for self-development and idolizes the individual intellectual entrepreneur. The claim that the sum of all this anarchic activity is higher education sounds much like the theological metaphor of the unseen hand as invoked by Adam Smith. And if Smith was motivated by skepticism bordering on cynicism where governments are concerned, he differed little in this respect from the view of university administration held by most faculty and students. Until recently, only the faculty enjoyed academic laissez-faire in the university. Nowadays students, successfully insisting on the same privilege, are no longer seeking systematic instruction but the individual and unfettered pursuit of self-development. Intellectually the university is no collective, and in fact is less a community than in the past.

The pressure of scarcity of funds and resources has combined with the efforts of government agencies to focus the use of public funds more narrowly on the solution of non-academic public problems through applied research, such as improved delivery of health care, better urban planning, safeguarding the environment, and developing new energy sources. As a result, administrative authority within universities has recently been very much on the rise, because large-scale efficient management is required. Friction has occurred, however, when the administrative authority impacts on academic freedom. Specifically, the curriculum and the intellectual standards of the faculty are regarded as off-limits to the administration, although obviously closely tied to budgets and resources.

The issue that emerges then is this—even if there were agreement that the American university should address itself anew to questions of the coherence of knowledge and to the need to train persons capable of wise judgment, not merely advanced skills—how can this possibly happen?

Students are unlikely to bring this about. While some may feel such a need, students generally lack the experience and discipline to make major changes in academic institutions. That this is so can be seen with unusual clarity in the wake of the recent wave of student protest.

Public pressure is equally unlikely to be very helpful. The general public does not well understand the inner complications of university life. Besides, public pressure would arouse a beleaguered and defensive reaction within universities that would all too likely create a public argument rather than solutions.

No, the prime movers toward such a result would have to be the faculty. Yet we have already noted that the faculty lacks appropriate incentives and that the effort even to restore communication among faculty specialists would be prodigious.

That leaves the question of whether university administration might provide the necessary leadership. This is unlikely because it is all too probable that administration efforts would be perceived, and therefore resisted, as an attack on academic freedom, presumably for fiscal motives, if not attributed to the feared tendencies for administrative self-aggrandizement.

The sum of these reflections is the disappointing conclusion that the question of what ought to happen is moot, because nothing will happen unless by the miracle of spontaneous combustion. If that conclusion is not acceptable, there is only one other alternative. That is to open discussion on what ought to be. It is awkward to offer diagnosis without prescription, but it is not always avoidable. I cannot say who should be doing what, and how. I can only share my conviction that the question of a return to the center of knowledge must be raised within the American university.

A society cannot be healthy without values. Neither can its higher learning. The two interact. A new search for values, judgment and wisdom in the university may help us all. Skills without guidance are not enough. Perhaps the task was spelled out by Eliot in "East Coker":

"There is only the fight to recover what has been lost And found and lost again and again: and now, under conditions That seem unpropitious. But perhaps neither gain nor loss. For us, there is only the trying. The rest is not our business."

HEALTH INDUSTRY'S COST CONTROLS

Mr. HANSEN. Mr. President, renewed efforts are being made to extend economic stabilization cost controls past the present expiration date of April 30.

Proponents of extension of controls have cited expected inflationary increases in health costs if controls are lifted. In my opinion, however, the actual plight of the health institutions of this country have not been fully considered in such arguments.

I recently received a letter from one of my constituents that is so representative of the situation of the health care industry, and explains it so clearly, that I would like to refer it to my colleagues for their study. I ask unanimous consent that it be printed in the RECORD.

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

CHEYENNE EYE CLINIC,
Cheyenne, Wyo., April 3, 1974.

Senator CLIFFORD HANSEN,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR HANSEN: My reason for writing this letter has to do with the present wage and price controls on the health-care field and the expiration of such controls on 30 April 1974. I understand President Nixon has the intention of extending the controls on the health-care field beyond that date and my request is that the controls be allowed to expire on that date.

I can tell you something about what the controls have meant to our Clinic. I started in practice shortly before the controls began and we also incorporated our practice as a small professional corporation just before the controls began. During the past three years this has meant a net decrease in effective income for the physicians involved. It has inhibited any expansion of our practice so that we could provide better services for our patients. It has resulted in a net decrease in effective wages to our employees. As you may know, the medical fees in Wyoming have always been very low and I would imagine that they are the lowest in the country. Even within our region our fees have been comparatively extremely low. While the cost of living has also remained low in Wyoming for some time, this is no longer true because construction costs, food costs, fuel costs have all skyrocketed and we have been left behind.

Also, I want to mention what the controls have meant to our professional corporation. Besides being limited in the fees which we can charge, our own salaries and our employees' salaries have been limited. The Cost of Living Council has said that physicians should be able to make up the difference between what the Council allows in increase in fees and the cost of living increase by increasing their production. I might say, in response to that, that in our own Clinic we are six to seven months behind in appointments and we feel that we are producing as much as we can. We have been told in the past that physicians should not kill themselves by overproducing for a few years and then being incapacitated for other potentially productive years, and we have tried to gauge our practice that way, but the Cost of Living Council is making this less and less feasible. In addition to this, in a corporation, if production is increased we cannot raise our salaries above a certain figure so the increase in production, if it indeed produces more income for the corporation, results in a larger profit for the corporation which is taxed, and then this is allocated to the physicians as a dividend, which is also taxed. For us this means double taxation and of course does not help us in any way.

I have never had the desire to be a millionaire but I also do not want to foot the bill for socialized medicine. I only want to keep up with the cost of living and I don't want to be in the position of being the main cause for inflation either. However, last year we were allowed to raise our fees 2.5 percent while the overall cost of living rose at least 8.8 percent. The cost of living is expected to rise 10 percent this year and we have only been allowed to raise our fees 4 percent. I find that the unions are going to ask for 8 to 10 percent increases in raises for their employees. I think it is an injustice to not allow physicians to at least keep pace with the cost of living. I will agree that in some regions of the country medical fees have been extremely high and perhaps this is what has brought about controls. There are areas of the country, such as Wyoming, though, where as I have said the fees have been extremely low and of course a percentage figured on a low fee gives much less of a rise in actual dollars than a percentage figured on a high fee.

I also must say that the Cost of Living Council's controls on wages and prices in the health-care field have been discriminatory. As an example, I am an ophthalmologist, an M.D., and my fees and my wages are controlled. However, an optometrist, a non-M.D., who also does eye examinations, is under no such fee controls. Dispensing opticians, independently, are under no wage controls but our dispensing opticians in our Clinic, because they are part of our professional corporation, are under wage controls. Clinical psychologists are not under wage or fee controls but psychiatrists, M.D.s, are. There can be no doubt in anybody's mind that this is discrimination. The other, more obvious, discrimination is the fact that controls are being lifted from virtually every other field but the health-care field. The obvious reason for this is not because of inflation but it is to keep the tax bill down when national health insurance becomes a fact and I think that that is the only honest reason that can be given.

I have never sympathized much with the AMA and its negative stand towards national health insurance but I certainly sympathize with them now in their suit against the Cost of Living Council and I hope that that suit is found in favor of the AMA.

I also must say that I have always been in favor of some form of national health insurance because I do not feel that the patient should be forced to go on welfare just to get good medical care, so I think that

some form of national health insurance is mandatory soon and I certainly favor a plan which utilizes private health insurance carriers with as little interference from the government as possible.

The essence of this letter is my plea to you to vote to end controls on the health care industry so that we can return to a free economy. I think that a free economy will produce its own adjustments and I think that it should be allowed to do so.

I thank you for your kindness in reading this letter and considering its contents.

Sincerely,

R. A. ANDERSON, M.D.

ARTICLE BY LOUISE LOVE ON THE ARMORY CHAMBER MUSEUM IN THE KREMLIN

Mr. McGEE. Mr. President, in the April 7 edition of the Washington Star-News, there appeared an excellent and stimulating article by Louise Love on the Armory Chamber Museum in the Kremlin.

I was particularly interested in the article, for Louise is a native Wyomingite who served as Senator Joseph O'Mahoney's press secretary. I worked with Louise when I served as Senator O'Mahoney's legislative assistant in 1955–56. She has now retired from Government work, having been in the Bureau of Reclamation's Public Information Office.

I was particularly struck by Louise's article because it is apparent she has not lost that artistic touch which has always been a landmark of her writing efforts.

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:

TREASURES IN MOSCOW: TERRIBLE IVAN'S LEGACY

(By Louise Love)

Moscow.—"Everything you will see here is real—the gold, jewels, everything," our Russian Intourist guide, Irene, said as she herded a group of American press women into the Armory Chamber, a museum within the Kremlin walls.

But we were totally unprepared for the lavish magnificence of a throne set with diamonds and other precious stones, or crowns and miters blazing with gems, of golden carriages carved and painted into works of art, and of silver and gold icon covers and church vestments encrusted with thousands of pearls.

As we gaped at the treasures, Irene gave us a running commentary on them and the people who had owned them. A good Communist propagandist, she pointed out that although these relics of Russia's past had belonged to royalty and the church hierarchy, most were made by Russian workers, many of them serfs.

Hundreds of the descendants of those early artisans thronged the museum with us. Dressed in drab, dark garments, the women's heads covered with brown or black babushkas, they stared stolidly at vestiges of a way of life which must be beyond their imagining.

The outstanding collection in the Kremlin Museum dates back to Ivan the Terrible, that tyrant whose rule resulted in the emergence of Russia onto the world stage not only as a great political power but as an art center.

After a fire destroyed most of the Kremlin in 1547, Ivan assembled master craftsmen from all over Russia and other countries of Europe. He ordered them to rebuild the fortress and to fill it with the most beautiful things they could create.

His successors, right down to the time of the revolution, added ever more treasures to the hoard, and much of the accumulation is now housed in this museum, which was first opened to the public after the death of Stalin in 1953.

Although some articles on display predate Ivan, his relics dominate the early exhibits. His crown is fashioned in the form of famed St. Basil's Cathedral, which he had built in Red Square to commemorate his victory over the Tartars. Eight gold leaf-shaped spires and a central higher spire are set with turquoise, rubies, and topazes. Shaped like a cap, the crown is topped by a mammoth yellow topaz, and it is rimmed with sable, as was customary with medieval Muscovy crowns.

Another crown, that of Czar Mikhail, the first Romanov ruler (1645–1676), has enormous sapphires around its lower filigree section, with emeralds, rubies, and pearls scattered about in the spaces between. A small crown on top of the "cap" supports a gigantic emerald.

For sheer opulence it would be hard to outdo the diamond crown of Empress Anna. A traditionally shaped crown rather than a "cap" such as medieval male monarchs favored, it is set with more than 2,500 diamonds and a lesser number of rubies and is topped with a cross of diamonds resting on a ruby about two inches high.

The thrones, like the crowns, are ostentations to a bizarre degree. No simple armchairs upholstered in silk here. These thrones fairly short powerful potentates in an "Arabian Nights" setting. The most magnificent is the "diamond throne" of Czar Alexei Mikhailovich. Hundreds of diamonds, with other gems interspersed, are embedded in its wooden surfaces.

An earlier throne is completely covered wtih 150 elaborately carved ivory plates. The scenes depicted run the gamut of medieval subjects—mythology, history, everyday life, intricate ornamental design, and emblems of various kinds, with the double-headed eagle very much in evidence. The origin of the ivory throne is unknown. Legend has it that Constantine's daughter brought it to Moscow from Byzantium when she married Ivan the Great in the 15th century. Scholars discount this, but consider it the finest existing example of medieval carving.

One of the most spectacularly beautiful of the items in the museum is the foot-high orb of power made in Constantinople in the 17th century for Czar Alexei. Of emerald green enamel, it sparkles with diamonds, rubies, sapphires, and emeralds arranged in rosettes and sprays of exquisite artistry. Rising from it is a gold cross, thickly set with jewels and edged with pearls.

Religious relics on display rival the royal regalia in extravagant elegance. Jewels and delicate enamel work richly embellish icon and gospel covers of gold and silver. Miters and vestments are ornately decorated with precious stones and pearls. And altar cloths and church vessels fit the same pattern.

The collection of royal carriages was the most exciting of all. According to Irene, it is the finest and most complete such collection in the world, and one can well believe it. Master carriage makers all over Europe fashioned and decorated these ornate vehicles for Russian rulers, and it is said that no court in Europe ever possessed such elaborate conveyances.

One carriage is practically covered with paintings by Francis Boucher. Made in Paris in the 18th century for the Empress Elizabeth, it has panels on all four sides which are literally as warm with cherubs, flowers, clouds, and other romantic fantasies of the famous French artist. This carriage is so big that it required most of Red Square to turn it around. Elizabeth surely didn't use it for any jaunts into the country; it was seldom out of the Kremlin, and consequently is so well preserved that it appears virtually new.

The oldest state carriage displayed is one that England's Queen Elizabeth had made for Czar Boris Gudunov (who died before it was delivered). The bas reliefs on the carved wooden panels portray Boris as a Roman emperor in a chariot. In one panel the Czar with his troops and the sultan with his, all on rearing horses, are engaged in fierce battle. These dramatic scenes are painted in bold black, reds, and golds.

There are hundreds of other exhibits in the Armory Chamber—armor worn by the Czars and their soldiers, bejeweled saddles and bridles, costumes of the empresses, ornate silver ceremonial and service trays and vessels, beautiful china. Many of these were gifts from foreign sovereigns to Russian rulers. One, a 2,000-piece set of Serves china, was sent to Czar Alexander by Napoleon just before he attacked Russia.

As we come out of the Chamber into a cold Moscow drizzle, dazed by our sudden transition from voluptuous Imperial Russia to sober Soviet Union, we felt at one with a long ago ambassador of Holy Roman Emperor Maximilian II. Returning from a visit to the court of Ivan the Terrible in 1576, he reported to his master, "Never in my life have I seen things more precious or more beautiful." He went on to say that though he had seen the crowns and decoration of the Pope and most of the kings of Christendom, these "cannot in any way be compared with those I saw here."

However, it was not only the richness of the objects in the Kremlin Museum that fascinated us, it was the insight they gave us into the Russian court—of prodigal luxury, sensual glitter and grandeur, and unbridled power. In the Armory one walks through the history of a vanished empire—a "must" for the tourist in Moscow.

THE PROBLEMS OF NATURAL RESOURCES MANAGEMENT

Mr. METCALF. Mr. President, the 39th North American Wildlife and Natural Resources Conference was held in Denver, Colo., from April 1–3, 1974. This conference was attended by some 1,700 persons representing all 50 States, Canada, and Mexico.

Mr. Daniel A. Poole, president of the Wildlife Management Institute, opened the conference with an address that placed the problems of natural resources management in clear perspective.

Mr. President, I ask unanimous consent that Mr. Poole's address be printed in the RECORD.

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

ADDRESS BY DANIEL A. POOLE

Good Morning, ladies and gentlemen. Welcome to the 39th North American Wildlife and Natural Resources Conference.

In historical perspective, the past thirty-eight Conferences and the preceding twenty-one American Game Conferences chart the evolution of the wildlife conservation movement in North America. Yet surprisingly, some people question the direction of this meeting. They point to papers on water pol-

lution, water resources development, energy, drainage, channelization and agriculture, forestry and public lands management, coastal and inland land use planning, and on human population. What do these subjects have to do with fish and wildlife, they ask?

If only fish and wildlife could live in such splendid isolation! If only fish and wildlife did not have to share land and water with man. Too many of our fellow citizens fail to realize that the future of fish and wildlife depends as much, if not more, on understanding the social, behavioral, and economic habits of man as it does on knowing the habits of the animals. The abundance and diversity of wildlife are a measure of environmental quality, a condition beneficial to man.

For wildlife, this is a time of oversimplification. A time of easy answers and subsidized environmental abuse. Call for enactment of another law. Propose another program. Ridicule professional resources management. Question the motives of those involved.

What one sees and hears today remarkably resembles the sincere but largely disproven efforts made to protect America's wildlife in the early days of this century. If we permit this tide of simplicity to overwhelm us, if we passively submit to it, instead of standing for what we know to be correct, America's wildlife will be harmed apace.

There are those who say our critics do not understand us. We may not fully understand ourselves. There are others who suggest that our critics should be mollified by recitation of our past good deeds. But this is not the past. We are dealing with problems that are with us today.

We may not be fully prepared for the demands and challenges that lie ahead. We know the problems, but society sometimes prevents us from responding. Elected officials will not lead, legislative bodies will not act, and the public balks or is disinterested.

But does all the blame for wildlife's problems rest elsewhere? I think not. We, too, have acquiesced to oversimplification. We too, have accepted what we do without sufficient analysis of its value. We, too, have not exposed weaknesses and worked for their reform. We, too, have been reluctant to accept the fact that misjudgment in a single agency may discredit all of us across the board.

Is there anyone who is seriously concerned about wildlife who will say he is satisfied with the federal accelerated wetlands acquisition program, now thirteen years from takeoff and only two from touchdown and required payback from Duck Stamp receipts?

Is anyone prepared to argue that the original acreage goals were correct and remain correct today? Is there a man among us prepared to argue that the program offers the best method of protecting wetlands? Is anyone, in fact, prepared to say that the current waterfowl management program is adequate for all species?

Can anyone claim without serious challenge that the Federal Government, in this Administration and in any Administration for the past two decades, has responded to the desperate plight of the national wildlife refuge system? Where is the leadership that must be exerted if the huge backlog of needed maintenance and development is to be overcome? Are we shooting square with the public if we remain silent on this problem?

Is there a man among us satisfied with the relationship between the Department of the Interior, which houses the agency having primary federal responsibility for fish and wildlife, and the Department of Agriculture whose agencies manage millions of acres and influence land and water use on most of the nation's farms and ranches With farm and ranch land habitat so vital to fish and wildlife and recreational opportunities, why is there not vastly better contact with agricultural interests?

Is anyone satisfied with the way the Agriculture Department has bobbled the wildlife conservation mandates written into Title X of the Agriculture and Consumer Protection Act of 1973? How is our wildlife interest responding to USDA on the federal level?

Should we be satisfied with the mix of fish and wildlife biologists on the staffs of the Bureau of Land Management, Forest Service, or the Soil Conservation Service These agencies control or influence wildlife habitat on vast acreages of public and private land. Are you satisfied that the biologists' recommendations receive consideration in the planning, design, and implementation of programs? Should we be satisfied with the few dollars available for their work?

Much more can and should be done to benefit wildlife through already authorized programs. Much could be accomplished by greater use of laws already on the books, but full funding seldom is requested or granted, staffing often is inadequate and authorities are applied selectively, at best. Conservationists should make Congress and the Executive live up to the law.

Few Members of Congress really are interested in wildlife in other than a superficial way. It is virtually impossible to convince a committee chairman that he should spend several days holding oversight hearings on a deserving subject. How else can weaknesses and discrepancies be brought to the fore if our profession refuses to pinpont them and demand their correction by Congress? As habitat is diminished—and it is being diminished—the wildlife manager, his agency, and our profession ultimately come under fire, not elected and appointed officials.

We must have stronger federal wildlife capability, a capability that deals more with habitat accountability than it does with custodianship of animals. We also need much stronger ties between federal and state levels and among the states themselves.

I commend the International Association of Game, Fish and Conservation Commissioners for the progress it is making in state and state-federal coordination. But much, much more must be done by all of us.

Unfortunately, the leadership and the programs of most state wildlife agencies are unknown to Senators and Representatives in Congress. Too many times, in my experience, state agencies are treated as adversaries by the very men who should help them. This serious weakness arises, at least in part, from the state agencies' apparent failure to recognize that Congress judges their overall effectiveness not by the programs that are strong but rather by those that are weak.

On the national level, many pending issues involve wildlife and their habitat. There is the Administration's proposal to create a Department of Energy and Natural Resources, a super agency that would fracture many old ties and associations. If there ultimately is to be change, as some congressional leaders insist, what can be done to channel reorganization in favor of fish and wildlife and ecologically sound use of our resource base?

A special panel is proposing substantial realignment of the House committee structure. Some knowledgeable and understanding committee chairmen and members would be swept away, to reappear no one knows where. Done one way, reorganization would lump wildlife with energy, an unnatural alliance that several states discarded decades ago. Done another way, it could favor preservation over scientific management. Where do wildlife leaders stand on this?

Congressional hearings are expected soon on proposals to improve the Fish and Wildlife Coordination Act, in theory toothy, but in practice, a toothless law to give fish and wildlife some bite in water resources developments. The improvements in the Act grow out of the recommendations of the National Coordinating Committee on fish and wildlife in federal water resources projects. The General Accounting Office recently found that these resources are not receiving equal consideration in water development projects.

I hope that the state fish and wildlife agencies and the State Governors will support these necessary amendments. I hope each state enacts the State Fish and Wildlife Coordination Act that is in the Council of State Governments' 1974 roster of suggested state legislation.

You can help punch this over. If you do not participate, a once-in-a-decade opportunity to benefit fish, wildlife and other resources may be lost.

How many more Cache River projects and Garrison Diversions are fish and wildlife conservationists going to sit still for? Why cannot water resource planning involve fish, wildlife and other resources from the very beginning? The law says this must be done, but the law is not being everywhere observed by either development agencies or federal fish and wildlife agencies.

If you think that our interest is destined to be run over forever by water development, then take a look at Section 73 of the Water Resources Development Act and Title X of the Agriculture and Consumer Protection Act, both of 1973, Nonstructural alternatives to flood protection are authorized in each. The Water Resources Development Act directs that "In the survey, planning, or design by *any* federal agency of *any* project involving flood protection . . ." consideration shall be given to nonstructural alternatives. Acquisition of flood plains for recreation, fish and wildlife, and other public purposes is mentioned specifically. And in the Farm Act, the Secretary of Agriculture is authorized to purchase perpetual easements to promote the sound use and management of flood plains, shore lands, and other aquatic areas.

Other bills pending in Congress also deal with the basics of our business. One, passed by the House and now before the Senate Committee on Commerce, would expand the wildlife conservation program on military lands, an area nearly equal to that of all the national parks. It would authorize the imposition of a fee where states willingly enter into agreements for improving terrestrial and aquatic habitat on designated public lands.

A pair of Senate and House bills would raise more money for wildlife conservation by imposing a manufacturers' excise tax on the component parts of handloaded ammunition. This source could yield upwards of several million dollars annually, if taxed comparably with sporting firearms and ammuntion, handguns, and archery items, which already support wildlife conservation. Like the handgun and archery tax receipts, part of the income would be used for hunter education and supportive public shooting ranges. With a bit of attention from many of us here, this sound bill could be enacted.

Some states appear to be dragging their feet on hunter education. In my opinion, the individual or the agency that ignores this essential undertaking will do serious disservice to wildlife and to hunting in the long term.

Now, a final note. In the last two years,

tremendous effort was expended by agencies, organizations, and conservationists in helping Congress correctly decide national wildlife policy. This was done through the Marine Mammal and Endangered Species Acts. In both, Congress firmly established that this country's wildlife are to be managed on a scientific basis.

I know that the two new programs are not sound in all aspects, but do not lose sight of the fact that, despite tremendous preservationist pressures, Congress opted for scientific wildlife management. Had Congress not done so, the present situation would be chaotic rather than merely aggravating.

The Bureau of Sport Fisheries and Wildlife is to be commended for its current effort to inform states about the kind of assenting Act that will be required for compliance with the Endangered Species Act. Because of the lateness of Congress' approval of the Act last year, and the necessity for affirmative action by state legislatures that had a 1974 session—and there were more than forty—it is in order and desirable for Governors to call upon the Secretary of the Interior to accept letters of intention with respect to their states' commitment to enact satisfactory legislation when their legislatures next convene.

This is important, for every state whose legislature has met and adjourned in 1974 without having had an opportunity to consider this subject already is in the 120-day countdown after which all resident wildlife deemed by the Interior Department to be threatened or endangered in the absence of an approved state program shifts to federal responsibility. States should not be held delinquent because of an impossible time schedule imposed on them by the Federal Government. No matter how good a state's intentions or its already operative programs, it will take tons of paper work and years of frustration and expense to reverse the situation.

If, as the Administration has said, it wants to move responsibility closer to the people, and if, as the Secretary of the Interior said to the states last fall, the salvation for America's wildlife is vastly better working relationships between federal and state wildlife agencies, then this bureaucratic hiatus should be avoided. The Secretary of the Interior should do everything within his power to prevent the states from being penalized because of the grossly inadequate time schedule in the Endangered Species Act.

Before turning the session to Dr. Gilbert F. White, I want to remind you of a long-established Conference Policy. In the next three days, we all will be involved in a conference, not a convention. For that reason, no resolutions can be entertained. Session chairmen have been instructed not to entertain resolutions or recommendations for action. It is hoped that all conferees will take maximum advantage of the scheduled discussion periods following each paper. In this way, additional information and differing points of view can be brought before the Conference.

It now gives me great pleasure to turn the session over to Dr. Gilbert White of the University of Colorado.

SENATOR HELMS ADVOCATES NEUTRALIZING SUEZ AS A CONDITION OF FOREIGN AID TO EGYPT

Mr. HELMS. Mr. President, yesterday this body received a message from the President of the United States proposing a total foreign aid budget of $5.18 billion for fiscal year 1975. No one needs to be told that foreign aid has become a very controversial issue in Congress. Frankly, I am opposed to foreign aid particularly at this time of financial crisis in our country. There seems to be very little consensus, in any case, as to what type of foreign aid, if any, best advances the interests of the United States in the long run.

Reserving the right to discuss other aspects of the President's proposal at another time. I wish to serve notice that I am gravely concerned whether one particular section of the aid proposal, as it presently stands, will advance the cause of peace and stability in the world. I refer to the $907.5 million proposed for the Middle East, including both Israel and Arab countries, and particularly the $250 million intended for Egypt.

The funds for Egypt would be used for clearing the Suez Canal, repairing the damage in adjacent areas, and restoring Egyptian trade. There is no doubt in my mind that the prime beneficiary of the reopening of the Suez Canal will not be Egypt, but the Soviet Union. And I refer not to the benefits to Soviet trade, which will no doubt be considerable, but to the strategic benefits which the Soviet Navy will reap by having a short route to the Indian Ocean. Ships traveling from the Black Sea through the Suez Canal to the Gulf of Aden cover about 2,200 miles. From the Black Sea through the Mediterranean and around the Cape of Good Hope, the distance is about 11,000 miles.

The Soviets are well aware of this advantage. The alternative of sending ships from Vladivostok to the Gulf of Aden is about 9,000 miles. Yet even with the great distance that Soviet warshsips must cover today, the Soviet Navy is spending about four times as much time in the Indian Ocean in terms of ship days, than it did when the British pulled out in 1968. During the October war, the Soviets had about 20 ships in the Indian Ocean, and about 98 in the Mediterranean. The opening of the Suez Canal will give the Soviets easy access to the Red Sea, the Gulf of Aden, and the Persian Gulf, not to speak of the sea lanes in the Indian Ocean itself. The result will be the creation of a strong military presence in an area which is the petroleum lifeline to Europe.

Mr. President, I steadfastly oppose the use of U.S. funds to open the Suez Canal so that the Soviet Union will be in a stronger position to threaten the peace of the world and disturb the equilibrium in the Middle East. Therefore, I intend to offer an amendment to the foreign aid bill when it is introduced, to require that no funds be made available to Egypt unless Egypt agrees to bar all foreign vessels of war from transiting the Suez Canal for a period of at least 5 years. This would apply to the Soviet Union. It would apply to the United States. It would apply to every other nation, except, of course, Egypt herself.

The chief individual beneficiary of this proposal would be Egypt herself. By neutralizing the Suez Canal during the period while the Middle East agreement is being negotiated and in the early stages of implementation, Egypt would remove herself from a situation where she would have to play host to Soviet military pressure which might be turned against her. Egypt would be in a position to assert her own sovereignty without having to deal with the might of a superpower. Egypt would not be faced with the anomaly of admitting alien warships, possibly hostile warships, transiting her sovereignty.

The second individual beneficiary of this proposal would be Israel. At a time when the Sinai disengagement is still being negotiated, Israel would be assured that she would not be threatened with the ships of a superpower transiting the Suez Canal. Moreover, if the Suez is opened to warships, the Israeli coast will face a constant parade of Soviet vessels coming and going, ostensibly on their way to the canal route. Israel would also benefit by the general defusing of the military situation in the Middle East.

The third individual beneficiary of this proposal would be Saudi Arabia. Despite the fact that Saudi Arabia has the richest oil reserves in the world, it is a relatively small country of 5 million people. It is bounded on the one side by the Red Sea and on the other by the Persian Gulf. If both bodies of water are made easily accessible to the Soviet warships, Saudi Arabia—and the supertankers of all nations that load at her ports—could easily fall under threat from Soviet designs.

The fourth individual beneficiary of this proposal would be Iran. For Iran is rapidly finding herself surrounded by allies and friends of the Soviet Union. Iran, of course, shares a common boundary with the U.S.S.R. She shares another with Iraq, which is allowing the Soviets to develop a major port at Uum Qasr on the Persian Gulf, a port which will really be only of major use to the Soviet naval fleet. To the east is Afghanistan, where elements friendly to the Soviet Union overthrew the king. Then, of course, there is the instability of Pakistan and the continent of India which is so closely alined with the Soviet Union. Iran has the most formidable army on the Persian Gulf, a capable air force, and a small navy, but the last thing that Iran needs is to have the Suez route to the Black Sea open to the maneuvers of the Soviet fleet.

Finally, the next most important beneficiary, as a group, will be all those negotiating the Middle East settlement. The question of reopening the Suez Canal to Soviet warships is the prickly pear that no one wants to handle. If Congress acts to foreclose the issue by conditioning aid to Egypt upon neutralizing the Canal, then everyone concerned can turn to constructive issues. Secretary of State Kissinger will have more flexibility because one more pressure point will have been removed. Israel will be able to breathe more easily. Egypt will not have to take a stand against the very powerful Soviet Union.

I note that the distinguished senior Senator from Vriginia (Mr. HARRY F.

BYRD, JR.) gave a report yesterday on his conversations with President Sadat only last Friday. As always, my distinguished colleague was candid and to the point. He reported as follows:

The Egyptian leader said firmly that his country will not again become dependent on the Soviet Union.

I congratulate President Sadat for his firm intentions, and I strongly believe that such a measure as I am proposing would be welcomed by him—if not publicly, then at least in his private councils. For as Senator BYRD has reported, Mr. Sadat "said he did not wish to be a friend of the United States at the expense of Russia, or a friend of Russia at the expense of the United States."

Nobody could ask for more than that. There is no need to provoke the Soviet Union. At the same time, there is no need to allow a situation to develop unnecessarily where the Soviet Union could provoke the free world, or tragically plunge us into war. There are those in this body who have sharply questioned the wisdom of the United States in sharply upgrading the small naval base of Diego Garcia in the middle of the Indian Ocean. They have declared that this action would unnecessarily militarize the seas in that region and add to tensions. I must say candidly that I do not agree with that assessment, given the relatively small U.S. presence that would be enhanced by Diego Garcia, and the current level of Soviet operations in the Indian Ocean.

But the opening of the Suez Canal would do far more to upset the military balance in that part of the world than anything the United States could ever do. Those who are concerned with increasing tensions in the Indian Ocean should join in my proposal to demilitarize the Suez Canal as a far more effective means to their goal. I shall submit the amendment I have described in a few days, and I will be pleased to accept cosponsors.

All Americans, indeed, all in the free world are looking forward to a permanent settlement of the tragic situation in the Middle East. The funds requested by the President are intended to contribute to that settlement. In his message, the President said:

In the Middle East, we have an opportunity to achieve a significant breakthrough for world peace. Increased foreign aid will be a vital complement to our diplomacy in maintaining the momentum toward a negotiated settlement which will serve the interests of both Israel and the Arab nations.

The President went on to say the following:

The hope for a lasting solution to the Arab-Israeli dispute is stronger today than at any time in the previous quarter century. American diplomatic initiatives have helped create the conditions necessary for an end to conflict and violence. While our diplomatic efforts must and will continue, there is already much that can be done to supplement and consolidate what has been achieved so far.

Mr. President, if the words of President Nixon are to be given substantial meaning, I think that Congress must act to condition the proposed aid of $250 million to Egypt upon Egypt's closing the Suez Canal to warships. As the President says:

There is already much that can be done to supplement and consolidate what has been achieved so far.

By removing the threat of Soviet military pressure in the Suez Canal, these gains can be made effective and constructive.

THE 26TH ANNIVERSARY OF THE STATE OF ISRAEL

Mr. HARTKE. Mr. President, today marks the 26th anniversary of the independence of the State of Israel. It was 26 years ago that the centuries-old dreams of the Jewish people were answered to have returned to them the land which was once theirs and from which they had been forced to flee.

The Jewish people have the longest tradition of love of justice in this history of mankind. They have learned hard lessons, painful lessons, lessons that will not be forgotten. They have lived in the midst of persecution and barbarism, been forced to flee homes and loved ones, watched with helpless anguish as millions of their fellow Jews were slaughtered by the Nazis, and—now—suffered from the daily terrorism and constant threat of attack from their neighbors in the Middle East. This is a history of tragedy and suffering unmatched by any other people.

Today, Israel stands out as a bright star, beckoning all who would seek the protection of its borders and serving as a reminder to the tyrants and bigots of this world that justice is stronger than steel and armor, that it is more mighty than bullets and bombs, and that it will triumph over prejudice and injustice.

I have had the privilege of visiting Israel on several occasions, and I know of the strength of conviction of its people. They intend to survive, and it is that determination which evokes the admiration of people throughout the world. To these undaunted people, my best wishes on the anniversary of your great nation.

EDWIN W. MURPHY

Mr. WILLIAMS. Mr. President, I was deeply saddened to learn of the recent death of Edwin W. Murphy who has served the National Council of Senior Citizens during the past few years as the assistant editor for Senior Citizens News.

The loss of Ed Murphy is especially significant to me for Ed has been an effective leader in our efforts to enact comprehensive reform in our private pension system. In 1970 while I was chairman of the Special Committee on Aging, Ed testified before us on the issue of pension reform. His personal statement was a valuable contribution in our efforts to explore this pressing issue. The injustice of current pension systems can be no more visibly exemplified than by looking closely at what happened to Ed Murphy.

A journalist by trade and an activist on behalf of the disadvantaged. Ed put in over 40 years of honest labor, including employment with three newspapers and one trade union. Despite this record, he received no pension, largely because the three newspapers went out of business. It was only when he joined the staff of the National Council of Senior Citizens that he became eligible for a pension under their immediate vesting provision.

