back as the reconstruction period following the war between the states, some areas have been burdened with excessive transportation rates. This had its adverse economic effect and has contributed to the low economic status in that area. Because of these past actions, we are granted an opportunity to develop an area that is largely free from the errors and excesses that impede further development in other areas. We should use this resource wisely and devote our best efforts to create a model for successful future growth.

POSITIVE SOLUTIONS

You are confronted by many facets to the total transportation picture. Each presents a uniquely different problem that has its demand for a logical and reasonable consideration. We must be cautious in our search for solutions lest we concentrate on those which are negative in character—rationing, more regulation and price-fixing. The diversity of the transportation problems—lack of adequate public transit, energy conservation, environmental preservation, a deteriorating highway and rail system and insufficient capacity of both transportation and communications facilities to meet peak demands imposes upon us the mandate to seek positive rather than negative solutions. In spite of these problems there remains the basic desire of mankind to be mobile—to improve his standard of living and that of his offspring! This desire and, yes, right—even though not specifically guaranteed by our constitution, is probably cherished by Americans as highly as is our right for free speech and the right to practice the religious customs of our choice.

It is time when our government must face the real problem of moving goods more efficiently and economically. The world energy situation dictates that the major world powers take positive measures toward this end. This suggests that application of new innovations both in the blending of transportation modes in a single corridor and in new transportation hardware. Throughout our history, the changing transportation modes i.e. water, rail, automobile have developed primarily because of competition. While competition, if fairly conducted, should continue; a means of integrating all modes so that they will complement instead of compete is essential. This integration of modes is one of the major steps toward reducing energy consumption and thus promoting efficiency. In our environment of free enterprise, the integration of transportation has traditionally occurred when it is a necessity, i.e. no other visible solution. We can and should plan a complementary and coordinated transportation system.

There has never been a transportation program in our country that was designed solely to get the product from its origin to its destination by the most economical process. Oh! we always try to move our merchandise by the most economical means. By that I mean the cheapest for the shipper. Why don't we look in depth and say we should move our merchandise so that it will be the most economical to all Americans—considering all cost; hidden and passive as well as direct and indirect? After we have done that, why don't we design an integrated system to guarantee this savings? If this could be attained there would be tremendous saving in the overall transportation process. Our studies, to date, have by no means completely satisfied this objective, but we are fully convinced that this dream can only be realized through a Multi-Mode System. The proper integration of Multi-Modal transportation programs and policies should become the National Transportation Goal.

Our proposal is in concert with the recent appearance of the Chairman of this Committee, Congressman Howard in Seattle, Washington, when he delivered the keynote address to the Institute of Traffic Engineers as he indicated transportation modes must be complementary—it's too late for competition between modes.

Surface transportation developments cannot be left to chance as implied by the Secretary's report to Congress required by section 143 of the 1973 Highway Act. In light of the pressing world, as well as our own energy situation, we must and I repeat, we must develop means to get more mobility with less energy.

RETURN ON INVESTMENT

We believe that there is overwhelming justifications to support the Multi-State Transportation System. Some of the more obvious returns are:

First, it will provide an economic boost that is long overdue for this region.

Second, it will provide an efficient route from the nations "Bread Basket" to the Gulf and Atlantic Ports to facilitate transporting agricultural products as well as other items through the world.

Third, it will provide the means for economical movement of grain products from the Mid-Continent to the Southeastern states in support of the expanding cattle growing programs.

Fourth, this facility will provide an artery from the South Atlantic Ports which is geographically close to the markets of South America with its abundant supply of untapped raw material and selected agricultural product to the nations mid-section.

Fifth, it will facilitate the use of and take advantage of the Gulf of Mexico and South Atlantic Ports. This will enhance the value of a proposed offshore port facility in the southeast.

Sixth, it will contribute to decentralizing future population growth and industrial expansion by providing the transportation link that has for so long been missing.

Seventh, it will facilitate commerce between three major metropolitan areas of approximately one million population each (Kansas City, Memphis, and Birmingham) and the Southeastern states. This in turn will enhance commerce through the entire South and Mid-Continent.

Eighth, it will provide a truly Multi-Mode Facility where modes can actually complement and not compete. We have had Multi-Mode Corridors in the past, but each mode went its independent way; thus failing to achieve any material advantage.

Ninth, it will be this Nation's demonstrated leadership and show place for an improved, modern and more efficient transportation system.

Tenth, throughout this century Congress has boosted our Nation's economic status with huge investments in programs such as, the Tennessee Valley Authority, Appalachia Commission, Tombigbee, Mississippi and other inland waterways as well as major southern international port facilities—and it is emphasized that the Multi-State Transportation System is just one more project that will enhance the overall economic return of these vast expenditures.

And Eleventh, it will result in a broader tax base establishing an increase in governmental income.

REQUESTED ACTION

Our Board recognizes your dilemma. You cannot indorse every project that comes along and in fact, you probably have to weed out and eliminate a majority of all proposals. However, I submit this to you, gentlemen, as a challenge for you are the power that can redirect our National Transportation Policy in new and constructive ways.

We are seeking a joint Federal/State integrated multi-purpose Multi-Mode Communication, Energy and Transportation System for the future. The first phase of this system would be a highway facility which would support and enhance the future development of this Multi-Mode System.

As a means to accomplish this, it is requested that the Multi-Mode Transportation Concept be adopted as a need for the future transportation program. It is further requested that the highway portion of the Brunswick to Kansas City Multi-Mode Transportation System be approved and funded by the current Federal-Aid Highway Legislation.

SENATE—*Monday, September 29, 1975*

(Legislative day of Thursday, September 11, 1975)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

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

O God, our Father, since we know not what a day or a week or a year may bring, keep us ever strong and ready for any test of character. If we must face some hard decision, take some perilous journey, or respond to some call for sacrifice, give us grace to serve Thee to the uttermost. Equip us with the gifts of compassion and kindness. Arm our wills with Thy strength, and fill our hearts with Thy love, so that we may be strong to obey Thee and loving so as to serve our fellow men as our Master has taught us.

In His name we pray. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, September 26, 1975, be approved.

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

WAIVER OF THE CALL OF THE CALENDAR

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

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

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

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all the measures listed on page 9 of the calendar be considered at this time.

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

QUARTERLY ADJUSTMENTS OF SUPPORT PRICES FOR MILK

The Senate proceeded to consider the joint resolution (S.J. Res. 121) to provide for quarterly adjustments in the support price for milk, which had been reported from the Committee on Agriculture and Forestry with an amendment.

On page 1, line 10, strike "(beginning with the third quarter of the calendar year 1975);

So as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Agricultural Act of 1949, as amended, is further amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the foregoing provisions of this section, effective for the period beginning with the date of enactment of this subsection and ending on March 31, 1979, the support price of milk shall be adjusted by the Secretary at the beginning of each quarter to reflect any estimated change during the immediately preceding quarter in the index of prices paid by farmers for production items, interest, taxes, and wage rates. Such support prices shall be announced by the Secretary not later than thirty days prior to the beginning of each quarter.".

The amendment was agreed to.

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

HEUNG SOON KIM

The bill (S. 605) for the relief of Heung Soon Kim, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Heung Soon Kim shall be classified as a child within the meaning of section 101(b)(1)(F) of such Act, upon approval of a petition filed in her behalf by Mr. and Mrs. James Lyos, citizens of the United States, pursuant to section 204 of such Act, except that section 204(c) of such Act, relating to the number of petitions which may be approved on behalf of children, shall not apply. The natural brothers or sisters of Heung Soon Kim shall not, thereafter, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

DR. TIMOTHY KAM-HUNG CHUNG

The bill (S. 1488) for the relief of Dr. Timothy Kam-Hung Chung, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Dr. Timothy Kam-Hung Chung shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to reduce by one number, during the current fiscal year or the fiscal year next following, the total number of immigrant visas and conditional entries which are made available to natives of the country of the alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

DR. LAWRENCE CHIN BONG CHAN

The bill (S. 1709) for the relief of Dr. Lawrence Chin Bong Chan, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of the Immigration and Nationality Act, Doctor Lawrence Chin Bong Chan shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to reduce by one number, during the current fiscal year or the fiscal year next following, the total number of immigrant visas and conditional entries which are made available to natives of the country of the alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

DR. GUSTAVO SCIOVILLE

The bill (S. 1940) for the relief of Dr. Gustavo Scioville, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Gustavo Scioville shall be considered to have been lawfully admitted to the United States for permanent residence as of November 4, 1954, and the periods of time he has resided in the United States since that date shall be considered to meet the continuous residence and physical presence requirements of section 316 of such Act.

PLOTEMIA MABANAG BARENG AND BASTIANA LILIAN MABANAG BARENG

The bill (H.R. 1757) for the relief of Plotemia Mabanag Bareng and Bastiana Lilian Mabanag Bareng, was considered, ordered to a third reading, read the third time, and passed.

CMDR. EDWARD WHITE RAWLINS

The resolution (S. Res. 5) for the relief of Cmdr. Edward White Rawlins, was considered, and agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas S. 881, Ninety-first Congress, for the relief of Commander Edward White Rawlins, United States Navy (retired), was referred to the Chief Commissioner of the United States Court of Claims by S. Res. 96 of the same Congress, approved by the Senate on September 3, 1969; and

Whereas the Chief Commissioner, pursuant to said S. Res. 96, and following detailed, adversary proceedings, reported favorably to the Senate on February 24, 1972, "that Commander Edward White Rawlins, the plaintiff, has an equitable—but not a legal—claim against the United States," and that "there is equitably due the plaintiff a retroactive promotion to the grade of captain on the active list of the Regular Navy as of July 1, 1947, and a retroactive retirement in that grade as of" (a date yet finally to be determined by currently pending litigation still before the Chief Commissioner); and

Whereas Commander Rawlins' advancing age—seventy-two years—clearly warrants some immediate remedial action without further aggravating the injustice of delay: Now, therefore, be it

Resolved, that as an interim measure in the name of partial equity and justice, and pending a final determination by the Chief Commissioner of the full and final remedies warranted in the case, it is the sense of the Senate that by executive appointment of the President the said Commander Rawlins should be deemed to have been advanced to the grade of captain on the active list of the Regular Navy for all purposes effective from July 1, 1947; and be it further

Resolved, That this action shall in no way prejudice full retroactive, compensatory determinations yet to be made by the Chief Commissioner.

KRISTEN MARISOL KNEEBONE

The Senate proceeded to consider the bill (S. 832) for the relief of Kristen Marisol Kneebone, which has been reported from the Committee on the Judiciary with amendments as follows:

On page 1, line 6, strike "his" and insert "her";

On page 1, in line 11, after "apply" insert "and the provisions of section 245(c) of the Act shall be inapplicable in this case";

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Kristen Marisol Kneebone shall be classified as a child, within the meaning of section 101(b)(1)(F) of that Act, upon approval of a petition filed on her behalf by Terrence Holmes Kneebone and Judy Lee Kneebone, citizens of the United States, pursuant to section 204 of that Act, except that section 204(c) of that Act, relating to the number of petitions which may be approved

on behalf of children, shall not apply and the provisions of section 245(c) of the Act shall be inapplicable in this case. The brothers and sisters of the said Kristen Marisol Kneebone shall not, by virtue of that relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendments were agreed to.

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

SUN YANG KIM AND SUN MI KIM

The Senate proceeded to consider the bill (S. 1653) for the relief of Sun Yang Kim and Sun Mi Kim, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That section 204(c) of the Immigration and Nationality Act limiting the number of petitions which may be approved for children shall be inapplicable to a petition filed by Mr. and Mrs. Sanders D. Newman, United States citizens, to classify Sun Yang Kim and Sun Mi Kim as children within the meaning of section 101(b)(1)(F) of that Act. The natural brothers and sisters of the beneficiaries shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

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

MARIA LISA R. MANALO AND ROGENA R. MANALO

The bill (S. 1787) for the relief of Maria Lisa R. Manola and Rogena R. Manola, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(2) and 204 of the Immigration and Nationality Act, Maria Lisa R. Manalo and Rogena R. Manalo shall be held and considered to be the natural-born alien children of Mr. and Mrs. Olmpio Javidando, lawful resident aliens of the United States: *Provided,* That the natural parents or brothers or sisters of the beneficiaries shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The title was amended so as to read: "A bill for the relief of Maria Lisa R. Manalo and Rogena R. Manalo."

ERADICATION OF BRUCELLOSIS

The resolution (S. Res. 216) requesting the Secretary of Agriculture to submit a plan for the eradication of brucellosis was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas approximately $12,000,000 a year in losses are suffered by farmers and ranchers in the United States as the result of the animal disease brucellosis;

Whereas approximately $53,500,000 will be expended on the brucellosis control program in fiscal year 1975, $28,500,000 of which will be Federal funds;

Whereas in the United States such disease most commonly infects cattle and in fiscal year 1975 resulted in more than 1.7 million head of cattle being quarantined;

Whereas most experts agree that an intensive five-year program would completely eradicate the disease and result in substantial savings in the future: Now, therefore, be it

Resolved, That the Secretary of Agriculture is requested to formulate and submit to the Committee on Agriculture and Forestry of the Senate, within ninety days after the date on which this resolution is agreed to, a plan for the complete eradication of the animal disease brucellosis over a five-year period, a feasibility study of such plan, and the estimated cost of implementing such plan.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Secretary of Agriculture.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Pennsylvania desire recognition?

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

THE ACTING PRESIDENT pro tempore. Under the previous order, the Senator from South Dakota (Mr. McGOVERN) is recognized for not to exceed 15 minutes.

THE CASE FOR AID TO PORTUGAL—SUBMISSION OF AN AMENDMENT TO THE FOREIGN ASSISTANCE ACT—H.R. 9005

AMENDMENT NO. 939

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

Mr. McGOVERN. Mr. President, last week I completed a trip to Portugal, during which I talked with President Costa Gomes, Foreign Minister Antunes, to numerous other government officials, and leaders of the major political groups. I spent time both in Lisbon and in the rural countryside. I intend to submit a thorough report of the trip and my conclusions to the Foreign Relations Committee.

Today, I will recommend legislative priorities which, in my view, cannot be delayed for the writing of a detailed report or for any further review in the executive branch.

The situation in Portugal is both less serious and more urgent than many observers have supposed from a distance. It is less serious in the sense that the country is not in chaos; there is no reign of terror, no wave of killing or revenge. Contrary to certain widespread impressions, largely based on press reports or alarmist preconceptions, Portugal's revolution is remarkably bloodless. Since April 25, 1974, the day the dictatorship was overthrown, less than 20 people have lost their lives due to violence on any side of a many-sided political contest. Mario Soares, the Socialist Party leader who is perhaps the most widely recognized man in Portugal, freely walks the streets of Lisbon, moving without fear among both supporters and opponents of his policies. Indeed the Portuguese themselves are shocked by the contrast between this civility and comparative order and the insecurity of the American President.

At the same time the nonviolent nature of the Portuguese revolution is no reason for complacency. There are pressing dangers beneath the surface calm.

The first is the fragile condition of the current government, which may represent Portugal's best hope for some time of achieving social justice within peaceful bounds and by democratic means. This government will surely experience change in the coming months; it may be succeeded by another, similar cabinet; but if it collapses because its policies and the underlying concept of a broad political coalition are discredited, then the boodless revolution of Portugal could disintegrate into bloody civil war.

The sixth provisional government, in the minds of most Portuguese and most of the best observers on the scene, will test whether different views can be compromised sufficiently, whether opposing factions can be conciliated sensibly, so that the ideals of the revolution can be advanced at a practical level. The cabinet includes the major political groups in approximate proportion to their shares of the April 1975, vote for the Constituent Assembly, an assembly which is now drafting a new constitution for Portugal. The alternatives to this kind of government are a political intrigue which may give power to a party with little popular support, or a series of violent demonstrations and clashes, or a Fascist or Communist dictatorship. There are forces, unfortunately which would welcome each of these outcomes, and are working constantly toward that end.

The government's problems are complicated by a general economic crisis. Wages have risen rapidly while productivity has fallen. Portugal's balance-of-payments deficit is likely to exceed a billion dollars in 1975—a rate which cannot be sustained for more than 2 years, even if Portugal exhausts all its gold reserves. This present balance of payments equals nearly 10 percent of the entire Portuguese gross national product. Government officials foresee hard economic decisions in the immediate future: The regulation and rights of private enterprise and foreign investment must be defined and enforced. The right to strike must be guaranteed, while, at the same time, an orderly process for settling labor disputes must be established so that workers can produce as well as protest.

The present crisis will be worsened by the return of as many as 400,000 Portuguese refugees from Angola and Mozambique. A quarter of them have come home already, but their problems are only a shadow of the problems which the rest of the refugees will bring. Future refugees will not only be greater in number, but in different circumstances. Most of the refugees to date have fam-

ilies or friends in Portugal who can house them, even if in overcrowded conditions, and provide some food, even if it is barely enough. Most of the remaining refugees, who are the vast majority, have no such ties. They are returning to an economy of massive unemployment without any realistic prospect of finding jobs. There is no place to house all of them. There is not adequate food. There are not even enough blankets or warm clothes to see them through the winter. Even their repatriation may depend upon a substantial increase of the American commitment of planes to the Angolan airlift.

Economic issues will be a fundamental test of the Portuguese Government's authority. Facing them will require the decisive exercise of authority. Neglecting them, or failing in the effort, will shatter the authority of this government and perhaps of the democratic alternative itself.

I am convinced that this would not only be a tragedy for Portugal, but a setback for the interests and ideals of the United States.

America should welcome the Portuguese revolution as the brave effort of another people to secure for themselves the same liberty and equality to which our forebears pledged their lives, their fortunes, and their sacred honors. For Portugal the pledge of April 25, 1974, is as precious as the Declaration of July 4, 1776, was for America. Now we Americans must admit a blunt and shameful truth: For many years our Government supported a Portuguese dictatorship which defiled every principle our Nation professes. Now in decency the least we can do is to assist openly a free Portugal in ways which the Portuguese people themselves freely and openly request through their own democratic institutions. A democratic Portugal will not be any other nation's tool; a free people are more difficult to deal with than the single slaveholder of an entire country. But we have no right, indeed it is evil, to think that liberty only matters for Americans, and that it does not matter if in the name of stability or corporate profit we connive or consent to steal away the liberty of others who differ from us, not in the nature of their humanity, but only in the name of their nation.

More than this, a free Portugal will be a better friend and ally for a longer time than any client regime in Lisbon. As we recently learned anew in South Vietnam, client dictatorships tend finally to pass away, as the costs of sustaining them become unbearable. Then the pendulum swings as far in the other direction; and at that opposite extreme there is hostility and even hatred for the United States. So far we have avoided that fate in Portugal, but we dare not tempt it any further than we already have by our complicity in the last dictatorship. Rather the Portuguese revolution offers a chance for a more secure alliance and a more worthy friendship between our Nation, because now our association can be based on mutual values as well as mutual security.

Anyone who reads the history of recent decades knows that in Portugal the Soviet Union would prefer right wing repression to democratic reform. For repression is a breeding ground of Soviet-dominated communism; democratic reform is an antidote against it.

These realities are the basis of the recommendations I will make today. They are in the form of amendments to H.R. 9005, the Foreign Assistance Act of 1975, which is presently before the Foreign Relations Committee. At first I had intended only to propose things which the United States should do. Regrettably, after yesterday's charges of CIA covert actions in Portugal, a first and essential priority is to oppose certain things which the United States should not do.

One, the Foreign Assistance Act should be amended to prohibit flatly any covert expenditures by any agency of the U.S. Government to influence events in Portugal.

Covert American interference in Portuguese affairs can only be disastrously counterproductive. It is equivalent to aiding anti-American forces. They have already exploited rumors of CIA activity in Portugal to cripple the credibility of American representatives there and of Portuguese leaders who argue that it is in their country's best interest to maintain membership in NATO and friendship with the United States. Now reports in the New York Times and the Washington Post of secret CIA payments to specific parties and personalities in Portugal will poison the politics of that country. The story already will have moved through Lisbon like wildfire.