Throughout his life, Ed Murphy made a special effort to give of himself to others. As an active advocate of civil rights, he and his wife in the 1960's provided temporary housing for Southern black families coming north to live.

As a wise advocate of human rights and as a true champion of the needs of older Americans, Ed will be sorely missed.

CONGRESSMAN VANIK'S CORPORATE TAX STUDY

Mr. METCALF. Mr. President, Tuesday morning the Government Operations Subcommittee on Budgeting, Management, and Expenditures and the Subcommittee on Intergovernmental Relations resumed its oversight hearings on Federal agency collection, tabulation, and publication of information and data from regulated firms.

The committee was privileged to have as its first witness Hon. CHARLES A. VANIK, Member of Congress from Ohio. Representative VANIK is a member of the tax-writing House Ways and Means Committee. As a member of that committee, for the past 2 years he has conducted a study of the effective Federal corporate income taxes paid by America's leading 146 corporations. The "Vanik studies" have become an important part in the debate on tax reform and the increasing public and congressional understanding of the nature of our tax laws.

Congressman VANIK's testimony this morning was largely devoted to a description of the type of enormous problems which face Members of Congress and public-interest groups when they attempt to obtain basic economic data. As Representative VANIK stated—

The Federal government simply does not have enough accurate information on which to base sound public policy.

Mr. President, it is the hope of our committees that we will be able to find ways to make more and better information available for use in public policy formulation. Congressman VANIK's description of the problems facing those who seek "supposedly" public information is an important statement which should be of interest to all Members of Congress and the public.

Mr. President, I ask unanimous consent that Congressman VANIK's testimony, to which I have just referred, be printed in the RECORD.

There being no objection, the testi-

mony was ordered to be printed in the RECORD, as follows:

STATEMENT OF CONGRESSMAN CHARLES A. VANIK

I appreciate this opportunity to testify in these oversight hearings regarding Federal agency collection, tabulation, and publication of information and data from regulated firms.

First, I would like to commend the Committee and its staff for its January 7th report, *Disclosure of Corporate Ownership*. This report is one of the finest pieces of original research work ever to come out of a Congressional Committee. It is an economist's goldmine.

It should be required reading material in every economics and political science course in the Nation's colleges. The implications of the Report are most serious. We—or the next Congress—must act on the findings of your Report. Every day that we delay, means one more day that a few large banks and institutional investors consolidate and strengthen their control on the American economy and other American corporations.

PROBLEMS IN OBTAINING INFORMATION

Rather than deal with the implications of your Report, however, I would like to discuss the problem of obtaining information about American corporations and the direction of our economy and society. Lincoln said it as simply and clearly as it can be said:

"If we could first know where we are and whither we are tending we could then better judge what to do and how to do it."

Mr. Chairman, I fear that in terms of our economy and the directions of our national economic structure, we do not even know where we are—and the reason is: the Federal government simply does not have enough accurate information on which to base sound public policy. The need for information is critical—and was excellently described by the Federal Trade Commission in their justification for proceeding with the Line of Business Report inquiry:

"Information plays a critical role in the efficient working of a free enterprise economy. Generally speaking, the greater the amount of information which is possessed by all the groups which are interested in a given market, the more efficiently the market will work. Other things being equal, then, society stands to reap benefits from the dissemination of information."

As you know, for the past two years I have compiled a study of the Federal corporate tax payments of the top 100 American industrial corporations as well as about 40 other selected top corporations in transportation, retailing, and banking. The companies studied have been taken from the Fortune 500 list. The information was drawn entirely from public filings at the SEC, ICC, and FPC. The very difficult accounting interpretation work was done by the Joint Committee on Internal Revenue Taxation.

These tax studies have received wide coverage because of certain dramatic findings. For example, in tax year 1972, it was reported that ITT paid 1% Federal Corporate Income tax on about $376 million in profit. I found 11 profitable giant corporations which paid no corporate income tax. These findings got the headlines.

The important long-range findings of my studies parallel the type of findings of your Report:

The bigger corporations can take advantage of special tax privileges.

The bigger corporations tend to pay a lower rate of tax—about 29% compared to a statutory rate of 48%.

The bigger corporations therefore have a more attractive cash flow and investment image than smaller corporations.

Therefore, the big get bigger—and small and medium size business is suffering.

There is a move toward bigness, concentration and overwhelming power in a few American corporations.

The main point I want to make today is that obtaining this tax is incredibly difficult. This information is required by the regulatory agencies to be filed and made available to the public. The information is important to investors, to economists, and to the Congress in its public policy and tax decisions. Yet it is nearly impossible to obtain this information. One must rely on trained CPA's—and there can even be honest disagreement and differing interpretations among the best accountants.

For example, for tax year 1972 out of the 146 filings examined, information was available or calculable on only 90—or 61% of the sample—with the situation being particularly bad in the banking industry. In tax year 1971, only 45 out of 100 industrial corporations had made intelligible information available to the SEC by the filing date.

I might add at this point, that the SEC sometimes does not seem to obtain better response to or enforcement of its reporting rules than the Committee did in its poll of 324 corporations. I believe that you received a full response from only 89 companies and no response at all from some 58 firms. There seems to be a high correlation between these corporations which did not respond to your inquiries and those which fail to comply with the SEC regulation SX requiring that State, foreign, and Federal taxes be reported separately. Sixteen of the 58 firms which refused to disclose ownership to you were among 33 firms (out of a total of 146 examined) which appear to have failed to properly disclose the level of their Federal tax payment. It seems that there is a sort of consistent "Public be damned" attitude among a number of corporations.

The confusion, complexity, and secrecy which shrouds corporate tax and financial reporting is indescribable. By far one of the major problems in understanding the tax provisions of many corporate annual reports has been the combination of the Federal tax expense with local, state and foreign tax expenses when reporting to the SEC and to stockholders. As I stated in the August 1, 1973, *Congressional Record*, a number of companies fail to provide adequate tax information in their annual reports to stockholders. In tax year 1972, for example, Xerox listed its tax expense under one figure titled "Income Taxes"—with no breakdown of either their state and/or local and/or foreign taxes. Exxon, General Motors, and 3M, as well as many others, also listed "lumped up tax expenses" in their annual reports to their stockholders for 1972.

This has not been an isolated problem. The American Institute of Certified Public Accountants, in their publication "Accounting Trends and Techniques," sampled 136 1971 annual reports and discovered that:

Provision for Income Taxes: Combined with Federal, 116; Shown Separately, 20; Total, 136.

A corporation's combination of the foreign and federal tax figures particularly understates the amount of taxes paid to the Federal government, since the foreign tax provision may wash out a large portion of the federal taxes.

This method of combining reported tax payments is distorting and misleading—and should be corrected.

I sent a letter to the Chairman of the Securities and Exchange Commission on March 21, 1973, on the question of whether or not the separate listing of taxes paid—as required by law in the 10-K forms filed with the SEC—should not be required in the annual report to stockholders. The following is the former Chairman, Bradford Cook's, response to my inquiry.

"It is currently the judgment of the Commission staff that the breakdown of the tax expense data as required in form 10-K separation of the foreign and federal tax expense is not data which is essential to the average investor in understanding the results of operations as reported in the annual report and, hence, Rule 14a-3(b)(2) would not require its inclusion in an annual report to shareholders."

It seems that the Securities Exchange Commission holds to the philosophy that the average investor need only possess the minimum of information. With the increasing growth of Multi-Nationals, I believe the average stockholder would be interested in what countries his company is investing—and what tax benefits are acquired by such investments.

My main concern has been the combining of tax expense in annual reports to stockholders. However, it is a violation of SEC regulations to combine tax expenses in the 10-K report filed with the SEC. Regulation SX (Rule 3-16,0) requires that State, foreign, and Federal taxes must be stated separately in the annual 10-K report to the Securities and Exchange Commission.

In 1972 I brought to the attention of the Securities and Exchange Commission the fact that in 1971 four major corporations violated this law by combining their tax expense figures. Rather than strengthening their enforcement efforts in 1972, the Securities and Exchange Commission seems to have allowed the proliferation of this illegal activity. In my analysis of the effective taxes paid in 1972, 33 corporations out of 146 appear to have violated the Regulation SX Rule. The following list is reprinted from the August 1, 1973 *Congressional Record*. It is possible that some of these corporations have subsequently amended and corrected their SEC filings.

Ford Motor Company.
General Telephone and Electronics Corporation.
Kraftco Corporation.
North American Rockwell Corporation.
Firestone Tire and Rubber Company.
General Dynamics Corporation.
W.R. Grace & Co.
American Can Company.
Borden, Inc.
Burlington Industries.
Sperry Rand Corporation.
Minnesota Mining & Manufacturing Company.
Gulf & Western Industries, Inc.
The Coca-Cola Company.
Beatrice Foods Co.
American Brands, Inc.
The Signal Companies, Inc.
CPC International Inc.
Champion International Corporation.
Raytheon Manufacturing Company.
Allied Chemical Corporation.
Teledyne, Inc.
Consolidated Freightways, Inc.
Leaseway Transportation Corp.
Yellow Freight Systems, Inc.
Southern California Edison Company.
Texas Eastern Transmission.
Safeway Stores, Incorporated.
Bank America Corporation.
Western Bancorporation.
Chemical New York Corporation.
Bankers Trust New York Corporation.
Continental Illinois Corporation.

If corporations combine their tax expenses in the 10-K, violating the law, they make it impossible to calculate their effective taxes paid to the Federal government. It is my suspicion that many corporations, aware of how they could disguise their low tax payments, have intentionally omitted such

data, thereby breaking the law. They realized that the SEC would probably not take any action, and if they did, it would only amount to a "slap on the wrist."

Despite these difficulties, I am proceeding with a third annual report of "Corporate Federal Tax Payments"—and the Joint Committee on Internal Revenue Taxation is collecting this information at this very time.

HOW MUCH TAX DO BANKS PAY?

In light of the study conducted by this Committee on the acceleration of banking control of the American economy, I hope to give special emphasis in my study, to Federal tax payments by banks. It would seem that banking would be a fairly straight-forward business with few special tax breaks or incentives—and that the tax rate would be about 48%. Yet for tax year 1972, three leading banks for which figures were available paid an average effective Federal corporate tax of 14.4% on $519 million in profits. In tax year 1971, 5 leading banks paid a Federal tax rate of about 21.9% on $756.8 million in profits.

The trend is continuing. For example, I would like to enter into the hearing record, without comment, the full text of the tax notes contained in the 1973 Annual Report of the Chase Manhattan Corporation. This Annual Report indicates that the assets of the Corporation have increased from $30.6 billion in 1972 to $36.8 billion in 1973 and the quarterly dividend was raised by 10%.

I have not had the benefit of the Joint Committee on Internal Revenue Taxation's comments on this annual report, so I do not want to provide an analysis. According to its own statement, however, the Corporation's current Federal tax payments have declined while its foreign tax payments have increased. Also, note the large tax-exempt interest earnings of the bank. Finally the Corporation states that the provision for income taxes at the 48% Federal Statutory Rate is $114.4 million, yet the total listed Federal Current and Deferred taxes is $7,596,000. It is no wonder that the Banks are gaining economic power!

THE CHASE MANHATTAN CORPORATION—TAXES

	In thousands	
	1973	1972
Taxes applicable to net income were as follows:		
Tax provision applicable to income before securities gains (losses)	$76,036	$61,908
Tax provision (benefit) applicable to securities gains (losses)	(644)	(80)
Total	75,392	61,828
The current and deferred amounts of these tax provisions were as follows:		
Federal:		
Current	4,185	8,671
Deferred	3,411	1,923
State and municipal:		
Current	11,936	12,258
Deferred	4,976	3,852
Foreign:		
Current	40,347	33,109
Deferred	10,537	2,015
Total	75,392	61,828

The principal items which caused the timing differences resulting in deferred income taxes in 1973 and the tax impact of each one follow:

	Thousands
Additional transfer to the reserve for loan losses in excess of the provision charged to operating expenses	$13,333
Accretion of discount on investment securities	(4,647)
Undistributed earnings of overseas subsidiaries, joint ventures and associated companies	2,924
Depreciation on premises and equipment, including lease financing equipment	3,526
Other—Net	3,788
Total	18,924

The total provision for income taxes applicable to net income in 1973 is less than the amount computed by applying the U.S. Federal income tax rate of 48 percent to income before taxes. The reasons for this difference are as follows:

	Amount (in thousands)	Percent of income before taxes
Provision for income taxes at statutory rate	$114,474	48.00
Increase (decrease) in provision for income taxes resulting from:		
Tax-exempt interest	(46,189)	(19.37)
State and municipal income taxes, net of Federal income tax benefits	8,760	3.67
Other—Net	(1,653)	(.69)
Total provision for income taxes	75,392	31.61

HOW MUCH TAX DO ENERGY COMPANIES PAY?

Second, in my tax study this year, I hope to provide special emphasis on the tax rates of energy companies. What types of tax subsidies are we providing? Are they cost/benefit ratio effective? Are they distorting the use of fuels and delaying the start of new technologies?

I think we are all familiar with some of the tax problems in the oil industry. The House of Representatives will probably soon be sending the Senate an oil windfall profits tax bill—and if history is any judge, you will be making some changes and adding some ideas of your own.

It is time, however, that we looked at the tax situation of other energy companies. I know that the Chairman from Montana has long had a special interest in public utilities and utility companies. Without really becoming aware of it, we have come to provide a tremendous tax subsidy to the electricity companies. Over the past decade, many of them have moved out of the ranks of taxpayers and into the ranks of non-taxpayers. In many cases, they are providing their stockholders and owners with tremendous individual tax advantages through the ability to provide tax free dividends.

I know that many of these companies have low returns, that their stocks have been in trouble, and that their capital requirements are enormous. Yet by providing these subsidies, we may be encouraging certain frivolous uses of energy. People will delay in insulating their homes, there will be no incentive for individual efforts to use solar energy for heating and cooling.

I understand that there is a report in the March 26, 1974 *Minneapolis Star* that Northern States Power Company will pay no Federal income taxes for 1973. I would like to enter the article in the Record at this point, since it describes some of the special tax advantages available to utilities. Assuming that the FPC is on the job and tax savings are passed on to customers, such tax breaks do mean cheaper power—and they mean further delays before America begins to curb its energy gluttony. I would also add the comment that such tax savings mean infinitely more for the stockholders and management of the company than they do for the individual consumers and workers who own no stock.

The article follows:

"Northern States Power Co. will pay no federal income taxes and substantially less than normal state income taxes for 1973, according to figures in the utility's annual report to its stockholders. In addition, the utility has gotten an $8 million refund of federal taxes paid in earlier years, the figures show.

"The tax liability was erased mostly by the investment credit allowed NSP on its Prairie Island nuclear generating plant, said Gerald S. Pettersen, the company's comptroller. Taxable net income also was $35 million less in 1973 than 1972, an NSP spokesman said. The $8 million refund came because the credit was so large that NSP was able to apply some of it against taxes paid in 1970, 1971, and 1972 as well as all federal income taxes due for 1973, Pettersen said.

"Tax laws allow utilities to deduct 4 percent of the cost of new plants directly from their taxes in the year a plant goes into service, Pettersen said. Prairie Island had its first fission reaction, which produces heat to generate electricity, Dec. 1. Pettersen said the utility's federal income tax without the credit would have been about $4.5 million compared with the nearly $19 million the utility paid in 1972. The company's state income taxes for 1973 total $226,000, $4.3 million less than payments for 1972.

"The utility's federal tax bill would have been $46.5 million before deductions and tax credits for such things as depreciation and plant investment, according to the report. That would indicate a net income on the company's books of about $97 million based on the 48 percent corporate income tax rate. The utility said the tax reductions benefit shareholders and customers alike because it means NSP has to borrow less money in the securities market at high interest rates to finance construction projects. The investment credits are allowed under a 1971 tax law and the rates for utilities are less than for other businesses, an NSP spokesman said."

The declining tax rate of electric utility companies is described at great length in my corporate study of last August 1. It is also discussed in some detail in House Report 93-891, relating to Tennessee Valley Authority pollution control facilities. If the Committee would be interested, I would like to enter a portion of the House Report in the Record at this point:

"Each firm makes its own decision as to which tax procedures, if any, will be most beneficial to use in accounting for new investments or additions to old facilities. The sum of all the available tax provisions can be large. The data published in *Moody's Public Utility Manual 1973*, indicates the Federal Tax Code changes can have a significant impact on individual electric systems. The comparative consolidated income account for the American Electric Power Co., Inc., shows 1966 operating revenue of $488.2 million, net operating income of $188 million, and Federal tax payments of $60 million which was lessened somewhat by pro rata credit of $7.6 million from accelerated amortization accumulations transferred to the income account. Operating revenues increased by 1972 to $860 million, net operating income to $244 million yet federal income taxes declined over the years until this entry showed a credit of $5.6 million. Credits of $6.7 million were shown from accelerated amortization accumulations and $984 thousand from liberalized depreciation. Through various recovery provisions of the tax laws, Consolidated Edison Co. of New York, Inc., reported to stockholders for 1970 credits in the fed-

eral income tax entry of $19.9 million, credit of $900 thousand from provision for deferred income tax and investment tax credit of $2.4 million. For 1971 the firm reported credit of $3 million in the federal income tax item, credit of $3 million from the provision for deferred income tax and an extraordinary item of $53 million credit from recalculation of earlier tax liabilities. For 1972 the federal income tax item was a credit of $1 million and credit of $2.2 million was shown from the deferred tax entry. This indicates that in place of payments of federal income taxes in the past three years, the system has received credits from taxes paid earlier. In both cases, other provisions of the tax law may have been employed to achieve tax credit status. Not all firms are in this situation.

"The decrease in the payments of federal income taxes by private utilities illustrates the significance of tax law changes to achieve national objectives. As a percent of operating revenues, federal taxes for electric systems decreased from 12.0 percent in 1955 to 3.5 percent in 1972. Had the federal tax payments been the same percent as in 1955, federal receipts from this industry would have been $2 billion greater for 1972."

THE NEW S.E.C. TAX DISCLOSURE RULE

I had hoped that this year's study would be easier to conduct than the past two. I had been encouraged in this belief by the action of the SEC last fall in issuing a new rule requiring more tax disclosure. On November 27, 1973, the SEC announced expanded tax disclosure requirements to permit investors "to distinguish more easily between one-time and continuing tax advantages enjoyed by a company and to appraise the significance of changing effective tax rates."

Earlier in the year, I had written to the SEC in support of this proposed rule-making.

INDUSTRY OPPOSITION TO THE S.E.C. PROPOSAL

It is interesting to note what some of the corporations wrote in their letters to the SEC. Generally, there was rather violent opposition to the proposed rule. The following are quotes from the SEC hearing journal.

ALCOA was worried that it would lead to additional disclosure in other areas:

"We are concerned that the proposals to amend Rule 3-16(o), in view of other pressures for additional disclosure being applied today, will cause an unintended extension of such rules to all forms of reporting, which would add to the confusion and misinterpretation in this area of financial reporting."

Getty Oil Company was worried about confusing the poor public:

"Financial reporting requirements differ extensively from tax reporting requirements. Both requirements are well entrenched in accepted accounting and governmental policy, and as regards tax reporting, codified into the U.S. legal system as well. Business must comply with two separate and distinct reporting requirements relating to its economic condition which are intended and do serve different purposes. The proposed rules will place the different burden on business of attempting to correlate and explain to general users of its financial statement philosophical differences that were not in their inception correlated or reconciled. While it is recognized that there is a definite obligation of "reasonable disclosure" to external users of financial statements, that obligation should not be expanded to include disclosure, correlation and reconcilement of the complicated and technical areas of financial accounting and tax return preparation. Any attempt to follow such a course of action can only serve to confuse the general public."

The National Association of Manufacturers and American Smelting and Refining Company were amazingly frank about what I believe is the cause of the real opposition to the SEC rule. The additional information will make it harder to avoid taxes:

"In summary, we continue to be opposed to the proposed amendment on the basis that it will be confusing and misleading to investors, and that it cannot be accurately complied with by a large number of companies. *Disclosure of certain detailed information on tax expense accruals could prejudice the company in its negotiations with the Internal Revenue Service* or in litigations with other parties, and thus injure its shareholders. Such change in policy, if required, should only be made by legislation with full hearings to determine a public need." (Italics added.)

American Smelting and Refining phrased the issue this way:

"The listing of income items bearing effective tax rates of less than 48% would seem to provide standing invitation to the Internal Service and Congress to endeavor to strike out such intended favorable tax treatment in any new tax-raising legislation. In effect, it makes a corporation a principal contributor toward its own tax hikes."

The comment letter I enjoyed reading the most was the one from the Machinery and Allied Products Institute, which contained a rather strong attack on myself, accusing me of being a tax reformer and the instigator of the SEC's proposed rule. The Institute says the SEC rule plays into the hands of tax reformers. Later in their letter, they indicate that disclosure would probably force their membership to pay more in taxes, because the IRS will have a better understanding of what is happening. The arrogance of the letter is incredible. I would like to enter some quotes from the letter at this point in the Record.

"MACHINERY AND ALLIED PRODUCTS INSTITUTE

"The SEC filings and Rule 3-16(o) of Regulation S-X have become a subsidiary issue in the tax reform dialogue because they represent the source of information being used by some persons to oppose current tax concepts. Inasmuch as tax returns are accorded confidential treatment for most purposes as a matter of public policy, these persons alternatively are seeking more disclosure regarding tax expense in the financial filings with SEC. Reduced to the simplest terms, because these persons are denied access to tax returns, they are asking for the amendment of publicly filed financial reports to yield enough detail to permit them to reconstruct the tax return in such areas as interest them. There are, of course, several ways to 'skin a cat.'

"It is a matter of special interest for certain tax reform advocates to know why and in what amounts pre-tax income differs for tax and financial purposes, and to know which governments—notably foreign as opposed to domestic governments—receive tax payments from U.S. businesses. Depending on how existing Rule 3-16(o) is interpreted, an SEC registrant's financial statements may or may not supply all of the information sought by a "tax reformer," however sufficient it is for a security holder's purposes.

"Provisions for possible tax deficiency

"A point repeatedly raised in connection with this proposed rule making is the possibility that the disclosures involved would permit the computation of details of registrant's provisions for possible tax deficiency. In this connection, SEC of course recognizes that there are many areas of tax law where reasonable minds differ and where the final word has not been spoken. In our judgment, it is the responsibility of a tax administrator who thinks his client's case to be sound in one of these "grey" areas to defend the client's interests rather than those of the tax collector. However, given the possibility of a settlement of the issue in favor of the government, a company may properly provide in a particular year for amounts of income tax in excess of the computed liability. To require disclosure (directly or indirectly) of details of these amounts in public filings for perusal by the opposite party to the question of liability would weaken a registrant's negotiating position and tend to establish a base level from which the company would have to proceed with this case. We believe that disclosures of this sort could discourage the use of provisions for possible tax deficiency. Moreover, if no provisions were made, earnings would be overstated to the extent that any loss subsequently incurred had not been reserved.

"There are innumerable areas of tax law where government and taxpayers constantly must exercise their best judgments, and, not infrequently, they reach opposite conclusions. As often as not, it is government's choice not to provide further definition of the issues. The important thing is that the problems get resolved in a framework of administrative and/or judicial hearings and appeals where both parties have the opportunity of having the issues considered on their merits alone. We question whether this can be accomplished where provisions for possible deficiencies are disclosed, and we recommend that SEC not require disclosure from which such amounts can be determined.

"Conformed tax and financial reporting

"The proposed rule making appears to rest in part on a presumption by government that tax and financial reporting should be identical. This notion is tirelessly pressed by tax reform advocates who allege that certain or all of the several tax incentive or tax relief provisions ("loopholes" in their rhetoric) of the U.S. Internal Revenue Code are unfair, unnecessary, or inappropriate in some other respect. Of greater concern, the concept of conformed reporting is increasingly imposed by the U.S. Internal Revenue Service (IRS) where it judges itself to be on the less beneficial end of a timing difference between income (or deductions) reported for tax purposes and income (or deductions) reported for other purposes. In some cases, IRS has proposed conformity requirements which would be costly and disruptive to taxpayers despite the fact that their tax accounting (as well as financial accounting) has been in accord with generally accepted accounting principles and has been consistently applied from period to period.

"We have expressed our concern to IRS about its projects in this area, and have tried to make the point that forced conformity could stifle the development of financial accounting rules and procedures, and lead to distortions in reporting for tax or financial purposes. In a parallel vein, we are concerned that exhaustive information requirements from SEC about differences in tax and book accounting will constitute an indirect assist to IRS in its conformity activities with possibly adverse—albeit indirect—effects on the interests of security holders. Accordingly, we urge that SEC give serious consideration to the consequences of conformed accounting and reporting to registrants and security holders before committing itself to the issuance of burdensome disclosure rules in this area."

LOOPHOLE IN S.E.C. RULE

Despite all this opposition, the SEC rule is in effect. Yet, what I thought was a victory has turned sour. There is a glaring loophole in the new disclosure rule. Perhaps I, my staff, or the several accountants I consulted should have seen it—but we were "took."

The rule S-X, 3-16(0)(3) reads in part: [The registrant shall] provide a reconciliation between the amount of reported *total*

income tax expense and the amount computed by multiplying the income before tax by the applicable statutory *Federal* income tax rate . . .

The key words are underlined. According to accountants I have recently consulted, if a company has a total income tax expense equal to the statutory Federal income tax rate of 48%, it might not have to provide any reconciliation—even though it may not have paid a penny in Federal corporate income tax. For example, if a company pays a total of 48% of its taxable income to, say, Saudi Arabia, it would escape the reconciliation requirement. Of course, the new ruling will provide helpful information on domestic corporations—but the bigger companies—which tend to be the internationals—can continue to avoid a clear statement of tax payments.

Following is a copy of a portion of the 1973 Annual Report of Babcock and Wilcox as well as a letter which I have just received from the Joint Committee on Internal Revenue Taxation analyzing the company's annual report and SEC filing. I think you would agree that at first reading of the notes many would obtain the impression that the company paid a Federal tax rate of about 40%—or at least some Federal taxes. According to the Committee, however, it "would seem" that there is no Federal corporate tax payment at all!

The same type of problem can be seen in the Chase Manhattan Corporation Annual Report notes which I entered into the hearing record earlier. By mixing in the terms Federal income tax rate of 48% and failing to specify what kinds of income taxes, the Corporation leaves one with a quick first impression that its Federal tax rate is 31.61%.

Therefore, I do not believe that we can rely or depend on the SEC for the full type of information which we need to legislate adequately and properly.

BABCOCK & WILCOX CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

	Calendar year— 1973	1972
Sales (on percentage of completion method for long-term contracts)	$1,063,741,075	$955,885,195
Costs and expenses:		
Costs and operating expenses	919,517,356	818,570,350
Research and development expenses	21,028,084	20,603,198
Selling, general and administrative expenses	58,478,220	51,721,529
Depreciation of plant and equipment	21,640,224	19,402,891
Total costs and expenses	1,020,663,884	910,297,968
Income from operations	43,077,191	45,587,227
Income from investments, including equity in net earnings of affiliated companies (note 4)	3,783,483	3,157,310
Interest expense	(10,203,577)	(6,446,756)
Income before taxes and minority interests	$36,657,097	$42,297,781
U.S. and foreign taxes on income:		
Current	1,070,000	1,426,000
Deferred	13,380,000	16,354,000
Total taxes	14,450,000	17,780,000
Income after taxes	22,207,097	24,517,781
Income applicable to minority interests	(124,367)	(82,221)
Net income for the year (per share: 1973—$1.82; 1972—$1.97)	22,082,730	24,435,560
Cash dividends declared (per share: 1973—$.80; 1972—$.55)	9,683,925	6,832,836
Remainder, to retained earnings	12,398,805	17,602,724
Retained earnings at beginning of year	228,194,096	210,591,372
Retained earnings at end of year	240,592,901	228,194,096

NOTE 5—As a result of the tax timing differences, referred to under accounting policies, the company for federal income tax reporting is entitled currently to report a net operating loss which, together with unused investment credits, is applicable against taxable income or tax payable over the next five and seven years, respectively.

Deferred tax provisions for the years relate principally to the use of the completed contract method for tax purposes—$11,404,000 (1972—$15,060,000) and other timing differences of $1,976,000 (1972—$1,294,000) for accelerated depreciation, warranty provisions and other accrued expenses.

The 1973 income tax provision is net of $1,750,000 ($1,490,000 in 1972) job development investment credits on qualifying property additions.

The effective rates of the total provision for income taxes, as shown in the consolidated statement of income, are less than the United States federal statutory rates by 8.6% in 1973 (6.0% in 1972). This difference arises principally from the job development investment credits—4.8% (3.5% in 1972) and foreign tax credits—3.8% (1.8% in 1972).

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, D.C., April 19, 1974.

Hon. CHARLES A. VANIK,
House of Representatives,
Washington, D.C.

DEAR MR. VANIK: This is in reply to your letter of March 27, 1974, wherein you asked for an analysis of the 1973 Annual Report of Babcock & Wilcox to determine how much Federal corporate income tax will be paid by the Corporation for 1973, and the reasons for the difference between the statutory 48 percent rate and the rate paid by the Corporation.

In the Corporation's Consolidated Statement of Income and Retained Earnings for 1973, a provision for "U.S. and foreign taxes on income" amounted to $14,450,000 of which $1,070,000 was current and $13,380,000 was deferred. The title of this provision could imply that "U.S. taxes on income" means Federal as well as State and local income taxes.

Regarding the current portion of the provision, an analysis of the Corporation's 10-K Report on file with the SEC discloses that $920,000 is the current foreign income tax provision. The remaining current provision, $150,000, would seem to be State and/or local because the Corporation has disclosed that "the company for federal income tax reporting is entitled currently to report a net operating loss . . ."

Insofar as the difference between the statutory rate and the rate shown by the Corporation is concerned, in Footnote No. 5 to the consolidated financial statements, the Corporation discloses that, "The effective rates of the total provision for income taxes, as shown in the consolidated statement of income, are less than the United States federal statutory rates by 8.6% in 1973 (6.0% in 1972). This difference arises principally from the job development investment credits—4.8% (3.5% in 1972) and foreign tax credits 3.8% (1.8% in 1972)."

It should be noted that this disclosure is in conformity with the SEC's Regulation S-X, rule 3-16(O)(3) which, in general, states that a corporation must provide a reconciliation between the amount of reported total income tax expense and the amount of income tax expense based upon the Federal statutory rate of 48 percent for the majority of corporations, if the reconciling items amount to a difference of more than five percent of the 48 percent Federal statutory rate.

Sincerely yours,
LAURENCE N. WOODWORTH,

FTC LINE OF BUSINESS REPORTS

There is some hope that the Federal Trade Commission will be able to obtain additional information as a result of the amendments added to the Trans-Alaskan Pipeline Authorization. Hopefully, the FTC will be able to proceed with its line of business reports. In an age of mergers, conglomerates, and multinational corporations, it has become impossible to determine who is manufacturing and controlling product lines. Such information is vital for tax policy and effective antitrust and FTC policy. As you know, there was intense opposition to the line of business amendments last year—although increased paperwork burdens on industry will be minimal, with only about 2,000 of America's largest corporations affected.

Nevertheless, in light of past history, I do not believe that we should be confident that the FTC will be able to proceed with a free hand. For example, in the fiscal year 1964 Appropriation Act for the FTC, the following legislative rider was added in the House Committee:

Provided further, That no part of the foregoing appropriation shall be used for an economic questionnaire or financial study of intercorporate relations.

This language, refusing a $100,000 FTC request and denying any money for such activities, was passed—as best I can tell—without a single word of reference or mention on the Floor of either Chamber. We have lost the opportunity of 11 years of information. We must not permit such an opportunity to slip away again.

CORPORATE DISCLOSURE ACT

Even better than improved SEC reporting or the FTC study would be the enactment of a clear disclosure bill. I have introduced legislation, H.R. 4311, which would require disclosure of corporate income tax information with respect to larger corporations with assets over $50 million. My bill would make available only the Federal income tax totals which appear on Schedules C, I, J, M1 and M2 of the Federal corporate tax returns.

This requirement is necessary for larger corporations, because they utilize a consolidated return which shelters and conceals vital information which is clearly available in the public financial statements of the small corporate structure.

The tax information on schedule C will provide dividend information of that corporation illustrating the degree of holdings in both other domestic corporations and foreign corporations.

The tax information on schedule I will provide information on the dividends received deduction as well as the Western Hemisphere Trade Corporation—a very abused tax provision where a dummy corporation is established to reduce the corporate rate from 48 to 34 percent.

The tax information on schedule M will illustrate clearly how a specific corporation

calculated its taxable income from its gross income.

The tax information on schedule J will illustrate clearly how a specific corporation arrived at its Federal tax payment figure from its taxable income illustrated in schedule M. The following show the itemized listings that appear on schedule C–I–M1–M2 and J;

(a) the taxable income,

(b) the surtax exemption,

(c) dividends (and deemed dividends received),

(d) dividends received deductions and Western Hemisphere Trade Corporation deduction,

(e) the tax imposed by section 11 (or any tax imposed in lieu thereof),

(f) the foreign tax credit,

(g) the investment credit,

(h) credit for expense for work incentive programs.

Without this type of information, tax reform may be an exercise in futility. The Congress cannot legislate without facts. Until the tax code produces facts, it cannot produce revenue with justice.

TIME TO END CORPORATE SECRECY

Long ago, and before they were really a power, the Courts extended the Federal Bill of Rights to Corporations on the theory that they were persons. Now these corporations, some of which have GNP's bigger than most of the nations of the world, claim the protection of the Fourth Amendment and the right to privacy. In many ways, it seems that we have lost control of public policy to the big institutions and corporations of America. Before it is too late, we should consider ending the privacy protection of these soul-less giants—there is no reason owners should not be on the public record. In many ways, corporations seem to have claimed and obtained more privacy than have the individuals that our founding fathers attempted to protect in the Bill of Rights.

It is interesting to note that in 1924, a group of Progressives headed by La Follette and La Guardia, were successful in passing an amendment which made corporation tax returns public. The amendment only survived for a year, but there was a remarkable increase in corporate tax collected in 1925:

[Dollar figures in millions; others in percent]

	1923	1924	1925	1926
GNP (unadjusted)	$86.1	$87.6	$91.3	$99.7
Rate inflation	1.8	0	2.5	1.0
Unemployment	3.2	5.4	4.0	1.9
Corporate tax liability	$.937	$.882	$1.170	$1.230
Individual tax liability	$.662	$.704	$.735	$.732

In view of former IRS Commissioner Johnnie Walters' stated concern over the growth of corporate tax evasion, it might be interesting to see what would happen to corporate tax collections if returns were made public. If nothing else, it would make offers to contribute to the CIA and others more difficult to carry out.

ABOLISH IRS PRIVATE RULINGS

Perhaps a less drastic and more feasible immediate step would be to abolish the IRS practice of private rulings. To twist a phrase, the law, in its majesty, permits both the poor and the rich alike to apply for IRS private rulings. In reality, of course, private rulings seem to fall mostly to the Super Lawyers.

In 1971, the Internal Revenue Service issued 32,000 binding secret rulings to those wealthy enough to hire expensive tax lawyers to challenge the Internal Revenue Service. The private ruling process could best be described as "let's make a deal."

In 1969, one corporation received a Christmas gift of a ruling from the Internal Revenue Service which allowed this company to retroactively adopt guideline depreciation—a tax election which had been available since 1962. As a result, for the years 1962 through 1968, the company received $48,500,000 in refunds plus interest from the Federal Treasury of $17,500,000. It appears that this $48,500,000 "excess" tax paid, and later refunded, had been passed on to their customers in a higher rate structure in those years. When refunded, the money and interest were recorded as "extraordinary items." A well-chosen description, "extraordinary item"—the private ruling in itself is extraordinary. This shocking example was not made public.

As a more serious matter, a major corporation or an affluent individual is generally able to learn of private rulings which have been issued to other taxpayers and which he can use to his own advantage. Although these rulings are not known to the general public, they are often made available to select groups in commercial or legal circles.

An objection to making all rulings public has been that such a policy might dry up the rulings process. The Internal Revenue would be reluctant to rule in many situations if the rulings would have universal applicability.

I do not see this as objectionable—as a matter of record I would find it desirable. The tax laws and experts have already unfairly tipped the scales of equity in favor of wealthy individuals and corporate giants. I see no need for "special dispensations" from laws that others must abide by.

Last summer, the U.S. District Court here in Washington ruled in favor of a suit by Tax Analysts and Advocates to make public a private ruling. The IRS and the government are fighting this ruling tooth and nail. I would hope that the Congress could help the cause of tax justice by providing an amendment to the next tax bill requiring that tax rulings be public.

GAO AUDIT OF IRS

In addition, there are steps which we could take to make better use of the statistics presently available. The *Individual Statistics of Income for 1971* were just made available about two months ago. With a little effort, I believe that these statistics could be made available much sooner. To rely on these statistics for current legislation is unsound and unwise.

Recently, I asked the GAO to do a cost/benefit analysis of the Domestic International Sales Corporation (DISC) tax provision. I wanted them to examine a hundred corporations and determine whether or not these corporations increased exports after becoming a DISC. Certainly this is a reasonable request for a Member of Congress to make. The IRS refused to let GAO make the study—even though the Comptroller General has provided legal opinions that he has the power to audit the IRS and make studies of the "expenditures" of funds. We should legislate to the GAO the power to oversee and audit the IRS: Not only would this provide us with additional statistical studies, but it could increase public confidence in the Service—the GAO could be a watchdog protecting the public against politically inspired audits and harassment.

TAX LAWS ENCOURAGE ECONOMIC CONCENTRATION

Mr. Chairman, Members of the Committee, this concludes my comments on Federal Agency collection, tabulation, and publication of information and data from regulated firms. However, I would like to stress again how impressed I am with the Committee's study of the economic power which rests in a handful of selected banks and brokerage houses. As a Member of Congress, I do not believe that this concentration of power is good; I believe that it should be broken up. I believe that the history of anti-trust policy in this Nation is such that we *cannot* rely on the Department of Justice or the FTC to break up or prevent this type of economic concentration. As Ralph Nader said in *The Closed Enterprise System*, anti-trust enforcement is largely a bipartisan affair, with the vigor of enforcement turning on the personal attributes of the Attorney General or the Assistant Attorney General . . . Any differences have been individual, not ideological. Yet the actual differences have been minor: a few from each party were equally good; most were equally bad.

As a Member of the Ways and Means Committee, I believe that the present tax laws encourage the merger of large corporations and the growth of conglomerates. I believe that we must change the tax laws to make such economic concentration *unattractive*. Only by the day-in, day-out working of the tax code can we stop the move to economic concentration and increase competition. I hope that the Committee will ask the witnesses who appear and comment on the *Corporate Ownership* study whether they feel that the tax code could be changed to discourage massive concentrations of economic power. For the Committee's reference and use, I would like to enter into the hearing record a copy of a recent letter which I received from the Assistant Attorney General for Anti-trust regarding my inquiry "concerning the effect of certain provisions of the tax code on the growth of larger corporations, including conglomerates." Also, I would like to make public at this time, a very thorough Library of Congress study, conducted at my request on "Tax Provisions Affecting Business Concentration."

This is not an easy area of tax law. The answers are not clear cut. Some would disagree with my belief that the tax law could be used to discourage economic concentration. Nevertheless, this is an area which we should study and consider most seriously—for the economic concentration in our economy is a most serious threat to our democratic society.

DEPARTMENT OF JUSTICE,
Washington, D.C., April 3, 1974.

HON. CHARLES A. VANIK,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN VANIK: This is in response to your inquiry of January 16, 1974, concerning the effect of certain provisions of the tax code on the growth of larger corporations, including conglomerates. In response to your request for information discussing the effect of the tax laws on such growth, I am attaching a bibliography of articles and studies which appear to have a direct bearing on the subject of your inquiry.

You also request our opinion on whether—and to what extent—certain provisions of the tax code encourage corporate acquisitions and conglomerate control. You inquire specifically about the effect of Sections 351, 354ff and 244. Based on the literature we have reviewed, it does not appear that Sections 351 and 244 have had as direct a bearing on merger activity as the reorganization provisions, particularly Sections 354 and 368. There is some evidence and much authoritative opinion, in the material cited in the attached bibliography, to support the conclusion that these latter provisions have encouraged, or at least facilitated, acquisitions involving large corporations. The commentators have not attempted to measure the impact of these tax laws except to say that the laws appear to have been a "positive" but not a "major" factor in the merger activity of the 1960's.

Of course, it is extremely difficult to measure the extent to which the reorganization provisions affect merger activity which presents potential anticompetitive effects. In some cases, the existence of the reorganization provisions may be crucial to whether a merger or acquisition could ever be effected; in others, these provisions may be but one of many factors in the balance. In any case a particular merger or acquisition must also survive antitrust scrutiny, which should be the major barrier to anticompetitive transactions.

I hope these materials will be useful to you.

Sincerely yours,

THOMAS E. KAUPER,
Assistant Attorney General, Antitrust Division.

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NATIONAL LIBRARY WEEK

Mr. PELL. Mr. President, President Nixon has proclaimed this week as National Library Week. In doing so, he has commended the National Book Committee and the American Library Association for sponsoring an observance that annually reminds us of the importance and need for effective library services in our society. This type of proclamation would come with greater persuasiveness if the Nixon administration, in its budget for fiscal 1975, had proposed any funding for the college library program, had not reduced the Federal appropriation for public library resources to a $25 million "phase-down" level, and had not submerged the popular and successful school library program in a consolidation of education programs under which it would lose its identity.

One could say that the administration has proposed a still vague and undefined new library initiative which it calls "information partnership." But actions speak louder than promises and, in addition to proposing reduced or commingled library funding the administration had demonstrated its low regard for libraries by first stripping the Bureau of Libraries and Educational Technology in the Office of Education of its educational technology component, and then reducing the Bureau of Libraries and Learning Resources from bureau to division status—after first illegally attempting to withhold appropriated library program funds.

To preserve the Federal efforts on behalf of libraries, the Subcommittee on Education of the Senate Committee on Labor and Public Welfare, mandated the restoration of the Bureau of Libraries and Learning Resources as the unit to administer the Office of Education's library and educational technology programs in S. 1539, the Education Amendments of 1974, which will soon come before the Senate. Also in that bill, we have attempted to assure the preservation of adequate levels of funding for the school library programs by insisting that, before the consolidation of certain programs, they be assured of funding for school library resources at the 1972 level. We believe that such a provision is necessary to assure that the national priority of providing adequate, up-to-date resources to our school libraries is met.

I am also hopeful that congressional action soon will be completed on Senate Joint Resolution 40, of which I was the principal author, which authorizes the President to convene a White House Conference on Library and Information Services in the Bicentennial year, 1976. This resolution passed the Senate last November. Its early approval by the Congress would provide another concrete demonstration of our concern for the library as a fundamental institution of American education and culture, and of our determination that the many rapid changes occurring in the library and information storage are given thorough and thoughtful study. The States and localities must first determine their own needs—priorities for improved library service, and then the collective ideas of all the American people must be examined at the White House Conference on Library and Information Services in 1976.

Mr. President, in ways such as these we can make National Library Week a genuinely meaningful annual observance.

COMPREHENSIVE FINANCIAL PLAN FOR THE TOTAL FAMILY IS ESTABLISHED BY FAIRLEIGH DICKINSON UNIVERSITY

Mr. WILLIAMS. Mr. President, on February 13, 1974, a most exciting and innovative program of higher education for the family was inaugurated by the board of trustees of New Jersey's largest private institution of higher learning: Fairleigh Dickinson University.

The plan was developed by Dr. Jerome M. Pollack, recently elected by the board of trustees as president of the university.

Under Dr. Pollack's plan only one dependent student in a family would pay the full tuition rate—brothers, sisters, husbands, and wives of full-time students will be charged only half tuition. Parents and grandparents will be permitted to take as many courses as they like at no charge on a space available basis.

This is a unique and progressive step in making higher education available on the broadest possible base.

I must acknowledge my debt of gratitude to Dr. Pollack for such a dramatic approach to higher education. Dr. Pollack's plan is only a modest beginning. Its implications are far-reaching. For this Dr. Pollack is deserving of great commendation.

Mr. President, I ask unanimous consent that two articles concerning this program—one which appeared in the New York Times on February 14, 1974, and an editorial comment which appeared in the Hudson Dispatch of Union City on March 9, 1974—be printed in the RECORD.

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

FAIRLEIGH TO CHARGE ONLY HALF TUITION FOR SIBLINGS AND SPOUSES OF STUDENTS

(By Richard Phalon)

RUTHERFORD, Feb. 13.—Fairleigh Dickinson University's board of trustees approved today a payment plan under which brothers, sisters, husbands or wives of full-time students in the school will be charged only half tuition.

The plan, which is to begin this fall, will also permit parents or grandparents of full-time Fairleigh students to take as many courses as they like at no charge on a space-available basis.

The program in both cases applies only to full-time undergraduate students concurrently enrolled at any of the university's three major campuses, which are in Rutherford, in nearby Teaneck and in Madison.

The university's enrollment is 19,000. Its 7,900 full-time undergraduate students pay $63 a credit, or about $1,800 in basic tuition a year.

Under the new plan, only one dependent student in a family would pay the full rate.

AID TO MIDDLE CLASS

Dr. Jerome M. Pollack, acting president, said the plan was "probably unique." He said it would be a boon to middle-class families that were hard pressed to keep more than one student in college but made too much money to be eligible for most forms of financial aid.

The university has already started admitting people age 65 or over to its Florham-Madison campus on a space-available basis. That program, Dr. Pollack said, has been "very successful—the younger students have been enthusiastic about having older people in the class and there has been a very positive interaction."

The family plan is in part designed to take some of the sting out of a general undergraduate tuition increase of $3 a credit. The increase is likely to go into effect this fall.

As it has at most private institutions, tuition has gone up at Fairleigh Dickinson, up one-third in the last five years. The increase, coupled with intense competition from lower-cost public institutions, has cut into Fairleigh Dickinson's growth rate. Enrollments stabilized this year and a decline of 2 per cent in next year's freshman class is projected.

Less enthusiasm for college and a decline in the college-age population have also pared enrollments, but Dr. Pollack thinks financial difficulties are the major problems.

One-third of the students in the current freshman class have one or more brothers or sisters in college. Dr. Pollack said he did not know what the new plan would cost Fairleigh Dickinson, but asserted: "We don't think the financial loss—if any—will hurt us very much."

The school ran a deficit of $100,000 last year and expects to lose $400,000 this year. The losses have been covered by the investment return on the university's comparatively small $7.5-million endowment fund.

THIS IS A LOGICAL IDEA

Fairleigh Dickinson University deserves commendation for an innovative program which we see as a financial blessing to a family facing the enormous costs of higher education.

Under its revolutionary policy, the university allows any parent or grandparent of a full-time undergraduate student enrolled at the university and considered a dependent by IRS standards to take any undergraduate course at FDU on a space available basis—without paying any tuition.

There are thousands of students at FDU's Florham-Madison, Rutherford and Teaneck-Hackensack campuses whose parents and grandparents would be eligible for such a program and we urge these latter to look into what the university has to offer.

It is not often that a chance like this comes along. Too many times, for many a varied and valid reason, older persons fail to see their higher education through to completion. Fairleigh Dickinson University is making a great opportunity available and it should be utilized to the fullest by those eligible.

This unique policy, which also happens to be the first of its kind in the history of higher education in this country, is only

one aspect of a dramatic plan which also allows for tuition reductions when two or more dependent children are enrolled as full-time undergraduate students.

At a time when spiraling costs are placing unforeseen financial barriers in front of many of our plans, it is most heartening to know that Fairleigh Dickinson University is doing more than its share to help ease or remove these blockades at least as far as higher education is concerned. It certainly represents a "plus."

CORRECTION OF SENATE REPORT 785

Mr. JACKSON. Mr. President, on page 50 of Senate Report 785, the Senate Report on S. 3267, the Standby Energy Emergency Authorities Act, there is an error in the tabulation of votes cast in the Interior Committee in ordering this bill reported.

The report inaccurately records Senator HATFIELD of Oregon as "absent" and failed to disclose that Senator METZENBAUM of Ohio voted when in fact both were present throughout the committee meeting and both were recorded in the official minutes as having voted in favor of reporting S. 3267. The report should read that the bill was reported by a vote of 14 yeas and 1 nay.

EDUCATION AMENDMENTS OF 1974

Mr. PELL. Mr. President, the Senate will soon consider S. 1539, the Education Amendments of 1974. One of the most important provisions in the bill is the extension and amendment of title I of the Elementary and Secondary Education Act of 1965. It is this title which authorizes the largest program of Federal aid to elementary and secondary school systems, to enable them to provide compensatory education to their educationally disadvantaged children.

One of the elements of the present title I formula is part C—special grants for urban and rural schools serving areas with the highest concentrations of children from low-income families—called the Murphy amendment, after its original sponsor. The rationale behind part C when it was adopted in 1970 was that there are areas in the country, urban and rural, which have a very high impact of poor, disadvantaged children, and they needed special assistance if quality education was ever to be made available. In the past, grants made to school districts under this part have been too little and too late to be of any significant help. The eligibility requirements were so low that $10 and $20 grants per district were possible—probably less than it cost a school district to apply for funds. In addition, the Department of Health, Education, and Welfare did not make grant awards to schools until the end of the fiscal year, forcing them to make hurried and often unwise expenditures.

S. 1539, as reported by the Committee on Labor and Public Welfare, attempts to correct these two deficiences in the provisions of part C. The formula is amended to make eligible only those counties enrolling either twice the State average percentage of children from low-income families—those from families with incomes of less than $3,000 and with incomes of above that level from AFDC—and/or those counties enrolling 10,000 such children—if that number accounted for at least 5 percent of the county's enrollment. This new formula will have the effect of making available substantial additional grants to urban areas enrolling high numbers of low-income children and to extremely poor rural areas.

To solve the timing problem, the committee bill provides that the data for determining a county's eligibility shall be that from the preceding year. This should enable the Department of Health, Education, and Welfare to make awards early enough in the school year for the money to make an educational difference.

In closing, it should be understood that the committee retained part C of the title I formula for it believes that those areas that are most adversely affected by concentrations of educationally disadvantaged children need special educational attention. Unfortunately, the House in its title I formula has repealed part C, so that if a county has a high impact of title I youngsters, it would not receive extra funds.

For the information of my colleagues, I am inserting at this point in the RECORD a table showing the county allocations as estimated by the Library of Congress under part C of title I, as contained in S. 1539. These were estimated using the total appropriations level assumed for all parts of title I as $1.885 billion, the level of the President's fiscal year 1975 budget request.

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

County allocations under pt. C, title I, ESEA, as amended by S. 1539

Alabama	$525,555
Dallas	57,415
Jefferson	323,475
Mobile	152,940
Montgomery	82,725
Alaska	138,345
Anchorage	68,104
Bethel	47,850
Wade Hampton	22,392
Arizona	445,721
Maricopa	321,565
Pima	124,156
Arkansas	332,672
Crittenden	48,892
Jefferson	50,421
Mississippi	47,134
Phillips	45,913
Pulaski	79,564
St. Francis	34,971
California	9,686,684
Alameda	579,619
Contra Costa	265,455
Fresno	403,236
Kern	245,746
Los Angeles	4,551,055
Orange	426,600
Riverside	303,486
Sacramento	425,634
San Bernardino	441,675
San Diego	634,343
San Francisco	393,226
San Joaquin	$208,742
Santa Clara	444,674
Tulare	190,451
Ventura	172,943
Colorado	652,736
Adams	68,386
Arapahoe	32,277
Denver	287,729
El Paso	97,917
Jefferson	40,098
Pueblo	69,736
Weld	56,593
Connecticut	1,290,136
Fairfield	366,204
Hartford	464,650
New Haven	459,281
Delaware	----------
District of Columbia	936,446
Florida	1,566,915
Broward	148,930
Dade	397,148
Duval	262,513
Escambia	111,015
Hillsborough	197,950
Orange	120,991
Palm Beach	115,795
Pinellas	111,327
Polk	101,246
Georgia	662,104
Bibb	67,865
Burke	24,236
Chatham	82,716
Cobb	26,258
De Kalb	51,604
Dougherty	43,696
Fulton	213,682
Lowndes	26,280
Muscogee	68,321
Richmond	57,447
Hawaii	337,337
Honolulu	337,337
Idaho	97,963
Ada	24,238
Bannock	13,374
Bingham	9,556
Bonneville	10,593
Canyon	16,744
Kootenai	9,921
Twin Falls	13,539
Illinois	5,300,000
Cook	4,915,975
St. Clair	384,661
Indiana	717,009
Allen	64,737
Delaware	29,132
Lake	223,688
Madison	28,298
Marion	237,669
St. Joseph	60,077
Venderburgh	42,334
Vigo	31,095
Iowa	330,666
Black Hawk	53,755
Dubuque	30,915
Linn	43,883
Polk	103,865
Pottawattamie	36,092
Scott	56,569
Wapello	20,560
Woodbury	35,027

County allocations under pt. C, title I ESEA, as amended by S. 1539—Continued

Kansas	$425,627
Johnson	30,973
Montgomery	17,096
Saline	33,754
Sedgwick	163,281
Shawnee	48,316
Wyandotte	132,207
Kentucky	470,466
Bell	26,412
Christian	28,576
Clay	30,202
Fayette	37,697
Floyd	25,219
Harlan	33,812
Jefferson	190,331
Kenton	28,333
Knox	28,164
Pike	41,719
Louisiana	984,981
Caddo	150,205
East Baton Rouge	122,994
Jefferson	93,594
Orleans	495,295
St. Landry	122,894
Maine	110,051
Aroostook	52,135
Cumberland	57,916
Maryland	1,242,739
Prince Georges	177,564
Baltimore City	1,065,175
Massachusetts	2,270,939
Bristol	234,027
Essex	282,668
Hampden	255,492
Middlesex	457,146
Suffolk	789,070
Worcester	252,537
Michigan	3,959,825
Genesee	344,678
Kent	263,728
Macomb	204,788
Oakland	342,574
Saginaw	190,915
Wayne	2,613,142
Minnesota	915,744
Anoka	53,000
Hennepin	500,053
Ramsey	226,987
St. Louis	86,192
Stearns	49,512
Mississippi	437,907
Bolivar	59,255
Coahoma	53,446
Harrison	42,044
Hinds	103,969
Holmes	35,775
Leflore	41,255
Sunflower	46,725
Washington	55,439
Missouri	830,419
Butler	27,022
Dunklin	29,586
Greene	31,329
Jackson	178,187
New Madrid	28,507
Pemiscot	36,408
St. Louis	120,094
St. Louis City	379,376
Montana	117,746
Big Horn	$8,874
Cascade	26,858
Flathead	12,123
Glacier	11,841
Missoula	17,450
Silver Bow	11,367
Yellowstone	29,232
Nebraska	235,081
Cedar	14,675
Douglas	142,911
Hall	10,619
Knox	11,470
Lancaster	26,996
Sarpy	15,389
Scotts Bluff	13,020
Nevada	93,035
Clark	72,898
Washoe	20,137
New Hampshire	102,750
Hillsborough	57,411
Rockingham	45,339
New Jersey	3,795,815
Camden	551,665
Essex	1,241,470
Hudson	597,102
Mercer	232,715
Middlesex	256,958
Monmouth	312,143
Passaic	331,088
Union	222,674
New Mexico	236,398
Bernalillo	126,467
McKinley	57,048
San Juan	52,884
New York	18,917,832
Bronx	4,473,360
Erie	908,557
Kings	6,674,551
Monroe	572,252
Nassau	662,953
New York	2,575,909
Onondaga	304,884
Queens	1,334,420
Suffolk	791,114
Westchester	619,833
North Carolina	791,346
Columbus	43,638
Cumberland	91,630
Durham	44,822
Edgecombe	47,029
Forsyth	63,866
Guilford	63,796
Halifax	53,787
Mecklenburg	95,172
Nash	41,315
Pitt	55,749
Robeson	79,171
Wake	61,846
Wayne	49,525
North Dakota	60,206
Burleigh	8,394
Cass	14,676
Grand Forks	10,997
Rolette	12,525
Ohio	2,029,895
Cuyahoga	814,170
Franklin	292,352
Hamilton	329,230
Lucas	159,078
Mahoning	95,600
Montgomery	172,985
Summit	166,480
Oklahoma	349,390
Comanche	$44,842
Muskogee	31,487
Oklahoma	156,767
Tulsa	116,632
Oregon	483,390
Clackamas	56,908
Lane	92,476
Marion	73,634
Multnomah	260,373
Pennsylvania	3,695,615
Allegheny	882,436
Delaware	233,724
Philadelphia	2,579,456
Rhode Island	342,677
Providence	342,677
South Carolina	452,629
Charleston	130,639
Florence	59,217
Greenville	59,723
Orangeburg	64,050
Richland	81,694
Sumter	57,306
South Dakota	100,826
Brown	9,804
Charles Mix	11,290
Minnehaha	26,738
Pennington	24,783
Shannon	17,326
Todd	10,886
Tennessee	548,998
Davidson	98,876
Hamilton	76,597
Knox	77,141
Shelby	296,384
Texas	2,486,543
Bell	37,507
Bexar	382,996
Cameron	159,875
Dallas	330,474
El Paso	158,019
Galveston	56,724
Harris	502,903
Hidalgo	228,380
Jefferson	90,236
Lubbock	59,483
McLennan	54,366
Nueces	116,426
Roberts	180
Tarrant	163,639
Travis	67,435
Webb	77,901
Utah	258,146
Salt Lake	151,200
San Juan	26,683
Utah	37,939
Weber	42,325
Vermont	35,309
Chittenden	35,309
Virginia	949,333
Fairfax	81,276
Pittsylvania	37,448
Chesapeake City	46,867
Hampton City	61,161
Newport News City	82,982
Norfolk City	239,642
Portsmouth City	101,735
Richmond City	177,247
Roanoke City	43,613
Virginia Beach City	77,362
Washington	1,058,248

King	$455,029
Pierce	216,413
Snohomish	130,867
Spokane	135,997
Yakima	146,941
West Virginia	321,135
Cabell	33,620
Fayette	35,732
Kanawha	83,722
Logan	33,710
McDowell	55,239
Mingo	42,891
Raleigh	36,221
Wisconsin	851,643
Brown	51,707
Dane	100,693
Milwaukee	611,414
Racine	87,830
Wyoming	49,041
Fremont	13,798
Laramie	19,212
Natrona	16,031
Total	73,109,989

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

NATIONAL NO-FAULT MOTOR VEHICLE INSURANCE ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume the consideration of the unfinished business, S. 354, which the clerk will state.

The 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.

The ACTING PRESIDENT pro tempore. The pending question is on agreeing to the amendment (No. 1137) of the Senator from Tennessee (Mr. BAKER). On that amendment there is a 4-hour time limitation. Who yields time?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that no time be taken out of the time on the amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. BAKER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAKER. Do I correctly understand that the pending business is amendment No. 1137?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. And that we are operating under a time limitation?

The PRESIDING OFFICER. There is a 4-hour time limitation of this amendment.

Mr. BAKER. I yield myself such time as I may require.

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

Mr. BAKER. I yield.

Mr. MOSS. What is the number of this amendment? I want to be sure which one we are considering.

Mr. BAKER. No. 1137, as modified.

Mr. MOSS. No. 1137, as modified?

Mr. BAKER. As modified. A printed copy of the amendment, I believe, is on the desk of each Senator.

Mr. MOSS. I thank the Senator.

Mr. BAKER. I might say, Mr. President, that I have no earthly intention of using any substantial portion of my 2 hours of the 4 hours. For the benefit of my colleagues, I would think that we could move much more expeditiously than that. I have an opening statement I would like to make now, and I am prepared to engage in whatever colloquy is indicated and thought necessary by our colleagues. It would be my personal estimate that within an hour we ought to be able to get to a vote.

Mr. MOSS. If the Senator will yield, I am happy to hear him say that, because the managers of the bill have no intention of using any extensive amount of time. The sooner we can get to a disposition of the amendment, the sooner we can move on to the other amendments and get the bill closer to final disposition.

Mr. BAKER. I agree with the distinguished floor manager of the bill.

Mr. President, I first filed this amendment on April 2 of this year. While the printed copy of the amendment on the desk of each Senator carries the notation "as modified," the modification has not changed in substance the essence of the amendment since its submission.

I offer this amendment to try to bring the standards of S. 354, the pending bill, into line with what I believe to be a desirable, a legitimate, and a genuine State no-fault program. If adopted, the standards of this amendment would do these things:

First, it would leave unaffected those State programs which represent what I believe to be genuine no-fault reform and provide reasonable flexibility to the remaining States to devise no-fault plans serving their particular needs.

Second, the amendment would provide for the payment in full of the claims for medical expenses of 98 percent of all injured claimants. For fear that I might be misunderstood and might appear to be callous by excluding even 2 percent, I wish to point out that this 2 percent would receive substantial compensation under the amendment.

Third, the amendment would provide a payment of approximately 85 percent of all economic loss occasioned by automobile accidents, without regard to fault. I might say, parenthetically, that this is a no-fault bill. This is not an amendment to emasculate S. 354. Rather, it is a no-fault proposal.

Fourth, the amendment seeks to provide for the effective coordination of negligence actions for general damages.

The subject of automobile accident reparations, of course, is a complex matter. The much venerated concepts of stare decisis and the principles of tort law do not really lend themselves with particularity to the automobile insurance system. Yet, over the years, a body of law known as automobile law, or negligence law, has grown up which has unique and special applicability to the automobile field. There has grown up as well a system of casualty insurance called, generally, liability insurance which seeks to indemnify the driver or owner or agent of the owner of an automobile from the consequences and damages of his own negligent conduct.

It should be pointed out that one of the problems in America today, in my judgment, wtih a system which is creaky and not functioning adequately is the incomplete coverage of liability insurance. Obviously, not everyone has liability insurance, and obviously many claims are not fully protected by the presently required limits of liability coverage. So no-fault insurance in some form or variation is desirable, not only because it will unclutter the judicial dockets and because it will treat humanely with the claims of those injured in automobile accidents, but also because the insurance industry, by and large, and the State legislatures have not done a very good job of seeing that the full impact of the automobile reparations system is indemnified by a system of contract insurance.

Many of the options and the design of no-fault programs have ramifications far beyond the direct purpose, and the development of a final no-fault program involves many balancing judgments. Unfortunately, many of the complexities of the no-fault issue have been glossed over, in my opinion, and much of the debate so far has been directed toward devising Federal minimum standards legislation and has attracted a great deal of attention.

For a matter of this importance, it is not unusual to see that great organizations representing special interests have expressed their points of view on no-fault. Labor organizations, business organizations, insurance associations, bar associations, trial lawyers' associations, health insurance associations, life insurance associations, associations of county and city and State governments—everybody has a point of view on no-fault, and the points of view seldom coincide.

Even the insurance companies do not agree among themselves on how we ought to approach this problem. The big insurance companies want one kind of no fault, the medium sized and small ones want another kind, and some of them do not want any. The States do not agree. Big States have one pattern of automobile accidents—big States in terms of population—especially their urban centers, which have a great proliferation of fender-bender accidents, as compared with the more rural States, which

have fewer accidents; but when you have one, you really have one, such as running off the interstate at 90 miles an hour in the desert and killing five people. When you have an accident, it is a real doozy. The patterns are different, and thus the States have different attitudes about no fault.

I practiced law for 17 years before I came to the Senate, and there are still the vestigial remains of a lawyer lurking inside this battered and weary carcass. After 8 years in the Senate, I still remember something of the practice of law.

My first reaction to the initial no-fault provision was perhaps not as poetic but equally enthusiastic as the description given it by the president of the Tennessee Bar Association, Mr. Joe Henry, who testified before our committee. He regaled us with his extraordinary opposition to any no-fault and characterized it as "the Trojan horse in the house of tort."

Joe is a great Tennessean, a great lawyer, and a great Democrat, and we butt heads from time to time on political issues. My first reactive instinct was to agree with him and to applaud, were it seemly to applaud from that side of the committee table.

But I thought about it as time went by, and this may be a fundamental character defect that I have to confess in public. In addition to the vestigial remains of a lawyer which I still possess, there probably is an instinct to try to compromise or to find a middle ground. The biblical injunction that the compromiser is often compromised or is often injured in the process—at least, unappreciated—apparently was not adequately expressed to me in my youth and childhood, because I confess to an instinct to do that. More often than not, I wind up with everybody mad at me. That may be where I am today. I may have my friends, the bar associations and the trial lawyers, who want no no-fault, and I may have the big insurance companies and other organizations who want rigid, comprehensive no-fault also mad at me. I am not sure where my friends are, if any.

Nonetheless, I have tried, after that first exposure to the no-fault concept, to give serious thought to the conversation and the testimony of the initial witnesses. I have tried to puzzle this thing through. I finally decided that a hybrid system was probably the very best thing we could do for the country at the Federal level. No-fault, notwithstanding its characterization as a Trojan horse, probably did have a utilitarian function and one much to be sought after. It probably could serve as a device for uncluttering doctors or discouraging litigation when litigation ought not to take the place of negotiation. It might be that some sort of no-fault could substantially relieve the judicial system and substantially improve the delivery of compensatory rights in automobile cases.

After I came to that conclusion, I had defiled the purity of my lawyer's concept that contested no-fault in any degree or concept. That is where we are now. This is a no-fault amendment. It is not as much no-fault as S. 354. It is not as much no-fault as a lot of people would like. It is more no-fault than many States with no-fault plans have tried, and it is as much no-fault as I am willing to experiment with before we know what the costs are, what the consequences are going to be, and how the States are going to go about administering these programs.

This is not to adopt a philosophical confrontation, which we do so grandly on the floor of this Chamber, but we have, rather, questioned the degree, how much no-fault; or, at least, that is the test in terms of this pending amendment. How much is enough? How much is too much? How far can we go with some reasonable certainty of what the consequences will be? And how little is enough to get started?

But when I adopted and embraced the concept of no-fault, a front-end no-fault, or a limited no-fault, or an extended no-fault, whatever name applies to it, by indirection I also embraced the idea that the tort procedure is still valid and functional and still has a place and responsibility in the automobile reparation system.

Mr. President, after consultation with the distinguished assistant majority leader, I would like to ask unanimous consent that, the time agreements to the contrary notwithstanding, the vote on this amendment not occur before 2:30 in the afternoon.

The PRESIDING OFFICER. Is there objection?

Mr. MOSS. Mr. President, I have no objection. Might I inquire, however, if we should complete the discussion of the amendment before that time, the vote could go over, and we could proceed to something else? Is that the understanding?

Mr. BAKER. That is entirely agreeable.

Mr. President, I would amend the request by asking unanimous consent that if the debate on the amendment ends before the hour of 2:30 arrives, the amendment may be set aside and the Senate may proceed to other matters, and turn to the consideration of the rollcall at 2:30.

Mr. MOSS. Mr. President, I have no objection.

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

Mr. ROBERT C. BYRD. Mr. President, I thank both Senators.

Mr. BAKER. Mr. President, to restate it, I believe the tort system still has a legitimate place in the system of automobile reparations. I think I can give a quick reason why. No matter how skillfully you devise a no-fault system, no matter how fairly and equitably you assess costs—and I am going to talk about costs in a few minutes—no matter how fairly you do that, you make a fundamental change in the social responsibility of automobile drivers to automobile victims when you start tinkering with the tort system, because the tort system is based on fault. Just as the name "no-fault" implies, it is based on the wronged person's right to recover damages. The tort system is based on recovering from the wrongdoer if he does not do something he should do or does something he should not do, and the law permits the wronged person to recover injury to him or damages to his property or assets, and the person committing the wrong has to pay for that.

That concept in English and American jurisprudence embodied far more than mere reparation; it also embodied the concept of social discipline. It provided a deterrent to a person driving a car, because he knew he was going to be sued if he injured someone or destroyed property and that he would have to dispose of part of his property to repair that damage.

The deterrent quality of the tort system has been violated somewhat by the advent of automobile insurance, but not eliminated. As I said at the very outset of these remarks, it may be that we are underinsured instead of underprovided for. Maybe that is as much of the problem as the concept of no-fault automobile reparation. But there is a social consequence involved in the tort system, and if we start instituting a mandatory no-fault system, no matter how flexible it may be, we have clearly started tinkering with one of the fundamental elements of the organization of people into a nation; that is, personal responsibility to respond in damages as a consequence of an act of negligence.

Visualize, Mr. President, if you will, somebody getting into a car and traveling at a great rate of speed, and when he runs into another automobile he says, "You have first-party insurance under the no-fault bill. You will be paid for your property damage and you will be paid for hospital and medical expenses and for rehabilitative work, and all those things. So you need not worry. Now I will go on to the country club, and I apologize to you for my social mistake."