Mr. President, since these remarks were prepared for delivery, two relevant articles have appeared in the Washington Post. The first, appearing September 27, was by the editorial staff on the Post. The editorial page writer concludes that there is justification for, and practical value in, CIA operations in Portugal. This reasoning can be countered on several grounds—principally, that it is based upon the premise that CIA activities have had some positive role in recent encouraging events in Portugal. But that is virtually impossible, even on the Post editor's own assumptions. Certainly the Post editor cannot be saying that CIA funds had anything to do with the electoral strength of the Portuguese moderates last April, because CIA operations are not even assumed to have begun until after that. And as for the recent emergence of a balanced government after many months of vacillation and internal power struggle within the military, as well as between the military and the parties, I know of no knowledgeable observer who would credit to CIA funding the fact that the military and civilian moderates eventually prevailed and succeeded in shaping a balanced provisional government.

For a much more informed appraisal of the Portuguese scene, and the effect of CIA and other superpower interference, I refer my colleagues—and also the editors of the Post—to a second article, a story in today's Post by the able reporter, Bernard Nossiter, who is in Portugal and who recently visited the ancient Portuguese cathedral town of Braga. Mr. Nossiter writes:

> There are still genuine dangers from the totalitarians of the right or the left, but these can be exaggerated.
>
> The Portuguese are proud (their Spanish neighbors say "vain") and resent any manipulation from the outside. If, as reported, the CIA is funneling money to the Portuguese Socialists through European unions and Social Democrats, the project is probably a political mistake. The story has been widely publicized here and probably will do deep damage to the Portuguese Socialists and Mario Soares, their leader.
>
> Moscow money enables the Communists to pay $25 a night to plaster Braga's walls with slogans and flyers. It also insures that the Braga vote for the Communist Party is a derisory 4 per cent.

Mr. President, these paragraphs from Portugal tell much of the story. I had hoped that we had learned this lesson; for if it showed nothing else, the tragedy of Vietnam showed the folly—and indeed, the perverse effect—of attempting to shape with American money the powerful social and political forces at work in a small foreign country.

Mr. President, I ask unanimous consent that there be printed in the RECORD at the end of my remarks both of the articles to which I have referred.

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

(See exhibit 1.)

Mr. McGOVERN. I would hope very much that the editors of that distinguished newspaper, who are right on many of the editorials and articles they carry, would reconsider the editorial and look very carefully at the warning of their own distinguished reporter in Lisbon. He points up what should be obvious to us; that the one way to destroy the credibility of a politician in Portugal today is to wrap the yoke of the CIA around his neck.

The specter of another Chile—where the terrible role of American power is an admitted fact—will alienate many who otherwise would choose for themselves the course which covert American money cannot buy or bribe for them. Last week, Mr. Soares denied that he received any such funding. He apparently understands an inescapable fact of Portuguese politics in 1975: Whoever becomes our man in Lisbon by virtue of CIA payoffs will also be the Typhoid Mary of Portugal.

The President has said that he regrets that the CIA cannot do more in the Portuguese situation. What more would he want the Agency to do—fail at another Bay of Pigs, or succeed in creating another Pinochet?

Whatever has been done cannot be undone, but the damage can be limited by an unqualified legally binding prohibition against American covert expenditures to influence political events in Portugal. I am not talking about the

legitimate gathering of intelligence information; I am talking about the use of American money to try to influence Portuguese political decisions that ought to be made by the Portuguese themselves.

The Congress can, and in the national interest we must, remove any possibility of secret intervention in that country. Every dime the CIA spends for that purpose in Portugal might as well be mailed directly to Mr. Cunhal and his Communist Party.

There is not even a shadow of rationalization for the payments as payoffs. Certainly bribes are not needed to gain information. There is more information about political attitudes and developments available in Lisbon for free, or for the price of 10 newspapers a day, or for the time of 10 conversations than ever would be required for an accurate assessment of the situation. American personnel can perform an appropriate intelligence function without subsidizing any political party or leader.

Even if it is accepted that subsidies are justified, American contributions are not. One source is quoted in the New York Times as admitting that the West Europeans were giving plenty and would have given more, but "it's just that we can't keep our hands out of anything." The danger is that in one way or another American hands will be bloodied now, either by a self-inflicted wounding of our true interests in Portugal or by shaping a new version of the old regime.

Finally, CIA covert interference should be prohibited simply because it is wrong. Portugal is a country; the Portuguese are people; they, too, have a right to determine their own destiny. How would we like it if the Soviet Union or any other foreign power was the major contributor to the Republicans or the Democrats? In fact, one of the lies the Nixon administration tried to tell to justify Watergate was that the Cuban Government was contributing to the Democratic Party. Apparently the Watergate conspirators thought that this would so enrage the American people, if they could be made to believe it, that it would excuse the Nixon crimes. Why should we expect the Portuguese to accept a similar interference in their politics? They have the same right as Americans to run their own counrty.

I know the excuse: The Russians are doing it. That excuse has brought America to the dark moments of the last decade.

Mr. President, the Russians bribe and subvert foreign governments—therefore, so did we. The Russians sent their divisions into Czechoslovakia—and we sent ours to Vietnam. The Russians assassinate foreign leaders—and so we tried it too. And in Watergate and the White House horrors, the American Government started to treat American citizens the way the Soviet Government treats its subjects. Phones were tapped; civil liberties were trampled; spies were planted; mail was opened.

At one time or another everyone in this Chamber has denounced these deeds. We have expressed outrage about official assassination plots and CIA malpractices around the world. Now we must match those words with votes. We must prove that we truly mean to tame the abuse of power. There is no better place to begin than in Portugal, where covert intervention is not only wrong, but will work the opposite of its purpose.

The most astounding aspect of any policy of CIA covert payments in Portugal would be its sheer stupidity. Is the administration so thoughtless as to think that no one would find out? Does anyone think it would be helpful to Portuguese leaders to be tarred with a CIA brush? The investigative reporting of the Times and the Post once again vindicates the importance of a free press and provides an opportunity to prevent a disastrous policy by a visible and binding congressional decision. We must not rely on official denials, for the executive branch may be satisfied with "plausible deniability"—a polite Zieglerian kind of phrase for getting away with a lie. We must legislate a true noninterference. If we refuse to do so, the revelation of CIA covert activity in Portugal at a later time, in different and even more delicate circumstances, could inflict irreparable damage. Its revelation at some time would be inevitable. America is not a closed society—a lesson which after Watergate should have been obvious even to the most obtuse official.

Let me just say, Mr. President, having said this about clandestine, secretive, covert CIA efforts to buy or bribe elections, this is not to say that America cannot play a useful role in helping stabilize this new government.

I am submitting today an amendment to the Foreign Assistance Act that would provide moderate economic and technical assistance, assistance to the refugees, assistance on the housing front, assistance in food, designed to help this country that has played such an important part in the life of the Western World.

I send the amendment to the desk.

The ACTING PRESIDENT pro tempport. The amendment will be received and appropriately referred.

Mr. McGOVERN. Mr. President, the foreign Assistance Act of 1975 should be amended to authorize $55 million in economic assistance to Portugal—$35 million for programs to assist the refugees and $20 million for development projects. These funds would be added to the $20 million which the Foreign Assistance Subcommittee has already for the Angolan airlift.

More aid to Portugal makes sense in every conceivable respect. It makes sense in human terms: the fact is that the Angolan refugees lack even the basic necessities of life. The expenditure makes sense in economic terms: the fact is that Portugal desperately requires development projects not merely for their own sake, but to create jobs. The expenditure makes sense in terms of American national interest: the hard fact is that the future of the democratic alternative in Portugal, which we claim to favor, will be largely decided by economic factors, which our assistance can affect favorably. Even the mere act of providing it, before it is spent, can be a clear signal of our good will toward Portugal and its revolution. The wise leadership of Senator KENNEDY in securing American aid to Portugal last year made a fundamental difference in preserving Portuguese democracy, at a time when other officials seemed prepared to "give up on Portugal" and to use the "loss of Portugal" as proof of the necessity for a hardline policy against the European left. This year the case for aid can be based on experience as well as argument.

The specific sums in this amendment reflect my discussions with Portuguese and American officials. They are modest enough to be manageable for the Portuguese, substantial enough to provide real economic benefits for Portugal.

Three, the Foreign Assistance Act should be amended to express the sense of the Congress that appropriate Public Law 480 assistance should be allocated to Portugal in 1975.

Portugal is a food-importing nation. The price of food is rising at a rapid rate. Food imports are the single most serious drain on Portugal's foreign reserves. Further food inflation and future food shortages are threatened by the influx of refugees from Angola.

In this situation American food assistance would not only help to feed people, but to stabilize the economy by adding to food supplies and thereby countering inflationary pressures. Portuguese officials list such assistance as a priority which is exceeded in importance only by the provision of housing for the refugees and winter clothing. And here Food for Peace truly would serve the purpose of keeping the peace. The Angolan refugees represent a particularly serious, potentially explosive problem. Without sufficient food, embittered by the losses they have already endured, they could be exploited to upset the fragile stability of the new government.

Four, the Foreign Assistance Act should be amended to express the sense of the Congress that development aid for Portugal should be provided to the maximum possible extent under multilateral auspices and administration, and to require the executive branch to report to the Congress by January 1, 1976, what steps have been taken and what progress has been made toward the establishment of a multilateral aid mechanism.

Some assistance, for example emergency refugee relief, must be bilateral because it must be immediate. Even the expedited negotiation of a multilateral approach probably would be too slow. But with respect to financial and technical assistance which may be authorized now, but will not be sent or spent in the next several months, the United States should coordinate its program with European efforts. An Atlantic Aid Consortium for Portugal would demonstrate that the purpose of aid is not domination, but development—not manipulation by one country, but the friendship of many. This consortium would facilitate Portuguese development not only by the amount of

its assistance, but by its method of operation. A concerted source of aid would mean more efficient planning and the most productive use of available resources.

Such a consortium would not involve extended processing of each project. Rather it would function as a clearinghouse to prevent project redundancy and provide compatability, and to make recommendations to both donor countries and Portuguese authorities. It would not be another bureaucracy, but a small, select, international team of experts to direct and coordinate existing national bureaucracies. Its aid patterns should reflect Portugal's preference for labor intensive development—which was stressed repeatedly in my meetings there.

Multilateral aid is the best way to meet Portugal's critical economic needs without raising the threat or perception of interference with Portuguese self-determination. It is the best way to assure that aid will not be or seem to be misused to enforce subservience to any other nation, or abused to serve the interests of multinational corporations. It is the best way to help Portugal realize its hope, which we should share, for economic justice in a democratic system.

Some may argue that a multilateral mechanism is difficult to achieve in a reasonable time. But there are at least fair grounds for believing that within a few weeks after the Brussels summit meeting last May, the executive branch negotiated with relative ease a form of multilateral covert activity. The same resources of diplomacy should be capable now of negotiating multilateral overt aid, which does not have to be kept secret because the Portuguese Government has requested it and the Portuguese people want it. We can be proud of our part in that kind of aid—and we can prove our good intentions by providing it on a multilateral basis. Congress should urge the administration to do so and set a deadline for the administration to report back to the Congress.

No amount of foreign assistance can help a nation which does not help itself. Happily Portugal now seems intent on self-help and self-determination at the same time. Portuguese leaders, in my conversations with them, emphasized that revolutionary principles must be pursued at a pragmatic level. They recognize that decent wages require high productivity and that social progress must be financed by economic growth. As their new government undertakes the hard work of economic reform, Portugal's friends must be generous and understanding.

The United States can be that kind of friend by providing the kind of aid I have described and by prohibiting the kind of covert involvement which the Times and the Post have reported. In addition, the Congress must examine carefully the conduct of international monetary institutions to prevent their misuses for economic destabilization in Portugal. World Bank or International Monetary Fund requirements in the Portuguese situation must be reasonable. We must not promote or permit the Chileanization of Portugal.

Rather we must treat as free Americans with a Portugal which is free at last.

We should rejoice for the Portuguese revolution just as we revere our own. We should admire Portugal's decision to withdraw from the colonies just as we were relieved by our decision here in the Congress to end American involvement in Vietnam. We should respect the Portuguese for the April 1975 elections, which were a model of civic responsibility and democratic participation. We should share their happiness that the new provisional government reflects the results of that election.

Above all else, we should look back to history so that with the Portuguese we may look forward in hope.

To those who complain that the Portuguese revolution has brought some turmoil and instability, we should reply that it was not until 6 years after American independence was won that our forebears wrote and ratified the permanent form of our constitutional government.

To those in Portugal, or in our own country, who insist that American aid must or should be a means of domination, we should reply that it is possible to give the Portuguese a tiller, but no one can tell that nation of navigators where to sail.

And to any who cynically ask why should America care, we should reply that Portugal's voyages of discovery opened a way to the New World which we Americans inhabit; that in part we trace our origins to that distant shore; and that now we are ready to do our part to help the Portuguese as they continue a world revolution which their explorers helped to begin more than five centuries ago.

We should remember, as John Kennedy said, that the "revolutionary beliefs for which our forebears fought are still at issue around the globe." And in Portugal we should be on the right side of that issue. We should say and mean that it is for the Portuguese to decide their own destiny. We should be their allies in that enterprise, so that they will be both free and our friends.

Mr. President, I ask unanimous consent that this proposed amendment to the Foreign Assistance Act of 1975 and the New York Times and Washington Post reports of CIA interference in Portugal be printed in the RECORD at this point.

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

AMENDMENT No. 939

At the end of the bill, add the following new section:

ASSISTANCE TO PORTUGAL

SEC. 317. (a) There are authorized to be appropriated to the President for the fiscal year 1976, in addition to funds otherwise available for such purposes, not to exceed—

(1) $35,000,000 to make grants; and

(2) $20,000,000 to make loans;

to remain available until expended, for use by the President in providing economic assistance, on such terms and conditions as he may determine, for Portugal.

(b) It is the sense of the Congress that, in addition to assistance authorized by subsection (a) of this section, the United States should make appropriate allocations to Portugal under the fiscal year 1976 Food for Peace program in order to assist the Government of Portugal in meeting the severe economic problems posed by the arrival of hundreds of thousands of refugees from Angola.

(c) It is the sense of the Congress that the United States, working in cooperation with the European Community and other nations and institutions, should seek the establishment of such formal or informal multilateral procedures as may be necessary for the coordination of an effective international program of development assistance for Portugal.

(d) Not later than January 1, 1976, the President shall transmit to the Speaker of the House of Representatives and the Chairman of the Senate Committee on Foreign Relations a report on actions taken pursuant to subsection (c) of this section.

(e) No funds appropriated under the authority of this or any other Act may be expended for any covert activity or operation intended to influence events in Portugal. This subsection shall not be interpreted to prohibit activities intended solely for obtaining necessary intelligence.

[From the Washington Post, Sept. 26, 1975]

U.S. SILENCE BOLSTERS REPORT OF AID TO PORTUGAL AND ANGOLA

(By Murrey Marder)

The Ford administration gave unintended credence yesterday to reports that the United States is supplying millions of dollars to anti-Communist forces in Portugal and Angola to offset larger Communist aid, by refusing to confirm or deny the accounts.

"It's one of these 'damned if you do, damned if you don't' situations," said one official, describing the administration's dilemma.

Central Intelligence Agency funds conveyed to Portugal's Socialists through Western European political parties and other groups ranged from about $2 million to nearly $10 million a month since June, the Associated Press reported, citing a State Department official source. Last night one high official scoffed at that range of figures, but gave no others.

Portugal's Socialist Party leader, Mario Soares, made an official disclaimer. "We have never received aid of that sort, even less so from the United States," he said, attributing the report to "journalistic speculation."

The aid to Portugal's anti-Communists reaches them circuitously, nevertheless.

It has been known across Europe for months that Western European Socialist and Christian Democratic parties have been sending millions of dollars into Portugal. The purpose was to counter reportedly huge amounts of aid to Portugal's Communist Party from the Soviet Union and Eastern European countries.

Outside nations similarly have been channeling money, plus weapons, to the competing pro-Communist and anti-Communist liberation forces in Portugal's huge African colony of Angola, due to become independent on Nov. 11. The Soviet Union and China have been known to be involved in this activity, supporting opposing groups.

Until yesterday, the Ford administration's position was that it was staying out of any entanglement in either country.

The United States and the Soviet Union have cross-warned each other against intervention in Portugal.

President Ford publicly, and Secretary of

State Henry A. Kissinger privately, have portrayed the United States as being blocked from using the CIA to help anti-Communist parties in Portugal, because of the furor over CIA operations elsewhere. Mr. Ford has described this as a "very tragic" limitation on covert operations.

The Ford administration yesterday, however, shifted to a "no comment" position in response to a barrage of questions initially touched off by a report in The New York Times that the United States was participating in the competing flow of aid.

Kissinger acknowledged in a press conference on Sept. 9 that the prospects of the anti-Communist forces in Portugal had suddenly improved.

The United States, Kissinger said, "supports the emergence of a pluralistic system there reflecting the public's view" and he said, "we are working in the closest harmony on this problem with our European allies."

Last week a new overwhelmingly anti-Communist Portuguese coalition cabinet was sworn into office, with major roles for the Socialist and Popular Democratic parties.

White House press secretary Ron Nessen, State Department spokesman Robert L. Funseth and a CIA spokesman yesterday declined to confirm or deny that American money has been channeled to Portugal or Angola.

Administration officials conceded that by not denying the reports they lent credence to the accounts. What particularly troubled many U.S. officials was that their silence tended to equate the covert American aid sent to Portugal and Angola with the amounts of Soviet aid.

U.S. sources said that equation is unwarranted, because, they contended, the amount of Soviet support is much higher. These American sources said they were barred from being specific about U.S. support.

Sen. Lloyd M. Bentsen (D-Tex.) said in July that on the basis of information from the State Department and the CIA, Soviet aid to Portugal's Communists reportedly ranged from $2 million to $10 million a month. Kissinger said at that time that the information he had "makes $10 million seem high."

In Angola, there are three contending liberation movements, one backed by the Soviet Union, with at least one of the two opposing groups backed by China and now the United States as well.

Sen. Dick Clark (D-Iowa), chairman of the Senate Foreign Relations subcommittee on Africa, who visited Angola last month and talked with leaders of all three forces, yesterday said:

"It's a very bad idea for us to become involved in any way." Clark said that publicly and privately, "I've taken a very strong position with high officials of the State Department" cautioning that "outside intervention by the superpowers obviously is only going to escalate the conflict."

[From the New York Times, Sept. 25, 1975]

UNITED STATES, SOVIET, CHINA REPORTED AIDING PORTUGAL, ANGOLA

(By Leslie H. Gelb)

WASHINGTON, Sept. 24—Millions of dollars are being poured covertly into Portugal and Angola by East and West, according to four official sources in Washington. The funneling of the funds is part of the continuing struggle for control of the Mediterranean and for influence and raw materials in Central Africa.

United States money for the Portuguese Socialist party and other parties is being funneled by the Central Intelligence Agency through West European Socialist parties and labor unions, the sources said. The C.I.A. involvement, the sources said, amounted to several million dollars a month over the last several months.

It is also reliably reported that the Soviet Union and its East European allies have poured $50-million to $100-million into Portugal since April, 1974, and hundreds of tons of military equipment into Angola since March alone.

CHINESE IN ZAIRE

The sources also said that about 200 Chinese military advisers were operating from bases in Zaire to help at least one of the two liberation fronts being supported by Washington.

Until the spring, most of the Western aid to anti-Communist forces in Portugal was being given secretly by the West German Social Democratic party and the Belgian Socialist party without any American involvement.

The sources said that the funds earmarked for two anti-Soviet liberation fronts in Angola had been dispersed mainly through President Mobutu Sese Seko of Zaire. In order to maintain good relations with Mr. Mobutu, the State Department has been seeking to arrange a refinancing of hundreds of millions of dollars in Zaire's short-term debts and to increase American aid to Zaire to about $60-million this year, from about $20-million.