Well, it will be argued that this bill does not go so far, that one can still sue in tort. That is true, if one has been hugely injured. But what about the other aspect of social discipline that was imbedded firmly in the tort law? What about the system or the concept of compensatory damages, which provides that one is entitled to the social discipline which allows to be inflicted, on the injured party's behalf and for his benefit, what is known as punitive damages, which is both a common law and statutory concept now? It provides that before one can collect punitive damages he has to have compensatory damages.

So keep in mind that when we start eliminating compensatory damages in 90 percent, or 30 percent, or 50 percent—whatever the number is; I am not sure any of us knows—how much of the tort system we are eliminating. When we eliminate that, we are also eliminating the social discipline that goes with punitive damages.

How many of you have known of cases, either as a lawyer or as a student of the law, in which there was an award of $100 or $5,000 on compensatory damages, but the negligence or the conduct was considered so grievous that the jury awarded $10,000 or $100,000 in punitive damages?

What about the doctrine in which the court tells the jury, "You must remember, ladies and gentlemen, that it requires greater judgment and greater wis-

dom to punish the very rich man for his reckless conduct than the poor man"? What about the concept when there are no punitive damages against the very rich man as a result of action on the way home from the country club? We eliminate a whole range of the law when we eliminate compensatory damages from a great part of the automobile reparation system.

But I have accommodated all those concerns to a degree. I have embraced the no-fault system to a degree. I am now arguing with the sponsors of the bill, the distinguished floor manager and those other distinguished and diligent and sincere Senators who feel we should go beyond the degree that I have suggested. So I guess, after this philosophic rambling, it is time to talk about the particular provisions of the amendment itself; but I wanted to say this to let my colleagues know that I am not a bit happy with what I am doing. I am not even sure I am doing the right thing. I am just trying to do the best I know how, what I think is right; and in a year or 2 or 3 or 4, providence permitting that I then have the opportunity to observe and participate, we may again look at no-fault and decide we made a huge mistake or acted wisely. The point is, we do not know, and we will not know for some time. And that gets me to the amendment.

That gets me to the questions: How much no-fault? How much flexibility? How shall we legislate the requirements? How much of the tort system do we eliminate? How much will it cost and how do we allocate it?

A good place to start with a discussion of that is with costs. You may be assured, Mr. President, that no-fault probably will not change significantly the number of people killed on the highways or injured or hospitalized, the number of people crippled or maimed or blinded, the number who have whiplash injuries or who get dented fenders. I really very much doubt that there is anything in the no-fault bill that is going to substantially alter the driving habits of the American motoring public. On the contrary, there may be consequences which lead to conduct—social conduct—that may cause an increase or proliferation in automobile accidents, as a result of letting the insurance company pay and as a consequence reducing the inducement to drive a little slower or more carefully.

One can only worry so much, and one may say, "Well, you did not go blind or lose an arm. You were only sent to the hospital. You cannot sue. So do not mess up my golf game."

It may be that no-fault will not change the pattern of driving, if it changes it at all, in terms of responsibility.

If we assume that there will not be any great change in the pattern of American driving habits, as a result of the passage of S. 354 or S. 1137, as modified, if we assume that we are not going to change our pattern of driving habits very much, one can be sure that the only way we are going to change the cost is by tinkering with the system. I do not want to be unfair in my characterization of no-fault, but what I am about to say I think applies equally to S. 354 and amendment No. 1137. It does these things: First, at least until the adoption of the Abourezk amendment yesterday, it whacked off the first $2,500 that one could get under certain circumstances. Second, it provided against big judgments, but not huge judgments. It provided against a range of probably $50,000 or $100,000 verdicts that one gets in Federal courts or State courts, for a bad but not a disastrous injury. The estimates are that it will save some money. It still provides the right to sue for a huge injury. But there are not many huge injuries.

So in the final analysis what we come up with is the idea that by taking certain people out of coverage and by eliminating tort actions in some respects, and by eliminating the possibility that some jury is going to "zap" you—by eliminating the area of responsibility, we have also made the costs more predictable.

Thus the actuaries can take this course of action and project even rates. The rates would go down or up under certain circumstances. But in the final analysis, any way we slice it, the same amount of money is essentially to be paid to claimants or not to be paid to claimants, depending on which system we have. So who gets "took"? That is a little hard for me to answer. We do not really know that much about how the system works.

What about the dentist who gets his finger broken? He probably does not get to the tort threshold definition that would let him sue in tort. The language of the tort threshold applies in that respect.

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

Mr. BAKER. Let me read the language of the threshold in S. 354, please; then I shall yield.

A person remains liable for damages for noneconomic detriment in excess of $2,500, if the accident results in—

(A) death, serious and permanent disfigurement, or other serious and permanent injury; or

(B) more than six continuous months of total disability.

Mr. MOSS. The language of $2,500 is down, and there is a limitation of 60 days under the Abourezk amendment.

It seems to me, talking about the dentist, that his is a serious and permanent injury. Of course, if it were only temporary, he would get his loss of income under the no-fault system. So it seems to me he is covered. If the injury is permanent, he can bring tort action.

Mr. BAKER. I thank the distinguished manager of the bill. I tried lawsuits for 17 years. I remember one case of a friend of mine who tried to read the case law to the Supreme Court of Tennessee, and the Justice said:

You don't have to read the law to the court. The court knows what the law is.

My friend said:

I assumed that the last time, and I do not want to take any chances this time.

So we do not know what the law is until the court speaks. I could not tell my client what the law means if the accident results in serious and permanent disfigurement. I do not know what the words "serious and permanent injury" mean. The words are in the conjunctive. The courts will have to decide some day. No matter what we think, the Supreme Court of the United States will have to decide what those words mean.

Mr. MOSS. Mr. President, is it not true that in any statute we enact, we cannot say that a court, as to any kind of language that we enact here, will not ultimately have to interpret the language. We try to write it as clearly as we can. We think we know the interpretation of "tort." I agree with the Senator that the court is the ultimate arbiter of what the language means. I tried tort suits for automobile accidents, so I know the uncertainties that attend them. But I think this language is clear.

Mr. BAKER. I think it is very unclear.

With regard to the question of the dentist, he is not dead. He has a disfigurement. The law is unclear from that standpoint. He has a deformed finger, or a "busted" finger. He cannot get that digit into my mouth any more to do the evil things that dentists do. It is not a permanent disfigurement, unless his finger is disfigured or is twisted out of shape. He simply cannot use it.

If he cannot use it, is that serious and permanent injury? What is a serious, permanent injury? That is sort of like asking the definition of the catchall phrase "reasonably prudent man."

So here the phrase is "serious and permanent injury." That may do it. But the point of the matter is that we cannot know whether it will or not. It will be years before we find out. The whole tort system of law will be in dispute until we find out. The trial lawyers will have a field day until we find out.

The point of this argument seems to be that the no-fault bill that we ought to enact should be simply a minimum standards "no-fault bill." That will give the States an opportunity to experiment with these concepts, to provide definite degrees of certainty.

How much will it cost? How much of the costs will have to be allocated? In my humble judgment, S. 354 goes much further than that. I even profess that the amendment now pending, No. 1137, probably goes a little too far, but I am willing to take that chance.

I am convinced by the record of performance of the tort system in providing compensation for injuries caused in automobile accidents, as evidenced both in the DOT automobile insurance and compensation study and in testimony before the Commerce Committee, that it is past time for a critical reassessment of the present system, particularly as to small claims.

It is apparent that the fault concept is often a too cumbersome and costly procedure for the payment of claims arising out of an automobile accident—especially small claims, in most instances.

The limits of liability insurance re-

quired by the States are woefully inadequate to pay any but those same small claims.

It remains my hope that the warring factions on no-fault insurance—those who oppose the concept totally or would advocate palliative programs and those who would rush headlong to put into effect untested, unproven no-fault schemes based upon tenuous assumptions regarding costs and claims efficiency—can be overcome by those advocating reasoned and rational reform.

It remains my hope that we can find a way to synthesize the common point of view. But I doubt it. I really doubt it. I think that we have really gone as far as we can. I recall many meetings with other members of this committee. I remember many efforts at the staff level to find a greater accommodation than we have been able to arrive at. I think we have done as good a job as we can. I think we have reached the point where we have got to vote on the question. I do not think we can find anything that will give a bare issue to trial lawyers, States—rural and urban—and everyone else. I think we have to choose up sides and decide what we are going to do.

The statistical arguments that have been proposed in the allocation of costs in S. 354 have been expanded and modified. No-fault, without a provision such as I have advocated in the pending amendment, will not work, because it does not provide adequate compensation as a result of injury.

It is obvious to me that the problem of the present system of reparations is primarily that the State requirements for liability coverage are woefully inadequate to compensate any but the less seriously injured. However, it is interesting to note that no-fault also has its problems in the compensation of serious injuries.

An interesting and revealing commentary on this particular problem inherent in total no-fault insurance schemes is found in the testimony of Mr. Thomas C. Morrill, vice president of the State Farm Insurance Cos., in the record of the hearings of the Commerce Committee on S. 354, volume I, page 249. Mr. Morrill, whose company supports the basic approach of S. 354, stated:

> State Farm's actuarial studies show that a $5000 economic loss package per person will compensate 98 percent of all injury cases in full and pay 85 percent of all economic loss. A $25,000 package per person will compensate 99.94 percent of all cases in full and pay 97 percent of all economic loss. In contrast, a $50,000 per person package with a $100 deductible will leave 45 percent of the cases with no compensation and will pay only 86 percent of the total economic loss.
>
> The report on S. 945 calls attention to the degree of uncompensated economic loss for the seriously injured under the present system. The figures just recited underscore the options. Someone must make a choice. Benefit packages of $5000 to $25,000 that pay from the first dollar of loss cover all but a slender segment of economic loss. Extremely high benefit packages with high deductibles or waiting periods cover the rare case of exceptional injury but may leave almost half or all victims with no recovery at all—people to whom $100 is important money. The cost of covering all losses at both ends of the spectrum would run insurance rates well beyond their present levels.

The point of the matter is that State Farm's vice president suggests that if we are going to satisfy everyone, the rates are going way up. If we are going to keep the rates the same, we have to cut out whole groups of people, and we have that tough question about whom we are going to cut out.

It is obvious that the staunch proponents of S. 354 have made their choice, but so have several of the States and the decisions unfortunately are not compatible.

It is my contention that the State programs already in existence will both provide valuable experience as to the ability of no-fault insurance to respond to different categories of claims and will provide valuable insight into the desires of the people with regard to what elements of loss should be covered under first party insurance.

The Institute for the Future in a report on no-fault insurance conducted under a grant from the National Science Foundation stated in analysis of two State programs presently in effect in New York and Connecticut:

> Although each of these plans has its unique characteristics, they appear to be trying to bridge the philosophical gap between a total no-fault plan and the Massachusetts plan. However, what they are really doing is asking people to decide what other compensation should be included in the equitable resolution of automobile accidents.

In other words, how much of the burden of hospital care, loss of wages, permanent disability, and so forth is going to be borne by the no-fault concept?

If the proponents of Federal minimum standards no-fault legislation leave the States sufficient flexibility to test these programs, in a reasonably short time we will have the answers to these questions.

While I support no-fault insurance reform, I am afraid that its proponents have inflated its potential to mythical proportions. It must be remembered that no-fault insurance is basically nothing more than first party insurance providing medical and disability coverage. Such insurance has been available for many years.

No-fault motor vehicle insurance programs simply tie such insurance to injury caused by a motor vehicle accident and then—to coordinate existing protections and to reduce costs—limit access to the tort reparations system.

Modification of the existing reparations system involves some sizable risks. If Congress adopts an unworkable program of no-fault insurance, the damage and disruption will be great and will be extremely widespread. And the people who will be worst hurt will be the consumer and the injured claimant.

No-fault insurance is not a panacea. It will provide, I believe, a tremendous improvement in the efficiency of motor vehicle accident reparations. But in the development of Federal minimum standards, Congress must be aware also of the many unanswered questions—questions which, with a little patience, will be answered.

We can make tremendous progress by enacting a standards program which stays within the range of our knowledge, pushing ahead of the beginnings of no-fault insurance reform, but not pretending to surpass the expertise of our partners in the States who have already brought this reform a great distance.

Unless the standards of S. 354 are brought into line with genuine State no-fault reform programs, I will urge my colleagues to reject it. If we endorse a program which would abrogate these programs, it will be a defeat—not a victory—for "no-fault."

On page 17 of the Commerce Committee Report on S. 354 a section under the heading "Genuine No-Fault Laws" lists the programs in effect on August 15, 1973, which the majority reporting the Federal standards bill endorsed as being real insurance reform. These programs include those in effect in Massachusetts, Florida, Connecticut, New Jersey, Michigan, New York, Utah, Kansas, Nevada, Colorado, and Hawaii.

It is revealing to note that of these programs only one—Michigan's plan—meets the standards of S. 354. Of the others the benefits range to a low of $2,000 aggregate for medical, wage loss, and death benefits in Massachusetts, and the tort restriction provisions range to a low of a $200 medical expense threshold in New Jersey.

Among these "genuine" State programs are five State programs which they closely approximate the first party benefits standards of my amendment. These are: Connecticut, Utah, Kansas, Nevada, and Hawaii.

Five of these "genuine" programs—and one enacted since August in Georgia—contain a restriction on tort utilizing a $500 medical expense threshold. In addition to Georgia, these are the programs in Massachusetts, New York, Utah, Kansas, and Colorado.

The Commerce Committee report lists several other programs as "Other * * * Laws"—presumably this is meant to indicate that these are not considered "genuine" no-fault laws. Many of these are voluntary programs. None contains any restriction upon lawsuits for general damages.

The standards of S. 354, of course, exceed all of these "other" programs and would require substantial reworking of them. But I would emphasize that of the 11 programs which are labeled "genuine no-fault laws" by the proponents of S. 354 only one will survive the passage of the standards of that bill. And even this one program—in effect in Michigan—would have to be revised in order to meet these standards.

It would be impossible for any State program to meet the standards of S. 354 without adopting the great bulk of titles I and II of the bill.

ANALYSIS OF AMENDMENT NO. 1137—AS MODIFIED

My amendment would replace the provision in S. 354 which prohibits the

States from limiting the amount of first-party medical expense benefits with a performance standard requiring that the States provide such benefits in an amount sufficient to pay the total medical expenses of 98 percent of the injured victims eligible to recover such benefits under the State program. Based upon data compiled by the Department of Transportation in its report to Congress on automobile insurance and compensation this standard should identify nationwide a level of benefits averaging around $3,000. In the event actuarial information is not available, sufficient to make an accurate determination based upon the foregoing performance standard, the State must provide benefits in the amount of $5,000 multiplied by an index reflecting the average daily hospital costs within that State in comparison to the national average. This alternative standard would apply under the terms of the amendment only until such times as data becomes available which enables an accurate determination of the percentage standard.

The definition of "medical expense" in the amendment is drawn from the definition of "allowable expense" which appears in the bill but with a clarification to assure that hospitalization expenses are covered. Since the amendment supplants the term "allowable expense" which also includes funeral expenses in title II on S. 354, an additional subsection is added providing funeral expenses in at least the amount of $1,000, which is the present intent of the bill.

The performance standard approach of the amendment will serve to keep the benefits provisions of complying programs abreast of medical cost inflation, but without adding impetus to already rapidly inflating medical costs. Under the bill the Secretary is required every 3 years to review State programs to determine that they are still in compliance with the standard. This review process will also serve as a mechanism to keep the benefits levels in State programs up with changes in medical service experience, for example the increased utilization of medical and vocational rehabilitation programs which the bill encourages.

The amendment deletes the work loss benefits standards of the bill and replaces them with a simple performance standard requiring that such benefits be afforded in at least the amount of the average statewide wage for at least 1 year. Under the standard in the amendment any periodic payment made under the State program must at least equal the average statewide wage, for that period, and must equal in the aggregate the statewide average for a period of 1 year. The average statewide wage nationally is about $7,500.

The amendment does not alter eligibility for wage and replacement benefits under the bill and leaves intact provisions dealing with periodic adjustments of individual claimant's wages, reductions to reflect income tax savings, and payments to persons not regularly employed at the time of the accident but who would probably have entered the work force but for their injury.

A further modification made by the amendment to section 207(d)(2) of the bill requires that the States recalculate the average statewide wage at least every 3 years. The bill presently requires revision every 5 years, but a shorter review period will more accurately reflect fluctuations in wages.

The amendment modifies section 206 of S. 354 dealing with restrictions on tort liability to bring the Federal minimum standard into close approximation of the Department of Transportation's definition of serious injury which furnished the basis for the serious injury evaluation in the automobile insurance and compensation study. The standard also conforms to tort restriction provisions adopted in Georgia, New York, Utah, Colorado, Kansas, and Massachusetts.

The amendment basically requires that the State abolish tort liability except for death and for injuries which meet a broad definition of serious or permanent injury. The definition is stated in the disjunctive so that the States are free to choose upon what basis lawsuits will be restricted, that is, a State may choose under the provision to limit access to lawsuits for negligent harm upon the basis of any one or more of catastrophic injury—such as disfigurement or loss of sight, et cetera; disability—either temporary or permanent—the cost of required medical treatment, or the length of required hospitalization. However, whatever basis chosen the limit must meet the minimum definition specified in the amendment—for instance, medical expense thresholds must be in at least the amount of $500 but may be more, occupational disability thresholds must require 3 weeks of such disability but may be longer, and so on.

The most easily understood and applied threshold—and the one in widest use—is the medical expense limitation. Under the amendment this threshold, if used, must provide for an expense limit of $500. One of the problems with this type of threshold is that medical costs vary among the regions of a State and among varying economic classes. The amendment addresses this problem in the manner suggested by California Senate bill No. 10, January 8, 1972, and cited in the Institute for the Future analysis of no-fault insurance, by providing that medical expenses be calculated for the purpose of the tort restriction upon the basis of the reasonable average costs in the State of the same or similar services. Such a provision was included in the recently enacted Georgia no-fault plan and is also in effect in several other States.

Dollar medical expense thresholds are beginning to come under criticism on the basis that they tend to inflate medical expenses and lead to fraudulent claims practices. The experience in Florida is very disturbing. The experience in Massachusetts, which has an even lower dollar threshold than Florida, has been to the contrary very encouraging. The Institute for the Future in their analysis of no-fault mechanisms states:

> In a negligence-based suit, medical bills of even a modest amount strengthen the innocent victim's pain-and-suffering claim. However, under the Massachusetts no-fault plan, a suit is not possible unless the victim's total medical expenses exceed $500. Hence, those victims who believe that their injuries are not serious and think that, if pursued, the medical expenses would be nominal are likely to do nothing at all. They face the prospect of incurring, say, $200 in medical bills, for which they would undergo considerable inconvenience. All they would receive for this would be reimbursement for the actual expenses they paid for these medical services. The leverage that these small medical expenses had in strengthening their pain-and-suffering claims is eliminated by the threshold provision. (Institute for the Future, "Some Impacts of No-Fault Automobile Insurance," Vol. 1, page 16.)

The amendment does not require the use of a medical expense threshold. It permits the States to employ such a threshold but only in the minimum amount of $500. In view of the disparity in the experience of States which have employed such thresholds, the flexibility of the amendment would appear to be totally justified in this specific regard.

Other items suggested as the basis for the tort restriction include items of catastrophic injury such as dismemberment—traumatic or surgical amputation as the result of an automobile accident; serious and permanent disfigurement—presently included in the bill; the permanent loss of a bodily function—a term widely used in State plans; and the permanent partial or total loss of sight or hearing.

Additionally, the State may elect to define "serious or permanent injury" upon the basis of hospitalization reasonably required as a result of an accident for a period of at least 2 weeks or upon the basis of temporary or permanent disability. The definition of serious injury in terms of temporary disability—3 weeks of disability preventing a victim from working at his normal occupation, or 6 weeks of disability to engage in a substantial part of normal daily activities—is derived from the Department of Transportation study cited above.

The amendment also provides that injured victims whose economic loss exceeds the benefits provided under the State plan may bring an action to recover the amount of their loss in excess of those limits. This is in consonance with the present provisions of S. 354 except in one significant regard. Under S. 354 an injured victim whose monthly wages exceed the monthly limitation upon wage replacement benefits in the applicable State plan may not seek to recover that excess in a legal action even after he has exhausted all wage replacement benefits under such program. Under the amendment the State plan could provide that the victim could seek to recover any and all economic loss for which benefits are not provided.

This amendment addresses only those sections of the bill dealing with benefit levels for first-party coverages and restrictions on actions based upon negli-

gence. I consider these to be the heart of this Federal minimum no-fault standards bill and to be the heart of the problem as regards unwarranted Federal intrusion into developing State programs. However, it is clear that in many additional regards this bill draws substantial, practical, and constitutional issues which need to be resolved before final action. While this amendment does not presume to address all of these serious questions, it does, I hope, reflect a concern to make more constructive the basic import of this legislation.

It is variously argued, depending on the expert consulted, that the Baker amendment would increase the premium costs to the consumers compared to S. 354 by 21 percent, or 9 percent, or not at all. I suppose we may take our pick. It is my personal estimate that it probably will increase it somewhat. It is also my personal estimate that it is only right and proper that in the enactment of a Federal no-fault guideline system—and that is what we are about—we should be at least as concerned with not excluding whole classes from the coverage they now have—we should be at least as much concerned with those we are about to legislate out of their rights—as we are with the premium costs. If we are so insensitive that we are determined to have a no-fault insurance system without any increase in cost, and we are willing to disenfranchise whole groups of people who have no remedy at all beyond the loss of their savings and hospitalization, I believe that we will be acting in a most callous way. I am not prepared to do that. I am prepared to experiment with no-fault insurance. I am prepared to believe that it will unclutter court dockets. I am prepared to believe it is utilitarian. I am not prepared to accept that we are not willing to pay the cost and throw a whole group of people out in the cold. I am persuaded that a flexible system such as is described in this amendment will give a chance for experimentation. I am not prepared to say that we have the wisdom of Solomon, or to say what the effect will be as to how many people will be helped and how many people will be hurt. I am not prepared to say that I know all the answers at this time.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. HATHAWAY). Who yields time?

Mr. DOMENICI. Mr. President, will the Senator from Tennessee yield?

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAGNUSON. 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. MAGNUSON. Mr. President, I want to ask the Senator from Tennessee if we could not agree to set aside his amendment briefly, to discuss an amendment of the Senator from Delaware (Mr. BIDEN), without losing any of our time on the Senator's amendment.

Mr. BAKER. Yes. I am not sure I quite understand the Senator's inquiry. I have just had a request from the Senator from New Mexico, I believe, for time, and we now have a quorum call in progress—and what was the other request?

The PRESIDING OFFICER. The quorum call has been dispensed with.

Mr. BAKER. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Washington (Mr. MAGNUSON).

Mr. MAGNUSON. Mr. President, I thought we could dispose of the Biden amendment in about 2 or 3 minutes and then go back to the Baker amendment.

Mr. DOMENICI. That will be fine.

Mr. BAKER. I have no objection.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the amendment of the Senator from Delaware (Mr. BIDEN) may be called up at this time.

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

AMENDMENT NO. 1209

Mr. BIDEN. Mr. President, I call up my amendment No. 1209 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 98, between lines 14 and 15, insert the following new subsection:

(g) EXCEPTIONS.—(1) The provisions of this section are inapplicable to the extent inconsistent with this subsection.

(2) Any State which is a no-fault State as of the date of enactment of this Act may establish a no-fault plan for motor vehicle insurance in accordance with this title by the third anniversary of the date of enactment of this Act.

(3) The alternative State no-fault plan for motor vehicle insurance (the State no-fault plan in accordance with title III of this Act) shall become applicable in any State which is a no-fault State as of the date of enactment of this Act on the third anniversary of the date of enactment of this Act unless, prior to such date, the Secretary has made a determination that such State has established a no-fault plan for motor vehicle insurance in accordance with this title.

(4) As used in this subsection, a "no-fault State" means a State which has enacted into law and put into effect a motor vehicle insurance law which provides, at a minimum, for compulsory motor vehicle insurance; payment of benefits without regard to fault to each victim on a first-party basis where the value of such available benefits is not less than $2,000; and restrictions on the bringing of lawsuits in tort by victims for noneconomic detriment, in the form of a prohibition of such suits unless the victim suffers a certain quantum of loss or in the form of a relevant change in the evidentiary rules of practice and proof with respect to such lawsuits.

Mr. BIDEN. Mr. President, this is a very simple amendment. It is intended to provide a 3-year exemption from the Federal standards of S. 354 to give the States a chance to enact no-fault insurance legislation on its own.

The purpose of the amendment is to give additional time to the States already pursuing independent paths to no-fault insurance. The States, therefore, which have already taken some action, should be given the benefit of a more gradual phasing in of the minimum Federal requirements.

As I say, the amendment is very simple. The first paragraph of the amendment states the 3-year extension, that is, that from the date in which the Federal no-fault legislation will be enacted, the States which presently have no-fault insurance as defined in this amendment would have 3 years to phase into the minimum standards.

The second part of the amendment defines a "no-fault State" as a State which has enacted into law and put into effect a motor vehicle insurance law which provides, at a minimum, for compulsory motor vehicle insurance. Payment of the benefits without regard to fault to each victim on a first-party basis where the value of such available benefits is not less than $2,000, and restrictions on the bringing of lawsuits in tort by victims for noneconomic detriment, in the form of a prohibition of such suits, unless the victim suffers a certain quantum of loss, or in the form of a relevant change in the evidentiary rules of practice and proof with respect to such lawsuits.

This is a very simple amendment, Mr. President. Its whole thrust is to allow those States which we heard about, those States which now have no-fault insurance legislation, the time to phase into the minimum standards of this bill rather than abruptly having to change now.

I do not have anything further to say on it. I understand the committee is inclined to accept it.

Mr. MAGNUSON. I will say to the distinguished Senator from Delaware (Mr. BIDEN) that I think this is a reasonable amendment which, as he has explained, gives the States which have a no-fault insurance plan the additional time to come into compliance with the bill. Since citizens of the States are already receiving some no-fault insurance benefits, I see no problem and, so far as I am concerned, I would be glad to accept the amendment.

Mr. BAKER. Mr. President, who has the time in opposition to the pending amendment?

The PRESIDING OFFICER. There is no time limitation on the amendment.

Mr. BAKER. Am I correct, the unanimous-consent agreement does not provide for time on other amendments other than mine?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, I seek recognition.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. BAKER. Mr. President, I really commend the distinguished Senator from Delaware (Mr. BIDEN) for his intentions and the purpose of his amendment, but I really cannot support it. How many States are involved?

Mr. BIDEN. Ten States are involved that presently would be qualified under

this amendment as having no-fault insurance plans.

Mr. BAKER. I wonder about the other 40 States. For instance, in my State of Tennessee, the State legislature had up a no-fault insurance program for a long time, and I suspect that one reason it has not passed it is that it wants to wait and see what Congress will require.

The Senator from Delaware is doing precisely what I seek to do in my amendment, to give the States the flexibility and the time to experiment with their own programs on their own initiative, to see what has happened to the costs and who will pay for it.

Mr. BIDEN. Mr. President, will the Senator from Tennesee yield on that point?

Mr. BAKER. I yield.

Mr. BIDEN. My amendment is not intended to give any flexibility. It is merely to give the States some time.

I should like to correct my previous statement about the 10 States. It is 15 States.

Mr. BAKER. Twenty-two States, I think, that have no-fault insurance programs. Would it be the intent of the Senator's amendment to "grandfather" in for 3 years all the States that have no-fault insurance programs?

Mr. BIDEN. I did not hear the Senator.

Mr. BAKER. It is my understanding that 22 States have some form of plan which might be characterized as no-fault. Is it the intention of the amendment to grandfather in for 3 years all such States?

Mr. BIDEN. No, it is not; because by definition in this amendment, only 15 of those 22 States that the Senator mentions qualifies under this amendment.

Mr. BAKER. What about the other 35 States?

Mr. BIDEN. The other 35 States do not qualify either because they do not have any restriction on the tort system or the restriction does not qualify under this amendment.

Mr. BAKER. Mr. President, if we have to experiment with 15 States, if they need 3 years to see whether or not their system will work, why should we lock in the other 35?

Mr. BIDEN. That is not the purpose, to see whether or not it will work. As I understand, it is going to take some time to uniformly put the entire piece of legislation into effect. These States are already to some degree taking care of the very problem to which this bill is addressed. I do not think they have gone far enough. I happen to like the minimum standards set out in the Federal legislation.

It seems to me, however, that with respect to those States which presently have some protection in effect, there is no harm in granting them the time to change over the existing mechanism they now have. The other States have none.

Mr. BAKER. Is Kansas one of the 15 States?

Mr. BIDEN. Yes, it is.

Mr. BAKER. Would the Senator accept an amendment to his amendment which provided that any State that would hereafter accept a plan substantially in compliance with the Kansas statute would have the same benefit as those 15?

Mr. BIDEN. I am not sure the Senator understands that this is just for 3 years.

Mr. BAKER. I understand that perfectly.

Mr. BIDEN. Does the Senator happen to have a copy of the amendment? Section 4 of the amendment reads, as I said earlier,

> As used in this subsection, a "no-fault State" means a State which has enacted into law and put into effect . . .

The practical effect of a State taking the time to enact its own no-fault legislation which does not comply with the minimum Federal standards, it would seem to me, would not be at all worthwhile. It would be a waste of effort. But if they want to do that, I have no objection to that, within that 3-year period.

The only hooker I can see in there is "enacted into law and put into effect."

I see the distinguished Senator from Kentucky in the Chamber. I understand that the Legislature of the State of Kentucky has enacted it with effective dates later than today. They have enacted it, but they have not put it into effect.

I would be willing to change the language there to read:

> States which have enacted into law with an effective date no later than July 1, 1975.

In other words, it is absolutely a futile endeavor, because they are going to be doubling the work. There will be no rationale for allowing the States now to adopt the minimum standards, go through the entire procedure, and then within the 3-year framework have to go back and do all that work over. There seems some rationale for States that already have done that, States which already have an ongoing program, to be phased in over a 3-year period.

I think I understand the thrust of what the Senator from Tennessee is attempting to do with regard to this amendment.

Mr. BAKER. The thrust of my remarks is that it is patently unfair to let 15 States off the hook and make 35 States comply with the Federal statute.

Mr. BIDEN. I am not sure it is unfair. They have already moved. They have already indicated their desire to have no-fault. They do not go as far as we would like, but at least they have taken the initiative and have acted.

Mr. BAKER. Why not amend it to say those States that have thought about it have the benefit of this extension?

Mr. BIDEN. Thinking about it and doing it are two different things.

I know that in my State of Delaware, not only did they think about it, but also, they argued it and spent a lot of time on it, and they exercised their initiative and indicated that they meant what they said, that there was a need for no-fault.

Mr. BAKER. I am sure the Senator from Delaware understands and remembers what the Delaware statute says; but so much emphasis is placed on the restriction, the severe restriction, of the tort system under S. 354, it is my understanding that in Delaware there is no tort threshold. Why not let that be so in every State?

Mr. BIDEN. The definition is an evidentiary one—that is, that the statutory evidentiary exclusionary rule is one which is in effect in the State of Delaware, and it is not in effect in some of those remaining States, which are the States between the 15 that qualify and the 22 that exist.

Mr. BAKER. As I understand from the committee report on this bill, page 19, referring to the Delaware law, there is no restriction at all on tort. Would the distinguished Senator from Delaware then be inclined to ask the managers of the bill to modify S. 354 so that we can all follow the Delaware statute?

Mr. BIDEN. Not at all, because I do not think the Delaware statute should be followed. That is not the thrust of my amendment. I do not feel that the Delaware statute should be followed. I feel that the Federal statute, which is being offered here by the committee, should be the one that is followed. I agree that Delaware does not qualify under the legislative definition of what constitutes no-fault, but it does qualify as to the definition which exists in the amendment.

Mr. BAKER. Mr. President, it occurs to me that the only way the proposed amendment of the distinguished Senator from Delaware could accord any sort of equity to the remaining States of the Union would be to amend S. 354 to say, for example, that the Delaware no-fault law would be put into effect in all the States of the Union for 3 years, so that all of us get the same 3-year experimental period.

Mr. BIDEN. There is a big difference. We acted. The State of Tennessee has not acted. The remaining States have not indicated anything other than thinking about it—and thinking about it too long, in this Senator's opinion. There has been a showing of good faith on the part of Delaware—not nearly far enough, in my opinion—but at least they have taken the initiative and have acted. There is a big difference between that and thinking about it.

Mr. BAKER. It also occurs to me that while Delaware has acted, I am sure the Senator from Delaware is aware that S. 354 would be a Federal repealer of that State's statute.

Mr. BIDEN. Absolutely. That is as it should be.

Mr. BAKER. Without this saving amendment, all the acting Delaware had done would go down the tube.

Mr. BIDEN. This does not say "Delaware." All it does is let them phase in over a 3-year period.

Mr. BAKER. Only those States that have enacted something. As I said earlier, I would be willing to wager that every State in the Union has had some debate

on no-fault. I know that in my own State of Tennessee they have had a great deal of debate. Bills have been introduced and have been voted up and down. I know that in the debate, one reason a bill was not adopted was that they anticipated this debate, in this body, at this time.

The argument was made, "Why should we adopt a State program, when we understand that in Washington next month"—this was last month—"they are going to pass a bill the Commerce Committee has reported that is going to repeal it? So why should we go through that?"

Fair is fair, and if we are going to exclude 15 States and say this is not going to apply to them, I want the same limitation made available to every State in the Union.

Mr. President, I cannot concur with the manager of the bill in the acceptance of this amendment.

Mr. BIDEN. If I may respond to the Senator, I would be willing to say that those States where a no-fault bill as defined by this amendment has been debated and not rejected would also qualify.

Mr. BAKER. I cannot accept that.

Mr. BIDEN. The Senator from Tennessee is not going to accept anything.

Mr. BAKER. Other than the statement I made a moment ago, which the distinguished Senator understood.

What about those States, including my own, that had before their legislature a no-fault bill which was proposed by the Governor, and which frankly discussed in their debates the lack of wisdom of adopting any no-fault program at all because they had been told and knew full well that the Hart-Magnuson bill was going to be debated in the Senate this spring and that, if adopted in its present form, it was going to repeal 50 of the 50 State statutes, if there were in fact 50? So why should they indulge in their own stultification?

We have served notice on the country, on 50 State legislatures, that we, the Congress of the United States, were going to consider no-fault. We have reported a bill from a standing committee of the Senate. It would repeal every no-fault statute in the United States, with the possible exception of Michigan, and I am not too sure about Michigan. Legislature after legislature in this country, I am sure, has taken the same stand as my legislature has taken and has said, "Why should we pass something that the Senate Commerce Committee is getting ready to repeal?" To give a 3-year free ride to States which passed far less than S. 354 and far less than my amendment No. 1137 simply because they have passed something, it seems to me, would be grossly unfair.