In Angola and Portugal, the sources estimated, Soviet aid is far more than American aid and, at least in the case of Angola, has included several direct shipments of arms.

It is reliably said that the Soviet Union and, to a lesser extent, East Germany and others have transferred the bulk of the funds going to the Portuguese Communist party through a bank in Lisbon and a bank in Zurich.

SOVIET AID OUTLINED

The following details were reliably supplied on Soviet aid to its supporters in Angola: In March, several Soviet planes landed in the Congo Republic, Zaire's neighbor, with arms and equipment that were then shipped to Angola; In April, about 100 tons of arms were delivered in southern Angola by chartered aircraft; in April, two Yugoslav vessels unloaded arms in Luanda, the capital of Angola; in May and June, four Soviet merchant ships unloaded vehicles, machine guns, bazookas, rifles and ammunition, off Angola, and two East German and one Algerian vessel delivered similar materials.

The Soviet-backed Popular Movement for the Liberation of Angola reported is close to controlling Angola, which is scheduled to become independent Nov. 11. In Portugal, the anti-Communist situation stabilized somewhat last week with the installation of a Government including members of the Socialist party.

The Washington sources said that C.I.A. operations in both countries have been approved by President Ford and are being carried out, as prescribed by law, with the knowledge of several Congressional committees.

Both sides, first Moscow then Washington, were filling the coffers of their supporters in Portugal at the very time when President Ford and the Soviet party leader, Leonid I. Brezhnev, were signing a pledge in Helsinki, Finland, not to interfere in the internal affairs of other European nations.

KISSINGER VOICES ALARM

Secretary of State Kissinger, speaking to representatives of African countries last night and answering Soviet charges of Western involvement in Portugal, said: "We are most alarmed at the interference of extracontinental powers who do not wish Africa well, and whose involvement is inconsistent with the promise of true independence."

The C.I.A. cash-funneling operations to Portugal were said to have revived dormant but traditional connections between the agency and anti-Communist West European socialist and labor movements. And the operation of Angola, the sources said, led to the reactivation of Holden Roberto, head of the National Front for the Liberation of Angola, the man chosen in 1962 by President John F. Kennedy and the C.I.A. to forge a link between the United States and the indigenous groups who were expected to drive Portugal from Angola one day.

Two of the forces stressed that all odds now favored victory by the Soviet-backed Popular Movement in Angola, unless the United States and China rushed huge transfusions of aid, which is considered highly unlikely.

As described by these sources, the main purpose for the covert American effort in Angola was to underline the Administration's support for President Mobutu, the man on whom Secretary of State Kissinger is banking to oppose Moscow's interests in Africa and to further Washington's interests in various international forums.

The funds going to Portugal from the United States and Western Europe were said to be aimed at keeping non-Communist parties intact, in the streets, and in the business of competing with the Communists for the support of military leaders and soldiers.

One source said: "The President almost blew the whole Portugal thing last week in his interview with The Chicago Sun-Times. But nobody picked him up."

This was a reference to Mr. Ford's reply to a question about the absence of C.I.A. involvement in Portugal. He noted "our strong stand" along with NATO allies against a Communist government in Lisbon, then said: "I don't think the situation required us to have a major C.I.A. involvement, which we have not had."

The source was pointing to the fact that Mr. Ford was not denying that the C.I.A. had an involvement.

The sources maintained that William E. Colby, the director of the agency, had notified members of six Congressional subcommittees several months ago of the covert operations, and that no serious objections were raised. Mr. Colby gave the notifications after the operations were already under way, as he is permitted to do under the law.

REQUIREMENT CITED

An amendment to the Foreign Assistance Act of 1974 stipulated that no funds could be spent by or on behalf of the CIA for covert operations "unless and until the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to "the Senate and House Appropriation and Armed Services committees, and to the Senate Foreign Relations Committee and the House Committee on International Relations.

In each case, the full committee delegated the duty of overseeing the C.I.A. to a subcommittee. With a few exceptions, the members of these subcommittees are regarded as conservative.

The sources either did not know or would not state when the covert operations began. But two of the sources indicated that the funds going to Portugal predated an interview given by Mr. Ford to U.S. News & World Report early last month when he talked of the virtual impossibility of CIA involvement in Lisbon.

Speaking of aid going "quietly" from Moscow and Western Europe to warring factions in Portugal, he said:

"I think it's very tragic that, because of the C.I.A. investigation and all the limitations placed on us in the area of covert operation, we aren't able to participate with other Western European countries."

WARNING OF HANDICAP

"The American people shouldn't handicap themselves from meeting the challenge, as we were handicapped in South Vietnam and as we are handicapped in trying to be a participant in Portugal."

One of the sources said that Mr. Ford and Mr. Kissinger made the decision some time after they went to Brussels for a NATO meeting in late May. It was after consultations with heads of state there, the source continued, that they saw how strongly the West European leaders felt about maintaining a non-Communist Portugal. The source then explained: "We wanted to show them that we would stand with them on this one, and also more money was needed."

Another source said that the West Europeans were already "giving plenty" and would have given more, but "it's that we can't keep our hands out of anything."

Two of the sources said that West European trade unions that they would not identify were smuggling small arms and ammunition to the Portuguese Socialists. The Portuguese Communists, they said, had been previously armed by Moscow.

The decision to being covertly financing these anti-Communist forces marked the latest step in a long process of reversing policy toward post-Salazar Portugal. For almost a year following the death of António de-Oliveira Salazar, the administration's policy was to lament privately but say nothing publicly about the leftward trend among Portuguese military leaders. The theory was that more harm than good would come of any American involvement.

IN KEEPING WITH PAST POLICY

But the recent decision to take a strong anti-Communist stand in Portugal, including covert financing, was very much in keeping with the history of American policy toward the countries on the northern rim of the Mediterranean.

Beginning with the Communist-inspired instability in Greece and Turkey after World War II, and running through the threat of a Communist role in the Italian government in the early nineteen-sixties, the C.I.A. has been active in this region.

Much the same holds true for Africa, particularly beginning with Moscow's attempt to gain a foothold in Zaire, which was previously the Belgian Congo. From the time Patrice Lumumba was ousted, through the short career of Moise Tshombe, until General Mobutu come to power, a number of authoritative sources related, the C.I.A. has maintained its largest African station in Zaire.

At about the same time, in the early sixties, the sources said, President Kennedy determined that Portugal, an American ally in NATO, could not sustain control over her African colonies indefinitely and that contact must be made with future revolutionary leaders. In 1962, on the advice of the C.I.A. among others, Mr. Roberto, the brother-in-law of General Mobutu, was selected as a future leader for Angola.

ROBERTO "DEACTIVATED"

The sources said that from 1962 to about 1969, the C.I.A. supplied Mr. Roberto with money and arms, but to little avail. At that point, they said, he was deactivated.

Mr. Roberto was reactivated this spring, according to the sources, at about the time it became clear that the then Communist-leaning government in Portugal ordered its armed forces in Angola to give active support to the Soviet-backed Popular Movement or the Liberation of Angola headed by Agostino Neto.

But the sources said that C.I.A. operatives and American diplomats judged that United States support should also be thrown behind Jonas Savimbi, the leader of the National Union for the Total Independence of Angola.

It could not be learned whether Chinese and American officials had ever discussed or sought to coordinate their efforts against Mr. Neto. What was learned was that American funds were being used to buy arms for both Mr. Roberto and Mr. Savimbi, and that the Chinese were providing military advisors for Mr. Roberto and perhaps for Mr. Savimbi as well.

It could not be learned whether any C.I.A. operatives were also acting as military advisers.

CABINDA A KEY FACTOR

At stake in Angola, besides the enlargement of Soviet influence, is a region deemed rich in copper, industrial diamonds and oil. Of particular interest to the United States and to President Mobutu, the sources said, is Cabinda, an oil-rich area bordering on Zaire and separated from Angola by the Congo River. There, the sources related, the Gulf Oil Corporation continues to pump over 100,000 barrels a day. The sources said that the Administration believed that Mr. Mobutu would like to annex Cabinda in the likely event of a Communist take-over in Angola.

All the sources said that it was Zaire that was of primary concern to the Administration. It is believed that Mr. Kissinger is about to select Sheldon B. Vance, a former Ambassador to Zaire and a close friend of Mr. Mobutu, to be Assistant Secretary of State for African Affairs. He would replace Nathaniel Davis as Assistant Secretary. Mr. Davis was in charge of Deane R. Hinton, the ambassador who was ordered out of Zaire some months ago amid charges by President Mobutu that the C.I.A. had designs on the President's life.

It was Mr. Vance, two of the sources said, who this summer began to contact Zaire's many creditors in the United States and elsewhere to see if the millions in debts that were soon to come due could be refinanced. It could not be learned whether Mr. Vance had completed this task or had succeeded.

In the meantime, the State Department has approached several Congressmen with a view toward increasing American aid to about $15-million. This year, Zaire was to receive about $20-million, but the State Department is now aiming for $60-million. This would consist of $20-million in development aid, $20-million in Export-Import Bank loans, and $20-million in Food for Peace credit. Several officials said that so far, Congressional response had been decidedly negative.

[From the Washington Post, Sept. 27, 1975]

THE CIA: ANGOLA AND PORTUGAL

The new reports of covert CIA activities in Portugal and Angola underline a deep crisis in American foreign policy. In Portugal, The New York Times reported, the United States is funneling funds to the democratic parties through and with like-minded political elements in West Europe; partly as a result, Portuguese democrats' prospects are looking up. In Portuguese Angola, Washington is said to be sending arms and money through Zaire to one of three factions contending for power as the colony nears independence on Nov. 11; in spite of—or perhaps because of—its known American connection, the Holden Roberto faction seems to be fading.

The crux of these reports lies in the considerable differences between the two operations. The Portuguese case is, in our judgment, legitimate and well advised. One can wish that we did not live in a world where undernourished democratic forces representing the majority's spoken will have to contend with a small avowedly totalitarian Communist Party sustained by large amounts of Soviet money. But we do. American values and American security and political interests alike justify CIA help. That the United States' principal friends and allies in Europe are apparently partners—majority partners, we trust—in this enterprise makes it all the more acceptable. Purists may argue that steps taken to seat democracy in a friendly, strategic and allied state amount to unacceptable interference in another country's domestic affairs. We would argue back that docile acceptance of a Soviet-sponsored Communist regime in Lisbon would be high-mindedness carried to perilous, not to say ludicrous, extremes; it accords neither with our vital interests nor our established principles.

But Angola? The operation there seems much closer to the questionable, crudely anti-Communist adventures which have so marred the CIA's past. Reportedly, the United States is backing the almost certain loser, Mr. Roberto. It is doing so partly on the discredited premise that it matters for Washington to contest with Moscow for influence and resources in proud, new, changeable, African states. Though the U.S. evidently is gaining favor with Mr. Roberto's main sponsors in Zaire, it is losing the broader political credit elsewhere in Africa that non-intervention would probably have reaped.

The plain fact is that no effective way has yet been found to submit proposed CIA operations to the kind of timely and close external scrutiny that public policy in other areas routinely receives. In these new cases, the leaders of the armed services, appropriations and foreign relations committees of both houses were consulted but not broadly or deeply enough to cull the "bad" operation (more unwise than fatal) from the "good" one. In the absence of agreed standards on what constitutes a good or bad operation, both the executive branch and Congress tend to frame the problem as one involving their own role in decision-making: the executive demands initiative and flexibility, the Congress oversight and review. But it should be obvious by now that this institutional problem is insoluble as long as relations between the two branches overall are so raw. No amount of institutional or procedural tinkering will alter this basic political fact.

Were these stories leaked to spoil the operations and further hurt the CIA, or to force the pace of congressional reform, or conversely to demonstrate that the United States still can influence farflung events? Whatever the answer, the disclosures illuminate the strange new semi-public setting in which "secret" operations must now be devised. Those unlikely to survive unofficial disclosure probably should not be undertaken at all. Some would consider this anticipation of exposure as a healthy deterrent or even as just retribution for past excesses. We find it deplorable. The United States still has, we believe, reason to conduct certain covert operations abroad—Portugal is an excellent example. It should not be necessary to point out that covert operations must be covert. "National security" unquestionably has been overworked as a rationale for secrecy but it has not lost all validity. It would be extremely helpful if the simultaneous disclosure of the Portuguese and Angola operations—the one valuable, the other questionable—were to make this vital point clear.

[From the Washington Post, Sept. 29, 1975]

PORTUGAL'S REVOLUTION FAR FROM OVER

(By Bernard D. Nossiter)

LISBON, Sept. 28.—Thoughtful Americans visiting here—Sen. George McGovern and Abraham Brumberg, the State Department analyst, to name two—all make the same complaint.

The scene, they say, is not what they had been led to expect by feverish press accounts—it is far more tranquil and orderly than they had realized.

The complaint has force. There is a built-in journalistic bias in favor of drama, violence and conflict. All these exist here, side by side with much else.

Is reality the shots fired over the head of threatening demonstrators in Rossio Square? Or is it the tens of thousands of Lisboans going quietly to work each morning on subways, trolleys and buses? Is it the repeated sackings of Communist Party headquarters by angry farmers in the north? Or is it the bent men and women now picking the grapes in the lush vineyards above Oporto?

There is a supercharged political atmosphere here in the capital, with its orgy of public meetings and its walls plastered with posters and political graffiti. But as you leave what its critics call "Lisbogal" and drive through the "real" Portugal to the north, the posters thin out and the graffiti change complexion. The heavy barrage of slogans for the Communist Party and its ultraleft offshoots are replaced by the boasts of those further to the right. Near the Spanish border, all this noise disappears almost entirely.

Even conventional reporting is hard because appearance and reality are often at odds. There has been an intense preoccupation with the ups and downs of politicians and parties, a close scrutiny of who is in and who is out of the nominal Portuguese government.

But real power rests with the junior officers who overthrew the old authoritarian regime on April 25, 1974. The politicians had little to do with that, and they exist on the sufferance of the officers who rule through a Revolutionary Council of 18.

The most significant act in weeks here came yesterday at a meeting of this council, now in the hands of relative moderates. It dragged on to seven o'clock in the morning and out of it came a new, moderate-controlled military force to insure law and order—and what may be the beginning of the end for a radical and unpredictable general, Otelo Saraiva de Carvalho, who has been in charge of internal security. The BBC, which follows Portugal closely, did not even report this on its late-nite news.

Just as the press has focused on the government and the parties, there has been close reporting of the shifting tides in the trade unions, especially now that Communists are losing out to a bizarre coalition of Socialists and far lefists. Trade unions, however, touch the lives of workers far less than the 'Workers' Commissions thrown up during the revolution. The Workers' Commissions fix hours, wages and conditions, and there are far too many of them to gain more than the slightest notion of their political complexion.

Even the Portuguese perception of what is happening in their country is often partial. In the ancient cathedral town of Braga, conservative forces are clearly ascendant. One of their leaders is electrical contractor Luis Gomes Fernandes, president of the local Center Social Democrats, a party as far to the right as you can now legally go here.

His party got nearly five votes for every one taken by Communists in April's election for a constituent assembly, but Gomes Fernandes acts like a man at the barricades. He talks of being imprisoned in his own headquarters for five hours last spring when Communists attacked. He does not mention until pressed how his followers have invaded and sacked half a dozen Communist headquarters in the District.

He says he must listen nightly to the BBC to get impartial news. But the Commercio in nearby Oporto comes to Braga, and its circulation has tripled since the revolution because it offers a diet of fair reporting.

Moreover, in Lisbon, it would be hard to convince Nuna Rocha, editor of the weekly Tempo, that the press is free. His conservative paper appears, but under constraints. This week, he planned to run an exclusive interview with some rightist guerrillas who operate under cover here. Tempo's printers refused to set the type, and the story did not run.

The bright young lady who interpreted for an American reporter raised her eyebrows when he suggested that Portugal is now a more or less free country. Her cousin is in jail.

This is still a country in which a person can be jailed without charge or trial.

The new look Revolutionary Council and the new government of Prime Minister Vice Adm. Jose Pinheiro de Azevedo offer some hope that what is emerging here is an orderly, open society. It is unlikely to look like the conventional Western models because military men are almost certain to continue to play a central role as they have, after all, through the varieties of government Portugal has experienced in this century—monarchy, republic, Salazarist dictatorship and left-flavored revolution.

There are still genuine dangers from the totalitarians of the right or the left.

* * * * *

The Portuguese are proud (their Spanish neighbors say "vain") and resent any manipulation from the outside. If, as reported, the CIA is funneling money to the Portuguese Socialists through European unions and Social Democrats, the project is probably a political mistake. The story has been widely publicized here and probably will do deep damage to the Portuguese Socialists and Mario Soares, their leader.

Moscow money enables the Communists to pay $25 a night to plaster Braga's walls with slogans and flyers. It also insures that the Braga vote for the Communist Party is a derisory 4 per cent.

Mr. MANSFIELD. Will the Senator yield?

Mr. McGOVERN. Yes.

Mr. MANSFIELD. Mr. President, I want to commend the distinguished senior Senator from South Dakota for the report he has just made to the Senate relative to his visit to Portugal last week and prior to that time.

I agree with him when he mentions the U.S. Ambassador to Portugal, Frank Carlucci, and the excellent job he is doing in representing his government, our Government, under most difficult circumstances.

I have read also in the various newspapers reports about the CIA being involved in covert activities. When I was in Portugal the firse part of last month, I made specific inquiries into that matter and I was informed that there was no CIA intervention in any way, shape or form at that time. I believed it then, I believe it now, for that period.

But in the past week or so, there have been reports about CIA money being used in various manners to participate in what is an internal situation in Portugal itself. The stories seem to have some credence, but I was glad to note that the head of the Portuguese Socialist Party. Mr. Mario Soares, stated that he was not receiving any funds from that source.

If the Senator will allow me, I would like to read from the report which I made to the Committee on Foreign Relations some 2 weeks ago:

Suspicion of U.S. intelligence activity has affected the U.S. diplomatic mission in Portugal. Accusations of CIA involvement in Portugal were loud after the aborted Spinola coup in March of this year. There were demonstrations against the U.S. Embassy and the Ambassador was publicly charged with being a "CIA agent" and a "maker of coups." While such accusations have abated, partly because of a vigorous campaign of refutation, charges of this character, even though false, in a climate of worldwide suspicion of U.S. intelligence activities, can be damaging to the stature of the United States. Moreover, they do harm to those many political forces which seem to represent most closely moderation and democracy in the present political ferment in Portugal. A renewal of accusation of U.S. meddling in Portuguese internal affairs, especially if a basis were to exist for them, could thwart the usefulness of the Ambassador's mission by undermining his credibility and entangling him in time-consuming defense of his actions. Since the aborted coup, the U.S. mission's endeavor to keep a relatively low profile has had some success. This nation cannot shut off false accusations, of course, but it is essential that the United States keep itself free of the taint of surreptitious operations. Its actions, in time, will speak louder than any accusations.

Furthermore, I do not believe, may I say to my distinguished colleague, that we ought to take the lead in any efforts being made to assist the democratic elements in Portugal.

I would like, if I may take up the Senator's time, to read another paragraph in that report which may be pertinent:

It should be recognized that the United States can furnish only a marginal boost to Portugal's strained economy. Inasmuch as Western Europe—

Western Europe.

far and away, is the most important trading areas for Portugal and other significant economic links exist with countries in that region it would seem appropriate for Lisbon to look mainly in that direction for the bulk of the cooperation in trade and aid. At best, the United States can only furnish a supplement to Portugal's arrangements with the European trade and market grouping and with individual Western European countries. Indeed, in my judgment, this nation should attempt to provide no more than a modest supplement to those connections, regardless of political developments in Portugal. It might be worthwhile to pursue negotiations to coordinate U.S. economic activities regarding Portugal with those of Western Europe. It should be noted, in particular, that Portuguese foreign exchange reserves are being rapidly depleted and, in this area, joint-U.S.-European efforts might be of special relevance.