Mr. BIDEN. I compliment the legislature of the State of Tennessee on its foresight for not having taken the time and expended the money to set into progress an administrative procedure to administer a no-fault piece of legislation.

My State and 15 other States, by the Senator's definition, did not have the foresight to anticipate the Federal action and decided to move forward anyway. They now have administrative agencies in gear which give them money, are operating, and are staffed.

It seems to me that we are doing those States no great favor in just giving them an opportunity to let those administrative agencies which already exist in those States phase in to the minimum Federal standards.

The Senator is fortunate in that in his State they do not have to dismantle an agency, because there is none there, so his State is not in the position under this legislation that Delaware and 15 other States are in, where they have proceeded in one direction and are now asked to proceed in another—which I think they should be asked to do. The Senator's State has proceeded in no direction. It has no laws that it will have to mesh into, which is true of Delaware and 14 other States, and the other States do not have a no-fault law which has already been made available to accident victims in those 15 States.

I have nothing further to say. I would appreciate the Senator's comments.

Mr. DOMENICI. Mr. President——

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. MAGNUSON. Mr. President, the Senator from Delaware presented an amendment, which is pending.

The PRESIDING OFFICER. The Senator from Washington may yield to the Senator from New Mexico, if he wants to.

Mr. MAGNUSON. Did the Senator want to speak on the Baker amendment?

Mr. DOMENICI. No. I wanted to comment on the Biden amendment.

Mr. MAGNUSON. Very well.

Mr. DOMENICI. Mr. President, I would like to say to the distinguished Senator from Delaware that I wholeheartedly agree with the Senator from Tennessee, and I would like to share with the Senator from Delaware some remarks.

It seems to me it would not be any more difficult for the Senator's State and the other States that have no-fault laws to phase into the Federal standards, because they have already existing no-fault plans, than it would be for the State of New Mexico, which has no plan from which to go into S. 354, with all the demands made upon it.

I do not think the Senator really means it would be more onerous administratively or procedurally to the State of Delaware and the 14 other States that have no-fault plans and that have these procedures than it would be for New Mexico.

In fact, to the contrary, it seems to me that there is great justification in expecting in those States that already have plans an expedition in their conversion than is true in States without a plan in adopting plans, within 1 year, under S. 354, and have those requirements adopted and in effect.

I do not believe I am imagining this, because I want to share with my colleague a letter I received from our insurance commissioner. This is a truly professional agency in our State. The Commissioner has been in that job through Governors of both parties for more than 2½ decades. He basically states that a State like New Mexico would have extreme difficulty in putting into effect the administrative requirements of this bill, and in fact, he suggests he favors no no-fault theory if the State has to admit to more knowledge of these significant provisions under our tort law; namely, the more significant provisions provided in the bill

So it seems to me that we have a logical, reasonable request and more justification in asking for 3 years for trying to adopt such a law than the States which already have plans.

At a bare minimum, I think the Senator should further consider amending his amendments so as to permit the States, if they so desire—because it is for them to decide administratively whether the Senator is right or I am right—to choose any of the 15 plans which the Senator is providing to exist for 3 years.

If they think that would be a better way to phase in, we ought to give them the same privilege as would apply to all the States that would have that privilege.

Our State has not sat by without trying. In fact, the legislature passed a no-fault bill last year. It did not become law because one of the provisions with regard to medical coverage and the threshold was determined to be unconstitutional because of the extreme variety and cost of medical care within the State itself. So it was determined to be a denial of equal protection to say they all would get a maximum of $1,000, based on a legislative history that presumed they were all getting treated equally, when in fact we had disparities as high as 35 percent in medical care in one county as compared to another. I am sure they will pass one next session.

I think it would be patently unfair to say we are going to give those States that have a plan in existence 3 years to phase into the Federal standards, but a State like mine, where the insurance commissioner says it is going to be extremely difficult and in fact he would recommend against it, will not have the opportunity to phase into any one of the 15 plans in that 3-year exclusion.

I thank the Senator for yielding.

Mr. BIDEN. Mr. President, may I comment? The one big difference is that while New Mexico is deciding to phase in or out, the accident victims in his State are not protected by the no-fault concept, whereas in the 15 States they are. That is a major difference, and it seems to me a major justification for the exclusion.

If the Senator from New Mexico and the Senator from Tennessee are concerned, as they have expressed on the floor, with the entire concept of the bill, and the minimum standards of the bill, it would seem to me that this would at least pick at part of their argument on the 15 States.

I do not quite understand, Mr. President, why, for example, mechanically, the legislature, not having done it up to this point, would go through the entire procedure of debating, arguing, and adopting a piece of legislation that they know, by the time they got finished with adopting it, will have to be right back, within a period, probably, more realistically, of a year and a half, and have to put into effect the standards set out in the Federal legislation. It seems to me to be impractical. It seems to me to be an argument that really has little or no merit. I do not understand why we are being so prejudicial to the 15 States that are included under this definition. I am at a loss to understand that.

Mr. DOMENICI. Let me comment, first, that I do not think the Senator understands what I am suggesting. I am not suggesting that we permit them to go 3 years without any plan. I am suggesting that we allow the States to pick, if they so desire, from one that comes close to the Federal plan to one that goes to the other end and is so far away that it is like having no no-fault law. I am saying, let them adopt one of the plans of the 15 States. They will therefore in that period have the same coverage as one of those States will have.

Mr. BIDEN. Will the Senator tell me how long a time he would give them to adopt one of those plans?

Mr. DOMENICI. I would give them the time allowed under the bill to adopt what is in the bill; that is, 1 year; therefore, they would have 2 years to ease into a more difficult bill. I think they would choose it because it was practical. If it were impractical they would not.

Mr. BIDEN. So for a year from the time of the enactment of this bill, 35 States will have, up to that point, no no-fault coverage?

Mr. DOMENICI. I remind the Senator that they would not have under the bill we are considering now, so they would not have to have coverage whether the Senator's amendment were adopted or not.

Mr. BIDEN. I would be willing to attempt to modify my amendment to meet the Senator's concern by providing that a State would have to put into law, by July 1, 1975, a no-fault plan which qualifies under this amendment. I would be willing to do that. Apparently that would meet the Senator's objection.

Mr. DOMENICI. I do not understand the Senator.

Mr. BIDEN. If I understand what the Senator said, he said there is no reason to give only the 15 States, extending from Michigan to Delaware, this benefit; why not let individual States, like New Mexico, have the option of deciding whether or not it is easier to phase in their minimum no-fault standard to the no-fault standard set out in this bill. And the Senator said he would like to see a 1-year period given to those States to have the option to make that move. I am willing to do that.

Mr. DOMENICI. I am suggesting that any State which does not have a no-fault plan would be given the time this bill allows it to get a plan into existence, which would be within 1 year, and it would have the same 3 years. However, in any plan providing for the exclusion, they could do that and put the plan into effect after the 3 years. If the Senator is willing to amend his amendment, I will support it.

UNANIMOUS-CONSENT REQUEST

Mr. MAGNUSON. Mr. President, I ask unanimous consent that we might discuss the amendment of the Senator from Delaware. I stated that the committee would accept his original version of the amendment. I did not realize that there would be a great deal of discussion on the matter. Now we are discussing a modification to the amendment. I have not agreed to accept the modification to the amendment as yet. I have not had any time to study it. However, we have had to set aside the Baker amendment. And the time will not be running on that amendment during this debate.

I think that if we are going to have some other amendments suggested, I might say to the Senator from Delaware that we might go back to the Baker amendment, and then the other Senators might discuss this amendment. In the meantime I will take a look at it. I do not know what it contains. We agreed to accept the amendment. However, the modification to the amendment that we agreed to accept might be entirely different.

I ask unanimous consent that we may temporarily lay aside the amendment of the Senator from Delaware and go back to the amendment of the Senator from Tennessee.

Mr. BAKER. Mr. President, reserving the right to object, let me propound a parliamentary inquiry preparatory to making an objection.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAKER. Is there a time limitation on the amendment of the Senator from Delaware?

The PRESIDING OFFICER. There is no time limitation on the amendment of the Senator from Delaware.

Mr. BAKER. By unanimous consent, the amendment of the Senator from Delaware is the pending business?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, I knew nothing of the Biden amendment. I had never heard of it. No one even talked to me about it. My amendment is pending today. There are 4 hours allotted to my amendment. I was surprised when I heard that this amendment was about to be accepted. I indicated that I was not about to agree. Under those circumstances I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MAGNUSON. Mr. President, does the Senator want to continue with this amendment? Is that my understanding?

Mr. BAKER. The Senator is correct.

Mr. MAGNUSON. It is all right with me. I would like to get these amendments out of the way. The amendment that is pending is the amendment of the Senator from Delaware. Some change has been suggested. Someone now wants to submit an amendment to the amendment of the Senator from Delaware. And the Senator opposes that amendment.

Mr. COOK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COOK. Mr. President, the Senator from Delaware, as I understand it, has suggested a change in his amendment. Has he sent that change to the desk?

The PRESIDING OFFICER. Not as yet.

Mr. COOK. But when he does so modify his amendment, he will send that language to the desk?

The PRESIDING OFFICER. The Senator is correct.

Mr. BIDEN. Mr. President, the Senator from Mexico and the Senator from Tennessee have raised some concerns about this date. I wonder whether this amendment to the amendment would meet some of their concerns, particularly those of the Senator from New Mexico. It states that any State which is a no-fault State as of January 1, 1975, may establish a no-fault plan for motor vehicle insurance.

That goes to paragraph 2, line 4, of page 1.

Then, on page 2, paragraph (4), on line 9, it reads:

As used in this subsection, a "no-fault State" means a State which has enacted into law by January 1, 1975, and put into effect no later than July 1, 1975, a no-fault plan for motor vehicle insurance.

And then the amendment continues.

Mr. President, I send that amendment to my amendment to the desk and ask that it be modified.

The PRESIDING OFFICER. The Senator is modifying his amendment?

Mr. BIDEN. I am.

The PRESIDING OFFICER. The clerk will report the modification.

The legislative clerk read as follows:

(2) Any State which is a no-fault State as of January 1, 1975 may establish a no-fault plan for motor vehicle insurance in accordance with this title by the third anniversary of the date of enactment of this Act.

(3) The alternative State no-fault plan for motor vehicle insurance (the State no-fault plan in accordance with title III of this Act) shall become applicable in any State which is a no-fault State as of the date of enactment of this Act on the third anniversary of the date of enactment of this Act unless, prior to such date, the Secretary has made a determination that such State has established a no-fault plan for motor vehicle insurance in accordance with this title.

(4) As used in this subsection, a "no-fault State" means a State which has enacted into law by January 1, 1975 and put into effect a motor vehicle insurance law which provides, at a minimum, for compulsory motor vehicle insurance;

The PRESIDING OFFICER. The amendment is so modified.

Mr. COOK. Mr. President, might I check the wording of that amendment?

Down to the insertion of the date, January 2, 1975, after the word "law" on line 10, are there any other changes after that?

The legislative clerk read as follows.

and put into effect by July 1, 1975.

Mr. BIDEN. Mr. President, that should be January 1, not January 2.

Mr. COOK. Mr. President, I thank the Senator.

The PRESIDING OFFICER. The amendment is so modified.

Mr. BAKER. Mr. President, would the Presiding Officer kindly have the clerk report the amendment again?

The PRESIDING OFFICER. The clerk will report the entire amendment as modified.

The legislative clerk read as follows:

On page 98, between lines 14 and 15, insert the following new subsection:

(g) EXCEPTIONS.—(1) The provisions of this section are inapplicable to the extent inconsistent with this subsection.

(2) Any State which is a no-fault State as of January 1, 1975 may establish a no-fault plan for motor vehicle insurance in accordance with this title by the third anniversary of the date of enactment of this Act.

(3) The alternative State no-fault plan for motor vehicle insurance (the State no-fault plan in accordance with title III of this Act) shall become applicable in any State which is a no-fault State as of the date of enactment of this Act on the third anniversary of the date of enactment of this Act unless, prior to such date, the Secretary has made a determination that such State has established a no-fault plan for motor vehicle insurance in accordance with this title.

(4) As used in this subsection, a "no-fault State" means a State which has enacted into law by January 1, 1975, and put into effect a motor vehicle insurance law which provides, at a minimum, for compulsory motor vehicle insurance; payment of benefits without regard to fault to each victim on a first-party basis where the value of such available benefits is not less than $2,000; and restrictions on the bringing of lawsuits in tort by victims for noneconomic detriment, in the form of a prohibition of such suits unless the victim suffers a certain quantum of loss or in the form of a relevant change in the evidentiary rules of practice and proof with respect to such lawsuits.

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

Mr. BIDEN. I yield the floor.

Mr. COOK. Mr. President, I would like to make an inquiry of the Senator from Delaware. We are now saying that some States which do not have a no-fault law, but which will have one, can qualify and will get 3 years. Am I correct?

Mr. BIDEN. The Senator is correct.

Mr. COOK. The Senator also has on page 2, line 12, the words "compulsory motor vehicle insurance."

May I inquire of the Senator from Delaware whether that language includes or excludes the present no-fault insurance plan in the Commonwealth of Kentucky?

Mr. BIDEN. I am not too familiar with the statute of the Commonwealth of Kentucky. However, I am informed that it does include compulsory motor vehicle insurance.

Mr. COOK. The Kentucky statute provides for the option of the insured. He can have it or not have it if he so desires. With that understanding and the phrase, " . . . at a minimum, for compulsory motor vehicle insurance: . . ." is the Senator really correct, that my State, which has in fact debated the matter and has in fact provided for a study commission and has, in fact, had the law passed in the House and Senate and signed by the Governor, providing an option for the individual to decide whether he wants it or not, is the Senator still sure that is included within the framework of these words?

Mr. BIDEN. Mr. President, as I understand the liability aspect of the words "compulsory motor vehicle insurance," under the Kentucky legislation, Kentucky would qualify.

Mr. COOK. Mr. President, may I say to the Senator from Delaware that I am not going to argue about the matter at this time. I will wait.

Mr. BAKER. Mr. President, I want to make sure that I understand what this is about. We are providing for a modification of Amendment No. 1209, which in fact would have excluded the States of Delaware, Minnesota, Michigan, New York, Kansas, Colorado, Connecticut, New Jersey, Hawaii, Utah, and Massachusetts from the immediate coverage of S. 354.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. And under the modified version, it excludes those States plus any other States which adopt some form of no-fault insurance by January 1, 1975.

Mr. BIDEN. It would include the States enacting no-fault legislation complying with section 4 of the amendment. Yes, all States would have the same benefits.

Mr. BAKER. What about those States which have it by January 1? That is an awkward date. What about March 1?

Mr. BIDEN. That will be fine. I will accept the modification to the amendment.

The PRESIDING OFFICER. Is the Senator from Delaware modifying the amendment?

Mr. BIDEN. Is it the desire of the Senator from Tennessee that that be done? I am not sure.

Mr. BAKER. I am asking the Senator from Delaware if he would consider modifying his amendment on page 1, line 4, to change it from January 1, 1975, to April 1, 1975.

Mr. BIDEN. Yes. I ask that the amendment be so modified.

The PRESIDING OFFICER. The amendment is so modified. The Senator will send his modification to the desk.

Mr. BAKER. Now, Mr. President, on page 2, in section (4), I take it there would be a similar conforming amendment.

Mr. BIDEN. Yes.

The PRESIDING OFFICER. The amendment is so modified.

Mr. BIDEN. It has been pointed out to me that the January 1 date in paragraph (4), page 2, is really a redundancy, that there is no need for it, but I am willing to modify that to April 1, 1975, if that is the Senator's wish. I request that the amendment be so modified.

The PRESIDING OFFICER. The amendment is so modified.

Mr. BAKER. A further inquiry of the Senator from Delaware. The words on line 10, page 2, "and put into effect by July 1, 1975", does that mean signed by the Governor, certificated by the Commissioner of Insurance and Banking or other responsible State official, or does it mean the company is actually doing business?

Mr. BIDEN. It means the company is actually doing business, people are actually buying policies.

Mr. BAKER. What if the companies refuse to sell policies?

Mr. BIDEN. I do not think they can, under the laws of the State. It is a compulsory and mandatory provision.

Mr. BAKER. Well, it is not a mandatory provision. They might have to do it under this form or not do it at all, but you cannot make them sell insurance in a State.

Mr. BIDEN. Well, that is correct. If they sell it, they have to do it in this form.

Mr. BAKER. Well, I am not really sure whether the space of time between April 1, 1975, and July 1, 1975, is sufficient to have it pass the general assembly and have it signed by the Governor, to have certificates of compliance issued and policies issued——

Mr. BIDEN. How much time does the Senator want?

Mr. BAKER. Let us see: We changed January to February, March—July, August, September—let us make it September 1, 1975.

Mr. BIDEN. Fine, no objection. I request that the amendment be so modified, to substitute "September 1, 1975" for "July 1, 1975" on page 4.

The PRESIDING OFFICER. The amendment is so modified.

Mr. BIDEN's amendment (No. 1209) as modified, is as follows:

On page 98, between lines 14 and 15, insert the following new subsection:

(g) EXCEPTIONS.—(1) The provisions of this section are inapplicable to the extent inconsistent with this subsection.

(2) Any State which is a no-fault State as of April 1, 1975 may establish a no-fault plan for motor vehicle insurance in accordance with this title by the third anniversary of the date of enactment of this Act.

(3) The alternative State no-fault plan for motor vehicle insurance (the State no-fault plan in accordance with title III of this Act) shall become applicable in any State which is a no-fault State as of the date of enactment of this Act on the third anniversary of the date of enactment of this Act unless, prior to such date, the Secretary has made a determination that such State has established a no-fault plan for motor vehicle insurance in accordance with this title.

(4) As used in this subsection, a "no-fault State" means a State which has enacted into law by April 1, 1975 and put into effect by September 1, 1975 a motor vehicle insurance law which provides, at a minimum, for compulsory motor vehicle insurance; payment of benefits without regard to fault to each victim on a first-party basis where the value of such available

benefits is not less than $2,000; and restrictions on the bringing of lawsuits in tort by victims for noneconomic detriment, in the form of a prohibition of such suits unless the victim suffers a certain quantum of loss or in the form of a relevant change in the evidentiary rules of practice and proof with respect to such lawsuits.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. 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. BAKER. Mr. President, I must say that the time taken by the quorum call has been productive. It has given us an opportunity to understand the amendment by the distinguished Senator from Delaware, to negotiate with him on certain aspects of it, and to familiarize ourselves with its import. I am not sure that we have all the difficulties worked out yet in conforming that amendment to all the requirements of the bill and to the several situations in the several States.

I have no desire to debate the matter further. I am perfectly agreeable now to the amendment being voted on. It is immaterial to me whether we have a voice vote or a rollcall vote. I must say that my vote, whether for or against the amended Biden amendment, will have no effect on my insistence on my amendment to S. 354, which is not affected by his amendment.

With that, Mr. President, I have nothing further.

Mr. MOSS. Mr. President, in the discussions we have worked out what seems to me to be a reasonable compromise. It does give the States additional time in which to act, and to that extent I think it is acceptable. We are prepared to vote. I see no reason to request a rollcall vote. I would therefore hope that it could be put to a vote so that we could return to the Baker amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

Mr. HRUSKA. Mr. President, with all due respect to those who are willing to accept this amendment and think it might achieve some good and be of some benefit, this Senator would like to take exception to that position. It is my intention to ask for the yeas and nays, and I do so at this time.

The yeas and nays were ordered.

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

Mr. HRUSKA. I yield.

Mr. MOSS. Since we had an informal understanding that we would not start voting before 2:30, could we agree that the vote would occur at 2:30 and would be followed by the vote on the Baker amendment?

Mr. HRUSKA. The vote on the Baker amendment is scheduled for 2:30.

Mr. MOSS. But if we can vote on this amendment at 2:30 and go right to the Baker amendment, that would satisfy the situation, I believe.

Mr. BAKER. It is my understanding that the request of the distinguished majority whip was that the unanimous-consent request should be that the vote on the Baker amendment occur not before 2:30. So far as I am concerned, I am perfectly willing to vote whenever anybody who desires to speak has had an opportunity to do so. I do not want to cut off the Senator from Nebraska or anyone else who has remarks to make.

Mr. HRUSKA. My remarks will be very brief, and we can vote in the next 5 minutes or the next 3 minutes.

Mr. BAKER. I yield to the Senator from Nebraska.

Mr. ROBERT C. BYRD. Would the Senator accede to the suggestion of the distinguished manager of the bill, that the vote on the amendment by Mr. BIDEN occur at 2:30 p.m. and that the vote on the amendment by Mr. BAKER occur either immediately thereafter or within a short time, whatever is agreed upon by the author of the amendment?

Mr. BAKER. May I inquire—if the assistant majority leader will yield—whether there are any other requests for time on this side?

Mr. DOMENICI. I ask the Senator to yield 5 minutes.

Mr. BAKER. I understand that the Senator from Nebraska wishes to speak.

Could we add to the unanimous-consent request that the Biden amendment be set aside, to which I will not object, so that these two requests for time can be honored?

Mr. ROBERT C. BYRD. If we could agree to vote on the Biden amendment at 2:30, we could also agree that following that vote there would be, say 15 minutes to a side remaining on the Baker amendment.

Mr. BAKER. I am agreeable to that. We have 15 minutes now; and if we could use that 15 minutes to finish the debate on the Baker amendment, we could vote on the amendments back-to-back at 2:30.

Mr. MOSS. Is that agreeable to the Senator from Nebraska?

Mr. HRUSKA. That is agreeable.

Mr. DOMENICI. I have an inquiry of the Senator from Delaware.

We are speaking of the Biden amendment, and we are being asked to agree to vote on it. We have not yet heard the proposed modifications to it that we have basically agreed upon. Do we still have before us a proposal to modify it, which will take place before the vote?

Mr. BIDEN. The modifications that were suggested during the quorum call by some of the distinguished Senators in the Chamber are acceptable to me. I understand from the staff that we will physically need 10 minutes or thereabouts to conform the language to the requested modifications, which include extending to 4 years, changing the date to June 30, and eliminating a section on line 13, page 2, to eliminate the words "to each victim," as has been suggested by the distinguished Senator from Kentucky. I understand that we will need about 10 minutes to conform the remaining language, and I am willing to accept all the modifications we have discussed.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. BAKER. Mr. President, reserving the right to object, I think it is the better part of discretion now to let the staff make these corrections, that we suspend consideration of that amendment while that is being done, before we decide on a time to vote. It may be that difficulties will develop in trying to conform the amendment, or misunderstandings might occur. I suggest that we consider waiving the unanimous-consent request until we see the staff's work product on the Biden amendment.

The PRESIDING OFFICER. Is the request withdrawn?

Mr. ROBERT C. BYRD. It is my understanding that the distinguished Senator from Nebraska wishes to speak on the amendment by Mr. BIDEN.

Mr. HRUSKA. I had intended to make a few remarks, but I do not want to interfere with the schedule that was suggested by the assistant majority leader for completion of the debate on the Baker amendment.

Mr. ROBERT C. BYRD. Mr. President, I think it is the request of the distinguished manager of the bill.

The PRESIDING OFFICER. The Senator from Utah made the request.

Mr. MOSS. Mr. President, I will withdraw my request at this time and see whether we can get the matter clarified.

The PRESIDING OFFICER. The request is withdrawn.

The Senator from Nebraska is recognized.

Mr. HRUSKA. Mr. President, it seems to me that the amendment will do nothing but result in a good deal of confusion and uncertainty. The conditions that will prevail in each State will be very chaotic until some final action is eventually taken by the respective State legislatures.

Furthermore, it would discriminate in favor of the 15 States. They are discriminated in favor of, as opposed to those States that have not taken any action and have not had an opportunity to do so and have been inhibited somewhat by the pendency of the Hart-Magnuson bill.

I would suggest that if it is the intention to simplify the amendment and treat everyone equally, the amendment to be considered, instead of the Biden amendment, would be an amendment simply postponing the effective date of the Hart-Magnuson bill, S. 354, for 4 years from the time of enactment. In that way, the harassment and the trouble of going through each session of the legislature in 35 State legislatures on this matter for an interim bill would be avoided.

So the simple thing would be to change that provision in S. 354 with respect to the effective date. In that way, we would have completely uniform treatment of all the States. Each would know where it stands, and it would avoid the necessity of having each of the State

legislatures getting into this highly emotional, frequently plowed field of no-fault automobile insurance.

The lines are tightly drawn. They have been canvassed again and again. This amendment would yield very little, if any, fruit. The general purpose would be served by simply delaying the effective date of the bill and it would simplify the drafting burdens that would be imposed upon the junior Senator from Delaware and would visit happiness and equity all the way around.

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

Mr. HRUSKA. I yield.

Mr. BIDEN. I have no objection to the additional work. I do not feel it a burden, and we are delighted to have an opportunity to spend that extra 10 minutes.

Mr. HRUSKA. The Senator is very diligent and very conscientious, but I would have some consideration for the members of 35 legislatures who would have to go right back into this matter, which they have been deterred from doing until now as the Hart-Magnuson bill was pending in this body. Now we have provided for another 4-year period of uncertainty.

While the Senator is willing to assume the added burden, I do not think it is fair for us to impose that burden upon all the legislatures and the driving public who will not know for another 4 years whether they are afoot, on horseback, or behind a steering wheel.

Mr. MOSS. Mr. President, if the Senator will yield, one of the amendments that was suggested and was accepted as a modification by the author was to set back the time when the State legislature might act until after the 1975 period when the legislatures would be in again, and if the States wished to come under the 4-year moratorium, they certainly might do it within that length of time. If they did not wish to do so, they would have to act on a situation that conforms with the bill.

Mr. HRUSKA. I understand that fully, and yet by going through a lot of travail and legislative activity, they would enact a minimum of some kind, yet nothing final would be accomplished. If the proponents are going to resort to that type of facade, why not say there must be a 4-year delay from the date of enactment. This would be preferable to going through a nominal motion which would have little real meaning.

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

Mr. HRUSKA. I yield.

Mr. BIDEN. Much of the Senator's argument is compelling. My original amendment suggested that only those States which now have in effect no-fault legislation be the ones granted this extension, so the legislatures did not have to go through the travail the distinguished Senator refers to, but I was persuaded by the very compelling arguments of the Senator from Tennessee and the Senator from New Mexico that we could give to those States the option of whether or not they wanted to exercise that travail. That is the reason why we further amended it.

The Senator points out it will be another 4 years before they know whether they are a buggy, or an automobile, or whatever. That is not correct. They will know where they will have to be. They will know where they are going. This merely delays conforming to S. 354 for that 4-year period, but they know where they are going and they know what they are going to be driving.

Mr. HRUSKA. I hope the amendment will be defeated. I urge my colleagues to act accordingly.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MOSS. 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. MOSS. Mr. President, I yield to the Senator from Delaware, who has a modification of his amendment to propose. I think all who have engaged in this colloquy have agreed with it.

Mr. BIDEN. Mr. President, I ask unanimous consent that the modifications to my amendment that have been sent to the desk, which we have worked out, be presented at this time.

The PRESIDING OFFICER. The modifications will be stated.

Mr. BIDEN. Mr. President, I ask unanimous consent that the reading of the modifications be dispensed with.

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

The amendment, as modified, is as follows:

On page 98, between lines 14 and 15, insert the following new subsection:

(g) EXCEPTIONS.—(1) The provisions of this section are inapplicable to the extent inconsistent with this subsection.

(2) Any State which is a no-fault State, as defined in paragraph (4) of this subsection, may establish a no-fault plan for motor vehicle insurance in accordance with this title by the fourth anniversary of the date of enactment of this Act.

Amdt. No. 1209 (as modified).

(3) The alternative State no-fault plan for motor vehicle insurance (the State no-fault plan in accordance with title III of this Act) shall become applicable in any State which is a no-fault State, as defined in paragraph (4) of this subsection on the fourth anniversary of the date of enactment of this Act, unless, prior to such date, the Secretary has made a determination that such State has established a no-fault plan for motor vehicle insurance in accordance with this title.

(4) As used in this subsection, a "no-fault State" means a State which has enacted into law and put into effect a motor vehicle insurance law not later than September 1, 1975 which provides, at a minimum, for compulsory motor vehicle insurance; payment of benefits without regard to fault on a first-party basis where the value of such available benefits is not less than $2,000; and restrictions on the bringing of lawsuits in tort by victims for noneconomic detriment, in the form of a prohibition of such suits unless the victim suffers a certain quantum of loss or in the form of a relevant change in the evidentiary rules of practice and proof with respect to such lawsuits.

Mr. BIDEN. Mr. President, three questions were raised by my distinguished colleagues.

One was with reference to paragraph (2), line 7, where it said "third anniversary of the date of enactment of this Act." It was suggested that by the fourth anniversary from the time the Federal legislation was enacted, each State would have had 4 years to comply if they had a no-fault plan as defined in this legislation.

A further modification requested was that we give States additional time to determine whether or not they want to move to an interim plan as defined in this legislation. It was agreed that September 1, 1975, would be such a date.

The remaining language merely conforms to accommodate both kinds of States, extending it from 3 to 4 years and extending the date in which the law must be enacted and putting in effect to September 1, 1975.

One last modification suggested by the Senator from Kentucky was that on line 13, page 2, where it presently states "without regard to fault to each victim on a first-party basis," it should read "without regard to fault on a first-party basis" eliminating the words "to each victim."

Mr. President, that meets with all of the objections that have been raised during the course of the debate on this amendment. I am prepared to yield the floor and have a vote.

Mr. MOSS. Mr. President, we are prepared to vote. I understand that the yeas and nays have been ordered.

The PRESIDING OFICER. The Senator is correct.

Mr. MOSS. We are ready to go to a rollcall.

Mr. BIDEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Will the Senator send his modification to the desk?

Mr. BIDEN. I send the modification of my amendment to the desk.

The PRESIDING OFFICER. The amendment is accordingly modified.

Mr. BIDEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Delaware will state it.

Mr. BIDEN. Mr. President, there might be some confusion in that the Baker amendment, which was to have been voted on at 2 o'clock, is the pending amendment. Is it correct that the Biden amendment, which has no relation to the Baker amendment, is about to be voted on?

The PRESIDING OFFICER. The pending question is on agreeing to the Biden amendment, as modified. 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 Arkansas (Mr. FULBRIGHT), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

I further announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from New Mexico (Mr. MONTOYA), and the Senator from Mississippi (Mr. STENNIS) are absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. METZENBAUM) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. BEALL), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Utah (Mr. BENNETT), the Senator from Colorado (Mr. DOMINICK), the Senator from Delaware (Mr. ROTH), and the Senator from Pennsylvania (Mr. HUGH SCOTT) are absent on official business.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) would vote "yea."

The Senator from Hawaii (Mr. FONG) voted "present."

The result was announced—yeas 74, nays 11, as follows:

[No. 156 Leg.]

YEAS—74

Abourezk	Domenici	McIntyre
Aiken	Eagleton	Metcalf
Allen	Ervin	Mondale
Baker	Gravel	Moss
Bartlett	Griffin	Muskie
Bayh	Hart	Nelson
Bellmon	Hartke	Nunn
Bentsen	Haskell	Packwood
Bible	Hatfield	Pastore
Biden	Hathaway	Pearson
Brock	Helms	Pell
Brooke	Hollings	Percy
Buckley	Huddleston	Proxmire
Burdick	Hughes	Randolph
Byrd, Harry F., Jr.	Humphrey	Ribicoff
	Inouye	Sparkman
Byrd, Robert C.	Jackson	Stafford
Cannon	Johnston	Stevens
Case	Long	Stevenson
Chiles	Magnuson	Symington
Church	Mansfield	Taft
Clark	McClellan	Talmadge
Cook	McClure	Tunney
Cranston	McGee	Weicker
Dole	McGovern	Williams

NAYS—11

Cotton	Hansen	Scott, William L.
Curtis	Hruska	
Fannin	Mathias	Thurmond
Goldwater	Schweiker	Tower

ANSWERED "PRESENT"—1

Fong

NOT VOTING—14

Beall	Gurney	Roth
Bennett	Javits	Scott, Hugh
Dominick	Kennedy	Stennis
Eastland	Metzenbaum	Young
Fulbright	Montoya	

So Mr. BIDEN's amendment (No. 1209), as modified, was agreed to.

Mr. MOSS. Mr. President, I understand that we now return to the Baker amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. MOSS. Have the yeas and nays been ordered on the Baker amendment?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. BAKER and Mr. MOSS requested the yeas and nays.

The yeas and nays were ordered.

Mr. MOSS. Mr. President, I understand that we have essentially completed the debate on this matter, and that as far as the sponsor of the amendment is concerned, he is ready to vote. I have nothing further to say, except that I do have some material I would like to place in the RECORD at this point, and then we would be ready to vote. The managers of the bill, of course, do oppose the Baker amendment, and would vote in the negative.

Mr. BAKER. Mr. President, unless there is someone else who cares to speak on the Baker amendment, I am prepared to vote.

The PRESIDING OFFICER. The Senate will be in order. The Senator will suspend until order is restored.

The Chair will state that the material requested to be printed in the RECORD by the Senator from Utah will be printed, without objection.

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

MATERIAL SUBMITTED BY SENATOR MOSS

While the Baker amendment is supposed to bring S. 354 into line with "responsible insurance reform programs" enacted by the states, the Baker amendment establishes benefit levels in lawsuit restrictions substantially below the average benefit level and tort restrictions of the various no-fault plans which have already been enacted.

Analysis of the average level of medical and rehabilitation expense and wage loss protection provided in the existing 14 state no-fault plans discloses that the average medical expense protection for the 14 state no-fault plans is $23,714. The average wage loss protection is $9,314. (These figures were calculated by adding up the medical and rehabilitation expense protection of each of the plans and dividing by 14. It was assumed that the unlimited medical and rehabilitation plans of New Jersey and Michigan had actual values of $100,000. Where a state no-fault plan lumped together recovery for wage loss and medical expense protection, the medical recovery expense protection was calculated to be one half of the total protection. The wage loss calculations were made in an identical fashion.)

No state which has enacted a no-fault plan restricting the right to sue has selected a lawsuit restriction as minimal as that provided in the Baker amendments. Thus, the federal minimum lawsuit restrictions under the Baker amendment would be below even the lowest common denominator in any existing state no-fault plan.