I think this fits in with what the distinguished Senator from South Dakota has already said. I hope the reports about CIA covert activities are untrue because the Portuguese can handle their own affairs themselves. The way events have been going the past several weeks they are going in the right direction.

Again, I commend the distinguished Senator who once more has performed a service to the Senate and to the country in making his statement today.

Mr. McGOVERN. Mr. President, I

thank the distinguished majority leader for what he had to say. I am especially impressed with the recommendation he makes, that our aid follow in cooperation with what the European Community is doing. I do think it is entirely proper that the Europeans take the lead on this matter of assisting the new Portuguese Government for the reason the majority leader has stated. Indeed, before leaving Portugal, I recommended, after discussions with the Ambassador, that we formulate some kind of informal consortium under which American aid could be carefully coordinated with what the Europeans are doing. They are talking in terms of a $75 or $80 million aid package on the part of the European Community. What I am proposing here is a package of roughly $55 million with a sizable percentage of that earmarked for the refugees, and recommending that some portion of our aid come in the form of food. There is a critical food shortage in Portugal. They are a food-importing nation. They have little in the way of grain production, dairy production or livestock production. Yet at a time when 300,000 of their citizens are unemployed they are faced with an influx of another 350,000 or 400,000 from Angola. So I think we can perform a service in food assistance that would not only provide needed resources but would help hold down what would otherwise be a painfully inflated food situation for the entire population.

I would hope, as the majority leader has said, that we continue to maintain a sensitive, low profile in Portugal, that the American hand not be a heavy one there but that it be a sensitive and compassionate hand and one that works in close cooperation with our friends in Western Europe.

Mr. HASKELL. Will the Senator yield?

Mr. McGOVERN. Yes, I yield.

Mr. HASKELL. I would like to congratulate the Senator from South Dakota on his remarks vis-a-vis the CIA and vis-a-vis the way of helping other countries. I would like to compliment the distinguished Senator for his amendment, which is the coordinated type of foreign aid that I believe we should be giving. We have not been doing that in the past.

I would ask the Senator from South Dakota if he would permit me to be a cosponsor of this amendment.

Mr. McGOVERN. I would be delighted to have the Senator as a cosponsor.

Mr. President, I yield the floor.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of routine morning business for not to exceed 30 minutes with statements therein limited to 5 minutes.

PRIVILEGE OF THE FLOOR—S. 2310, S. 692

Mr. HASKELL. I ask unanimous consent that Mr. John Cevette of my staff be given the privilege of the floor during the consideration and voting on S. 2310 and S. 692.

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

Mr. HASKELL. I have a parliamentary inquiry, Mr. President.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. HASKELL. I would like to ask, if it is in order, unanimous consent that Mr. Terry Lytle, who is a lawyer on the staff of the Federal Trade Commission, be given the privilege of the floor during the course of consideration of S. 2310 and S. 692.

The ACTING PRESIDENT pro tempore. It is in order to ask unanimous consent for such a request.

Mr. MANSFIELD. Mr. President, I would not object, but will the Senator withhold that for a little while until I have a chance to discuss it?

Mr. HASKELL. I will certainly withhold it.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator has withdrawn his request.

Mr. HASKELL. Temporarily I have withdrawn my request at the suggestion of the majority leader with regard to Mr. Lytle, not as to the member of my staff.

The ACTING PRESIDENT pro tempore. The Senator from California.

SENATE RESOLUTION 269—RELATING TO U.S. GRAIN EXPORTS TO THE SOVIET UNION

Mr. TUNNEY. Mr. President, in a few moments I am going to be sending to the desk a resolution which I will be offering for myself and the Senator from Kansas (Mr. DOLE). I am going to be asking for its immediate consideration.

Mr. President, this resolution is designed to promote the exchange of Russian oil for American grain.

We are the largest grain-producing nation in the world. The grain grown by American farmers is perhaps our greatest national trade resource. At the same time, the Soviet Union is now the largest oil producing nation in the world. The Soviet Union needs our grain, and we could use some of its oil, particularly if we can get it for less than OPEC prices. This resolution basically emphasizes that it is the sense of the Senate that during the grain sale negotiations between the United States and the Soviet Union, the U.S. negotiators should try to get oil for our valuable grain which the Russians so desperately need. Moreover, the resolution would provide that the price for that oil should be less than the OPEC price. Let us return to the era of shrewd Yankee trading. If we help the Russians on their most pressing problem—grain, they should be required to help us out of our most critical shortage—petroleum.

Why should the Russians be interested in such a proposal? Well, obviously, they need American grain, but there is more to it than that. The United States currently enjoys a 4-to-1 favorable balance of trade ratio over the Soviet Union. Faced with this staggering trade deficit, it is entirely possible that the Soviet Union would welcome this opportunity to use its oil to accumulate foreign exchange and reduce its negative balance of trade.

The other objection that has been raised in regard to obtaining Soviet oil involves the reliability of the Soviets in supplying the oil, and if we become dependent upon that supply the Soviets would be able to threaten us with an Arab-style boycott. The answer to that is simple. The Soviet capability for receiving grain shipments is limited, and thus delivery is extended over a long period to cope with Soviet limitations. Thus, if the Russians cut off oil to us, we could suspend grain shipments to them. Moreover, in a larger context, one must ask whether the Soviets would be willing to risk the dissolution of other agreements between the United States and the Soviet Union. Perhaps it is time to find out if détente is indeed a one-way street.

Mr. President, the ultimate aim of this resolution is not just grain for oil, rather it involves using American grain resources, in which we have a clear comparative advantage, as a tool to help drive down the world price of oil. The Russian need for our grain is so pressing that we should employ it as a bargaining chip to procure Soviet oil at reduced prices. Lessening our dependence for OPEC oil will place great pressure upon the oil cartel, which has just further increased prices above levels which already represented a completely distorted demand-supply relationship.

In this way, a resolution which at first glance seems simple and only a minor aid to this Nation's energy dilemma, could prove to be a milestone toward an ultimate energy solution.

Mr. President, on September 11, I wrote to the President advancing the proposal embodied in this resolution. I ask unanimous consent that my letter be inserted in the RECORD along with an excellent editorial on this topic written by Mr. William Randolph Hearst, Jr.

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

U.S. SENATE,
Washington, D.C., September 11, 1975.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I strongly urge you to direct the Under Secretary of State to pursue vigorously the possibility of exchanging American grain for Russian oil, natural gas or other scarce resources in the upcoming grain negotiations with the Soviet Union. With the Soviets facing a tremendous balance of payments deficit, it is entirely possible that they will welcome the opportunity to ease their situation by compensating the United States with oil rather than currency.

Further, I believe that this is an excellent opportunity to prove that detente is not a one way street with all the benefits going to the Soviets and all the liabilities to the United States.

While there are certainly problems to be overcome before such an exchange could take place, I believe that they could be worked out in a manner favorable to both American

farmers and consumers. I would be anxious to assist in such an effort.

Sincerely,

JOHN V. TUNNEY,
U.S. Senator.

[From the Hearst Newspapers, Sept. 7, 1975]

TIME FOR "HORSE TRADING"

(By William Randolph Hearst, Jr.)

NEW YORK.—Why not swap our plentiful grain for much-needed oil or for other Russian resources that we can use?

The idea has been going the rounds and it appears, on the surface at least, to have sufficient merit to warrant going into here today.

The suggestion for setting up some kind of swap with the grain-hungry Russians apparently originated with my old friend Senator Henry M. (Scoop) Jackson, who is seeking the Democratic presidential nomination. It has been proffered also by Senator John V. Tunney and AFL-CIO President George Meany is firmly behind the idea.

Everyone seems interested except the two American agencies which would be involved in such a deal: the State Department and the Agriculture Department. Officials in these two departments at least ought to give the matter some serious thought and then give us their views.

Old-fashioned Yankee horse trading had many good things about it. Most important, both the buyer and seller dealt with tangible items, not currencies whose values might fluctuate. In the situation with the Russians we have some tangible grain that they want and they have some oil and other natural resources that we want. Direct swapping might be a good deal for both nations.

George Meany, who can be blunt when he wishes to, puts it right on the line: "Should we not say, 'As you do with the oil which we need, so shall we do with our grain which you need'?"

The trouble, of course, is that our grain dealers trade with the Russians as private businessmen while the Russians buy or sell through government agencies. Canada has a central board which sells its wheat crop and its techniques might be worth studying by our Agriculture Department officials if, as seems likely, the United States is going to be called upon increasingly to supply food for a hungering world.

A spokesman at the State Department reported to us that a "number of suggestions" had been received for setting up a swap arrangement with the Russians, but that only a few discussions had been held and no decision had been reached. No negotiations are planned at this time, he said.

In the Agriculture Department, Dale Sherwin, assistant secretary in charge of foreign agriculture and commodities, said that no talks are being held concerning a swap, but that "we do want the Russians to become regular customers." As predictable buyers, the Russians would have a better chance of acquiring American grain, since farmers could plant according to an expected market. As it is, we may not be able to provide them with as much grain as they need and want this year.

I certainly agree with Agriculture Secretary Earl Butz when he says of the Russian purchases, "It is far better to exchange bushels rather than bullets." However, there is nothing wrong with being hard-nosed businessmen. The Russians are, whenever and wherever they do business.

A spokesman for the Soviet trade mission was typically noncommittal when I asked if his country would be open to talks about bartering some resources for our grain. He said that he had not been officially requested by anyone in our government to consider such a deal, but that he would be happy to take it up with Moscow if such a request were made.

The truth is the U.S.S.R. is in serious trouble because of its poor harvest this year. If positions were reversed and we were asking them for grain, you can be sure they would be driving some hard bargains which might well include demands for some of our dwindling natural resources. An example of how the Russians conduct business was demonstrated when they quadrupled the price of their oil immediately after the Arab-dominated oil and petroleum exporting countries cartel did.

No one knows exactly how bad the Russian situation is. Scoop Jackson, who terms the grain sales "horrendous" and "asinine," says that as of this last week the Russians were 50 million metric tons short of normal.

The Soviets are currently buying 9.8 million tons of American grain, purchases that will have a small inflationary impact on American food prices, but it is open talk in Washington that they want to buy as much as 11 million additional tons. This would total 21 million bushels or about 10 per cent of the estimated American grain crop. How much inflation that would cause in this country is not known.

It seems like a most opportune time for our government to work out a barter deal with the Soviets. One important factor that should not be overlooked is that the Soviet Union is running a soaring deficit in its trade with western countries, notably the U.S.

In the first half of this year Soviet imports exceeded exports by more than $1.4 billion with just four of its active trading partners, West Germany, Japan, France and the United States. That does not include an upcoming expenditure of $2 billion for grain purchases from the West. Experts say that the bilateral trade balance between the Soviet Union and the United States is 4 to 1 in favor of the U.S., compared to a 2-to-1 favorable balance for the U.S. at this time last year.

In view of this, it seems logical to think that the Russians would welcome a chance to swap goods for grain instead of dipping into their diminishing supply of currencies that are convertible in the West.

There are many things in the Soviet that could be bartered. Oil, of course, is most important. Then there is liquefied natural gas. Also chrome to be used in the manufacture of steel. They can export as well such resources as coal and timber. The most prized natural resource of all, and the Soviets have a goodly supply, is gold. Experts in Geneva think that the Russians plan to sell gold on the open market soon to help finance their trade deficits.

Just a few days ago, Senator Jackson said: "The idea of a grain-oil barter deal (with the Soviet Union) is no longer light talk. It grows more and more serious."

I agree and say let's get on with it. Let's give it some serious consideration. Now is the time for our leaders to act like mature businessmen. Kindly old Uncle Sam has given to all the world until his pockets are nearly empty, and it is now time to get back to basic hard bargaining.

Mr. DOLE. Mr. President, I am pleased to join the Senator from California in cosponsoring this resolution.

It is my feeling that if the Soviet Union and the United States find it mutually advantageous to arrange an oil agreement at the same time they are arranging a wheat agreement, it would be beneficial to farmers, to consumers, and to all Americans. It was my purpose in introducing on September 4, Senate Resolution 240, urging the President to negotiate a bilateral grain agreement with the Russians, to develop a purchase and sales agreement that would be mutually beneficial to both nations. I was pleased to see that shortly thereafter the President did send a negotiating team to Moscow. It has been widely reported that the Russians have been at least initially very favorable to this idea. Hopefully, the agreement under which the Russians would buy at least a minimum of 5 to 8 million tons of grain every year with the option to buy more if necessary, would be greatly advantageous to us as well as to them.

BENEFIT IS LIMITED

However, the benefits of an oil agreement may be limited and it is my strong feeling that we should weigh the terms of such an agreement very carefully to insure that they are, in fact, advantageous. I would admonish our negotiators to give particular scrutiny to the pricing terms of the agreement.

This resolution specifically avoids any specific barter arrangement. In all probability an exchange agreement whereby a certain quantity of wheat would be provided in exchange for a quantity of oil would be strictly to our disadvantage. For in the coming years it is very likely the value of wheat and feed grains will rise whereas the price of oil—arbitrarily pegged at an artificially high level by the OPEC nations—will fall. So a wheat-for-oil deal that would be advantageous to us in present terms might next year and in subsequent years be very disadvantageous for us.

In addition, we should avoid any arrangement whereby we would agree to provide technology and/or the development funds for these oil resources that in the end would make that energy very expensive.

AVOID VULNERABILITY

The greatest temptation of an oil agreement with the Russians is to become dependent on them as a source of energy. While purchasing oil from the Russians is potentially beneficial to farmers and all other Americans, it is my strong feeling that we should not allow ourselves to be placed in a vulnerable position. Mr. Kissinger's optimism about détente is hardly a basis for us to depend on the Communists for an oil supply.

While this Senator does support détente, there has been little produced from détente that would show the Russians to be anything like a totally reliable source of energy. The fact of the matter is that their government-operated media still attack us in the most violent terms. Their ideology is still dedicated to the downfall of our way of life.

So obviously, Mr. President, we cannot allow ourselves to become dependent upon the Soviets for oil. A purchase agreement with the Russians on petroleum must be predicated upon our own intent to achieve energy independence.

Realistically, the Russians, in all likelihood, would only be able to provide us a marginal amount of oil. However, even a marginal amount of our oil supply

could potentially be enough to cause gas lines if it were suddenly cut off. It is of great concern to me that in entering any agreement of this type we should use the greatest caution and the most careful consideration to insure that the agreement is truly mutually advantageous.

Mr. President, it is my hope that the Senate will agree to this resolution and that the President will respond quickly to the suggestion in this resolution.

Mr. TUNNEY. Mr. President, I send the resolution to the desk and ask for its immediate consideration.

Mr. MANSFIELD. Mr. President, unfortunately I feel constrained to object. Not that I am not in favor of what the distinguished Senator from California is attempting to do, because I think he is on the right track. But under the rules of the Senate, it is the usual procedure to refer all bills, resolutions, and like matters to the appropriate committees.

May I suggest to the distinguished Senator that he ask unanimous consent that the resolution be placed on the calendar? Objection would only delay it 1 day from being placed on the calendar; but this way it would be placed on the calendar today, and I think that would partially meet the Senator's purpose.

Mr. TUNNEY. I thank the distinguished majority leader for his excellent suggestion. I ask unaimous consent that the resolution be placed on the calendar.

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

HOUSE CONCURRENT RESOLUTION 402—WELCOMING THEIR MAJESTIES THE EMPEROR AND EMPRESS OF JAPAN

Mr. MANSFIELD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 402.

The ACTING PRESIDENT pro tempore laid before the Senate the concurrent resolution (H. Con. Res. 402) welcoming their Majesties, the Emperor and Empress of Japan, which was considered and agreed to.

The preamble was agreed to.

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

H. CON. RES. 402

Whereas Their Majesties, the Emperor and Empress of Japan will soon be visiting the United States of America, and

Whereas their visit will be the first state visit to the United States of America by a reigning Emperor of Japan in the more than one-hundred-and-twenty-year history of American-Japanese relations, and

Whereas our two countries, though coming from diverse cultural backgrounds, have created from this diversity an active and dynamic relationship beneficial to both peoples, and

Whereas the exchange of ideas, cultural and artistic innovation, technological and scientific knowledge, productive enterprise, and trade have through the years enhanced mutual understanding and respect between the United States of America and Japan, and

Whereas during the first visit to Japan by an incumbent American President in November of 1974, Their Majesties and the Japanese Government and people extended a warm and enthusiastic reception to President Gerald R. Ford, and

Whereas the coming visit by Their Majesties will vividly symbolize the ties of friendship and common values to which the American and Japanese people are dedicated: Therefore, be it

Resolved, That the Congress hereby extends to Their Majesties, the Emperor and Empress of Japan, a warm welcome and sincere good wishes from the American people on the occasion of their historic first visit to the United States of America.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate action agreeing to Senate Concurrent Resolution 65 be vitiated, and that that resolution be indefinitely postponed.

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

SENATOR BIDEN AND THE ISSUE OF BUSING

Mr. MANSFIELD. Mr. President, on September 28, the Washington Post published a lengthy article by its education writer, Eric Wentworth, on our colleague from Delaware, Mr. BIDEN, and the amendment he authored to prevent the Department of Health, Education, and Welfare from using Federal funds to force the busing of schoolchildren.

I was happy to see this article, Mr. President, for it cuts through so much of the emotion that surrounds the issue of busing.

And, importantly, the article accurately portrays Senator BIDEN as a public official "picking a rather precise path through shibboleth and stereotype."

I commend Mr. Wentworth's article to my colleagues, and ask unanimous consent that it be printed at this point in the RECORD.

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

BIDEN: A LIBERAL BREAKS RANKS

(By Eric Wentworth)

In the frenzied, us-or-them national debate over school desegregation, Sen. Joe Biden Jr. seems at first glance to perch on the pinnacle of a paradox. How else explain a man who wants the best break for blacks yet so vehemently denounces busing?

But during a two-hour interview the other day, the young Delaware Democrat emerged as someone picking a rather precise path through shibboleth and stereotype.

While criticized at one point or another by both pro and anti-busing factions, Biden hasn't simply settled on some muddled middle ground—if any, in fact, could exist these days. No, he is foursquare against busing. But not necessarily for the same reasons as a Jesse Helms of North Carolina or a James Allen of Alabama.

Biden, sees himself stepping in where liberal angels fear to tread. If only a conservative like Richard Nixon could open the door to Mainland China, perhaps only a liberal like Joe Biden can slam the door on busing.

Biden said he is convinced that a full 65 of the Senate's 100 members, many liberals as well as conservatives, "don't believe busing's a good idea."

You wouldn't know it from their voting records. But Biden contended a number of fellow liberals have been locked into opposing anti-busing measures, despite their growing private doubts, because votes on busing have become the civil rights lobby's litmus test for sorting out friend and foe. He can understand why, Biden added, given government retreats in other fields like housing, "The black community justifiably is jittery."

After the Senate 11 days ago adopted his own surprise anti-busing amendment by seven votes, Biden said, "A couple who did not vote with me—could not—came up to me and said, 'I'm glad you're doing what you're doing—I can't do it.'"

He continued, "Others who have been viewed as supporters of busing came up to me as long as eight months ago and said, 'Joe, you've got to do something. I can't—we can't—because of our standing in the community. We'll be misread. Yet we think you're right on it.'"

As a liberal who has broken ranks to oppose busing, Biden said, "I think what I've done inadvertently . . . is, I've made it—if not respectable—I've made it reasonable for longstanding liberals to begin to raise the questions I've been the first to raise in the liberal community here on the floor."

Over the next several years, he predicted, those liberals "are going to see the light" and switch sides on busing too.

Significant switches have already been occurring, to the dismay of civil rights lobbyists, in the Senate's latest convoluted floor fight over busing to desegregate schools.

Biden's own anti-busing amendment picked up votes from Majority Leader Mike Mansfield and Lee Metcalf of Montana and such other once-reliable Democratic liberals as Quentin Burdick of North Dakota, Gaylord Nelson of Wisconsin, Warren Magnuson of Washington, and Stuart Symington and Thomas Eagleton of Missouri.

Some switched back on related later votes. But what has clearly emerged from this latest struggle is that civil rights groups can no longer count as before on a slim but stalwart Senate majority to fend off attacks on busing and other disruptive school desegregation remedies.

And Joe Biden, at 32 the youngest Senator, will be remembered for his amendment that first illustrated the Senate's new tilt. He'll stand in Senate civil rights lore alongside Abraham A. Ribicoff of Connecticut, another liberal who dramatically broke ranks five years ago.

Ribicoff, declaring the North "guilty of monumental hypocrisy," became the first Northern liberal to endorse a Southern proposition that school desegregation pressures should apply equally across the entire nation. The Southerners foresaw then that as desegregation brought upheavals to Northern school systems, the whole movement could falter—easing pressures on their schools too. And this, it would appear, is just what's happening today.

Busing, to Biden, is a "bankrupt concept." In countenancing it, he said, "I think we violated the most cardinal rule that a politician can violate in the eyes of the American people . . . the cardinal rule of common sense."

Biden insisted he has been consistent in opposing busing—as he defines it—since before his 1972 Senate election. He recalled, for example, forgoing some campaign contributions from white liberals because, at a 1971 cocktail party, he refused to take a pro-busing position.

At the same time, he has accumulated some very credible civil rights credentials since adolescence—as a participant in a high school restaurant boycott and in sit-ins along Route 40, as a debater against racial discrimination while at Syracuse Law

School, as a young criminal lawyer with a largely black, even black-militant clientele, as a suburban public-housing advocate when he ran in 1970 for the New Castle County Council, and as a middle-class white with many friends and political contacts in Wilmington's black community.

"I still walk down the street in the black side of town," he boasted, "and you get—maybe they're my clients—but Mousey and Chops and all the boys at 13th and—I can walk in those pool halls, and I quite frankly don't know another white man involved in Delaware politics who can do that kind of thing."

Biden acknowledged that his simultaneous advocacy of blacks' civil rights and opposition to busing has led to repeated misunderstandings and landed him in political crossfires. He added that he has brought his own views into sharp focus only in the past years or so—inspired by Senate busing debates and a court case threatening busing for Wilmington and its suburbs.

Busing, in Biden's current lexicon, is more than the physical transportation of children to schools far from home. It's "the assignment of students to a school other than what is traditionally their neighborhood school for the purpose of redressing some racial imbalance." He would oppose reassigning a child from one walk-in school to another walk-in school for that purpose.

What he's basically attacking, Biden explained, is the concept that school systems should bear the full burden of affirmatively integrating society where they haven't been guilty themselves of gerrymandering or other clearly illegal acts.

Where court proceedings have found school systems actually guilty of such acts to exclude blacks, Biden unlike some would let the judges order busing when it's the necessary remedy. But he would like somehow—if he can ever find the right legislative phrasing—to bar court-ordered busing in other cases, where guilt, for example, stems from decades-old housing bias.

So far, Biden conceded, he has found only a partial solution—to limit the Health, Education and Welfare Department's administrative enforcement efforts. By last December, he had drafted an amendment that would simply bar HEW from using federal funds "for assigning students to schools because of race."

Ironically, that wasn't the amendment he successfully sponsored in the Senate 11 days ago. He went over to the floor that day to hear debate on a far broader measure offered by Jesse Helms, the North Carolina Republican.

"Let me just level with you—I made a mistake," he recalled. "I tried to emasculate Jesse Helms' amendment . . . I wanted to accomplish stopping busing. I didn't want to accomplish what Jesse Helms did. Jesse Helms had in his amendment sex, record-keeping stuff and everything else . . . So I took his amendment and amended it. This was not a planned thing, to introduce it at this time. It shocked the staff . . . I had no prepared speech, nothing. It just went, you know, from the hip . . . I literally took a pencil and scratched out words in his amendment."

Unfortunately, Biden continued, he neglected to scratch out three words: "teachers," "courses" and "classes." Thus the impromptu Biden amendment adopted that day would bar HEW not only from requiring student desegregation school-by-school, through busing or mere reassignment, but from trying to desegregate school facilities or an individual school's classrooms.

When Biden tried to correct his mistake, Senate civil rights stalwarts and lobbyists at first turned him down lest "cleaning up" his amendment make it any more palatable.

Then, three days ago, Biden won Senate approval for a narrower amendment which would bar HEW only from requiring busing—in the literal sense—of students "for reasons of race." This time, he had the votes of most civil rights stalwarts. Caught by then in a parliamentary straitjacket, they were in the ironic position of voting for an anti-busing amendment as the lesser of two evils.

As Biden himself put it, "They had no place to go."

But while the liberal alignment on this last vote was for many an aberration, Biden is convinced that a growing number in the next few years will change their views on the busing issue.

"They're going to have to do what I started to do two years ago, and that is, to really look at the issue. I don't think they've really looked at the issue. Quite frankly, I don't think they understand the issue . . .

With the lawmakers still reeling from their latest busing donnybrook, Biden was already looking ahead to the next battle on the Senate floor when he'll "go at it tightly and concisely, and no mistake about it."

PRIVILEGE OF THE FLOOR

Mr. PEARSON. Mr. President, I ask unanimous consent that Arthur Pankopf, Jr., John C. Kirtland, Malcolm Sterrett, and Philip M. Grill of the staff of the Committee on Commerce be allowed the privilege of the floor throughout the debate on S. 2301 and all legislation relating to natural gas.

Mr. GRIFFIN. Mr. President, I make a similar request with respect to David Clanton of the Commerce Committee staff.

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

QUORUM CALL

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

REQUEST FOR PRIVILEGE OF THE FLOOR

Mr. HASKELL. Mr. President, I repeat my unanimous consent request of a short time ago that Mr. Terry Lytle, a very competent lawyer on the Federal Trade Commission staff, be permitted access to the floor during the debate on S. 2310 and S. 692.

I believe the Senator from Montana has something he wishes to say.

Mr. METCALF. Mr. President, reserving the right to object, I do not know Mr. Lytle. I have confidence in his competence and ability. But I am going to object to having Mr. Lytle on the floor.

I feel that the privilege of the floor for advice and counsel to Members of the Senate should be reserved to either members of our staffs who have worked on the bill, or members of our committee staffs.

I can recall, in the past, certain serious incidents when, by uanimous consent, outsiders were permitted on the floor. I believe my ruling as Acting President pro tempore was correct, that such people can be brought on the floor by unanimous consent, but I believe it casts a shadow on the Senate that we should not permit. I can recall such people running back and forth to the Vice President's office in another Vice President's administration, making decisions, and then returning to the floor.

So I would continue to be constrained to object to any outside person coming on the Senate floor for the purpose of guidance and assistance to members of the committee of Members of the Senate.

Mr. GRIFFIN. Mr. President, will the Senator from Montana yield briefly to me?

Mr. METCALF. I am glad to yield to the Senator from Michigan.

Mr. GRIFFIN. I wish to commend the Senator from his position, and to associate myself with what he has said.

I assure the Senator from Colorado that there is nothing partisan and nothing that in any way reflects on the individual with whom the request is associated, but that there is a strong belief and feeling on both sides of the aisle, I believe, that this would not be in the best interests of the Senate. I would be constrained to object if the Senator from Montana did not object.

Mr. METCALF. I am delighted to have the support of my long-time friend from Michigan.

Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HASKELL. I fully understand the reasons why the Senator from Michigan and the Senator from Montana would object. Of course, I have derived a great deal of my information on the amendment that I intend to introduce by the help of lawyers in the Federal Trade Commission.

Privately, the Senator from Montana said:

Well, if you get somebody from the Federal Trade Commission, somebody else is going to want to get somebody from the American Gas Association.

Therefore, I believe I see the reasonableness of the Senator's objection. I thank the Senator.

I yield the floor.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. METCALF) laid before the Senate messages from the

President of the United States submitting sundry nominations which were referred to the appropriate committees.

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

MESSAGES FROM THE HOUSE

At 11:02 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House has agreed to the concurrent resolution (H. Con. Res. 402) welcoming Their Majesties, the Emperor and Empress of Japan, in which it requests the concurrence of the Senate.

The message further announced that the Speaker has signed the bill (H.R. 6674) to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes.

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report on the message of the President dated September 10, summarizing by agency the total budget authority and 1976 outlay reductions involved in the message (with an accompanying report); jointly pursuant to the order of January 30, 1975, to the Committees on Appropriations, Budget, Labor and Public Welfare, Finance, and the District of Columbia.

REPORT OF THE SECRETARY OF COMMERCE

A letter from the Secretary of Commerce transmitting, pursuant to law, a report of the National Advisory Committee on Oceans and Atmosphere (with an accompanying report); to the Committee on Commerce.

INTERNATIONAL AGREEMENTS OTHER THAN TREATIES

A letter from the Assistant Legal Adviser of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into within the past 60 days (with accompanying papers); to the Committee on Foreign Relations.

DISTRIBUTION OF JUDGMENT FUNDS

A letter from the Commissioner of Indian Affairs reporting, pursuant to law, on the distribution of judgment funds in the case of certain awards to the Ottawa and Chippewa Nation (of Michigan) by the Indian Claims Commission; to the Committee on Interior and Insular Affairs.

REPORT OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

A letter from the Chairman and Executive Director of the National Commission on Libraries and Information Science transmitting, pursuant to law, a report entitled "Toward a National Program for Library and Information Services" (with an accompanying report); to the Committee on Labor and Public Welfare.

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. INOUYE, from the Committee on Commerce:

Creighton Holden, of Michigan, to be Assistant Secretary of Commerce for Tourism.

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

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. LONG (for himself and Mr. MONDALE):

S. 2425. A bill to facilitate and encourage the implementation by States of child day care services programs conducted pursuant to title XX of the Social Security Act, and to promote the employment of welfare recipients in the provision of child day care services. Referred to the Committee on Finance.

By Mr. DOLE (for himself, Mr. RIBICOFF, and Mr. STAFFORD):

S. 2426. A bill to establish a reduced rate of postage for letters sealed against inspection mailed by private individuals. Referred to the Committee on Post Office and Civil Service.

By Mr. HELMS:

S. 2427. A bill to amend the National Science Foundation Act of 1950 by providing for a peer review and grants management system that is equitable, open, and accountable to the scientific community and to Congress, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. INOUYE:

S. 2428. A bill to amend the Internal Revenue Code of 1954 to permit an individual who is an active participant in a retirement plan to claim the deduction for retirement savings for amounts contributed by him to an individual retirement account, for an individual retirement annuity, or for a retirement bond, to the extent that the amounts paid by him or on his behalf under the retirement plan does not equal the maximum amount of the retirement savings deduction to which he would be entitled if he were not an active participant in such plan. Referred to the Committee on Finance.

By Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 2429. A bill to provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Florida, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON:

S. 2430. A bill to amend the Act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LONG (for himself and Mr. MONDALE):

S. 2425. A bill to facilitate and encourage the implementation by States of child day care services programs conducted pursuant to title XX of the Social Security Act, and to promote the employment of welfare recipients in the provision of child day care services. Referred to the Committee on Finance.

Mr. LONG. Mr. President, on October 1, new staffing standards for child care funded through the Social Security Act will go into effect under the social services legislation enacted last year. The new standards will require a great increase in the staffing of child care centers. This necessarily means that the cost of providing child care will rise substantially. No additional funding, however, has been provided to meet these added costs. As a result, the bill we enacted last year to make social services more easily and widely available will have the actual effect of limiting the availability of one of the most important social services—child care.

The question of what are the proper staffing standards for child care is one which has been debated for a number of years and on which there are a variety of strongly held positions. While I myself feel that the requirements in the new law go well beyond what is really necessary in order to assure a safe and healthy environment for children in day care, I know that there are those who feel equally strongly that these standards do not go far enough. What we have in the existing legislation that goes into effect this October, therefore, represents the best compromise that could be worked out. The legislation does provide for the Department of Health, Education, and Welfare to undertake an intensive study of this problem and, on the basis of that study, to make appropriate revisions in the standards in 1977.

Thus it seems to me that both those of us who feel that the standards are too strict and those who feel that they are not strict enough will have to accept the existing compromise until better information becomes available. However, it is quite clear that the new standards are not going to be met by October 1 and are

not going to be met at all unless some additional funding is made available to enable those who must operate these child care programs to hire the required additional personnel. Today I am introducing legislation which addresses this problem.

The bill I am introducing will first of all defer for 3 months—through December 31 of this year—the imposition of any penalties for failure to comply with the new child-care standards under title XX of the Social Security Act. While I can understand that those who feel that even these standards are inadequate do not look with favor upon a delay in their implementation, I think even they must realistically admit that until some new money is provided the standards simply cannot be complied with. For this reason, my bill allows a modest delay in the imposition of penalties in order to give the child care providers time to staff up using the additional money which will be made available under the other parts of my bill.

According to the best estimates available, child care under the social services program is currently receiving Federal funding at a rate of roughly $500 million per year. The impact of the new standards will vary from State to State, but it seems reasonable to project that they could double the cost of child care. My bill would make available to the States an additional $500 million per year for child care over and above the $2.5 billion now available for social services. Under the bill, for the current fiscal year only, the amount would be limited to $250 million. This $500 million for child care would be allocated among the States in the same way as the $2.5 billion for social services, that is, on the basis of State population. My bill would also raise the Federal matching rate from 75 percent to 80 percent in the case of child care paid for out of this additional $500 million.

Since child care centers serving both welfare and nonwelfare children will have to meet the new standards for their entire clientele, my bill also gives the States authority to use some of this added social services money to help child care providers keep down the fees charged privately placed children. These fees would otherwise have to be substantially raised because of the new standards. The bill would do this by letting States help meet the cost of hiring welfare recipients to meet the new staffing requirements in facilities where at least 30 percent of the children have their care funded under the social services program.

Since child care centers under the bill could receive a 20-percent tax credit on the wages of welfare recipients they employ, the State could use this 20-percent credit to meet the non-Federal matching requirements and use part of their additional child care funds provided by this bill to meet the 80 percent Federal share—thus covering the total wage costs of the new employees. This provision would only be applicable up to the first $5,000 of wages paid to each employee.

Many child care providers are public or nonprofit entities which do not benefit from the present law 20-percent tax credit for hiring welfare recipients because they have no tax liability against which to apply the credit. The bill I am introducing would remedy that situation by providing for a payment equivalent to the 20-percent tax credit in the case of public and nonprofit entities providing child care. Thus these providers would also be eligible for the additional State funding provided under other provisions of the bill for child care providers who employ welfare recipients.

The bill I am introducing today provides a comprehensive answer to the problems raised by the new social services legislation in the child care area. It prevents the unrealistic imposition of penalties during the next 3 months when, for lack of funds, the new standards really cannot be complied with. But it makes it possible for these standards to be complied with after the 3-month delay by providing additional funding through an increase in the amount of social services money available and through an adjustment in the tax credit for hiring welfare recipients. And it does all this in a way which serves the important additional goal of providing employment opportunities for a large number of welfare mothers. This can mean a substantial increase in income available to the families headed by these mothers as well as utilizing their talents in expanding the availability of child care.

Mr. President, I ask unanimous consent to have printed in the RECORD the text of the bill, a summary of its provisions, and a table which shows the additional child care funds which it would make available to each State.

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

S. 2425

A bill to facilitate and encourage the implementation by States of child day care services programs conducted pursuant to title XX of the Social Security Act, and to promote the employment of welfare recipients in the provision of child day care services

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Congress finds and declares—

(1) That the Social Services Amendments of 1974 set standards for child care under the Social Security Act which will require many child care providers to substantially increase their staff over existing levels;

(2) That in such cases compliance with these standards will require a substantial increase in the present level of expenditures for child care; and

(3) That adequate funding to meet these additional child care expenditures required by the Social Services Amendments of 1974 is not presently available.

(b) It is therefore the purpose of this Act to provide the additional funding which will make possible the implementation of the new child care standards without severely curtailing the availability of child care services.

SEC. 2. Notwithstanding any other provision of law, no Federal funds to which a State is otherwise entitled, with respect to expenditures made during the calendar quarter ending December 31, 1975, under title IV or title XX of the Social Security Act, shall be withheld or denied on account of failure to comply with any requirements imposed by section 2002(a)(9) of such Act, any regulations promulgated thereunder, or by section 3(f) of the Social Services Amendments of 1974.

SEC. 3. (a) For purposes of title XX of the Social Security Act, the amount of the limitation (imposed by section 2002(a)(2) of such Act which is applicable to any State for any fiscal year, shall be deemed to be equal to whichever of the following is the lesser:

(1) an amount equal to 120 per centum of the amount of such limitation for such year (as determined without regard to this section), or,

(2) an amount equal to (A) 100 per centum of such limitation for such year (as determined without regard to this section), plus (B) an amount equal to the sum of (i) 80 per centum of the total amount of expenditures (I) which are made during such fiscal year in connection with the provision of any child day care service, and (II) with respect to which payment is authorized to be made to the State under such title for such fiscal year, and (ii) the aggregate of the amounts of the grants, made by the State during such fiscal year, to which the provisions of subsection (c)(1) are applicable.

(b) The additional Federal funds which become payable to any State for any fiscal year by reason of the provisions of subsection (a) shall, to the maximum extent that the State determines to be feasible, be employed in such a way as to increase the employment of welfare recipients and other low-income persons in jobs related to the provision of child day care services.

(c)(1) Subject to paragraph (2), sums granted; during any quarter, by a State to a qualified provider of child day care services (as defined in paragraph (3)) with respect to one or more child day care facilities of such provider shall be deemed, for purposes of title XX of the Social Security Act, to constitute expenditures made by the State, in accordance with the requirements and conditions imposed by such Act, for the provision of services directed at one or more of the goals set forth in clauses (A) through (E) of the first sentence of section 2002 (a) (1) of such Act. With respect to sums to which the preceding sentence is applicable (after application of the provisions of paragraph (2)), the figure "75", as contained in the first sentence of section 2002 (a) (1) of such Act, shall be deemed to read "100".

(2) The provisions of paragraph (1) shall not be applicable—

(A) to the amount, if any, by which the aggregate of the sums (as described in such paragraph) granted during any fiscal year exceeds the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such fiscal year, and

(B) to the amount, if any, by which the aggregate of the sums (as described in paragraph (1)) granted to any particular qualified provider of child day care services, during any taxable year of such provider, exceeds an amount equal to 400 percent of the amount of the tax credit which is allowable to such provider for the taxable year under section 40 of the Internal Revenue Code of 1954 (or the amount of a payment in lieu of credit under section 50A (e) of such Code) with respect to the Federal welfare recipient employment incentive expenses for individuals employed by such provider in jobs related to the provision of child day

care services in the facility or facilities with respect to which such sums were granted.

(3) For purposes of this subsection, the term "qualified provider of child day care services", when used in reference to a recipient of a grant by a State, includes a provider of such services only if, of the total number of children receiving such services from such provider in the facility with respect to which the grant is made, at least 30 per centum thereof have some or all of the costs for the child day care services so furnished to them by such provider paid for under the State's services program conducted pursuant to title XX of the Social Security Act.

(d)(1) In the administration of title XX of the Social Security Act, the figure "75", as contained in the first sentence of section 2002(a)(1) of such Act, shall, subject to paragraph (2), be deemed to read "80" for purposes of applying such sentence to expenditures made by a State for the provision of child day care services.

(2) The total amount of the Federal payments which may be paid to any State for any fiscal year under title XX of the Social Security Act, with the application of the provisions of paragraph (1), shall not exceed an amount equal to the excess (if any) of—

(A) the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such fiscal year, over

(B) the aggregate of the amounts of the grants, made by the State during such fiscal year, to which the provisions of subsection (c)(1) are applicable.

(e) In applying the provisions of paragraph (1) of subsection (a) of this section with respect to the fiscal year ending June 30, 1976, the figure "120" shall be deemed to be "110".