The minimum standards in the Baker amendment are two minimums. They do not insure correction of the deficiencies in the present system which were highlighted in the intensive Department of Transportation study of the automobile insurance system.

Rather than providing "substantial protection for all automobile accident victims" as Senator Baker said upon introducing his amendment, the amendment provides protection for "substantially all automobile accident victims." Those auto accident victims excluded from the no-fault compensation plan are those who are most seriously injured and most in need of insurance protection.

MEDICAL EXPENSE PROTECTION OF $3,000 TO $5,000 IS TOTALLY INADEQUATE

While Senator Baker's amendment would protect 95% of the automobile accident victims, those who would not be protected would be the ones most seriously injured. Who would propose a health insurance program which takes care of the first $500 of a person's health expense but provides no protection whatsoever for the catastrophic illness which cripples families financially and psychologically? Why, then, does such an approach make sense with regard to the automobile accident victim?

State Insurance Commissioner James J. Sheeran of New Jersey recently explained why nothing less than total medical and rehabilitation coverage for the automobile accident victim is necessary: "The New Jersey no-fault statute was the first to provide for unlimited medical expense coverage. This action was not taken lightly. The Automobile Study Commission established by the Governor and the legislature had available actuarial advice from which it concluded that the difference between a limited medical expense coverage and one without limitation would not have a significant effect upon the overall cost of the no-fault insurance coverage. It was the legislature's decision that the minute increase in cost overall that may result from a few accidents requiring substantial medical expense, would not justify depriving the few unfortunates suffering unusually severe injuries of full availability of necessary medical and rehabilitation services."

Not only does Senator Baker's proposed minimum standard for medical expense not compensate the person most in need of compensation, it also does nothing to improve the performance of the present system. The Department of Transportation's Automobile and Insurance Compensation Study, in volume 1 of the report entitled "Economic Consequences of Auto Accident Injuries" in Table 7 FS on page 89 discloses that the present system provides 100% recovery when medical loss is between $1,000 and $5,000. When medical expense is between $5,000 and $10,000 only 62% of the expenses are compensated under the present system, and when medical expense is between $10,000 and $25,000, only 52% of the medical expense is compensated. The DOT study shows that the Baker amendments would do nothing to improve upon the present inadequate compensation picture.

THE WAGE LOSS PROTECTION STANDARD IN THE BAKER AMENDMENT IS NOT ADEQUATE

A hopefully unintended consequence of the Baker amendment is the fact that a state could be in compliance with the minimum standard by requiring an individual to purchase wage loss protection at only $10 per month as long as the *total* equaled or exceeded the average statewide annual wage. Assuming that that is an unintended consequence and that Senator Baker will offer a perfecting amendment to eliminate that absurdity, the level of wage loss protection again leaves uncompensated those who are most seriously injured. Under S. 354 the very minimum $15,000 of wage loss protection compared to the Baker amendments ($5,800 to $11,000 totals) would insure that at least the average loss to those most seriously injured in an automobile accident (defined by the Department of Transportation to be those with economic loss exceeding $25,000) would be compensated. (See Table 7 FS on page 89 of the Economic Consequences of Automobile Accident Injuries Report of the Department of Transportation's Automobile Insurance and Compensation Study (April 1970).) It should be noted that the Department of Transportation in its final report recommended that states initially enacting a no-fault plan should provide at least 3 years of wage loss protection.

THE LAWSUIT RESTRICTIONS PROVIDED FOR IN THE BAKER AMENDMENTS ARE POTENTIALLY COSTLY AND MAY PROMOTE FRAUD AND OTHER UNDESIRABLE CONSEQUENCES

In introducing his amendment, Senator Baker pointed out that the definition of "serious or permanent injury" was identical to the definition of "serious injury" in the Department of Transportation's study.

He neglected to point out, however, the definition of "serious injury" in the Department of Transportation's study in no way related to the appropriate restrictions on lawsuits. The serious injury category in the Department of Transportation's study was used to separate out those individuals whose economic loss through a no-fault insurance system should be completely or substantially compensated and to find out how the present system was compensation that category of automobile accident victims. There was no indication in the Department of Transportation study that that category of automobile accident victims should be entitled to noneconomic detriment compensation from the lawsuit insurance system.

The cost consequences of the Baker standard of lawsuit restrictions are disastrous. The lawsuit restrictions are so minimal that the promised premium savings of no-fault would disappear. In fact, actuarial projections suggest the overall cost of no-fault with the Baker amendments would actually exceed the cost of the present system.

In revising the lawsuit restriction section of his amendment, Senator Baker defined a new category of injury entitled "An Automobile Accident Victim Can Bring A Lawsuit for Pain and Suffering." By the terms of the Baker Amendment, as modified, a person could sue if there was "permanent, partial or total loss of sight or hearing." My fear is that this particular provision could all but eliminate even the minimum restrictions on lawsuits provided for in the Baker Amendment. In the first place, the language is unclear as to whether "partial" loss of hearing would also have to be "permanent". Assuming that is the case, would not a great majority of Americans have a valid claim for pain and suffering lawsuits? Recent studies concerning noise pollution have disclosed a large percentage of the population, from one noise source or another, have suffered some type of permanent partial loss of hearing. Would it not, therefore, make it very easy for a trial lawyer to allege (in good faith or bad faith) as a result of an automobile accident (and the noise associated with it) his client suffered permanent, partial loss of hearing? In all likelihood the permanent partial loss of hearing could be medically demonstrated and the issue as to causation (auto accident or otherwise) could be one for the jury. With this additional hole in the lawsuit restriction section, the cost of the Baker Amendment could penalize the American consumer even more than State Farm suggested.

RECOGNIZING THE DEFICIENCIES OF THE BAKER PROPOSED MINIMUM STANDARDS, SOME MIGHT ARGUE THAT A STATE CAN EXCEED THOSE STANDARDS

In all probability the minimum federal standards will become the underlying standards in most jurisdictions. This is particularly true in those states which have not yet enacted any kind of automobile insurance reform plans. In those states the political situation suggests that the state will select the least amount of restrictions on lawsuits premitted by the federal bill—i.e., they will select the lowest possible tort threshold. The problem is that a low threshold coupled with a reasonable benefit package could produce cost increases in the state. Therefore, there would be great pressure to enact a no-fault plan with low benefit levels and low tort thresholds in order to appease the trial bar and still produce premium savings which the consumer expects from no-fault.

In many states that have considered and passed no-fault insurance programs they have begun by proposing no-fault plans with reasonably high benefit levels and significant restriction on lawsuits. Through the political process such programs have been compromised not for policy reasons but for political reasons, by reducing the benefit levels and the tort threshold. This process would be even more likely to be repeated in those states which, without the requirement of federal standards, have refused to undertake any reasonable reforms.

Thus, automobile consumers in the United States would end up being stuck with the *inadequate* minimum standards proposed in the Baker amendment in order to avoid what Senator Baker has termed some sort of "federal arrogance". Is the federal government arrogant every time it legislates in an area where the states are also free to legislate? Is it "arrogant" when it establishes the Consumer Product Safety Commission to establish minimum federal safety standards for consumer products? Is it arrogant when it establishes minimum federal pollution standards? Certainly Senator Baker's long standing support of minimum federal pollution standards would suggest that he does not believe that all federal standards which exceed those previously established by states demonstrates a "federal arrogance".

Mr. DOMENICI. Mr. President, today we will continue debate on S. 354, the National No-Fault Motor Vehicle Insurance Act. This bill is specifically designed to greatly alter our present insurance system by compensating the majority of injured victims on a no-fault basis.

I would be the first to concede that the results of our past insurance history have left much to be desired. In response to this rising demand for the improvement of our insurance system, 18 to 22 States have, or will have, shortly adopted State no-fault plans. These plans are specifically designed for the individual needs and characteristics of each State, which is quite obvious when comparing the drastically different plans of the Massachusetts and New York bills.

I am a firm believer in the fact that the need for a no-fault system has arrived. We have been a witness to the fact that so many States have adopted no-fault plans and the majority of which testifying before the Senate Commerce and Judiciary Committee praise the benefits gained from such a system.

The main problem which concerns me is that proponents of S. 354 are saying that this bill is the only real workable no-fault plan and that all of our present State plans, possibly excluding Michigan, are inadequate in meeting their needs.

I would like to go on record as saying that there are several provisions in S. 354 which are most desirable:

First. The establishment of a national minimum standard for no-fault plans. A national minimum standard is needed to insure a uniform system of auto insurance. It is very important that a minimum standard be designed to establish only the basic criteria for States in their establishment of their own individual plans. I believe that the so-called minimum standards under S. 354 are not necessary or needed in relating to States individual needs. I say this with respect to my own State of New Mexico and those of States throughout the Union.

Second. Compulsory insurance. This is a provision which I most strongly commend. My own State of New Mexico has long been plagued by an extremely high uninsured motorist rate and it is my feeling that the mandatory provisions under S. 354 will be important steps in remedying this situation.

It is my strong feeling that the medical coverage under a national minimum standard should be adopted to coverage only the vast majority of all individuals injured in accidents. This would leave those involved in a more serious injury the right to sue for additional damages. I am concerned that S. 354 goes beyond the necessary requirements to meet the majority of all injured victims. My own convictions lead me to feel that the most appropriate system is one which expeditiously compensates in full 95 to 98 percent of all injured victims but gives individuals suffering an injury of catastrophic nature the right to sue because of fault. It is for these reasons that I will offer my support for Senator BAKER in his amendments on the floor today.

Mr. BAKER, in his amendments, provides that 98 percent of all motor vehicle accident victims would be compensated under no-fault provisions. Proponents of S. 354 would say that this 2 percent is the one which comprises the majority of the actual dollars spent for medical expenses. These serious types of injuries should be settled on the basis of fault but in many cases would be limited under S. 354.

The work loss provision in Mr. BAKER's amendment would allow for a realistic payment of work loss earnings as computed by the average statewide earnings. This would mean that individuals, injured individuals are guaranteed work loss coverage for at least 1 year of payments from $5,800 to $11,000 annually depending on average statewide earnings. Any individual not at fault, who because of his previous earnings, has suffered a work loss in excess of the prescribed amount would be allowed the right to recover additional damages through suit.

Mr. BAKER gives the States minimum guidelines for establishing several definitions for serious or permanent injury. This approach offers the States more leeway as to meeting their particular needs in establishing the definition of such injury. The guidelines set forth under this amendment would again cover the vast majority of accident victims but would give those suffering serious injury the immediate right to sue for damages.

Mr. President, the basic point behind a bill for national standards should be to assist States in meeting their individual respective needs. It would seem quite obvious that S. 354 is not a minimum plan as pointed out by the fact that only one of our present State plans would meet these stringent requirements. I firmly believe that the proposal by Mr. BAKER would establish adequate minimum guidelines but would allow States the needed leeway to meet their specific requirements. I offer my support to this amendment because I feel the needs of New Mexico and the Nation would be met more adequately than under the more stringent requirements presently under S. 354.

Mr. President, I ask that a letter from the Insurance Commission of the State

of New Mexico dated April 16, 1974, be made a part of the RECORD at this point.

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

DEPARTMENT OF INSURANCE,
Sante Fe, N. Mex., April 16, 1974.

Hon. PETE V. DOMENICI,
U.S. Senator, U.S. Senate, Committee on Public Works, Washington, D.C.

DEAR SENATOR DOMENICI: This is in response to your letter of April 5, 1974 relating to S. 354 and my comments as to the impact the enactment of the bill would have on the citizens of the State of New Mexico.

I take pride in the fact that New Mexico has long enjoyed a highly stable insurance community and has an active market comprised of strong competitive companies serving the needs of the citizens. Aside from my feelings of personal satisfaction, I have also developed a sense of awareness of the accomplishments resulting under state regulation of the insurance business throughout the country.

We do not have adequate information available concerning the revenue implications which might result if we should have to comply with the different regulatory concepts set forth in S. 354. Notwithstanding the optimistic reports of universal cost reductions boasted in some quarters, the contradictory reports are cause for grave concerns.

While undoubtedly the potential for favorable results exist in the more populated areas, I believe that in the rural and suburban areas of New Mexico, where the present auto insurance costs are maintained at a rational level, there is a possibility that there will be spiraling insurance costs under the proposed program.

At the present time the administrative facilities to impose and regulate a compulsory insurance program do not exist in the State of New Mexico and while I appreciate the attempts to assure the continuity of government to protect accident victims. I am concerned over the burden imposed on New Mexico taxpayers.

Unquestionably, the auto reparations system needs improvement but I support a less drastic approach which does not virtually eliminate the tort liability system in meritorious cases nor eliminate accountability for the reckless and negligent drivers.

As I previously stated, I strongly endorse improvements in the system by which we compensate accident victims and New Mexico has been making efforts to provide such improvements under state regulation. The no-fault program was introduced in the 1973 Session of the Legislature and it is expected that it will again be introduced in the next session.

Enclosed is a summary of the approximately $29,000,000 of premiums paid by New Mexico citizens for auto liability insurance for the most recent period available. It is my understanding that there are 496,000 private passenger cars registered in New Mexico at the present time, which indicates that there are many cars being driven on the highways of the state without insurance.

For this and the other reasons stated herein, I sincerely urge that you vote against S. 354.

Best personal regards.

Very truly yours,

R. F. APODACA,
Superintendent of Insurance.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. BAKER. Mr. President, if there is no other Senator who cares to speak on this amendment, I am prepared to yield back the remainder of my time.

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

Mr. BAKER. I yield back the remainder of my time.

Mr. MOSS. Mr. President, I yield back the remainder of my time.

Mr. MAGNUSON. Mr. President, I shall be very brief. I am opposed to the Baker amendment for many reasons. I merely wanted to point out——

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order.

The Senator from Washington may proceed.

Mr. MAGNUSON. I, too, feel that we can vote on this matter today, one way or another. I know of no bill, in all the years I have been here, that has had more discussion, with more pros and cons, more give and take, from the day that we started, than the concept of no-fault.

I remind the Senate that the Committee on Commerce, over 3 years ago, recommended a study of the whole matter, which was new to us then. The Department of Transportation took on the task, spent, I think, something like $2 million, and reported to the Commerce Committee. The study was performed by a blue ribbon group which took up every possible question that could be asked about no-fault, including cost figures and everything else, and came back with a unanimous recommendation to the committee that no-fault ought to be passed and that it ought to be done now, that the American public was losing a great deal of money every month that we did not do something about it.

This may be repetitious to some Senators, and some may have some doubts about it. But I do not know how anyone can explain to his constituents, or to himself, the automobile insurance system as it now exists in this country, and not favor something like S. 354.

The American people pay more than $17 billion a year in premiums on auto insurance. The amount of money paid back to the American people in claims payments total about $8 billion a year. How can we justify that kind of a system?

Oh, I know: "You're in good hands with Allstate."

"Mrs. Schultz," the television interviewer asks, "are you not glad that you are with the family of Allstate?"

She is very glad, very happy.

"Now, as a matter of premium, now that you have signed up, you give us a dollar. Just think what good hands you are in. We will take the dollar, and here is the 50 cents you get back."

Fifty cents! how can this go on? I do not suggest there should not be administrative costs, trial lawyer fees, and all those things.

But something has got to be done. We have gone all over the bill. We have had all the lawyers it is possible to get, going at it—outside and inside—on the Judiciary Committee and the Commerce Committee, which are full of lawyers—all lawyers—and we tried to work out what looks like a palatable system. It is an idea whose time has come. I suppose the best way would be, if it would happen, would be to let the 50 States do it. There will be 50 different versions, but if there could be some uniformity, that would be the best way to go at it. But that drags along.

Three and a half years ago, the insurance commissioners of the United States met with me, and the distinguished Senator from New Hampshire (Mr. COTTON) was there, on two or three occasions—not once, but three or four times—and they said to us, "Give us a chance. Give us a couple of legislative sessions and we will tell you what we can do."

That was over 3½ years ago. Now we have had some assistance from the States, but not too much. I believe that 14 States have enacted genuine no-fault laws. That is all. I do not know of any answer to the need other than this Federal standards bill. I know that some people here might not want to vote for the Federal no-fault idea because their Governors and their State legislatures have said: "We will adopt some form of no fault. We haven't got to it yet, but we will pass it."

This bill does not bother them. Once they pass it, they are exempt. We are only talking to those States who may not do it and we are giving them a long period of time. We just accepted an amendment to do that.

Oh, I know that the trial lawyers are influential in their communities. Most of us here have been trial lawyers of a sort over a period of time. We have not abolished all right to sue in tort. I think the debate here has been very good. The Senator from Tennessee (Mr. BAKER), the Judiciary Committee—they have all contributed a great deal. This is a much different bill and a much milder one, if we want to put it that way, than the bill I introduced.

It is not as tough a bill as the one I wanted last year. We have accepted some amendments that will make it much easier.

So I am just hopeful that over the weekend each Senator can decide to support the bill. I do not know what the purpose of waiting that long is, unless the trial lawyers are doing something over the weekend. Of course, I know what the trial lawyers have been doing. I know what they have been doing to me. I suppose I know what they will be trying to do to me this fall. But I do not mind that. I never made it unanimous yet.

Something has got to be done about the auto insurance mess. How can we go home and justify making the American consumer pay $1 to get a crack at 50 cents, even though they put them on television and they say, "We are very happy to be with them as an insurance family?"

Mr. COTTON. Mr. President, if the Senator from Washington will yield for a moment, he is making a very powerful argument here but I do not want the RECORD to stand that this bill was reported out of the Commerce Committee unanimously.

Mr. MAGNUSON. Oh, no, no——

Mr. COTTON. I do not wish him to say that.

Mr. MAGNUSON. No, the vote was 15 to 3.

Mr. President, many people who oppose the bill have made a contribution to it because it is such a complicated matter. This is an idea whose time has come, as I have already mentioned, and I am going to be hopeful that we will get something started.

We have got to do something about auto insurance in this country.

Most insurance people whom I have observed during the past 4 or 5 years have said that they want some reform, "but not this." We have received a storehouse full of testimony from them. And from many other groups and individuals in this and in previous Congresses. Some provisions in the bill may be in the form that I would have written them, but it took many experts to prepare this bill. We have accepted some practical amendments to make the bill more palatable to those who might otherwise oppose it.

I said before that I oppose the Baker amendment, but I am not going to give all the reasons because many are technical. Basically it would add to the cost.

SENATOR BAKER'S AMENDMENT MAY VERY WELL CAUSE AN INCREASE IN AVERAGE AUTOMOBILE INSURANCE PREMIUM COSTS IN MANY STATES

Mr. President, because of the limited restriction on lawsuits contained in the proposed Baker amendments, a State enacting a no-fault plan in compliance with the Baker standards probably would increase average insurance premium costs in that State. It has not been possible to obtain cost information from the independent actuarial firm of Milliman and Roberston, but information has been provided by Mr. Dale Nelson, actuary for the State Farm Mutual Insurance Co. whose cost projections on S. 354 have paralleled those of the Milliman and Roberston. Mr. Nelson projects the overall effects of the proposed Baker amendment would produce a 21 percent increase in the costs of the present system broken down as follows: minus 6 percentage points because of the deduction in medical expense benefits—assumes a $5,000 level—a 2 percentage point savings in work loss, a 23 percent point increase resulting from the lower restrictions on lawsuits, and a 6 percentage point increase resulting from an increase in administrative expense. Mr. Nelson has shown how this cost increase would be distributed among three representative areas. In metropolitan areas the effect of the Baker amendments compared to the cost of the present system—excluding medical payments—would produce a cost increase of 8 percent; in normal areas there would be an 18 percent cost increase; and in rural areas there would be a 29 percent cost increase. If the costs of medical payments coverage under the present system are included, under the Baker amendments, there would be a 2 percent savings in metropolitan areas compared to a 21 percent savings under S. 354; in normal areas, there would be a 4 percent cost increase under the Baker amendments, compared to a 20 percent savings under S. 354; and in rural areas there would be a 10 percent cost increase under the Baker amendments compared to a 5 percent cost savings under S. 354. As Mr. Nelson concluded in an internal office memorandum dated April 9, 1974:

> Largely because of the lower tort threshold, Baker's amendments would result in a system costing significantly more than the presently constituted S. 354, in fact, except possibly for metro areas, it would cost more than the present system.

The cost implications of the Baker amendment as revised are of even greater concern to me. In revising the lawsuit restriction section of his amendment, Senator BAKER defined a new category of injury entitled "An Automobile Accident Victim Can Bring A Lawsuit for Pain and Suffering." By the terms of the Baker amendment, as modified, a person could sue if there was "permanent, partial or total loss of sight or hearing." My fear is that this particular provision could all but eliminate even the minimum restrictions on lawsuits provided for in the Baker amendment. In the first place, the language is unclear as to whether "partial" loss of hearing would also have to be "permanent". Assuming that is the case, would not a great majority of Americans have a valid claim for pain and suffering lawsuits? Recent studies concerning noise pollution have disclosed a large percentage of the population, from one noise source or another, have suffered some type of permanent partial loss of hearing. Would it not, therefore, make it very easy for a trial lawyer to allege—in good faith or bad faith—as a result of an automobile accident—and the noise associated with it—his client suffered permanent, partial loss of hearing? In all likelihood the permanent partial loss of hearing could be medically demonstrated and the issue as to causation—auto accident or otherwise—could be one for the jury. With this additional hole in the lawsuit restriction section, the cost of the Baker amendment could penalize the American consumer even more than State Farm suggested.

Mr. MOSS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. MCCLURE). All time has now been yielded back.

The question is on agreeing to the amendment of the Senator from Tennessee (Mr. BAKER).

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 Arkansas (Mr. FULBRIGHT), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Texas (Mr. BENTSEN), are necessarily absent.

I further announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from New Mexico (Mr. MONTOYA), and the Senator from Mississippi (Mr. STENNIS), are absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. METZENBAUM) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. BEALL), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), the Senator from North Dakota (Mr. YOUNG), are necessarily absent.

I also announce that the Senator from Utah (Mr. BENNETT), the Senator from Colorado (Mr. DOMINICK), the Senator from Delaware (Mr. ROTH), and the Senator from Pennsylvania (Mr. HUGH SCOTT) are absent on official business.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS), would vote "nay."

The Senator from Hawaii (Mr. FONG) voted "present."

The result was announced, yeas 31, nays 53, as follows:

[No. 157 Leg.]

YEAS—31

Aiken	Dole	Johnston
Allen	Domenici	McClellan
Baker	Eagleton	McClure
Bartlett	Ervin	Nunn
Bellmon	Fannin	Scott, William L.
Bible	Goldwater	Sparkman
Brock	Griffin	Stafford
Buckley	Hansen	Symington
Byrd, Harry F., Jr.	Hartke	Talmadge
Cotton	Helms	Tower
	Hollings	

NAYS—53

Abourezk	Hathaway	Nelson
Bayh	Hruska	Packwood
Biden	Huddleston	Pastore
Brooke	Hughes	Pearson
Burdick	Humphrey	Pell
Byrd, Robert C.	Inouye	Percy
Cannon	Jackson	Proxmire
Case	Long	Randolph
Chiles	Magnuson	Ribicoff
Church	Mansfield	Schweiker
Clark	Mathias	Stevens
Cook	McGee	Stevenson
Cranston	McGovern	Taft
Curtis	McIntyre	Thurmond
Gravel	Metcalf	Tunney
Hart	Mondale	Weicker
Haskell	Moss	Williams
Hatfield	Muskie	

ANSWERED "PRESENT"—1

Fong

NOT VOTING—15

Beall	Fulbright	Montoya
Bennett	Gurney	Roth
Bentsen	Javits	Scott, Hugh
Dominick	Kennedy	Stennis
Eastland	Metzenbaum	Young

So Mr. BAKER's amendment was rejected.

Mr. MOSS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PEARSON. Mr. President, the Committee on Commerce has devoted several years to the development of a reasonable bill to establish minimum standards for automobile insurance reform in the several States. The committee can now recommend with confidence to the Senate the passage of S. 354.

Because of the complexity of insurance regulation, and because of the serious inadequacies and inequities inherent in the existing tort reparation system, the committee has proceeded with extreme caution and extraordinary thorough-

ness in drafting the pending bill. Initially the 91st Congress approved a resolution sponsored by our distinguished chairman, Mr. MAGNUSON, authorizing a Department of Transportation study and investigation of the existing compensation system of automobile accident losses. Then Secretary of Transportation John Volpe, in March 1971, presented to the committee a 23-volume report which was devastating in its indictment of the system. The conclusion of the report was unmistakably clear, and supported by every parameter of consideration of the issue: that a compelling case could be made for no-fault.

Throughout the remainder of the 92d Congress and in the first session of the 93d Congress the committee continued to refine and perfect the initial proposals of Chairman MAGNUSON and the distinguished Senator from Michigan (Mr. HART). The committee has been assisted by the contributions of scores of public and private witnesses, the federally funded actuarial studies of Milliman and Robertson, and, most importantly, the conclusions and recommendations of the National Conference of Commissioners on Uniform State Laws. The model State bill proposed by the national conference has become the technical basis for the minimum standards enumerated for adoption by the several States in title II.

Mr. President, I believe all Senators have benefited from the constructive and detailed review of S. 354 conducted by the Committee on the Judiciary. Primarily, the constitutional issues raised by the bill have been reviewed in the appropriate forum. In concluding that S. 354 is constitutional, a majority of the Judiciary Committee has endorsed our proposal that its enactment will not precipitate the difficulties and inequities feared by those who have elected to oppose the bill.

Mr. President, the incredible deficiencies of the tort reparation system are so well documented and understood that it is hardly necessary in this general statement to dwell upon them. Those who are the victims of minor accidents are overcompensated while those who sustain serious or permanent injury are grossly undercompensated for their economic losses. The cost of administration of the system is so high that only 44 cents out of every premium dollar is returned to the victims of accidents. More than $8 billion annually is absorbed by the infrastructure of the "injury industry."

Those who are grossly undercompensated for their economic loss under the existing system, and under most quasi-no-fault systems now in force in the States, are few in numbers compared to those who sustain relatively minor injuries. Only 4 percent of all accident victims, or about 160,000 persons annually, sustain nearly 50 percent of all of the economic losses of all accident victims. According to the DOT study, however, these unfortunate few receive only about 31 percent of the benefits paid out of the system.

According to the best actuarial studies available adoption of title II minimum standards in the States would reduce premium payments by about $1.5 billion annually while increasing benefits by about $3–4 billion annually.

In attempting to eliminate the inequities, the committee has not only been sensitive to the need to control premium costs and increase benefit payments, but also to the obligation to retain the traditional tort remedy for those who, through no fault or negligence of their own, are the victims of serious or disabling injury. I want to stress that the law of wrongful death is left unimpaired by the committee bill. Anyone who is disfigured or sustains disabling injury or is unable to work for more than 3 months at his usual occupation will have access to the courts and a settlement for general damages and noneconomic damages—commonly called pain and suffering.

Every American should know that upon the adoption of S. 354 and conforming State legislation, he will not only be guaranteed first party benefits for all of his medical and rehabilitation expenses, at least $15,000 of his wage loss, and other economic losses, but he will also retain virtually unrestricted freedom to sue anyone who has wrongfully caused his injuries if those injuries are substantial.

Mr. President, in this statement I should like to observe, finally, that this is not a Federal takeover. The machinery established in every State to regulate insurance will continue to operate unimpeded. The rate base will continue to be the driving experience of individals within a particular State. Conditions in other States will only indirectly influence premium levels—just as is the case today. The several States will retain the opportunity to establish rates which reflect conditions at home. And if conditions at home are worse or better than elsewhere the rates vary accordingly.

Mr. President, if a great wall could be built around the territory of every State and if no driver were permitted to transport his automobile beyond the boundary of his State there would be no legitimate basis for congressional action on S. 354. The gravamen of this proposal is to fulfill the Federal responsibility in interstate commerce. The Supreme Court in 1944 held that insurance is interstate commerce. The Congress is responding to this ruling enacted the McCarran-Ferguson Act which expressly authorized the several States to exercise concurrent authority to tax and regulate insurance. The Congress did not abdicate its responsibility in that legislation; indeed the Congress has not the power to evade a constitutional duty. The Congress merely delegated certain of the inherent Federal functions to the several States.

Today the Committees on Commerce and Judiciary are sensitive to the preeminent Federal responsibility to regulate interstate commerce in a manner which promotes the necessary degree of conformance among the several States. The traveler who crosses a State line today must carry insurance, and pay premiums for the insurance, to protect him against the zone of liability established by the legislatures of the States in which he chooses to drive.

The adoption at the State level of a no-fault plan, while providing essential first-party benefits to its residents cannot, of course, influence the liability of those residents when they travel into a foreign jurisdiction.

The establishment of minimum standards as outlined in title II will promote lower costs, resolve complex conflicts-of-laws questions, and establish a minimum threshold requirement for civil liability which will eliminate predatory suits by claimants everywhere in the country.

Needless to say, the bill does not affect in any way an individual's criminal liability for his actions behind the wheel. Those criminal actions are an essential police power of the States, and Congress has no authority or responsibility to interfere.

Mr. President, I urge the adoption of S. 354, the National No-Fault Motor Vehicle Insurance Act, as a proposal which has been carefully structured to respond to an undisputed need.

Mr. TOWER. Mr. President, I would like to take this opportunity to express my views on the matter of S. 354, the so-called no-fault insurance bill, now pending before the Senate. Those views are developed from two separate perspectives: The federalism issues raised by the bill and the workability of the bill.

I believe that I must concur with the opinion of Dean Erwin Griswold that the bill is not assailable on constitutional grounds under existing precedent of the U.S. Supreme Court. That fact, however, does not mean that the Senate can simply ignore the constitutional implications of the bill. Quite to the contrary, this body has an absolute responsibility to the electorate of this Nation to assess such implications with the utmost care.

S. 354 has been proposed pursuant to the authority vested in Congress by the commerce clause of the Federal Constitution. That clause was first elaborated by the first Chief Justice, John Marshall, in the famous case of *Gibbons* v. *Ogden*, 9 Wheat. 1 (1824). In his opinion Mr. Chief Justice Marshall stated that the limits of the term "commerce" were exceptionally broad and that the power to regulate commerce "is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations, other than are prescribed in the Constitution."

All must concede that automotive traffic in this Nation affects interstate commerce. It virtually supports the petroleum industry, the automobile industry and the tourist industry, among others. *Cf. Wickard* v. *Filburn*, 317 U.S. 111 (1942). But these facts notwithstanding, I submit that the authors, sponsors, and pushers of S. 354 have utterly failed to prove: First, that automotive-traffic-accident reparations are a fit matter for Federal regulation; second, that the fault system constitutes a burden on automotive traffic; and third, that the individual States are not fit to handle the matter of reparations for automotive traffic accidents. On these grounds alone I vigorously oppose the bill.

What we have is the author's naked assertion that:

(3) The maximum feasible restoration of all individuals injured and compensation of the economic losses of the survivors of all individuals killed in motor vehicle accidents on Federal-aid highways in interstate commerce, and in activity affecting interstate commerce is essential to the humane and purposeful functioning of commerce;

(4) To avoid any undue burden on commerce during the interstate or intrastate transportation of individuals, it is necessary and proper to have a nationwide, low-cost, comprehensive, and fair system of compensating and restoring motor vehicle accident victims and the survivors of deceased victims. S. 354, pp. 55–56, LL. 11–13 and 1–10.

Now that is just dandy language, but unfortunately all it reflects are conclusions. Although I believe there are cases that might support the proposition that the courts will not go behind the findings of Congress when it has found that a matter affects interstate commerce and should be regulated, the Senate has a right to expect an articulation of the rationale behind such a conclusion; and if one is not forthcoming, as in this case, the Senate should demand it. Someone's ipse dixit that the reparations system is in interstate commerce or that the fault system burdens interstate commerce simply will not suffice.

An initial inquiry is whether reparations, as contrasted with automotive traffic, are in interstate commerce, and I submit the answer is clearly that they are not. In the first place, determinations of fault are simply not trade, traffic, commerce, transportation, or communications among the several States. On the other hand, insurance policy sales, and payments pursuant thereto, are in interstate commerce, generally, but this avenue leads the bill's proponents to a real briar patch, for they have to admit that S. 354 implicitly repeals the McCarran-Ferguson Act. If Congress wants to regulate the subject aspect of insurance transactions, it can certainly do the same to any other aspect of insurance transactions should it so desire. Assuming, however, that there is yet vitality to the McCarran-Ferguson Act, one could say that Congress has withdrawn insurance transactions from the ambit of the commerce clause.

The question also arises whether the reparations system affects interstate commerce. Again, I submit that it clearly does not. Proponents of the bill say it does but don't tell us how, and I don't believe they can tell us how. No one is simple-minded enough to claim that no-fault insurance reduces traffic accident rates. Nor does anyone claim that no-fault will put fewer drivers on the road. In fact, the proponents give themselves away by claiming that the clause is necessary to the "humane" functioning of the commerce clause. I honestly believe the framers and Marshall would split their sides laughing if they could see that language.

The worst aspect of this bill is that it displaces the States from an area where the Federal Government has absolutely no business intruding. There is no proof whatsoever that the States cannot handle these kinds of problems. In fact, if the present State systems so burden interstate commerce, why has there been no case seeking to overturn State regulation on that ground? The simple answer is that the claimant would be laughed out of the courtroom. Furthermore, if the States cannot handle the problem, why does S. 354, by its own terms, attempt to coerce the States into setting up State no-fault plans with Federal standards, instead of establishing a Federal administration?

Proponents of the bill claim that nonuniformity of State laws burdens interstate transportation, but again they fail to articulate how. As Dean Griswold points out, there is precedent for Congress to pass a uniform reparations law, but that certainly does not dictate that Congress should pass such a statute. As a matter of fact, the "exhaustive" studies of the Department of Transportation clearly take the position that a uniform Federal statute should not be enacted. I quote from "motor vehicle crash losses" at page 140:

Implementation. Without question, any revision of the system along the lines outlined above would entail major changes in existing institutions and practices. The orderly accomplishment of such changes would require further study, co-operation, understanding, planning and the dedicated effort of all concerned, especially of the insuring public

Mere speculation without observation of the actual operation of a new system is an inadequate basis for immediate and fundamental changes of a national scope in an important area. *Experience with diverse plans in the States is essential,* and one state has already, this January, taken a step down the road. *The States are the best arena in which to solve the problem.* (Emphasis added.)

At the present time, 22 States have enacted no-fault laws, and those plans possess the essential diversity called for by Secretary Volpe. No prophets have yet appeared who are willing to guarantee that their visions of the no-fault paradise will, with certainty, come true.