SEC. 4. (a) Section 50A of the Internal Revenue Code of 1954 (relating to amount of credit for work incentive program expenses) is amended—

(1) by striking out subsection (a)(6) and inserting in lieu thereof the following:

"(6) Limitations with respect to certain eligible employees.—

"(A) Nonbusiness eligible employees.—Notwithstanding paragraph (1), the credit allowed by section 40 with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year to an eligible employee whose services are not performed in connection with a trade or business of the taxpayer shall not exceed $1,000.

"(B) Child day care services eligible employees.—Notwithstanding paragraph (1), the credit allowed by section 40 with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year to an eligible employee whose services are performed in connection with a child day care services program, conducted by the taxpayer, shall not exceed $1,000.", and

(2) by adding at the end thereof the following new subsection:

"(e) Payment in Lieu of Credit to Tax Exempt Organizations.—

"(1) In general.—In the case of a State, any political subdivision thereof, and any organization described in section 501(c), which is exempt from tax under section 501(a) for the taxable year, the Secretary shall pay to each such government, subdivision, or organization which files a form during the calendar year in the form, manner, and at the time prescribed by the Secretary or his delegate by regulations, an amount determined under paragraph (2). The Secretary shall make such payment as soon as possible after the receipt of such form.

"(2) Amount of payment.—The amount payable to a State, subdivision, or organization (hereafter referred to as 'tax exempt entities' under subsection (a) for the calendar year shall be equal to the amount of credit which such tax exempt entities would if they were liable for tax under this chapter, be allowed under section 40, determined under section 50A and 50B disregarding paragraphs (2) through (5) of section 50A(a), for Federal welfare recipient employment incentive expenses paid or incurred by such entity during such year to an eligible employee whose services are performed in connection with a child day care services program of such entity.

"(3) Repayment.—If an entity which receives a payment under paragraph (1) takes any action which would result in an increase of its tax under subsections (c) or (d) of section 50A if such entity were liable for tax under this chapter, then such entity shall be liable to the Secretary or his delegate for an amount equal to the increased amount of tax which would be imposed under such subsections.

"(4) Treatment as overpayment of tax.—For purposes of any law of the United States, including section 101 of the Terasury Department Appropriation Act of 1950, any payment made under this section shall be considered to be a refund of an overpayment of the tax imposed under this chapter.".

(b) Section 50B(a)(2) of such Code (relating to definitions; special rules) is amended to read as follows:

"(2) Definition.—For purposes of this section, the term 'Federal welfare recipient employment incentive expenses' means the amount of wages paid or incurred by the taxpayer for services rendered to the taxpayer by an eligible employee—

"(A) before July 1, 1976, or

"(B) in the case of an eligible employee whose services are performed in connection with a child day care services program of the taxpayer, before January 1, 1981."

(c) The amendments made by this section with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer to an eligible employee whose services are performed in connection with a child day care services program of the taxpayer shall apply to such expenses paid or incurred by a taxpayer to an eligible employee, whom such taxpayer hires after September 30, 1975.

SUMMARY OF PROVISIONS

SECTION 1. FINDINGS AND PURPOSE

The first section of the bill states that the Congress finds that the Social Services legislation enacted in 1974 includes child care standards which will require many child care providers to incur added expenditures for which no funding is presently available and that it is the purpose of this bill to make the additional funding available so that the new child care standards can be complied with.

SECTION 2. THREE MONTH-DELAY IN EFFECTIVE DATE OF STANDARDS

The second section of the bill provides that Federal matching funds may not be withheld with respect to expenditures during the last 3 months of 1975 because those expenditures are for child care which does not meet the standards required by Title XX.

SECTION 3. ADDITIONAL FUNDS TO ENABLE TITLE XX STANDARDS TO BE MET

Section 3 (a) increases the $2.5 billion limit on Federal funding for social services programs by $500 million. The added funds are available only for matching State child care expenditures and are allocated among the States on a population basis (as is the $2.5 billion in current law).

Section 3 (b) requires that the funds made available under section 3 (a) be used in such a way as to increase the employment of welfare recipients and other low-income persons in child care related jobs to the maximum extent feasible as determined by the States.

Section 3 (c) permits States to use a part of their share of the additional $500 million provided by section 3 (a) to make grants to providers of child care to assist them with the costs of employing welfare recipients in order to meet the higher staffing requirements mandated by title XX. Such grants could be made only to child care providers where at least 30 percent of the children cared for have all or part of their care funded through the State's title XX social services program. The grants would be payable for employees with respect to whom the child care provider is eligible for the welfare recipient employment tax credit under section 50A of the Internal Revenue Code. The amount of the grant could be 80 percent of the employees' wages which in combination with the 20 percent tax credit would fully meet the cost of wages except that both the tax credit and State grant would apply only to the first $5,000 of wages. The cost of the State grant would be met fully with Federal funds (within the State's share of the additional $500 million) since the 20 percent covered by the tax credit would be considered to meet the matching requirement.

Section 3(d) would increase the Federal social services matching, as it applies to child care costs, from 75 percent to 80 percent but only for those expenditures funded out of the State's share of the additional $500 million made available under section 3(a).

Section 3(e) would limit the additional funding to $250 million in the first fiscal year (fiscal 1976) since less than a full fiscal year remains.

SECTION 4. EXTENSION OF WELFARE RECIPIENT EMPLOYMENT INCENTIVE TAX CREDIT TO PUBLIC AND NONPROFIT CHILD CARE PROVIDERS

Section 4 (a) would make available to public and nonprofit providers of child care a payment equivalent to the 20 percent tax credit which private businesses can now receive for employing welfare recipients. This credit does not benefit public and nonprofit providers because they have no tax liability to apply it against. This section would also limit the applicability of the 20 percent tax credit (and the equivalent payment to public and nonprofit providers) to the first $5000 of wages per employee in the case of individuals employed for child care. This is similar to a limitation already in the law with respect to persons employed in domestic and other household occupations.

Section 4(b) would make the tax credit for employing welfare recipients and the payment in lieu of the credit for public and nonprofit providers of child care available for five years (through 1980) in the case of individuals employed in connection with child care.

Section 4(c) would make the changes with respect to the tax credit and equivalent payments applicable to welfare recipients employed by child care providers after September 30, 1975.

Estimated Additional Social Services Funding for Child Care [1]

	Millions
Alabama	$8.450
Alaska	0.800
Arizona	4.900
Arkansas	4.850
California	49.100
Colorado	5.800
Connecticut	7.350
Delaware	1.350
District of Columbia	1.800
Florida	18.300
Georgia	11.400
Hawaii	2.000

Footnotes at end of table.

Estimated Additional Social Services Funding for Child Care—Continued

Idaho	$1.850
Illinois	26.750
Indiana	12.650
Iowa	6.900
Kansas	5.450
Kentucky	7.950
Louisiana	8.950
Maine	2.450
Maryland	9.700
Massachusetts	13.850
Michigan	21.550
Minnesota	9.300
Mississippi	5.450
Missouri	11.350
Montana	1.700
Nebraska	3.650
Nevada	1.300
New Hampshire	1.900
New Jersey	17.550
New Mexico	2.650
New York	43.500
North Carolina	12.550
North Dakota	1.500
Ohio	25.550
Oklahoma	6.350
Oregon	5.300
Pennsylvania	28.350
Rhode Island	2.300
South Carolina	6.500
South Dakota	1.650
Tennessee	9.850
Texas	28.100
Utah	2.750
Vermont	1.100
Virginia	11.450
Washington	8.150
West Virginia	4.300
Wisconsin	10.900
Wyoming	0.850
Total	$500.000

[1] Under S. 2425, the amounts available in fiscal year 1976 would be one-half of the full fiscal year amounts shown in this table.

Mr. MONDALE. Mr. President, I rise to join the distinguished chairman of the Committee on Finance (Mr. LONG) in the introduction of a bill concerning child care programs funded under title XX of the Social Security Act. This bill is designed to provide the funding necessary to assure that these child care programs can meet the child care standards now scheduled to take effect this week.

As my colleagues remember, the social services legislation enacted last year required that the existing Federal interagency day care requirements—with several modifications and new staffing standards for children under age 3 in day care centers—be enforced beginning October 1, 1975, with respect to programs funded under title XX. The legislation required specifically that funding be terminated for any program or programs which did not meet these standards.

These standards—especially their staffing ratios—have been the subject of debate in the Senate several times during the past few years. They were debated and modified at the time the Senate passed the social services legislation last year, and while some people believe those standards as modified are too weak, and others believe they are too strong, they represent the best compromise we could reach.

Although the original Federal interagency day care requirements have been in effect for all federally assisted child care programs since 1968, the prospect that they would be enforced as modified beginning October 1 of this year has created growing concern on the part of many child care providers and many States which administer these programs. It is now recognized that many existing programs simply do not meet these requirements, and that strict enforcement would require closing many programs, reducing the number of children served so the adult-child ratio would improve, or substantially increasing the costs of operating them. Yet, since no funds were provided to help meet the costs of the additional staff needed, the result in almost all cases would be that fewer children could be served.

Thus, we are now faced with a difficult situation, and I believe that the record should show the reasons for it. Part of the reason is that the standards scheduled to take effect this week specify staffing ratios for children under age 3 in child care centers—a category for which no ratios were specified before. Obviously, these new requirements mean that some programs will have to improve their level of care to meet these ratios, and this will require additional resources which have not been provided.

Another part of the reason we face this difficulty today is that the Department of Health, Education, and Welfare has never enforced the requirements that have existed. Even though these Federal Interagency Day Care Requirements have been in effect since 1968, HEW has made no effort to assure compliance. Indeed, even when HEW's own audit conducted last year revealed that over half of the programs audited were in violation of the required standards, no enforcement action was taken. There is no excuse for this record of neglect.

Regardless of the reasons for the difficulties we face today, the question before us is what we should do now and for the future. The House of Representatives is considering this issue, and is scheduled to take action today which would postpone for 6 months the requirement that child care centers meet the staffing standards for children between 6 weeks and 6 months.

Yet, postponing these requirements does nothing to assure that the children we are concerned about will be in safe and healthy environments. It does nothing to encourage and make it possible for programs to come into compliance. It simply puts off for 6 months the problems we are facing today, with no hope of remedying the problems in the interim, and no reason to believe that we will be in any better position to deal with them then than we are now.

What we need to do instead—and what this bill would do—is to provide the funds necessary for child care programs to come in compliance over the short term.

Thus, this legislation would make available to States an additional $250 million for child care for the remainder of this fiscal year—and an additional $500 million for succeeding years—on top of the $2.5 billion currently available for social services.

These additional funds for child care would be allocated among the States on the basis of State population in the same way as the $2.5 billion for social services is now allocated. And, the Federal matching rate would be raised from 75 percent to 80 percent for child care paid out of this new funding.

In order to provide additional help to programs which need to add staff in order to meet these standards, and to keep the fees down for the nonwelfare children served by centers serving both welfare and nonwelfare children, this bill provides a 20 percent tax credit on the first $5,000 of wages paid to welfare recipients employed in child care centers under this funding. And, very importantly, the bill provides a payment equivalent to this 20 percent tax credit for the same purpose to public and nonprofit providers of day care who have no tax liability against which to apply a credit. This tax credit or the payment equivalent to it would be available only to programs in which at least 30 percent of the children cared for have all or part of their care funded through the title XX program.

Finally, this bill provides a 3-month delay—until December 30, 1975—in the imposition of any penalties for violation of the child care standards. This modest delay is provided in order to give child care programs an opportunity to come into compliance by using the additional funds the bill provides—rather than taking action this week which would force them to close down or cut back on the number of children they serve before the necessary funds become available.

Mr. President, I strongly support the basic objectives of the bill which Senator LONG is introducing today, and am pleased to join him as a sponsor of it. I believe it represents a fair and responsible approach to solving the immediate problems we face today by making it possible—through the provision of additional funds—for child care programs to come into compliance with the child care standards over the next 3 months.

By Mr. DOLE (for himself, Mr. RIBICOFF, and Mr. STAFFORD):

S. 2426. A bill to establish a reduced rate of postage for letters sealed against inspection mailed by private individuals. Referred to the Committee on Post Office and Civil Service.

POSTAL RATE RELIEF FOR THE PRIVATE CITIZEN

Mr. DOLE. Mr. President, last week the U.S. Postal Service filed a request with the Postal Rate Commission to increase first-class postage rates to 13 cents within the next 4 months. This is the third postal rate increase proposed by the Service since Congress passed the Postal Reorganization Act of 1970, and it will reflect a 117-percent increase in the price of first-class postage stamps in less than 5 years. In January 1971, the American public was paying 6 cents to mail a letter weighing up to 1 ounce; by January 1976, the public will pay 13 cents for the same purpose. Fortunately, few other consumer products or services has registered quite such a dramatic in-

crease—percentage wise—in so short a space of time.

Each time the postage rate has risen, the public has breathed a sigh of resignation and renewed its hope that this would be the final plateau, at least for the foreseeable future. But no sooner has the public exhaled, it seems, and postage rates have gone up again. At this point, it can honestly be said that there is no end in sight to rising postal costs for the private citizen. Some observers now predict that the price of a first-class stamp may well rise to 15 cents, 17 cents, or 20 cents within the next few years.

In blunt recognition of the possibility of "mail rates getting out beyond the reach of a large spectrum of the citizenry of this country," the General Counsel of the U.S. Postal Service suggested to the House Subcommittee on Postal Service last March that it "might want to give some thought to what could be called a citizen mail subsidy, a subsidy for individual mail, rather than for company mail, for what is so often called in this room 'Aunt Minnie' mail . . ." the counsel speculated that Congress might "have a very interesting time analyzing the possibilities of that. And I suggest it in case you want to give it further consideration."

PUBLIC INTEREST AT STAKE

Mr. President, I too, have been concerned about the impact of ever-increasing postage rates on "Aunt Minnie"—on every private citizen in this country who still uses the mail to communicate with others and to handle his private business. The drastic inflation of postage rates has hit the individual hard, particularly those in rural areas who rely heavily upon mail service to keep in touch with distant kin and to perform daily business transactions. The citizen who regularly orders products and pays his bills by mail; who still sends greeting cards to relatives and friends; and who takes the time to write his Senator or Congressman, knows full well the value of a postage stamp today. As one commentator keenly observed: "Nowadays, when a person begins his letter with 'Dear,' he really means it."

For years, Congress has regularly subsidized certain types and classes of mail for commercial and institutional mailers, to "soften" the impact of rate increases. Such "phase-in" subsidies for second-class rates, third-class nonprofit mailers, and fourth-class special and library rates are authorized through 1980 and 1988, depending upon subclass. Whether or not first-class postage rates serve to subsidize reduced commercial rates—as some have speculated—there is no question about the fact that the taxpayer has helped subsidize discount mailers indirectly through annual appropriations.

My purpose is not to criticize special-rate mailers; the Postal Service established rate structures with the purpose of maintaining an adequate volume of business from these sources. Many of them provide valuable services to the public. But I do think it is time that equal consideration be given to the interests of private mailers as well. It is with that intent that I am today introducing legislation to call a halt to unending increases in postage rates for the private individual.

RELIEF FOR PRIVATE MAILER

The Private Individuals' Postal Rate Relief Act of 1975 will establish a maximum rate of 10 cents per ounce for letters of private individuals which are sealed against inspection. This will include all first-class mail—such as notes, messages, cards, payments, et cetera—which is of domestic origin and which is mailed by private citizens. But corporations, companies, associations, partnerships, institutions, organizations, and governmental units are specifically excluded from its provisions.

This legislation is designed to be just what its title implies: A "relief" measure for private citizens who are becoming increasingly burdened because they are expected to bear the brunt of rising postal costs. We are all aware of the financial difficulties encountered by the semi-independent Postal Service, and I believe it is a problem which both Congress and the service must confront together, in seeking a practical solution. It is time we all face up to the fact that the solution does not lie in constantly increasing postage rates for the individual. Five years of experience, and a ballooning postal deficit, have taught us that. The fact is that every time postal rates rise, mail volume goes down, thus adding to the service's financial problems. The seriousness with which both Congress and the Postal Service are currently searching for solutions is clearly evident in the preoccupation by the House with a postal reform bill of sorts (H.R. 8603), and in the Postmaster General's recent remarks before the national postal forum IX here in Washington.

There are several reasons for the drastic increase in the postal service budget. Certainly, the inflationary rise in labor and capital costs have been major factors. Labor costs, which account for approximately 85 percent of the Postal Service's annual budget, recently soared even higher with the promulgation of a new 3-year contract for postal employees. Under the terms of this contract, employees receive a flat $1,500 raise over the duration of the contract, in addition to six cost-of-living raises of undetermined value. Furthermore, the continuation of a "no layoff" clause for all 600,000 postal workers adds up to a reasonable conclusion that we cannot expect any decrease in postal service labor costs during the next 3 years. Two recent articles have appeared in the Washington Post, which describe more fully the relationship between the postal labor contract and rising postage rates, and I ask that they be printed in full at the completion of my remarks.

RURAL SERVICE DETERIORATES

At the same time that rates have risen, the public has been asked to accept certain sacrifices in service. Rural areas, in particular, have been the victims of post office closings, delayed mail deliveries, route consolidations, suspension of weekend service, and other curtailments—at the same time that rural residents are expected to bear their full share of postage costs and tax payments for postal service appropriations. It is not difficult to understand the outrage of constituents who are powerless to influence the policies of a service which is so vital to their daily activities.

I believe that this legislation, if approved by Congress, will be a first step toward restoring the traditional concept of postal service as a "public service." Congress will be taking a look at many aspects of current postal problems in the months ahead, but it can begin to rectify matters in the public interest by stabilizing postage costs for the "little guy," who accounts for some 15 percent of the total mail volume each year.

Some of the technical mechanisms for implementation and administration of the Postal Rate Relief Act can best be devised at a later stage through discussions between Congress and Postal Service officials. Whether the Postal Service deficit should be met through increased congressional subsidies or through redistribution of postage costs is a matter best left to later discussions focused on the financial situation of the Postal Service. The immediate and primary purpose of this legislation is to provide a measure of relief from unending postal rate increases for the private citizen.

With respect to enforcement of this special-rate mailing privilege, I have included in my bill a provision to establish civil penalties for unauthorized use of the private citizens' rate. The Postal Service is thereby empowered to bring civil action against any nonauthorized use of the privilege, and the violator is subject to a fine for each violation. In some respects, enforcement of this restriction is governed by an "honor code," much as the use of any other special permit or discount mailing rate is subject to the assumed integrity of the mailer. But the ratio of monetary risk at stake—a 3-cent savings as compared to a possible $2,500 fine—should serve to discourage willful violation by unauthorized persons or institutions. Furthermore, either the recipient of such mail, or postal officials—by means of ordinary "cover scanning"—would be capable of pointing out violations.

This bill is not designed to enter or to resolve the continuing debate over the wisdom of congressional appropriations for postal service. Neither is it designed to once again put Congress in charge of ratemaking responsibilities. The Postal Service and the Postal Rate Commission will still have the authority under Public Law 91-375 to recommend and implement various postage rates for various types of mailers and classes of mail. Only materials mailed by private individuals, and sealed against inspection according to postal regulations, will be regulated as a result of this measure.

AUNT MINNIE LOSING PATIENCE

I hope that the Members of this Congress are ready to face the problem of soaring private mailing costs. If I judge the mood of "Aunt Minnie" correctly, she is rapidly losing her patience with ever-increasing postage rates. Only a drastic loss in mail volume, and more serious economic straits lie in store for

a postal system that pushes her to her limit of tolerance. I am hopeful that the Senate Post Office and Civil Service Committee will take early and favorable action on this legislation to protect the interests of the individual mail user.

Mr. President, I ask unanimous consent that the text of the bill and the two articles from the Washington Post be printed in the RECORD.

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

S. 2426

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

SECTION 1. This Act may be cited as the "Private Individuals' Postal Rate Relief Act of 1975".

SEC. 2. Section 3626 of title 39, United States Code is amended by designating the existing text of § 3626 as subsection (a) and by adding at the end thereof the following new subsections:

"(b) The rate of postage for letters of private individuals within any class of mail maintained by the Postal Service for transmission of letters sealed against inspection shall not exceed ten cents per ounce per letter. In the event that on the effective date of this subsection existing permanent or temporary rates exceed ten cents per ounce per letter, the Postal Service shall place reduced rates into effect within 100 days.

"(c) As used in subsection (b) of this section, the term "letters of private individuals" means letters of domestic origin that are mailed by private individuals and bear such evidence of being letters of individuals as the Postal Service may prescribe by reasonable regulations adopted in accordance with section 553 of title 5, United States Code; but shall not include any letter mailed by any corporation, company, business, association, proprietorship, professional entity, partnership, institution, organization, or governmental unit.".

SEC. 3. Chapter 36 of title 39, United States Code, is amended by adding after section 3628 the following new section:

§ 3629. Civil penalties for use of private individuals' reduced rate without authorization

"(a) Except for private individuals as permitted by law, no person (including corporations, companies, businesses, associations, proprietorships, professional entities, partnerships, institutions, and governmental units) shall mail any letter on which the postage paid is the reduced rate applicable to letters of private individuals under section 3626 of this title.

"(b) Whoever violates subsection (a) of this section shall be subject to a civil penalty of $2,500 for each violation. In determining the number of violations for which penalties may be assessed, where the violator has acted knowingly and willfully, each letter mailed shall be treated as a separate violation.

"(c) The Postal Service, by its attorneys, may commence a civil action in a district court of the United States against any person, partnership, corporation, or other business or non-business entity which violates subsection (a) of this section. Such actions may be brought in the district wherein any act constituting the violation occurred or in the district where the defendant is an inhabitant or transacts business, and process in such actions may be served in the district in which the action is brought and in any other district of which the defendant is an inhabitant or in which the defendant transacts business. Further, district court subpoenas for witnesses may run into any other district.".

[From the Washington Post, July 24, 1975]

THE FEDERAL DIARY: POSTAGE STAMP MAY COST 16 CENTS

(By Mike Causey)

The price of a first-class postage stamp, now a dime, could climb to 16 cents or more over the next two years as the U.S. Postal Service scratches for funds to feed itself.

Although both sides are downplaying the price tag, the tentative contract between the USPS and its 600,000 workers for the next three years could cost the stamp-buying public $1.8 billion a year by 1978.

The wage-fringe package tentatively cleared Monday calls for 10 postal pay raises over the next three years. Four of the increases would be flat "up front" increases worth $1,500 each to employees over the life of the contract.

The big money item is certain to be the six open-end pay raises that the USPS has promised each of its employees, based on the rate of inflation. Those boosts easily could drive the wage-fringe package well over the $1 billion that has been used by some officials and union leaders in background discussions of cost.

In the just-expired two-year contract between the USPS and its unions, workers got two flat pay raises, but the big money came from four cost-of-living increases. They turned out to be worth several hundred dollars more than the negotiated flat increases.

The new agreement, if union members approve it, guarantees even larger pay raises over the next three years and six, rather than four, additional increases tied directly to the cost of living. The news yesterday that the Consumer Price Index for June jumped 8/10ths of 1 per cent indicates that inflation has not gone away, and means postal workers could be due a sizable COL raise in November. After that they will get inflation-triggered raises each May and November through 1978, in addition to four regularly scheduled pay increases.

Even before they agreed to the wage-fringe benefit package, postal officials said they would have to raise first-class rates to 13 cents this year. With mail volume dropping, and the Postal Service projecting a $591 million loss this year even with higher rates, the price of stamps has nowhere to go but up.

According to USPS figures, a 1-cent rise in first-class rates generates $600 million in additional revenue. With volume down—and it might drop further when the 13-cent stamp becomes a reality—postal officials feel that short of a massive subsidy from Congress, which they say they don't want, rates will have to go up to make up for the volume drop caused by, of all things, higher rates.

[From the Washington Post, August 23, 1975]

THE FEDERAL DIARY: PACT GIVES PUBLIC $1 BILLION LICKING

(By Mike Causey)

Top postal officials now confirm our earlier estimate that the new contract—which union members are rushing to endorse—will cost the stamp buying public an additional $1 billion plus per year.

U.S. Postal Service officials downplayed the billion-dollar estimate during contract negotiations because they didn't want to be accused of giving away the store.

When other reporters checked with postal financial experts for confirmation of our $1 billion figure, they were told it was "a guess" and that the final package would be much less costly.

Now that it has been agreed to by the USPS, and union members are backing it better than 2 to 1, officials concede it will run $1 billion, if not more.

The contract won by the unions, using the threat of an illegal strike, has four main features, any two of which private unions or other government workers would be glad to have.

Phase one of the contract is the "up front" money. It guarantees each of the 600,000 workers pay raises—no matter whether postal profits are up or down (and they are now down)—of $400 retroactive to last July, another $250 a year increase for each employee in March, then a $25 boost in November, 1976, and a flat $600 on July 21, 1977.

Postal officials insisted on "back-loading" the contract with the biggest single salary increase coming last. But the guaranteed wage package amounts to $1,500 for each of the service's 600,000 plus workers.

In addition to improving straight salary, that will increase the value of their annual leave, overtime, life insurance (in some cases) and retirement.

Phase two of the contract contains six guaranteed cost-of-living raises, equal to a 1 cent an hour pay boost for every four-tenths of a point (not per cent) rise in the Consumer Price Index. During the just concluded two-year contract, postal workers got four cost-of-living raises worth $1,310.

The cost-of-living raises provided in the new union-management agreement will be paid in November, 1975; May and November, 1976; May and November, 1977, and the last one in May, 1978. Postal officials agree that the value of those six open-end raises could easily exceed the flat $1,500 guaranteed each employee in the wage package.

Phase three of the postal contract, which will be financed by higher stamp prices, calls for the Postal Service to pay 75 per cent (it now pays 65 per cent) of the employees' health insurance premium tap. This will raise postal costs and increase take-home pay of most workers.

Phase four includes the major issue, which the U.S. Postal Service said it would not give in to, but did it. It is the continuation, for three years, of the no-layoff pledge. Without it the rapidly automating postal service would have been able to fire thousands of workers whom it hoped to replace with optical scanners, letter-sorting machines, new facilities and other equipment.

In addition, the USPS automatically improved the future pensions and overtime pay of its workers by agreeing to allow the $1,130 living cost raise received over the past two years to be counted as part of base salary.

The American Postal Workers Union magazine says that while the no-layoff clause was the most emotional issue during contract talks, "our guess is that the continuation of the cost-of-living allowance may be the big sleeper in the contract.

"If the price trend continues to sail upward," the magazine of 220,000 union members said, "the cost escalator will be worth its weight in copper . . ." That estimate is a good one. With the big jump in living costs measured in July, the cost-of-living rate is now running 14.4 per cent a year.

When those postal cost-of-living raises start rolling in, the U.S. Postal Service may have to run back to the Postal Rate Commission with plans for a first-class stamp that will make the "temporary" 10 cents we are now paying seem cheap indeed.

With apologies to Redskins coach George "the future is now" Allen, it would seem that as far as cheap mail rates are concerned, the good old days are now.

Mr. RIBICOFF. Mr. President, I am pleased to join with Senator DOLE in introducing the Private Individuals' Postal Relief Act of 1975. This legislation would freeze the cost of first-class postage at 10 cents.

The U.S. Postal Service has recently filed a request with the Postal Rate Commission to increase the cost of a first-class stamp to 13 cents. If the rate hike is not opposed by the Postal Rate Commission within 100 days, the 13 cent stamp proposal will go into effect—prob-

ably in late December. Since it appears unlikely that the Postal Rate Commission will take any action to kill the increase, the only way to stop the 13-cent first-class postage proposal is with legislation such as that which we are proposing.

It is time to put a stop to the ever-spiralling inflation in postage costs for the average private citizen who mails letters. The cost of stamps has already gone up three times in the last 5 years. In 1971 we paid 6 cents for a first-class stamp. We may soon be paying 13 cents—a rise of 117 percent in that time. This is an intolerable situation. Unless we take action now to halt this rise, we can expect to see stamp costs rise to 15 cents, 17 cents, or 20 cents over the next few years.

We all know that the cost of our postal service has increased over the last few years. But the simple fact is that we cannot expect the private citizen to continue to subsidize all different types of mail, especially since private citizen mail makes up only 15 percent of the mail volume of this country. It is time for all classes of mail to pay their fair share of the load.

The Dole-Ribicoff proposal would freeze the first-class rate at 10 cents for private citizen first-class mail only. Rigid civil penalties would be established for unauthorized use of this private citizen mailing rate.

The Postal Service is thereby empowered to bring civil action against any nonauthorized use of the privilege, and the violator is subject to a fine for each violation. In some respects, enforcement of this restriction is governed by an "honor code," much as the use of any other special permit or discount mailing rate is subject to assumed integrity of the mailer. But the ratio of monetary risk at stake—a 3-cent savings as compared to a possible $2,500 fine—should serve to discourage willful violation by unauthorized persons or institutions. Furthermore, either the recipient of such mail, or postal officials—by means of ordinary "cover scanning"—would be capable of pointing out violations.

When they open their mail, most Americans find that their bills are bigger and bigger because of inflation. It adds insult to injury when people mail back their inflated bill payments and have to put inflated-cost stamps on the envelopes for the privilege of doing so.

I urge my colleagues to join with us to enact this worthwhile proposal into law.

By Mr. HELMS:

S. 2427. A bill to amend the National Science Foundation Act of 1950 by providing for a peer review and grants management system that is equitable, open, and accountable to the scientific community and to Congress, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. HELMS. Mr. President, on July 22, 1975, I introduced legislation to establish oversight procedures for the Congress in evaluating curriculum programs funded by the National Science Foundation. Although this legislation is directed in particular toward the NSF's shocking curriculum program for fifth grade school children called MACOS—"Man: A Course of Study"—its general purpose is to strengthen and improve the hand of Congress in overseeing the operations of the National Science Foundation regarding the implementation and marketing of curriculum programs for our Nation's schools.

I am pleased, of course, that the House and Senate appropriations committees have now taken action to deny funding to the MACOS program. At the same time, I am concerned that Congress has done little to correct other problems which exist in the National Science Foundation; for the MACOS affair is just the tip of the iceberg. Establishing oversight procedures for NSF curriculum projects is merely the beginning of what must be a wholesale reform of the mammoth NSF operation.

Mr. President, a pattern of administrative abuses and mismanagement has surfaced in the National Science Foundation that can no longer be tolerated. Much to its discredit, the National Science Foundation has become—and rightly so—a target of criticism for its continued support of research projects that are, at best, of dubious value to the American scientific effort. But it is now clear that low quality and low priority research support is merely a reflection of more deep-seated problems within the NSF administrative hierarchy. In the American scientific community, there is widespread agreement that the basic policies and procedures of the National Science Foundation are wholly contrary to the American democratic spirit, the principles of justice and fairness, and our traditional commitment to the growth of scientific knowledge.

Recently, the Subcommittee on Science, Research and Technology of the House Committee on Science and Technology completed 2 weeks of hearings on the peer review system of the National Science Foundation. The testimony presented at these hearings is as enlightening as it is disturbing. In supplying the subcommittee with evidence of unfair, aberrant funding patterns in NSF grants, Dr. Doris Kuhlman-Wilsdorf, university professor of applied science at the University of Virginia, noted that, as a result of NSF policies, "the best departments turn out to be the most underfunded on the national average." In her judgment:

> What is at issue is a question of basic justice as far as the individual scientists, the different universities, and the states are concerned.

Other eminent scientists appearing before the subcommittee expressed similar concerns about the inadequacies and injustices of the peer review system. Dr. Freeman Cope, a biophysicist with the U.S. Naval Air Development Center Biochemical Laboratory in Warminster, Pa., raised the question of administrative competence and/or adequacy of evaluation procedure in the biomedical division of NSF, and urged Congress to delete from the NSF budget all money allocated for research grants concerned with sodium and potassium pumps across cell walls, because they are nonexistent. In Dr. Cope's view, the continued study of these hypothetical pumps is so absurd scientifically that NSF management should be urged to replace the administrators in the biomedical division who are responsible for this waste, to decrease such waste in the future.

Dr. Gilbert N. Ling, director of the department of molecular biology at Pennsylvania Hospital, in Philadelphia, elaborated upon the various shortcomings of the peer review system, urged adoption of a number of procedural and structural changes in the administrative evaluation of grant proposals, and concluded that—

> With this life-and-death power, peers can readily put a stop to innovation and the work of the innovators who represent too much of a threat to their power, their prestige, their beliefs. The net result of the peer review system is the perpetuation of the status quo and the suppression of progress." No doubt Dr. Rustum Doy, Director of the Materials Research Laboratory at Pennsylvania State University, who is a practicing university researcher and research administrator, spoke for many American scientists when he observed that the Peer Review system "is on the verge of collapse.

Commenting unfavorably on the practices of the National Science Foundation, and the inability of NSF Director H. Guyford Stever to defend them, Science, the prestigious journal of the American Association for the Advancement of Science, noted that the "NSF did not make a very impressive showing." As Science correctly views the situation, the basic issue with regard to the peer review system is openness and accountability:

> At a time when the Congress is embracing openness as an antidote to Watergate, NSF stands firms for confidentiality. To open the peer review process to the public, or even congressional scrutiny, could destroy it because it is based on confidentiality. Good scientists will not make candid-meaning negative assessments of each other's work if they have to operate in the open, or so the NSF argument goes." But, insists *Science*, "NSF's definition of confidentiality seems to go beyond the bounds, inasmuch as the agency maintains not only that it cannot reveal to Congress or the public the content of peer reviewer's analyses of grant applications, but also that it cannot reveal the names of the peers who reviewed specific grants.

THE PEER REVIEW SYSTEM

According to Dr. Richard C. Atkinson, the new Deputy Director of the National Science Foundation, there is no single decision process throughout the Foundation for evaluating grant proposals. When a proposal is received, it is first assigned to a program officer who is familiar with the area of science covered by the proposal. It is important to take notice of the fact that the program officer, as Dr. Atkinson observes, "is the key person in the decision process." He is the person responsible for determining the review procedure that will be followed by the Foundation in the evaluation of the grant proposal.

The program officer has five methods of peer review from which to choose. He may choose one of a combination of two or more. The first is called staff

review, whereby the program officer and his associates decide on their own whether to approve a grant proposal. This type of review is often used for small research requests and for requests for NSF funding of professional conferences.

A second method involves review by National Science Board. This approach is normally reserved for awards which involve a large sum of money or an implied commitment of continued research support over a number of years.

The third type of peer review is the site visit. This method of review may be employed where a written grant proposal cannot adequately describe every facet of the proposed research or to evaluate the progress of awards previously made. Site visits, depending on the nature of the research, involve the program officer alone, the program officer and his associates, or a combination of Foundation staff members and members of the scientific community. It should also be noted that consultation with other funding agencies is sometimes necessary in those instances where a proposal is submitted to several agencies by the same person or when similar projects are being funded concurrently by other agencies.

The remaining two procedures are the most important because they are the most frequently used. The first is the ad hoc review, whereby the program officer solicits, usually through the mail, a written evaluation from scientists who are specialists in the field of research covered by the proposal. These ad hoc reviewers do not come from a predetermined list but are chosen by the program officer at his discretion. The second is the panel review, which involves discussion with an assembled group of scientists who are selected by the program officer. These panels provide for face-to-face interaction between the reviewers and the program officer.

At the recent hearings before the subcommittee on science, research and technology, Dr. Atkinson testified that the National Science Foundation took 21,000 "actions" on project proposals during fiscal 1974. About 49 percent of these were funded. Forty-four percent of the total received ad hoc reviews, 23 percent received panel reviews, and 28 percent received both panel and ad hoc reviews.

No matter what type of review is used, however, it is abundantly clear that the success or failure of nearly every grant proposal submitted to the National Science Foundation depends in large measure on the individual biases of the program officer. It is the program officer who selects the method of peer review that is to be followed. It is the program officer who selects the ad hoc reviewers and the panel reviewers. It is the program officer who evaluates the peer reviews, accepting them or rejecting them at his own discretion. And it is the program officer who, in most instances, makes the final determination to award or reject a grant proposal.

Mr. President, I cannot imagine a peer review system that is more open to abuse and is a greater invitation to the misuse of power than that being used by the National Science Foundation. There is not even a semblance of a check and balance of power. The program officer is accountable to no one. He is not accountable to the grant applicant, who is denied access to information as to the identity of the reviewers and the content of the reviews. He is not accountable to the peer reviewers, whose recommendations are accepted or rejected as the program officer sees fit. He is not accountable, in reality, to the members of the National Science Board or to section heads and division chiefs, who lack the means to evaluate the thousands of decisions that are made by the various programs officers. It is little wonder that so many controversial programs are funded by the National Science Foundation, the final decision to grant awards—and these are awards costing the American taxpayer millions of dollars—is often made by one individual. As Representative JOHN CONLAN of Arizona stated at the recent subcommittee hearings:

> The National Science Foundation's peer review process is an amazing system, where individual program managers are given carte blanche authority to select peer reviewers who will be used to evaluate proposals. . . . It is common knowledge in the science community that NSF program managers can get whatever answer they want out of the peer review system to justify their decision to reject or fund a particular proposal.

But most significantly, Mr. President, these program officers are not even accountable to the Members of Congress. Despite repeated attempts by some Members of Congress to acquire an understanding of certain NSF programs—Representative CONLAN in particular has relentlessly pursued this task—the Director of the Foundation has flatly and repeatedly refused to accommodate legislative requests for information on the identity of reviewers and the content of peer reviews for specific grant awards. A case in point is the recent congressional request for the names of NSF peer reviewers. The Foundation sent a list of names in alphebetical order, without identifying the grants that they reviewed. Such information was, of course, utterly useless in aiding Members of Congress to assess the activities of the Foundation, and Representative CONLAN aptly described the listing as "no more useful to the subcommittee than a volume of the Hong Kong phone directory." As Representative CONLAN correctly observes, the National Science Foundation has "a completely arbitrary system that is closed and unaccountable to the scientific community and to the Congress."

"Power corrupts, and absolute power corrupts absolutely." So remarked Lord Acton, whose insights into the dangers of unchecked power seem to be especially applicable to the National Science Foundation. At the subcommittee hearings, Representative CONLAN charged NSF program officers with distorting the evaluations of reviewers in internal summaries, and indicated that his personal study of NSF material demonstrated the existence of "an 'Old Boy's System,' where program managers rely on trusted friends in the academic community to review their proposals. These friends recommend their friends to reviewers."

The peculiar geographical pattern of NSF awards lends weight to such charges, and further supports the testimony of Prof. Doris Kuhlmann-Wilsdorf. North Carolina, for example, ranks 12th in total population, 15th in the number of doctoral scientists and engineers in the labor force, 13th in enrollment in institutions of higher education, 17th in the number of science and engineering graduate students, 10th in the number of Ph. D. scientists and engineers employed in universities and colleges, and 11th in the number of Ph. D.'s awarded in science and engineering; yet it ranks 25th in the dollar amount of awards by the National Science Foundation. NSF management statistics, published in July of 1975, indicate that many other States are similarly subjected to discriminatory or preferential treatment, in violation of the spirit of the National Science Foundation Act of 1950, which requires grants to be "awarded to the applicants in such manner as will tend to result in a wide distribution of scholarships and fellowships throughout the United States."

In general, the geographic distribution of NSF grant awards shows a consistent pattern of bias in favor of scientists and educators at large academic institutions in a few States, and against individuals from smaller academic institutions throughout the Nation. Of the total number of grant awards in fiscal year 1974, 30 percent of all NSF grants went to institutions in three States, while applicants in 22 other States received only 8 percent of all grants. Thirty-four States received less than 25 percent of all funds awarded by the NSF in 1974, while five preferred States received 25 percent. Eleven States shared the remaining 52 percent of Foundation funds for the year.

REFORM OF THE PEER REVIEW SYSTEM

With a view toward establishing openness, equity, accountability, and a check and balance of power within the National Science Foundation, I am today introducing legislation to restructure the peer review system that is presently in use.