Every prediction for the future success of a particular plan is coupled with the caveat that it might very well fail if the multiple actuarial guesses turn out, in actual experience, to be wrong. The fact that all the plans so far enacted are diverse is not a reason to enact uniform Federal standards. On the contrary, diversity is essential if enough solid actuarial experience is to be gained, and enough public experience is to be gained, to make an intelligent choice as to what benefits are needed, what exemptions are required, and what remnants of individual responsibility should be retained.

In my State, Texas, the legislature has enacted a no-fault insurance program attended by a number of revisions in State tort law, including modification of the guest statute and implementation of a comparative negligence test. The State legislature has resolved that it should be left to its own devices regarding no-fault, and I wholeheartedly concur.

As to the workability of the plan itself, I address first the matter of percentage of premium payout under the present fault system, as opposed to premium payout under no-fault. All of the following figures, except those relating to the Massachusetts experience, are taken from "best's aggregates and averages, property-liability." This report is an unimpeachable source of information for it is a composite of annual reports of every insurance company in the United States. These reports are accepted without question by State regulatory agencies.

Appendix A to these remarks compare automobile liability insurance payouts for 1972 with payouts of several types of insurance that do not require determinations of fault, including no-fault auto liability insurance in Massachusetts. Statistics on the Massachusetts experience were taken from a recent article in the Mississippi Law Journal. As can be seen, the payouts under the fault system are substantially higher than any of those payouts with which it is compared. Furthermore, the administration costs of no-fault in Massachusetts are substantially higher than for plans administered under the fault system. Thus, contrary to the conclusions in the bill, the fault system is a good deal more efficient, not less, than no-fault insurance.

It is claimed by some that Federal no-fault insurance will substantially relieve the congestion in court dockets. This is hogwash. Statistics of the Texas Judicial Council demonstrate that of the aggregate of pending cases on the dockets in Texas district courts, 4.5 percent are auto liability cases, most of which are settled before trial. In contrast, 70 percent of the cases on those dockets are criminal. Therefore, to apply the logic of the proponents of this bill, perhaps we should pass a no-fault car theft statute. Such a statute might provide for prosecution of those stealing Cadillacs, but set free those who steal Fords and Chevrolets. That would reduce docket congestion, in all probability, more than no-fault.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the amendment by Mr. MAGNUSON be temporarily laid aside and that the Senator from Illinois be recognized to call up his amendment, on which there be a time limitation of 30 minutes, to be equally divided in accordance with the usual form.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from Illinois is recognized.

Mr. GRIFFIN. Mr. President, will the Senator yield, without the time being charged to him?

Mr. PERCY. I yield.

PROGRAM

Mr. GRIFFIN. Mr President, I take this time to inquire of the distinguished majority leader whether he can tell us what the program will be for the remainder of the day, the remainder of the week, and anything he can tell us about next week.

Mr. MANSFIELD. Mr. President, it is my understanding that there will be few, if any, amendments offered to the pending business tomorrow.

I had approached the distinguished acting Republican leader and discussed with him the possibility of taking up

Calendar No. 746, S. 2986, tomorrow. He suggested that I give consideration to Monday.

Therefore, Mr. President, I ask unanimous consent that at 3 or 3:30 p.m., on Monday, the Senate go on a second track and proceed to the consideration of Calendar No. 746, S. 2986, the International Economic Policy Act of 1972, as amended.

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

Mr. MANSFIELD. The purpose is to take advantage of the situation which confronts Congress in these troubled days. So long as that is agreeable——

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

Mr. MANSFIELD. I yield.

Mr. TOWER. I know it has already been agreed to. I did not have a chance to reserve the right to object—and I do not intend to object—but it is my understanding with the Senator from Montana that we will return to the consideration of the pending business at the close of business on Monday.

Mr. MANSFIELD. That is correct. And it will be the pending business on Tuesday. We would anticipate, on the basis of an agreeemnt entered into by the Senate, that the vote on final passage of the pending business would occur at 3 o'clock on Wednesday. Then we would go back on this bill again.

Mr. TOWER. In other words, the only time prior to the disposition of the pending business that we would be on the second track and in consideration of S. 2986 would be between the hours of 3 and 3:30 and the close of business on Monday?

Mr. MANSFIELD. That is right, unless an agreement was reached by the joint leadership and concurred in by the Senate, by which a second-track operation could take place on Tuesday, which I think is highly doubtful.

Mr. TOWER. I think it is highly doubtful.

Mr. MANSFIELD. Well, I think the Senator is being conservative. [Laughter.]

But when the pending business is disposed of, then this bill would be the pending business on Wednesday.

Mr. TOWER. The Senator has said he has not propounded that in terms of a unanimous-consent agreement. I would hope that would be negotiable.

Mr. ROBERT C. BYRD. It would not be, because it would automatically be the pending business following disposition of the then pending business.

ORDER FOR ADJOURNMENT TO MONDAY, APRIL 29, 1974

Mr. MANSFIELD. So, Mr. President, with the understanding that between the hours of 3 and 3:30 on Monday next the Senate will turn on a second-track posture, to Calendar No. 746, S. 2986, I ask unanimous consent that when the Senate adjourns today, it stand in adjournment until the hour of 12 noon Monday next.

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

Mr. MANSFIELD. There will be no session tomorrow.

PROGRAM—CONTINUED

Mr. MANSFIELD. Mr. President, then on Tuesday we will return to the pending business, and stay with it, I assume, until it is finished, and then return to what will then be the unfinished business and become the pending business, S. 2986, authorization of appropriations for the International Economic Policy Act.

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

Mr. MANSFIELD. After that, to continue with the query raised by the distinguished acting Republican leader, it would be the intention to turn to the aid to education bill, which has been on the calendar for 3 or 4 weeks—either that or the energy bill, depending upon the circumstances, and again after consultation with the Republican leadership.

Then, of course, we have to consider the possibility next week of taking up the supplemental appropriation bill.

That is about it into the immediate future.

Mr. GRIFFIN. Just so Senators will be aware, there is some possibility, I take it, that an amendment having to do with wage and price controls may be offered on Monday to the bill being called up.

Mr. MANSFIELD. Yes. As I indicated to the distinguished acting Republican leader, there will be such an amendment to the bill offered, and that will be the beginning of a struggle of some sort or other.

Mr. GRIFFIN. I thank the majority leader.

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 amendment of the House 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.

NATIONAL NO-FAULT MOTOR VEHICLE INSURANCE ACT

The Senate continued with the consideration of the bill (S. 354) to establish a nationwide system of adequate and uniform motor vehicle accident reparation acts and to require no-fault motor vehicle insurance as a condition precedent to using a motor vehicle on public roadways in order to promote and regulate interstate commerce.

Mr. PERCY. Mr. President, I call up my amendment No. 1202.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. PERCY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

Amendment No. 1202 is as follows:

On page 98, between lines 14 and 15, insert the following:

(g) REPORTING REQUIREMENTS.—The Secretary, in cooperation with the commissioners, shall annually review the operation of State no-fault plans for motor vehicle insurance established in accordance with this Act and report on—

(1) the cost-savings resulting from the institution of any such plan which meets or exceeds the national standards set forth in this Act and any subsequent savings resulting from the continuing operation of such plans;

(2) appropriate methods for refunding to members of the motoring public any cost-savings realized from the institution and operation of such no-fault insurance plans;

(3) the impact of no-fault insurance on senior citizens; those who live in farming and rural areas; those who are economically disadvantaged, and those who live in inner cities;

(4) the impact of no-fault insurance on the problem of duplication of benefits when an individual has other insurance coverage which provides for compensation or reimbursement for lost wages or for health and accident (including hospitalization) benefits;

(5) the effect of no-fault insurance on court congestion and delay resulting from backlogs in State and Federal courts;

(6) the impact of no-fault insurance, reduced speed limits, and other factors on automobile insurance rates; and

(7) the impact of no-fault insurance on competition within the insurance industry, particularly with respect to the competitive position of small insurance companies.

The Secretary shall report to the President and Congress simultaneously on July 1 each year on the results of such review and determination together with his recommendations thereon.

Mr. MANSFIELD. Mr. President, will the Senator yield, without any time being taken out of his allotment?

Mr. PERCY. I am happy to yield.

Mr. MANSFIELD. Mr. President, for the information of the Senate, may I ask if there will be any other amendments offered today after the disposal of the pending amendment offered by the Senator from Illinois (Mr. PERCY)?

Mr. MAGNUSON. Mr. President, not as far as I know. I am going to ask that the amendment that I will have to offer go over to the first of the week, Monday or Tuesday.

Mr. HRUSKA. Mr. President, we have no amendments that I know of on this side.

Mr. MANSFIELD. Then, I would take it, on the basis, unless something comes up in the meantime, that the vote on the pending amendment will be the final vote today.

Mr. PERCY. Mr. President, it is not the intention of the Senator from Illinois to ask for a rollcall.

Mr. MANSFIELD. Or the disposition of the amendment.

Mr. PERCY. Mr. President, as a general principle, I am strongly in favor of allowing the States to act in a field of governmental activity as they see fit. I recognize the desirability, indeed, the need, for encouraging different States to use different approaches to social problems at different times. This is the essence of federalism which goes to the very heart of our governmental system. It is for this reason that I supported the Nixon administration's proposal that the

States be given several years in which to adopt genuine no-fault statutes of their own. Unfortunately, in the face of mounting evidence of the inadequacies of the present automobile liability insurance system, many States have done nothing or have not acted in a meaningful fashion.

Because of this unreasonable delay and the manifest need of all Americans for better automobile insurance coverage, I support the adoption of a national no-fault insurance system by means of establishing reasonable minimum standards applicable to all of the States. A Federal no-fault insurance system offers the possibility of lower premium rates for most drivers, broader coverage for most victims, and quicker, more equitable payment to those most seriously injured.

Mr. President, while I support the concept of no-fault automobile insurance, I have been concerned during the debate on S. 354 that our knowledge about all the effects of a no-fault system is not as great as it should be.

It is for this reason that I feel that the operation of any Federal no-fault insurance system requires close legislative and executive branch scrutiny. The amendment I am offering today is designed to enable the Congress and the President to undertake this important oversight function.

The amendment directs the Secretary of Transportation to annually analyze the operation of the various State no-fault insurance plans that would be established under S. 354 in order to determine their effect on insurance premium costs, on various economic and social groups, on court backlogs, and on the state of competition within the insurance industry. Under this amendment the Secretary of Transportation would be required to include in his report recommendations on how any cost savings resulting from the creation and operation of a national no-fault insurance system could be best passed on to the motoring public.

I would like to add one final point which should be obvious from the text of this amendment. Federal regulation is not contemplated under this legislation. It directs the Secretary of Transportation to perform an information-gathering and analysis function so that in the future we will all be better educated on the impact of no-fault automobile insurance on the insurance industry and the motoring public.

Mr. MAGNUSON. Mr. President, the Senator from Illinois made a very important observation, and his amendment, I think, is very consistent with the objectives and the philosophy of S. 354. It was never our intention to have the Federal Government interfere with the regulatory powers of the States.

Mr. PERCY. Mr. President, I am sorry. Could the Senator use his microphone? The Senator from Illinois has a common problem with the Senator from Washington, only mine is more severe.

Mr. MAGNUSON. So I think the traditional delegation to the States of the responsibility for regulation of the business of insurance should be continued. The Federal Government, of course, can provide technical assistance, if the States wish it. The amendment requiring the Secretary of Transportation to collect and report on informational matters relating to no-fault automobile insurance will provide such assistance without any interference. That is what they have been doing down there now, or should be doing.

On behalf of the managers, I am happy to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 1202) of the Senator from Illinois.

The amendment was agreed to.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment (No. 1132) of the Senator from Washington (Mr. MAGNUSON) and other Senators.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

CONSTITUTIONALITY OF S. 354

Mr. HART. Mr. President, during the time S. 354, the National No-Fault Motor Vehicle Insurance Act, was being considered in the Judiciary Committee, certain constitutional issues were raised and discussed quite fully. These issues fall into three groupings: First, whether Congress has authority under the interstate commerce clause and other sources of power to enact reforms of the existing automobile accident reparations system;

Second, whether the manner in which the bill substitutes the right to recover no-fault benefits for accident victims for the right to sue for damages in tort is consistent with due process and equal protection guarantees; and

Third, whether the bill exceeds constitutional limits on Federal authority to authorize or compel action by State governments or their regulatory officials by coercing or requiring States to take affirmative action in conflict with some States' own constitutional provisions or by leaving the administration of a federally imposed no-fault plan to State officials.

Because of the great importance of these constitutional questions raised, I would like to discuss each area briefly and to clarify the final views of the majority of the members on the Judiciary Committee regarding the constitutionality of S. 354.

1. CONGRESSIONAL AUTHORITY TO ENACT REFORMS FOR THE AUTOMOBILE ACCIDENT REPARATIONS SYSTEM

Mr. President, no witnesses, either before the Judiciary Committee or before the Commerce Committee, seriously questioned the authority of Congress to deal with the problems to which S. 354 is addressed. It was widely conceded that Congress, if it so chose, could create a Federal reparations system and assert direct Federal administrative control over determinations of liability and compensation for accident-caused injuries. Indeed, our colleagues, in their minority views of the Judiciary Committee report, agreed that—

> Congress clearly has the power, under the Commerce Clause of the Constitution, to enact a national automobile accident compensation system, subject to direct Federal regulation. (S. Rept. No. 93–757, Minority Views, p. 40.)

While this may, therefore, be regarded as a settled issue, I believe, in the interests of thoroughness, a review of the ample authority in support of that consensus would be beneficial.

First, Mr. President, it should be noted that S. 354 is predicated on congressional findings, specifying the needs which Congress has designed the legislation to fulfill and stating the relationship between those needs and Congress authority under the commerce clause. Without reviewing these findings in detail here, let us note their basic purport:

First, that the existing fault-based system of auto reparations is a burden on commerce, because it is inefficient, inadequate, and inequitable;

Second, that a no-fault system, mandating high minimum, first-party benefits and restricting tort remedies is necessary to remove this burden;

Third, that intrastate motor vehicle transportation affects interstate commerce in ways which require covering all parts of the nationwide accident reparations system with certain minimum standards; and

Fourth, that a system uniform in its essential aspects is appropriate to avoid confusion, uncertainty, and expense for participants in the system.

Mr. President, the Judiciary Committee believes these findings put the validity of Congress exercise of its authority under the commerce power beyond serious question.

They further justify extending that power, as S. 354 does, to all auto accidents and all insurance contracts within its terms. The Supreme Court long ago held that the business of insurance is interstate commerce, in terms which plainly bring the automobile insurance system within Congress purview to the extent that it is governed by S. 354. This matter is fully discussed in the case of *United States* v. *Southeastern Underwriters Association*, 322 U.S. 533 (1944).

In another important case, *United States* v. *Wrightwood Dairy Co.*, 315 U.S. 110 (1942), the Court held:

> The commerce power is not confined in its exercise to the regulation of commerce among the states, [but] extends to those activities intrastate which so affect interstate commerce, or the exertion of the power of Congress over it, as to make regulation of them appropriate means to the attainment of a legitimate end, the effective execution of the granted power to regulate interstate commerce. (315 U.S. 110 at 119.)

For another application of this principle, I direct your attention to the case *of United States v. Darby*, 312 U.S. 100 (1941).

2. THE CONSTITUTION PERMITS LEGISLATIVE SUBSTITUTION OF THE RIGHT TO RECOVER FIRST-PARTY BENEFITS FOR THE RIGHT TO SUE IN TORT FOR DAMAGES

Mr. President, I am pleased that our colleagues on the Judiciary Committee who submitted minority views did not endorse the claims of some that the concept of no-fault itself is afflicted by constitutional infirmities which would preclude its adoption by either Congress or a State legislature. Nevertheless, I will briefly review those points to set at rest any questions that might arise.

THE DUE PROCESS ARGUMENT

Some of the opponents of no-fault reform legislation have contended, both at the State and Federal level, that the due process clause forbids legislatures from eliminating the right to sue in tort for negligence in automobile accident cases, and to substitute therefor the right to recover first-party benefits.

This contention echoes arguments often invoked in the past, on many occasions in which major reforms have involved the elimination of some pre-existing common law rule. Uniformly, such claims have been rebuffed. Indeed, it was a full century ago that the Supreme Court held in the case of *Munn* v. *Illinois*, 94 U.S. 113 (1876):

A person has no property, no vested interest, in any rule of the common law. That is only one of the forms of municipal law, and is no more sacred than any other. Rights of property which have been created by the common law cannot be taken away without due process; but *the law itself, as a rule of conduct, may be changed at the will, or even at the whim, of the legislature, unless prevented by constitutional limitations. Indeed, the great office of statutes is to remedy defects in the common law as they are developed, and to adapt it to the changes of time and circumstances.* (94 U.S. 113, at 134.)

In numerous decisions, the Court has approved legislative schemes which, like no-fault auto reparations laws, substitute first-party recovery for tort rights. The leading case in this area, *New York Central Railroad Company* v. *White*, 243 U.S. 188 (1917), involved a workman's compensation statute, which the Court upheld in terms directly applicable here:

No person has a vested interest in any rule of law entitling him to insist that it shall remain unchanged for his benefit. . . . The statute under consideration sets aside one body of rules only to establish another system in its place. If the employee is no longer able to recover as much as before in case of being injured through the employer's negligence, he is entitled to moderate compensation in all cases of injury, and he has a certain speedy remedy without the difficulty and expense of establishing negligence or proving the amount of the damages. (243 U.S. at 198.)

For purposes of due process and the Constitution, there is no meaningful difference between the character of the adjustment of rights and remedies involved in these workman's compensation cases and that involved in the enactment of a no-fault system for auto accident reparations.

Mr. President, opponents of no-fault have sought to distinguish workman's compensation on the grounds, first, that, unlike motorists, workmen and their employers have a "contractual" relationship; second, that, unlike motorists, workmen, their employers, and their fellow employees are all participants in a common enterprise, and third, that, under workman's compensation schemes, the workmen who lose their tort rights are, unlike motorists under no-fault, not required themselves to bear the burden of premiums to support the reparations system—it is supported by employer contributions.

These distinctions are of no moment. The "contractual" or "common enterprise" relationships among employers and employees do not in any way diminish the fact that, both under workman's compensation and no-fault, first-party systems are substituted for tort-based systems whereby tort law adversaries are treated as participants in a common fund and provided equivalent benefits. Similarly, the fact that employers formally bear the financial burden of contributing to the fund under workman's compensation constitutes a legalistic, but not an economic or functional difference between such systems and no-fault systems; employer contributions are labor costs from an economic standpoint, and necessarily, therefore, they affect the pay which workers take home as wages just as they would if they were insurance payments which workers were required to make out of what would otherwise be a larger paycheck.

Mr. President, a majority of the members of the Judiciary Committee believe there is no room for doubt that the carefully drawn provisions of S. 354 are a reasonable means of reaching the permissible legislative objectives of the statute.

It is important to bear in mind, as the Supreme Court recently emphasized in *Dandridge* v. *Williams*, 397 U.S. 471 (1970), that the standard of constitutional review applied to legislation in the social and economic field is simply whether the legislation in question bears a reasonable relationship to a proper legislative purpose. I believe it is amply demonstrated that there does exist a reasonable link between the objectives of S. 354, of removing specified burdens from commerce, and the means chosen to attain this objective—substitution of first-party benefits for tort rights.

THE EQUAL PROTECTION ARGUMENT

Mr. President, the equal protection question raised by opponents of this legislation would seem to present even less difficulty than the due process question, especially in view of the Supreme Court's 1970 decision in *Dandridge* v. *Williams*, 397 U.S. 471 (1970). In that case, the Court sustained against an equal protection challenge a State-imposed ceiling on welfare payments to large families, the effect of which was to discriminate in favor of children of relatively small families.

"In the area of economics and social welfare," the Court held:

[A] State does not violate the Equal Protection clause merely because the classifications made by its laws are imperfect. If the classification has some "reasonable basis," it does not offend the Constitution simply because the classification "is not made with mathematical nicety or because in practice it results in some inequality." [Citations omitted.] (397 U.S. at 485.)

The case of Dandridge precludes successful equal protection attacks on any provisions of S. 354 which uses the seriousness of the injury as a basis for classification—on the ground that such distinctions create differing impacts on people in differing economic circumstances—or on provisions defining the circumstances in which actions for noneconomic losses may lie—section 206, permitting such suits only in cases of death, serious and permanent disfigurement, other serious and permanent injury, or more than 6 months' continuous total disability.

Mr. President, I further invite the attention of the Senate to the fact that the Supreme Court, on April 1 of this year, decided a case which directly bears upon this very issue. The case of *Village of Belle Terre* v. *Boraas* (Docket No. 73–191) involved a New York village ordinance which restricted land use to "families" and defined "families" as persons related by blood, adoption or marriage, or not more than two unreleated persons living and cooking together as a single housekeeping unti. Six unrelated college students were cited for violating the ordinance. The case was brought to the Supreme Court where this land-use restriction was challenged as violative of the equal protection clause of the Constitution.

The Supreme Court, in a 7-to-2 decision, written by Mr. Justice Douglas, held that in dealing with—

[E]conomic and social legislation where legislatures have historically drawn lines which we respect against the charge of violation of the Equal Protection Clause if the law be "reasonable, not arbitrary" (quoting *Royster Guano Co.* v. *Virginia*, 253 U.S. 412, 415) and bears "a rational relationship to a [permissible] state objective." (citing *Reed* v. *Reed*, 404 P.S. 71, 76.

The Court went on to state the basic principle involving review of this type of economic and social legislation:

But every line drawn by a legislature leaves some out that might well have been included. That exercise of discretion, however, is a legislative not a judicial function.

The Court included in a very instructive footnote a quote which the great Mr. Justice Holmes made a half century ago:

When a legal distinction is determined, as no one doubts that it may be, between night and day, childhood and maturity, or any other extremes, a point has to be fixed or a line has to be drawn, or gradually picked out by successive decisions, to mark where the change takes place. Looked at by itself without regard to the necessity behind it the line or point seems arbitrary. It might as well or nearly as well be a little more to one side or the other. But when it is seen that a line or point there must be, and that there is no mathematical or logical way of fixing it precisely, the decision of the legislature must be accepted unless we can say that it is very wide of any reasonable mark. *Louisville Gas Co.* v. *Coleman*, 277 U.S. 32, 41 (dissenting.)

Mr. President, in light of this clear constitutional authority, it does not seem that any reasonable equal protection claim can be raised against this bill.

3. S. 354 DOES NOT EXCEED CONSTITUTIONAL LIMITS ON FEDERAL AUTHORITY TO AUTHORIZE OR COMPEL ACTION BY STATE GOVERNMENTS

STATE CONSTITUTIONAL PROVISIONS ALLEGED TO CONFLICT WITH PROVISIONS OF NO-FAULT PRINCIPLE

Mr. President, an argument was made to the Committee on the Judiciary that the Federal Government cannot compel a State to act in violation of its State constitution, and that various provisions in several State constitutions would conffict with the State action needed to implement S. 354.

Testimony presented before the Commerce and the Judiciary Committees shows that five States—Arizona, Arkansas, Kentucky, Pennsylavnia, and Wyoming—have a specific provision in their State constitutions prohibiting the limitation of the amount to be recovered for injury resulting in death or injuries to persons or property. In four other States—Ohio, New York, Oklahoma, and Utah—there is similar constitutional provision applicable only to injuries resulting in death. Finally, in 20 States, there are provisions which in various ways seeks to assure that all courts shall be open and every person shall have remedy for his injuries.

There is no basis for the suggestion that these State constitutional provisions will block implementation of a national no-fault law.

First, as Dean Erwin N. Griswold's opinion, submitted to the Judiciary Committee during hearings on S. 354, demonstrates in detail, there is in fact no or virtually no conffict between these State constitutions and no-fault. For example, constitutional provisions which forbid State legislatures from limiting the amount of damages recoverable in tort actions would not preclude the legislature from abolishing an underlying right of action altogether. Dean Griswold's analysis demonstrated that only in one State, Arizona, does the wording of the provision present serious difficulty, and, even in that State, legislative practice appears to indicate that the provision would not be interpreted to bar enactment of a no-fault statute like S. 354.

But, even if one or possibly more State constitutions do conflict with S. 354, such provisions would, to that extent, be void from the instant the Federal bill was signed into law. This effect is guaranteed, not only by the supremacy clause of the Constitution, but by the express language of section 201(a) of the bill, which specifies Congress intent in the most unmistakable terms to preempt provisions of any State law which would "prevent the establishment or administration in such State of a no-fault plan for motor vehicle insurance in accordance with this act."

One witness before the Committee on the Judiciary, Dr. Mitchell Wendell, alleged that preemption under the supremacy clause, and presumably under section 201(a) of th act as well, was effective regarding State courts but not legislatures or administrative agencies. On this theory, he presumed that such State instrumentalities would be free, or, conceivably, bound to disregard S. 354, until or unless directed to do otherwise by a court order.

Mr. President, a majority of the members of the Judiciary Committee have indicated their agreement with Dean Griswold's rebuttal of this point. I quote from his opinion:

This argument is specious. The Supremacy Clause was intended to be effective. Under clause 3 of Article VI of the Constitution, all State legislative and executive officers, as well as State judicial officers, take an oath to support the Constitution of the United States, and this clearly includes an obligation to support laws which are validly made by Congress under the Constitution. The Supremacy Clause would be singularly deficient if it were read to recognize a situation in which State legislatures or executive agencies were free to act contrary to valid Federal legislation, only to be reversed when the matter appears before the State court. The obvious construction of the Clause is that the State legislation is void from the beginning even if the judgment to that effect is not made until the State or Federal court rules on the matter. The Supreme Court clearly accepted this principle in *Cooper v. Aaron*, 358 U.S. 1 (1958).

Further, our colleagues on the Judiciary Committee who submitted minority views agreed that—

[A]ny State constitutional provisions prohibiting enactment of a no-fault plan pursuant to Title II would be rendered void, *removing any legal impediments facing a State desiring to enact such a plan.* (S. Rept. No. 93–757, Minority Views, p. 42.)

CONGRESS MAY CONFER AUTHORITY ON STATE INSTRUMENTALITIES NOT GRANTED BY STATE LAW

Mr. President, it should be noted that certain provisions of S. 354 authorize State insurance commissioners to perform certain functions which, under the law of some States, those commissioners may not now possess. It has been alleged that Congress may not thus confer authority beyond that granted by State law on State agencies.

This contention has been decisively rejected by our Federal courts, including the Supreme Court.

Let me cite an example. In the case of the *City of Tacoma* v. *Taxpayer of Tacoma,* 357 U.S. 320 (1958), the Supreme Court reversed a decision by the Supreme Court of Washington, in which the latter court forbade a municipality from acting under a Federal Power Commission license to exercise eminent domain power in the construction of a power project, when the municipality had no such powers under State law. The Washington Supreme Court ruled that only through corrective State legislation could the city's "inability to act be remedied."

The United States Supreme Court reversed. Its decision was technically based on principles of res judicata, since a prior court of appeals decision had already ruled on the precise question, unfavorably to Washington. But the Supreme Court's opinion makes clear its disapproval of the State court's holding. (357 U.S. at pp. 332–33.)

In conformance with the constitutional principle established in this and other cases, Congress has in the past acted to confer authority on State officials, sometimes in terms going far beyond the grants of power contemplated by S. 354.

An example of this technique is the Clean Air Act Amendments of 1970 (42 U.S.C. §§ 1857d et seq.). The Clean Air Act functions in a manner precisely analogous to the mechanisms established by titles II and III of S. 354. Under its complex provisions, States are directed to establish plans designed to attain air quality standards consistent with federally set criteria and recommended control techniques. (42 U.S.C. § 1857d (c)(2).) However, it is the State officials who must then carry out the federally promulgated standards, if necessary, on the basis of authority conferred by the Administrator of the Environmental Protection Agency. In three specific instances, the Clean Air Act expressly directs the Administrator to make necessary delegations of authority to appropriate State officials. (42 U.S.C. §§ 1857c–6(c)(1), 1857c–7(d)(1), 1857c–9(a).) Further, it should be noted that the Environmental Protection Agency has frequently exercised the authority granted by the act to make such delegations to State officials, for example, in plans promulgated for Kentucky, Idaho, and Colorado.

In view of these judicial and legislative precedents, the Committee on the Judiciary in their consideration of S. 354 unanimously rejected charges relating to the fact that the bill preempts State statutory or constitutional provisions, and thus authorizing State agencies to act in violation of conflicting State laws.

CONGRESS MAY REQUIRE STATE GOVERNMENT OFFICIAL TO TAKE AFFIRMATIVE ACTION

Mr. President, after consideration of this legislation by the Judiciary Committee, the sole constitutional issue which appears to remain a question in the minds of some concerns the residual question of certain mandatory responsibilities imposed pursuant to title III. I would like to address this point in some detail.

First, once S. 354 becomes law, if one or more States fail to prepare plans consistent with title II within the generous period of time prescribed by the bill, certain sections of the bill will impose mandatory responsibilities on State insurance commissioners pursuant to implementation of title III. It has been alleged before the Judiciary Committee and before the Commerce Committee that such implementation of mandatory "affirmative" requirements on State officials is beyond congressional power.

While declining to conclude flatly that these mandatory requirements are unconstitutional, our colleagues in their minority views included in the Judiciary Committee report contend that this approach rests on a "tenuous constitutional footing"—Senate Report No. 93–757, minority views, page 42.

A majority of the members of the Judiciary Committee have indicated their disagreement with this contention. Without going into the full argument detailed in the majority report of the Judiciary Committee, I would like to briefly note that one section of that report, beginning at page 14, discusses the requirements of title III—which will, in any event, apply

only in those very few States which forgo the opportunity to adopt title II plans—and notes that they are tailored to the contours of traditional insurance regulatory practice. They contemplate that State insurance commissioners will perform tasks substantially identical to those which they already perform under State law—in an environment reshaped by the elimination of tort liability in auto accident cases and by the implementation of minimum first-party benefit levels by the insurance industry.

Indeed, it appears reasonable to assume that the Supreme Court would sanction these requirements as an eminently proper exercise of Congress powers under the commerce clause and the necessary and proper clause. The fact is, the Federal courts themselves have required far more extensive affirmative action of State officials, including State Governors and State legislatures for example, in reapportionment cases. For an illustrative case, I refer Senators to *Holt* v. *Richardson*, 238 F. Supp. 468 (D. Haw. 1965), remanded sub nom. *Burns* v. *Richardson*, 384 U.S. 73 (1966).

Mr. President, the authority of Congress to compel State action would seem to be at least as extensive as that of the Federal judiciary, a principle confirmed by numerous Supreme Court precedents. Some of the many cases involving this principle are *Sanitary District of Chicago* v. *United States*, 266 U.S. 405 (1925); *Board of Trustees of the University of Illinois* v. *United States*, 289 U.S. 48 (1933); *Parden* v. *Terminal Railway of the Alabama State Docks Dept.*, 377 U.S. 184 (1964); *Petty* v. *Tennessee Missouri Bridge Commission*, 359 U.S. 275 (1959); *United States* v. *California*, 297 U.S. 175 (1936); and *Maryland* v. *Wirtz*, 392 U.S. 183 (1968).

That authority is granted by these decisions of the Federal courts has been confirmed by congressional practice, most recently and dramatically with the Clean Air Act Amendments of 1970 as I discussed earlier. That legislation confers extensive and burdensome obligations on State officials and requires them to carry out these responsibilities.

Some witnesses before the Judiciary Committee pointed out that the Clean Air Act contains provisions authorizing the Environmental Protection Agency to issue administrative orders or to seek court injunctions, if State enforcement of plans implementing clean air standards is inadequate. These witnesses note that S. 354 contains no such express warrant for Federal remedial action, although it was conceded, as Dean Griswold noted, that inherent authority would lie in the Attorney General's Office to seek injunctions to enforce the law of the land, were it necessary to invoke that authority to put S. 354 into practice.

This distinction between the terms of the Clean Air Act and those of S. 354 does not alter the fact that the Clean Air Act is a far more thoroughgoing imposition of mandatory requirements on the State than is S. 354. As Dean Griswold explained in a letter on this point to the Senator from Nebraska (Mr. HRUSKA) subsequent to his appearance as a witness:

As a matter of principle, the remedial provisions of the Clean Air Act (principally section 113, 42 U.S.C. § 1857c-8) do not qualify the absolute character of the state's affirmative obligations under that statute. They are intended to supplement state administration of implementation plans or to compel states to act, but, quite clearly, they are not substitutes for state administration.

From a practical standpoint, the specific responsibilities imposed on states under the Clean Air Act are so extensive that they could not be carried out by the Federal Environmental Protection Agency through either of the two enforcement mechanisms provided by the Act—court actions for injunctions or administrative orders issued by EPA. As noted in my opinion, page 124, the Act requires states to undertake such programs as the establishment of vehicle inspection and maintenance programs, the retro-fitting of certain pre-1968 vehicles with emission control equipment, and similar measures that only state government agencies could, as a practical matter, accomplish. The only manner in which such large-scale programs could be established through the Clean Air Act's enforcement mechanisms would be for EPA to seek federal court or administrative orders against the delinquent state agencies themselves, specifically mandating them to act.

This construction of the statute is confirmed by EPA's own practice. See, e.g., its analysis incident to the promulgation of certain state implementation plans at 38 Fed. Reg. 30632-33:

"Direct Federal enforcement and massive, duplicative Federal programs . . . were not the means contemplated by the Act to solve these problems. It is clearly necessary that implementation of transportation control plans be carried out at the State and local level. The Chairman of the House Committee that reported out the amendments to the Act described their purpose as follows:

" 'If we left it all to the Federal Government, we would have about everybody on the payroll of the United States. We know this is not practical. Therefore, the Federal Government sets the standards, we tell the States what they must do and what standards they must meet. These standards must be put into effect by the communities and the States, and we expect them to have the means to do the actual enforcing.' "

Although the proposed national no-fault bill itself makes no provision for a federal remedy in case of default by a state of its Title III obligations, as noted in my opinion (pages 138-150), court actions in the nature of *mandamus* or declaratory judgment would lie to enforce state obligations. Hence, in effect, the remedies for state default under both statutes are similar if not identical.

Mr. President, S. 354, although it does not go nearly so far as the Clean Air Act in imposing mandatory responsibilities on State governments is based on the same moderate approach to meshing a vital national objective with a tradition of predominant State administrative authority. In order to preserve the States' role, Congress establishes minimum standards sufficient to achieve its aims, but calls on the States to assume only those regulatory responsibilities which are requisite for putting those aims into practice.

Mr. President, a majority of the members of the Judiciary Committee found this approach to be an eminently sound technique for assuring the benefits of no-fault reparations to all American citizens.

Further, the majority on that committee believes that, based on our careful and thorough study, the bill, as Dean Griswold so aptly stated in his testimony, is constitutional "both overall and with respect to each of its provisions."

RESPONSE TO COST ANALYSIS CONTAINED IN MINORITY VIEWS OF THE JUDICIARY COMMITTEE REPORT ON S. 354

Mr. President, the minority views of the Judiciary Committee report (S. Rept. No. 93-757, 93d Cong., 2d Sess., pp. 50-54) tend to confuse the cost issue by giving the impression that premium costs will rise under a plan meeting the standards of S. 354. While it is true—because all injured victims are entitled to recover—that there will be more payments for economic loss under S. 354 than there are for combined economic loss and general damages under the tort system, the Milliman and Robertson actuarial study of this legislation indicates premium savings in every State for one plan meeting the requirements of S. 354—unlimited medical and $15,000 wage loss coverage.

These savings will result because: First, loss adjustment expenses will decrease under a first-party system; second, the overpayment of small claims will be eliminated; and third, a higher portion of drivers will carry insurance under the compulsory requirements of this bill.

SPECIFIC ANALYSIS OF MINORITY VIEWS STATEMENT ON COST

A. THE NAII COST PROJECTION OF S. 945—92D CONGRESS

First, the minority views of the Judiciary Committee report on S. 354 make reference to a cost study by an insurance group strongly opposed to Federal no-fault. This group, the National Association of Independent Insurers, based their estimates on an earlier bill considered in the 92d Congress, S. 945. That bill provided $50,000 in wage loss coverage while S. 354 as reported by the Commerce Committee, requires a State to provide only $15,000 in wage loss coverage. The effect of this change, as well as other differences in the required benefit levels, is to make the NAII cost projection no longer valid. There is some question whether the NAII cost estimates were even valid as to S. 945.

B. THE MINORITY VIEWS CREATE CONFUSION BY IMPLYING INCREASED "CLAIMS COSTS"—PAYMENT OF BENEFITS TO VICTIMS—WILL INCREASE PREMIUM COSTS TO INSURED PERSONS

The minority views state that:

[I]t would appear that it could cost more to pay economic loss alone, under S. 354, than it costs to pay the combined economic loss and general damage total under the tort system (p. 52).

The meaning of this statement is that there will be more benefits paid to injured victims for economic loss alone, under S. 354, than they receive for both economic loss and general damages—pain and suffering—under the tort system. It is true that more benefits will be paid to injured victims under no-fault than under the tort system; that is one of the basic reasons why it is a sound reform proposal. But it is very, very inaccurate to characterize the payments of these increased benefits as meaning there will be increased premium costs to consumers.

These inaccurate and misleading statements concerning the costs under a no-

fault system are repeated again in the following statement:

By comparing the total tort system claim costs to S.[3]54's low benefit, low threshold and $2,500 per claim deduction, it is apparent that consumers in 44 States will experience an increase in costs. (p. 52)

Does that really mean that drivers will have to pay more for insurance under that no-fault plan? No. "Claims costs" is an insurance term which means the cost to an insurance company of paying injured victims entitled to recovery. In other words, the statement above means that the injured victims will receive more dollars in combined benefits for economic loss and general damages under a no-fault plan meeting the requirements of S. 354 than they do under the tort system.

What the tables prepared by the minority staff—minority appendices D and E, pages 81–83—really indicate is not the percentage increase in cost to consumers but rather the percentage increase in benefits paid to injured victims under a no-fault plan providing work loss benefits meeting the standards of S. 354. But as stated previously, even though benefit payments are substantially increased in an S. 354 no-fault plan, this does not mean premiums for auto insurance buyers will increase.

Indeed, the same Milliman and Robertson study from which the above figures were drawn indicates that a low benefit, tight threshold no-fault plan meeting the standards of S. 354 will produce savings in the average personal injury premium and the average total auto premium in every State. The exact percentage savings in every State for total and personal injury premiums are shown in column 4 of exhibits A–1 and A–2, respectively, of the Milliman and Robertson study, which are reprinted at pages 68–69 of the Judiciary Committee Report on S. 354. The savings in the average personal injury premium for each State are also shown in table B of the majority report of the Judiciary Committee—pages 23–24.

Mr. President, I ask unanimous consent that these tables be printed in the RECORD.

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

TABLE B.—*Costs under plan meeting the benefit and threshold requirement of S. 354—Change in average personal injury premium*

State:	*Percentage decrease* *
Alabama	22
Alaska	9
Arizona	19
Arkansas	19
California	28
Colorado	10
Connecticut	21
Delaware	10
District of Columbia	20
Florida	19
Georgia	16
Hawaii	25
Idaho	12
Illinois	16
Indiana	12
Iowa	12
Kansas	15
Kentucky	12
Louisiana	22
Maine	7
Maryland	10
Massachusetts	25
Michigan	6
Minnesota	14
Mississippi	20
Missouri	20
Montana	10
Nebraska	8
Nevada	21
New Hampshire	14
New Jersey	28
New Mexico	17
New York	22
North Carolina	8
North Dakota	4
Ohio	18
Oklahoma	18
Oregon	11
Pennsylvania	18
Rhode Island	18
South Carolina	3
South Dakota	10
Tennessee	18
Texas	23
Utah	17
Vermont	6
Virginia	5
Washington	15
West Virginia	20
Wisconsin	8
Wyoming	8

* Bill provisions—Parameters and definitions:

Low benefit limitation:
Wage loss, maximum amount, $15,000 fixed.
Services, maximum period, 1 year.
Survivors, maximum amount, $5,000.
Tight Threshold Provision:
Disability, qualifying period, 6 months.
General damages, deductible, $2,500.

Source: Taken from Exhibit A–2 of the Cost Estimate Study of No-Fault Automobile Insurance (Variations on S. 354) (Prepared for the Federal Department of Transportation; study conducted by Milliman and Robertson, Inc., Pasadena, California (1973).)

EXHIBIT A–1

S. 354 COSTS UNDER BENEFIT AND THRESHOLD VARIATIONS—CHANGE IN AVERAGE TOTAL AUTO PREMIUM

State	High benefit level, tight threshold provision	High benefit level, loose threshold provision	High benefit level, no threshold provision	Low benefit level, tight threshold provision	Low benefit level, loose threshold provision	Low benefit level, no threshold provision
Alabama	−5	−1	+4	−9	−4	7
Alaska	0	+5	+10	−4	+1	+0
Arizona	−4	0	+6	−9	−4	+2
Arkansas	−4	0	+5	−8	−4	+1
California	−9	−4	+2	−13	−8	−1
Colorado	0	+4	+10	−4	0	+6
Connecticut	−7	−2	+5	−10	−6	+2
Delaware	0	+4	+10	−4	0	+6
District of Columbia	−6	−1	+6	−8	−4	+4
Florida	−5	0	+8	−10	−4	+4
Georgia	−2	+2	+7	−6	−2	+2
Hawaii	−8	−3	+5	−12	−7	+1
Idaho	0	+4	+8	−5	−1	+4
Illinois	−3	+2	+8	−7	−2	+4
Indiana	0	+4	+10	−5	0	+5
Iowa	0	+5	+10	−5	0	+5
Kansas	−1	+3	+8	−6	−2	+3
Kentucky	−1	+4	+9	−5	0	+4
Louisiana	−5	0	+7	−10	−4	+3
Maine	+2	+6	+11	−3	+2	+6
Maryland	−1	+6	+13	−5	+1	+8
Massachusetts	−8	−2	+5	−12	−7	+1
Michigan	+2	+6	+12	−2	+2	+8
Minnesota	−2	+4	+10	−7	−2	+6
Mississippi	−4	0	+4	−8	−4	0
Missouri	−5	0	+6	−9	−4	+3
Montana	+1	+4	+9	−4	0	+4
Nebraska	+2	+6	+12	−3	+1	+6
Nevada	−5	−1	+3	−8	−5	0
New Hampshire	−1	+4	+9	−6	−2	+4
New Jersey	−11	−6	+2	−14	−8	−2
New Mexico	−2	+2	+7	−7	−2	+2
New York	−6	−1	+6	−11	−6	+2
North Carolina	+2	+7	+13	−4	+2	+8
North Dakota	+4	+8	+12	−2	+2	+7
Ohio	−3	+1	+6	−7	−3	+3
Oklahoma	−3	+2	+8	−7	−2	+4
Oregon	0	+5	+11	−5	0	+6
Pennsylvania	−5	0	+7	−8	−4	+3
Rhode Island	−4	+2	+8	−9	−4	+4
South Carolina	+4	+9	+15	−1	+4	+9
South Dakota	+1	+5	+9	−4	0	+4
Tennessee	−4	+1	+7	−8	−3	+3
Texas	−5	−1	+4	−8	−4	0
Utah	−3	+1	+7	−7	−2	+4
Vermont	+3	+7	+12	−2	+2	+7
Virginia	+3	+8	+15	−2	+3	+10
Washington	−2	+2	+9	−7	−2	+5
West Virginia	−4	0	+5	−8	−4	+1
Wisconsin	+2	+7	+14	−4	+2	+8
Wyoming	+1	+4	+8	−2	0	+4

NOTES

(1) Entries are estimates of percentage changes in the average automobile insurance total premium (personal injury plus auto damage) payable per insured vehicle under the proposed no-fault system relative to the existing (or previous) tort liability system.

(2) Variation codes (HT, HL, etc.) are defined in exhibit C–1, State codes in exhibit E–1.

(3) These numbers should neither be used nor released without reference to the caveats in exhibit B.

EXHIBIT A-2

S. 354 COSTS UNDER BENEFIT AND THRESHOLD VARIATIONS—CHANGE IN AVERAGE PERSONAL INJURY PREMIUM

State	Variation: High benefit level, tight threshold provision	High benefit level, loose threshold provision	High benefit level, no threshold provision	Low benefit level, tight threshold provision	Low benefit level, loose threshold provision	Low benefit level, no threshold provision
Alabama	−12	−2	+11	−22	−11	+1
Alaska	+1	+12	+26	−9	+3	+17
Arizona	−10	0	+13	−19	−9	+4
Arkansas	−10	−1	+13	−19	−10	+3
California	−21	−10	+5	−28	−17	−3
Colorado	+1	+11	+25	−10	+1	+14
Connecticut	−14	−3	+10	−21	−11	+3
Delaware	0	+11	+25	−10	0	+15
District of Columbia	−15	−2	+14	−20	−9	+9
Florida	−9	+1	+16	−19	−7	+7
Georgia	−4	+6	+17	−16	−5	+6
Hawaii	−17	−6	+10	−25	−14	+2
Idaho	0	+10	+21	−12	−3	+9
Illinois	−6	+5	+18	−16	−5	+9
Indiana	0	+11	+24	−12	−1	+12
Iowa	+1	+12	+25	−12	0	+12
Kansas	−3	+7	+19	−15	−5	+7
Kentucky	−2	+9	+21	−12	−1	+10
Louisiana	−12	0	+16	−22	−10	+6
Maine	+6	+16	+28	−7	+4	+16
Maryland	−1	+11	+26	−10	+2	+16
Massachusetts	−17	−5	+10	−25	−14	+2
Michigan	+4	+15	+30	−6	+4	+19
Minnesota	−4	+7	+21	−14	−3	+11
Mississippi	−10	0	+11	−20	−10	+1
Missouri	−11	0	+14	−20	−9	+6
Montana	+3	+12	+25	−10	0	+12
Nebraska	+5	+16	+29	−3	+3	+16
Nevada	−13	−3	+8	−21	−13	−1
New Hampshire	−2	+9	+20	−14	−4	+9
New Jersey	−22	−11	+4	−28	−16	−4
New Mexico	−6	+5	+17	−17	−6	+6
New York	−13	−2	+13	−22	−11	+4
North Carolina	+5	+16	+29	−8	+4	+17
North Dakota	+9	+19	+31	−4	+5	+17
Ohio	−8	+3	+16	−18	−8	+7
Oklahoma	−7	+6	+21	−18	−5	+9
Oregon	+1	+12	+25	−11	0	+13
Pennsylvania	−11	+1	+15	−18	−8	+7
Rhode Island	−9	+3	+17	−18	−7	+7
South Carolina	+9	+20	+33	−3	+8	+20
South Dakota	+2	+12	+23	−10	−1	+10
Tennessee	−9	+2	+15	−18	−7	+7
Texas	−14	−3	+10	−23	−12	+1
Utah	−8	+3	+18	−17	−5	+9
Vermont	+7	+18	+30	−6	+5	+17
Virginia	+6	+17	+30	−5	+6	+19
Washington	−5	+5	+19	−15	−4	+11
West Virginia	−11	−1	+12	−20	−10	+3
Wisconsin	+3	+14	+27	−8	+3	+17
Wyoming	+4	+13	+25	−8	+1	+12

NOTES

(1) Entries are estimates of percentage changes in the average automobile insurance personal injury premium payable per insured vehicle under the proposed no-fault system relative to the existing (or previous) tort liability system.

(2) Variation codes (HT, HL, etc.) are defined in exhibit C-1, State codes in exhibit E-1.

(3) These numbers should neither be used nor released without reference to the caveats in exhibit B.

Mr. HART. This low benefit, tight threshold plan meets the minimum standards of S. 354.

Mr. President, the relevant cost factor of this bill to the American auto insurance consumer is the effect on premiums. The effect is to reduce the average premium in every State—urban, rural, North, South, East, and West.

But the question is raised—how can more victims be paid more benefits while still achieving premium savings? The answer is because, first, loss adjustment expenses will decrease under a first-party system, second, the overpayment of small claims will be eliminated, and, third, a higher portion of drivers will carry insurance under the compulsory requirements of this bill.

With regard to the first point, the predicted savings in loss adjustment expenses for each State are shown in the figures contained in appendix II of the Milliman and Robertson study, November 1973. The reason for this decrease in loss adjustment expenses is because of the fact that it will no longer be necessary to determine fault. This will mean substantial savings in administrative, investigative and legal expenses. Thus, under a no-fault plan, a higher percentage of the premium dollar will be returned as benefits to injured victims.

On the second point, the Department of Transportation study of the automobile reparations system, the Senate Commerce Committee hearings and the Commerce Committee report on S. 354, all demonstrate in extensive detail the problem of overcompensation for minor injuries under the tort liability system.

With regard to the third reason why cost savings will be achieved, the minority views contend that it is improper to take into account the fact that the Milliman and Robertson study postulates that the ratio of insured vehicles to total vehicles will be higher than it is under the tort liability system.

First, if there is any question about the feasibility of compulsory insurance, it should be noted that North Carolina, a State with many persons of moderate and low income and a substantial rural population, has a compulsory insurance law and has been able to obtain a ratio of 97 percent insured vehicles. There is every reason to believe that under a no-fault system requiring compulsory insurance, the percentage of uninsured vehicles will decrease substantially.

Of greater significance is the fact that a system of no-fault premium ratings will eliminate many of the inequities of the tort system which require some persons to pay very high premiums in an assigned risk category and eventually lead many persons to carry no liability insurance whatsoever.

What are the inequities in the present tort system that are a factor in precluding, for example, 19 percent of the vehicles in Illinois, 29 percent of the vehicles in Texas, and 20 percent of the vehicles in South Dakota, from carrying liability insurance? Many insurance companies simply refuse to insure certain persons or require them to insure under a "high risk" policy issued by a separate subsidiary, not because those individuals do not have safe driving records, but because of characteristics which insurers assume, based on social indicators, will not make these persons ideal defendants in the event they should be involved in an accident and a lawsuit does arise. These discriminatory social indicators involve such things as whether a person is divorced, has long hair, or has decorated his car with flowers. Persons in these categories may have a completely safe driving record and may have never been involved in an accident and, yet, may be denied insurance by a company or assessed much higher rates than other persons with similar driving records. The effect of the tort liability system which causes this unfairness in rating and which contributes to a high percentage of persons failing to carry liability insurance means that there is a drag on all persons who do carry insurance under the tort system.

In effect, the 70 or 80 percent in a State who do carry auto insurance constitute a smaller premium base from which to pay benefits to those suffering injuries. Moreover, the fact that significant percentages of persons carry no liability insurance means that a substantial uninsured motorists program must be established in order to protect insured drivers because of the significant likelihood that they will be involved in an accident with an uninsured motorist.

Under a no-fault system, since benefits will be paid directly by a person's own insurance company, the characteristics of a person as a potential defendant will be significantly diminished in determining insurance premium rates. The combined effect of the elimination of these unfair and discriminatory practices, together with the required compulsory insurance—under which a person not carrying no-fault insurance will be

subject to tort liability even for nonserious injuries—will be that a substantially higher percentage of licensed drivers will carry insurance, thus increasing the premium base. The result of this increased premium base will be to reduce average premium costs.

C. THE MINORITY VIEWS ARE IN ERROR IN CHALLENGING THE INCLUSION OF MEDICAL PAYMENTS COVERAGE IN THE COST OF THE PRESENT SYSTEM

The Milliman and Robertson study included an assumption that a certain portion of insured persons carry "medical payments coverage"—and weighted the assumption in accordance with data in each State. They included the cost of this minimal medical coverage as a part of the total cost of the present personal injury insurance premium. The minority views have challenged the validity of including this portion of the premium.

The minority views claim that this inclusion establishes an improper base from which to calculate the savings that would accrue under a no-fault system. However, the inclusion of this medical coverage appears to be justified because it is a cost of personal injury insurance protection under the present system. In other words, the normal insurance bill breaks down the premium cost for personal injury liability, property liability, collision, and medical payments coverage.

It is clearly appropriate, in order to fairly compare the cost of the average no-fault premium which affects personal injury to that of the present bodily injury insurance system, to include this medical coverage which is clearly a part of the bodily injury insurance premium under the present system.

D. EXPERIENCE IN STATES WHICH HAVE ADOPTED NO-FAULT INDICATES CONSUMERS WILL RECEIVE PREMIUM SAVINGS

The minority views of the judiciary the actual experience in States which have adopted no-fault has failed to prove the validity of the Milliman and Robertson study. Yet, they give no specific examples which challenge the validity of that study, and the record in the States that have adopted no-fault reform indicates that premium savings have been achieved.

The Milliman and Robertson study appears to be very conservative in its prediction of premium savings. Average premium reductions for bodily injury coverages in States with no-fault laws in effect have exceeded the projections made on the Milliman and Robertson model. For example, the Milliman and Robertson model projected a 24 percent average bodily injury premium reduction in Massachusetts when, in fact, the average reduction has been closer to 40 percent.

In fact, the most powerful evidence of the effect of no-fault laws on premiums is the actual experience occurring in States which have enacted significant no-fault reform. The results have been an overall savings in average premiums as well as premium savings in the rural territories within these States.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD tables relating to private passenger automobile rates of the Aetna Casualty & Surety Co., family automobile policy.

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

NEW JERSEY: PRIVATE PASSENGER AUTOMOBILE RATES: AETNA CASUALTY & SURETY CO. FAMILY AUTOMOBILE POLICY

Coverages: 15/30 Bodily Injury Liability, 10,000 Property Damage Liability, Personal Injury Protection, 1,000 Medical Payments, 15/30 Bodily Injury Uninsured motorists, Full Coverage Comprehensive (Symbol 4, Age 1), $100 Deductible Collision (Symbol 4, Age 1).

NOTE: While New Jersey provides unlimited medical coverage, it provides a low wage coverage of $5,200.

EXAMPLE 1.—35-YR-OLD MARRIED MALE, NO YOUTHFUL OPERATORS, NO ACCIDENTS OR VIOLATIONS: VEHICLE: 197X CHEVELLE MALIBU IS USED FOR PLEASURE ONLY

Coverage	Newark-02		Bergen County-10	
	April 1971	January 1973	April 1971	January 1973
Bodily injury and PIP	$123	$96	$64	$49
Property damage	56	50	38	34
Medical payments	10		6	
Uninsured motorists	5	2	5	2
Subtotal	194	148	113	85
Comprehensive	74	79	28	30
Collision	190	162	92	82
Subtotal	264	241	120	112
Total	458	389	233	197

EXAMPLE 2.—45-YR-OLD MARRIED MALE PRINCIPAL OPERATOR WITH AN 18-YR-OLD SINGLE MALE OCCASIONAL OPERATOR, NO ACCIDENTS OR VIOLATIONS. VEHICLE: 197X CHEVELLE MALIBU IS DRIVEN TO WORK 8 MI 1 WAY

Coverages	Newark-02		Bergen County-10	
	April 1971	January 1973	April 1971	January 1973
Bodily injury and PIP	$332	$259	$173	$132
Property damage	151	135	103	92
Medical payments	27		16	
Uninsured motorists	5	2	5	2
Subtotal	515	396	297	226
Comprehensive	200	213	76	81
Collision	513	437	48	221
Subtotal	713	650	124	302
Total	1,228	1,046	421	528

EXAMPLE 3.—21-YR-OLD SINGLE MALE OWNER AND PRINCIPAL OPERATOR, NO ACCIDENTS OR VIOLATIONS. VEHICLE: 197X CHEVELLE MALIBU IS DRIVEN TO WORK 2 MI 1 WAY

Coverages	Newark-02		Bergen County-10	
	April 1971	January 1973	April 1971	January 1973
Bodily injury and PIP	$308	$240	$160	$123
Property damage	140	125	95	85
Medical payments	25		15	
Uninsured motorists	5	2	5	2
Subtotal	478	367	275	210
Comprehensive	185	198	70	75
Collision	475	405	230	205
Subtotal	660	603	300	280
Total	1,138	970	550	490

EXAMPLE 4.—70-YR-OLD MARRIED MALE, NO YOUTHFUL OPERATORS, NO ACCIDENTS OR VIOLATIONS. VEHICLE: 197X CHEVELLE MALIBU IS USED FOR PLEASURE

Coverages	Newark-02		Bergen County-10	
	April 1971	January 1973	April 1971	January 1973
Bodily injury and PIP	$117	$91	$61	$47
Property damage	53	48	36	32
Medical payments	10		6	
Uninsured motorists	5	2	5	2
Subtotal	185	141	108	81
Comprehensive	71	75	27	29
Collision	181	154	87	78
Subtotal	252	229	114	107
Total	437	370	222	188

MICHIGAN PRIVATE PASSENGER AUTOMOBILE RATES, AETNA CASUALTY AND SURETY CO., FAMILY AUTOMOBILE POLICY

Coverages: 20/40 Bodily Injury Liability, 10,000 Property Damage Liability, 1,000 Medical Payments, Basic Personal Protection Insurance, Basic Property Protection Insurance, 10/20 Bodily Injury uninsured motorists, Full Coverage Comprehensive, $100 Deductible Collision, Broadened Collision.

ANNUAL PREMIUMS

EXAMPLE 1.—35-YEAR-OLD MARRIED MALE WITH 3 DEPENDENTS AND AN ANNUAL INCOME LESS THAN $14,000. NO YOUTHFUL OPERATORS, NO ACCIDENTS OR VIOLATIONS. VEHICLE: A 197X CHEVELLE MALIBU (SYMBOL 4, AGE 1) IS USED FOR PLEASURE USE ONLY

Coverages	Terr 11—Detroit metropolitan		Terr 34—Detroit suburban	
	April 1972	October 1973	April 1972	October 1973
Bodily injury	$114	$53	$87	$41
Property damage	54	4	49	3
Medical payments	9		7	
Personal protection insurance		40		40
Property protection insurance		10		9
Uninsured motorist	7	3	7	3
Subtotal	184	110	150	96
Comprehensive	43	43	32	32
$100 deductible collision	131		80	
Broadened collision		170		124
Subtotal	174	213	112	156
Total	358	323	262	252

EXAMPLE 2.—45-YEAR-OLD MARRIED MALE PRINCIPAL OPERATOR WITH AN ANNUAL INCOME MORE THAN $14,000. HE HAS A WIFE AND 1 SON, AN 18-YEAR-OLD SINGLE MALE OCCASIONAL OPERATOR, NO ACCIDENTS OR VIOLATIONS, VEHICLE: A 197X CHEVELLE MALIBU (SYMBOL 4, AGE 1) IS DRIVEN TO WORK 8 MILES 1 WAY

Coverages	Terr 11—Detroit metropolitan		Terr 34—Detroit suburban	
	April 1972	October 1973	April 1972	October 1973
Bodily injury	$308	$143	$235	$111
Property damage	146	11	132	8
Medical payments	24		19	
Personal protection insurance		122		122
Property protection insurance		27		24
Uninsured motorists	7	3	7	3
Subtotal	485	306	393	268
Comprehensive	116	116	86	86
$100 deductible collision	354		216	
Broadened collision		459		335
Subtotal	470	575	302	421
Total	955	881	695	689

EXAMPLE 3.—21-YEAR-OLD SINGLE MALE OWNER AND PRINCIPAL OPERATOR WITH AN ANNUAL INCOME LESS THAN $14,000. NO ACCIDENTS OR VIOLATIONS: VEHICLE: A 197X CHEVELLE MALIBU (SYMBOL 4, AGE 1) IS DRIVEN TO WORK 2 MILES 1 WAY

Coverages	Terr 11—Detroit metropolitan		Terr 34—Detroit suburban	
	April 1972	October 1973	April 1972	October 1973
Bodily injury	$285	$133	$218	$108
Property damage	135	10	123	3
Medical payments	23		18	
Personal protection insurance		65		65
Property protection insurance		25		23
Uninsured motorist	7	3	7	3
Subtotal	450	236	366	202
Comprehensive	108	108	80	80
$100 deductible collison	328		200	
Broadened collision		425		310
Subtotal	436	533	280	390
Total	886	769	646	592

EXAMPLE 4.—70-YEAR-OLD RETIRED MARRIED MALE WITH 1 DEPENDENT AND AN ANNUAL INCOME LESS THAN $14,000. NO YOUTHFUL OPERATORS, NO ACCIDENTS OR VIOLATIONS. VEHICLE: A 197X CHEVELLE MALIBU (SYMBOL 4, AGE 1) IS USED FOR PLEASURE USE ONLY

Coverages	Terr 11—Detroit metropolitan		Terr 34—Detroit suburban	
	April 1972	October 1973	April 1972	October 1973
Bodily injury	$108	$50	$83	$39
Property damage	51	4	47	3
Medical payments	9		7	
Personal protection insurance		21		21
Property protection insurance		10		9
Uninsured motorist	7	3	7	3
Subtotal	175	88	144	75
Comprehensive	41	41	30	30
$100 deductible collision	124		76	
Broadened collision		162		118
Subtotal	165	203	106	148
Total	340	291	250	223

EXAMPLE 5.—SUMMARY RATES FOR TERRITORY 23—KALAMAZOO

	Sept. 30, 1973	Oct. 1, 1973
20-year-old male	$521	$453
30-year-old married couple	196	171
70-year-old retired couple	185	154

EXAMPLE 6.—SUMMARY RATES FOR TERRITORY 26—TRAVERSE CITY

20-year-old male	$481	$419
30-year-old-married couple	181	158
70-year-old retired couple	173	143

CONCLUSION

Mr. HART. Mr. President, it is clear that careful study of the Milliman and Robertson cost estimate projections indicates savings in the average automobile premium in every State.

It is also clear that premium savings have been achieved in States which have enacted substantial no-fault reform legislation.

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

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. Berry, one of its reading clerks, announced that, pursuant to the request of the Senate, the bill (S. 1486) to regulate commerce by authorizing and establishing programs and activities to promote the export of American goods, products, and services and by increasing the recognition of international economic policy considerations in Federal decisionmaking, and for other purposes, was being returned to the Senate.

ORDER FOR ADJOURNMENT FROM MONDAY UNTIL 10 O'CLOCK A.M. ON TUESDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business on Monday next, it stand in adjournment until 10 o'clock on Tuesday morning.

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

OBSERVANCE OF PERIOD FOR FASTING, REPENTANCE, AND PRAYER ON TUESDAY, APRIL 30, 1974

Mr. MANSFIELD. Mr. President, the hours between 10 and 12 o'clock on Tuesday next will be set aside—and this has been approved by the joint leadership—for the observance of the resolution submitted by the distinguished Senator from Oregon (Mr. HATFIELD), joined by many other Senators, and which passed the Senate unanimously. That time will be set aside as a period for fasting, repentance, and prayer in line with the resolution I have mentioned.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, when the Senate adjourns today, it will go over until Monday next at the hour of 12 noon.

After the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Wisconsin (Mr. PROXMIRE) will be recognized for not to exceed 15 minutes, after which there will be a

period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each, at the conclusion of which the Senate will resume the consideration of the unfinished business, S. 354. The pending question at that time will be on agreeing to the amendment by the Senator from Washington (Mr. MAGNUSON).

Somewhere between the hour of 3 p.m. and 3:30 p.m. on Monday—incidentally, prior thereto, there may be a vote on the Magnuson amendment or on amendments thereto—at some point between the hour of 3 p.m. and 3:30 p.m. on Monday, the unfinished business will be temporarily laid aside and the Senate will proceed to the consideration of S. 2986, a bill to authorize appropriations for carrying out the provisions of the Economic Policy Act of 1972, as amended.

Debate will ensue thereon on Monday for the remainder of the day, and amendments may be offered to the measure. Yea-and-nay votes could occur on such amendment or amendments. In any event, at the close of business on Monday, the bill (S. 2986) will be temporarily laid aside until the disposition of the unfinished business, the National No-Fault Motor Vehicle Insurance Act, S. 354, at the hour of 3 o'clock p.m. on the following Wednesday.

On Tuesday, the Senate will resume the consideration of th unfinished business, S. 354, the National No-Fault Motor Vehicle Insurance Act, with yea-and-nay votes occurring on amendments thereto, and possibly on the disposition of the bill.

On Wednesday, if the bill (S. 354) has not been disposed of prior to that time—which conceivably could happen before that time, because in that agreement we allowed for a motion to recommit or a motion to table at any time, so that bill could possibly be disposed of prior to the hour of 3 o'clock on Wednesday, though it is unlikely—but in any event, on Wednesday, if, prior thereto, the bill (S. 354) has not been disposed of, debate will resume thereon, with yea-and-nay votes possible occurring on amendments thereto, and if the bill has not been tabled or recommitted prior to the hour of 3 o'clock p.m. on Wednesday, the vote will occur on passage of the no-fault motor vehicle insurance bill at that hour.

On the disposition of that bill on Wednesday, the Senate will resume consideration of S. 2986, the bill to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and votes could occur on amendments thereto or on passage of that bill on that day. If action is not completed thereon on Wednesday, action will continue on that bill on Thursday.

Mr. President, that about wraps it up insofar as the program for the next 2 days is concerned. I ask unanimous consent that if everything I have stated in the program has not already been agreed to, it might be considered put to the Senate. I understand, for example, that I had not gotten morning business for Monday as yet.

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

Mr. ROBERT C. BYRD. As already stated by the distinguished majority leader, on Tuesday, between the hours of 10 a.m. and 12 o'clock noon, the time will be set aside in the Senate for comments in accordance with the Day for National Prayer and Fasting which was made possible by the resolution, which was offered by the distinguished Senator from Oregon (Mr. HATFIELD); so Senators will be reminded accordingly.

ADJOURNMENT UNTIL MONDAY

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 12 o'clock noon on Monday next.

The motion was agreed to; and (at 3:54 p.m.) the Senate adjourned until Monday, April 29, 1974, at 12 noon.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 25, 1974:

DEPARTMENT OF JUSTICE

Nathan G. Graham, of Oklahoma, to be U.S. attorney for the northern district of Oklahoma for the term of 4 years.

Clinton T. Peoples, of Texas, to be U.S. marshal for the northern district of Texas for the term of 4 years.

U.S. POSTAL SERVICE

Robert Earl Holding, of Wyoming, to be a Governor of the U.S. Postal Service for the term expiring December 8, 1982.

DEPARTMENT OF STATE

Alfred L. Atherton, Jr., of Florida, a Foreign Service officer of class 1, to be an Assistant Secretary of State.

Webster B. Todd, Jr., of New Jersey, to be Inspector General, Foreign Assistance.

Leonard Kimball Firestone, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium.

Robert Strausz-Hupé, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sweden.

AGENCY FOR INTERNATIONAL DEVELOPMENT

John E. Murphy, of Maryland, to be Deputy Administrator, Agency for International Development.

EXECUTIVE OFFICE OF THE PRESIDENT

Henry E. Catto, Jr., of Texas, Chief of Protocol for the White House, for the rank of Ambassador.

INTERNATIONAL EXPOSITION ON THE ENVIRONMENT

James G. Critzer, of Washington, to be Commissioner for a Federal exhibit at the International Exposition on the Environment being held at Spokane, Wash., in 1974.

INTER-AMERICAN FOUNDATION

The following-named persons to be members of the Board of Directors of the Inter-American Foundation for the terms indicated:

For the remainder of the term expiring September 20, 1976:

Jack B. Kubisch, of Michigan.

For a term expiring September 20, 1978:

John Michael Hennessy, of Massachusetts.

For a term expiring October 6, 1978:

Charles A. Meyer, of Illinois.

BOARD FOR INTERNATIONAL BROADCASTING

The following-named persons to be members of the Board for International Broadcasting for terms of 3 years:

David M. Abshire, of Virginia.

John P. Roche, of Massachusetts.

The following-named persons to be members of the Board for International Broadcasting for terms of 2 years:

Thomas H. Quinn, of Rhode Island.

Abbott M. Washburn, of the District of Columbia.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE COAST GUARD

Coast Guard nominations beginning Carmin (n) Yannone, to be commander, and ending Richard L. Powell, to be commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 11, 1974.

HOUSE OF REPRESENTATIVES—*Thursday, April 25, 1974*

The House met at 12 o'clock noon.

Rev. Willis E. Lucas, First Baptist Church, Kokomo, Ind., offered the following prayer:

Eternal God, our Father, we recognize Thy greatness as the Creator and Sovereign of the universe. By Thy hand all things came into being and by Thy hand all the universe, its history, and its people are directed to destiny.

We give thanks that You so loved this world You made and those who live on it that You sent your Son to demonstrate that love at Calvary.

We are aware this day that You love us and desire with infinite passion to bless us personally and nationally. Recognizing that Your blessing is quite often beyond our mortal grasp to comprehend, we pray for faith to reach beyond ourselves and trust Your loving goodness. Thus accepting Your promise we ask for wisdom that Your servants and our leaders might seek, know, and use divine knowledge.

We have confidence that You hear our requests and we leave Thy throne in personal assurance. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the amend-