My bill amends the National Science Foundation Act of 1950 by adding a new section entitled "Title II—Peer Review and Grants Management System."

Section 205(a) requires the Director of the Foundation to establish a Peer Review Office within the Office of Planning and Resources Management for the purpose of administering a peer review system and evaluating unsolicited grant proposals submitted to the Foundation.

Under paragraph (b)(1), the Peer Review Office is required to maintain a central listing of peer reviewers, arranged according to academic specialty, that includes the institutional affiliation of each reviewer. This list is to be compiled from a variety of sources, including names submitted by the Foundation's advisory committees, academic institutions, editorial advisory boards of scholarly and technical journals, professional associations, business and industry, nonprofit foundations, foundation program officers, other State and Federal Gov-

ernment agencies, and private organizations and citizens. The Peer Review Office is also required to keep a log documenting all solicitations of evaluations, including the dates such solicitations were sent, names of reviewers, and copies of their evaluations, and dates evaluations are received.

Under paragraph (b) (3), the Peer Review Office is required to maintain a complete list of all proposals submitted to the Foundation, including information as to the name and institutional affiliation of the applicant, a description of each proposal, the amount of grant requested, the date that the proposal was received by the Foundation, the name and institutional affiliation of all peer reviewers solicited to evaluate the proposal, the number of prior proposals submitted by each applicant and the number of awards previously received by each applicant, a summary of the analysis prepared for each grant proposal concerning the need for the program proposed, and the current status of each grant proposal. Paragraphs (b) (4) and (b) (5) require the Peer Review Office to furnish applicants, upon request, with the names and institutional affiliation of all peer reviewers and complete copies of all peer review evaluations. All of the information obtained under this paragraph subsection shall be conveyed to Congress in an annual report.

Paragraph (c) states that all grant proposals submitted to the Foundation shall receive an evaluation by no less than five peer reviewers, whose names shall be drawn from the central NSF peer review listing. Program officers may select no more than 50 percent of the reviewers, and the applicant himself must be permitted to select 20 percent of the reviewers, the remainder to be selected, if practicable, through random sampling techniques. The Foundation shall insure that an appropriate mix of reviewers is provided, representing both the scientific community and the ultimate beneficiaries, if ascertainable. No peer reviewer shall evaluate more than 10 grant proposals during any calendar year without the written approval of both the Director and the Board.

Paragraph (c) also provides that each applicant shall have a reasonable time to respond to all negative evaluations before the program officer makes a final recommendation regarding a grant proposal. The Foundation is further required to establish a formal appeals system to allow all grant applicants an opportunity to have their proposals independently reviewed. The advisory committee having appropriate jurisdiction shall appoint appellate panels composed of persons who have not participated in any prior stage of review of the proposal under appeal, and fix the size of each review panel. In reviewing grant proposals, the appellate panel shall consider only the written record of each proposal on appeal, including the responses by applicants to negative evaluations. The panel shall make a recommendation in writing to the Board regarding the disposition of the proposal under appeal. The applicant must initiate an appeal within 90 days after his proposal is disapproved in whole or in part.

Under section 206 of the bill, which deals with grants management, the Foundation is required to establish specific goals and priorities for its support of scientific research and education programs. This information shall be included in the Foundation's annual budget request to Congress. The National Science Board must approve all awards for projects whose cummulative total cost will exceed $250,000 or more. To assist the Board in evaluating grant proposals of this size, the program officer shall prepare a project summary, including a complete description and history of the project, names, and institutional affiliations of all reviewers whose evaluations were solicited, a numerical or other appropriate grading indicating the evaluation of each reviewer and an average score or composite grade for all reviewers, an itemized summary of all major criticsms of the proposal, and a summary of the applicant's response thereto. No individual grant award shall be made to support a research or education project for more than three consecutive years, unless the Board approves in writing a further extension of the project.

Paragraph (c) of section 206 requires the Foundation to conduct an adequate "needs assessment" of all Foundation programs. This requirement will be satisfied in the case of research, by the goals, objectives and justification report included in the Foundation's budget request to the Congress. Development of education curriculum programs shall be justified on a course-by-course basis before funding is approved, with input from a board base of public, educational, professional, and parents' organizations throughout the Nation.

Under paragraph (d), the Foundation is required to establish specific policies and procedures for continuous administrative oversight and assessment of continuing science research and education projects being supported by the Foundation, to ensure proper management and use of public funds, and to determine whether the results achieved by award recipients demonstrate that continued Foundation support is warranted. These oversight procedures shall include an evaluation of each continuing project by an independent review panel, appointed by the National Science Board, of no less than three expert reviewers each time the project is to receive additional funding. The Foundation is also required to establish policies and procedures to eliminate favoritism in the evaluation, administration, and management of Foundation grants. The Foundation may, as in the past, conduct reviews by mail, on site project visits, by consultation with other Federal agencies, or panels.

In order to further the policies of openness and accountability required under this bill, the Foundation is required to provide information, data, and documents to applicants, Congress, and the general public. But nothing in this act shall be construed to require, or to authorize the Board to require, the revealing of trade secrets or processes in any grant proposal or document filed with the Foundation under this act.

Under section 208, the Foundation is required to establish a program to upgrade the science programs of small public and private 4-year institutions of higher education. These programs shall include cooperative research and teaching arrangements between small and large educational institutions to encourage scientific research and improve the quality of science education at these smaller institutions.

Finally, this act amends title I of the National Science Foundation Act of 1950 by requiring that all royalty payments owed to the U.S. Government by Foundation award recipients or by other persons, institutions, or organizations, as a result of income received from programs supported by the Foundation, shall be paid to the U.S. Treasury as they accrue.

Mr. President, I ask unanimous consent that the bill I am introducing today to amend the National Science Foundation Act of 1950 be printed in the RECORD, together with an article entitled, "NSF Peer Review Hearings: House Panel Starts With Critics," which appeared in the August 8, 1975, issue of Science, and an article entitled, "NSF: Defense of Closed Peer Review System Not Persuasive," which appeared in the August 15, 1975, issue of Science.

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

S. 2427

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Science Foundation Act of 1950 (42 U.S.C. 1861 et seq.) is amended—

(1) by inserting immediately after the first section thereof the following:

"TITLE I—GENERAL PROVISIONS"

(2) by inserting immediately after section 12(b) thereof the following new subsection:

"(c) All royalty payments owed to the United States Government by Foundation award recipients or by other persons, institutions or organizations, as a result of income received from programs supported by the Foundation, shall be paid to the United States Treasury as they accrue.", and

(3) by adding at the end of such Act the following new title:

"TITLE II—PEER REVIEW AND GRANTS MANAGEMENT SYSTEM

"SHORT TITLE

"SEC. 201. This title may be cited as the 'Peer Review and Grants Management Act of 1975'.

"FINDING

"SEC. 202. (a) National concern exists among members of the academic community, Congress, and the general public regarding the award of scientific research and science education support grants by the Foundation for individual research and education projects.

"(b) Foundation program officers select non-Foundation reviewers, expert in the same or related fields of science or education as the applicant, to evaluate almost all such proposals submitted to the Foundation. The program officers therefor play a key role in the Foundation's process of evaluating grant proposals.

"(c) Numerous deficiencies, both actual and potential, exist in the Foundation's peer review and grants management system

which should be eliminated. The deficiencies include—

"(1) the lack of a clear, consistent, and precise policy for selecting peer reviewers for grant proposals which results in individual program officers in specialized areas having almost unchecked authority;

"(2) secrecy in the peer review system, especially that the identity of reviewers and the substance of their evaluations is unknown to grant applicants, members of the scientific community, Congress, and the general public, thereby destroying the accountability of program officers;

"(3) evidence of misuse of the peer review system by program officers, including specific instances where program officers—

"(A) misrepresented peer evaluations to the Board,

"(B) withheld from the Board peer evaluations which contradicted the recommendations of the program officer, and

"(C) selectively provided peer evaluations approving proposals exactly as submitted by applicants to help favored applicants to overcome adverse criticism of peer reviewers and ultimately to receive funding;

"(4) the lack of an appellate review process and grievance procedures to guard against scientifically unsound, biased, or incompetent peer evaluations of grant proposals;

"(5) refusal to disclose in full the record of proposals submitted by applicants, the identity and institutional affiliation of reviewers, and the disposition of each proposal to assist the scientific community, Congress, and the general public in ascertaining the relationship between the reviewers and grant recipients, as a further check against conflict of interest and bias;

"(6) failure to provide adequate procedures to oversee, monitor, and assess continuing Foundation science research and education programs receiving federal support; and

"(7) failure to conduct adequate analyses of the necessity for proposed science research or education programs before approving them.

"(d) The geographic distribution of Foundation grant awards shows a consistent pattern of bias in favor of scientists and educators at large academic institutions in a few States, and against scientists and educators at smaller academic institutions throughout the nation. The Foundation awarded 30 percent of all its grants in fiscal year 1974 to individuals and institutions in three States and only 8 percent to individuals and institutions in 22 other States. Recipients in 34 States received less than 25 percent of all funds awarded by the Foundation in 1974, while those in five preferred States received 25 percent. Individuals and institutions in eleven States shared the remaining 52 percent of Foundation funds for that year.

"(e) The National Science Board lacks the independent resources necessary to oversee Foundation programs, procedures, and expenditures effectively.

"PURPOSES

"SEC. 203. The purposes of this title are to—

"(1) establish procedures under which each grant proposal submitted to the Foundation will receive a thorough, objective, and fair peer review evaluation by experts in the same and related fields of scientific endeavor as the applicant;

"(2) provide for appropriate participation in the peer review process by reviewers selected from the academic community, business and industry, government, consumers, and other interested groups, organizations, and private citizens;

"(3) provide for selection of peer reviewers in a manner consistent with the principles of openness, equity, objectivity, and accountability;

"(4) provide grant applicants, Members of Congress, and other interested parties complete access to peer review evaluations, including the identity of all peer reviewers, for each grant proposal and project;

"(5) provide for an appellate system under which applicants may seek and receive a review of peer evaluations and administrative decisions concerning their proposals by a jury empaneled to adjudicate grievances;

"(6) establish procedures for the transmittal of peer review evaluations and other grant proposals materials to the Foundation's Office of Planning and Resources Management, the Board, and Congress;

"(7) require an adequate analysis of the necessity for all science research and education programs, including consideration of whether a clear and pressing national need for such program exists, based upon goals and priorities established and outlined by the Foundation in its annual budget request to the Congress;

"(8) establish procedures for administrative oversight and assessment of continuing science research and education projects supported by the Foundation to ensure proper management and use of public funds, and to determine whether the results achieved by grant recipients demonstrate that continued Foundation support is warranted;

"(9) ensure that the peer review system does not favor individuals, institutions, businesses, or States by unfairly concentrating within them awards or peer reviewer participation in the evaluation of Foundation grant proposals; and

"(10) strengthen the powers of the Board and Foundation advisory committees.

"DEFINITIONS

"SEC. 204. For purposes of this Act—

"(1) the term 'Foundation' means the National Science Foundation,

"(2) the term 'Board' means the National Science Board,

"(3) the term 'Director' means the Director of the National Science Foundation,

"(4) the term 'Office' means Peer Review Office,

"(5) the term 'peer review' means ad hoc mail reviewers, review panels and combinations of ad hoc mail reviewers and review panels which are used to determine the merits of proposals submitted to the Foundation,

"(6) the term 'applicant' means a person applying for funding by the National Science Foundation of a grant proposal, and

"(7) the term 'institutional affiliation' means an employment or other financial relationship with an institution such as a government agency, a business, an industry, or an academic institution.

"PEER REVIEW SYSTEM

"SEC. 205. (a) The Director shall establish within the Foundation's Office of Planning and Resources Management a Peer Review Office for the purpose of administering a peer grant proposals submitted to the Foundation.

"(b) The Office shall—

"(1) maintain a complete, current list of peer reviewers available to evaluate grant proposals submitted to the Foundation, either as ad hoc mail reviewers or as members of review panels, and such list shall—

"(A) be arranged according to academic discipline and area of specialization,

"(B) include the institutional affiliation of all reviewers, and other relevant information as determined by the Director,

"(C) be compiled from sources including, but not limited to—

"(i) the Foundation's advisory committees,

"(ii) academic institutions,

"(iii) editorial advisory boards of scholarly and technical journals,

"(iv) professional associations,

"(v) business and industry,

"(vi) nonprofit foundations,

"(vii) Foundation program officers,

"(vii) other State and Federal government agencies, and

"(ix) private organizations and citizens;

"(2) maintain a complete log of all solicitations by program officers of evaluations, including the dates such solicitations were sent, names of reviewers, copies of their evaluations, dates evaluations are received, and other appropriate information;

"(3) maintain a complete list of all proposals submitted for funding during each fiscal year, including—

"(A) the name and institutional affiliation of the applicant,

"(B) the description of each proposal,

"(C) the amount of grant requested,

"(D) the date proposal was received by the Foundation,

"(E) the name and institutional affiliation of all peer reviewers solicited to evaluate the proposal,

"(F) the number of prior proposals submitted by each applicant and the number and amount of awards previously received by each applicant,

"(G) a summary of the analysis prepared for each grant proposal which concerns the necessity for the program proposed, and

"(H) the current status of each grant proposal,

"(4) furnish to applicants upon request the names and institutional affiliation of all peer reviewers and complete copies of all peer review evaluations.

"(5) report to Congress annually all information required under this subsection;

"(c) The Foundation shall—

"(1) select not less than five names from the list described in subsection (b)(1), from which program officers may select not more than 50 percent of the reviewers;

"(2) permit the applicant to select 20 percent of the reviewers, the remainder to be selected using random sampling techniques;

"(3) ensure that both the relevant scientific community and the ultimate beneficiaries, if ascertainable, of the proposed research of program are represented as reviewers; and

"(4) ensure that not less than 50 percent of the reviewers for any grant proposal are affiliated with private business and industry, other government agencies, and the nonacademic community.

"(d) No peer reviewer shall evaluate more than 10 grant proposals during any calendar year without the written approval of both the Director and the Board.

"(e) Before any program officer makes a final recommendation regarding any grant proposal, each applicant shall have a reasonable time to respond to all negative evaluations of such proposal by reviewers.

"(f) The Foundation shall establish provisions for appellate procedures to independently review, upon request of any applicant, proposals disapproved by the Foundation either in whole or in part. Such procedures shall include—

"(1) the appointment by the advisory committee having jurisdiction over grant proposals in the appropriate subject area of an appellate panel composed of persons who have not participated in any prior stage of review of the proposal under appeal and the determination of the number of jurors to serve on each appellate panel;

"(2) the consideration by jury panel of only the complete written record of each proposal on appeal, including the responses by applicants to negative evaluations as provided in subsection (e);

"(3) the recommendation by the jury disposition of the proposal under appeal; and

"(4) the initiation of an appeal by applicants within 90 days after their proposal is disapproved in whole or in part.

"GRANTS MANAGEMENT

"SEC. 206. (a) the Foundation shall establish specific goals and priorities for its support of scientific research and education programs which it shall include in its annual budget request to Congress.

"(b) No project whose cumulative total cost will exceed $250,000 may be funded without review and approval of such award by the Board. The program officer shall prepare a project summary for the Board, including a complete description and history of the project, name and institutional affiliation of all reviews whose evaluations were solicited, a numerical or other appropriate grading indicating each reviewer's evaluation, an average score or composite grade for all reviewers, and an itemized summary of all major criticims of the proposal and summary of the applicant's response thereto. No individual grant award shall be made to support a reserch or education project for more than three consecutive years, unless the Board approves in writing a further extension of the project.

"(c) The Office shall conduct an adequate analysis of the necessity for all Foundation programs. In the case of research, this requirement will be satisfied by the goals, objectives, and justification report included in the Foundation's budget request to the Congress. In the case of educational curriculum programs, such analyses shall include comments from public, educational, professional, and parents' organizations throughout the nation, and shall be made in advance of grant awards for such programs.

"(d) The Foundation shall establish specific policies and procedures for continuous administrative oversight and assessment of continuing science research and education projects being supported by the Foundation, to insure proper management and use of public funds, and to determine whether the results achieved by award recipients demonstrate that continued Foundation support is warranted. Such procedures shall include an evaluation of each continuing project by an independent Peer Review Panel of at least three expert reviewers, appointed by the National Science Board, each time a project requires additional funding.

"(e) The foundation shall establish policies and procedures to eliminate favoritism in the evaluation, administration, and management of Foundation grants.

"(f) The Foundation shall conduct reviews by mail, on-site project visits, consultation with other Federal Agencies, panels, and other appropriate methods.

"OPENNESS AND ACCOUNTABILITY

"SEC. 207. (a) The Foundation shall provide information, data, and documents to applicants, Congress, and the general public to further the policies of openness and accountability required in this title.

"(b) Nothing in this or any other Act authorizes the Foundation to withhold any information regarding the total peer review and grants management system from Members or Committees of Congress or the General Accounting Office.

"(c) Nothing in this Act shall be construed to require, or to authorize the Board to require, the revealing of trade secrets or processes in any grant proposal or document filed with the Foundation under this Act.

"SCIENCE IMPROVEMENT PROGRAM

SEC. 208. (a) The Foundation shall establish a program designed to upgrade the science programs of small public and private four-year institutions of higher education in all areas of the country. Such programs shall include, but is not necessarily limited to, cooperative research and teaching arrangements between small and large educational institutions and other programs to encourage scientific research and improve the equality of science education at these smaller institutions.

"(b) There are authorized to be appropriated such sums as may be necessary to carry out this section."

[From Science magazine, Aug. 15, 1975]

NSF: DEFENSE OF CLOSED PEER REVIEW SYSTEM NOT PERSUASIVE

(By Barbara Culliton)

Peer review, as practiced by the National Science Foundation (NSF), is under intense scrutiny by the House subcommittee on science, research, and technology which recently completed 2 weeks of hearings on the subject. NSF did not make a very persuasive showing.

The issue was openness. At a time when the Congress is embracing openness as an antidote to Watergate. NSF stands firm for confidentiality. To open the peer review process to public, or even congressional scrutiny, could destroy it—because it is based on confidentality. Good scientists will not make candid—meaning negative—assessments of each other's work if they have to operate in the open, or so the NSF argument goes. Several scientist witnesses before the subcommittee attested to that fact, presenting positions that have been heard before. But many of the congressmen were not readily convinced. However, they are not about to rush in and dismantle peer review at NSF. Having heard from about two dozen witnesses, they will sort out a lot of information before taking any action.

In evaluating the NSF's manner of using peer review, one must make a distinction between what some persons call confidentiality and others see as secrecy. NSF's definition of confidentiality seems to go beyond the bounds, inasmuch as the agency maintains not only that it cannot reveal to Congress or the public the content of peer reviewers analyses of grant applications, but also that it cannot reveal the names of the peers who reviewed specific grants. [Under a recent ruling by the National Science Board which governs NSF (Science, 11 July), verbatim copies of peer reviews will be made available to the principal investigator or an application upon request. However, the ruling applies only to reviews received by NSF after 1 January 1976, and the identity of the peers will still be secret.] Confidential information, confidentially given, lends itself at the very least to what one subcommittee member called the "perception of secrecy."

NSF director H. Guyford Stever and his advisers do not see it that way. They insist that to release the names of NSF's peers would lead to disaster. "Suppose," said one NSF spokesman, "that a rejected applicant knew the identity of the scientists who reviewed and turned down his application. He could write his congressman and challenge their competence. We'd be under great pressure."

Arguments such as that one lost much of their effect, if they had any, when John F. Sherman, vice president of the Association of American Medical Colleges and former deputy director of the National Institutes of Health (NIH), testified about the way peer review works at NIH. By the time he was done, the NIH system which itself has come under criticism for being a closed operation, began to look like a paragon of openness compared to NSF. His testimony became something of a point of reference throughout the rest of the hearings.

NIH, Sherman testified, assigns all grant applications to one of some 50 or 60 review panels, called study sections, of 12 to 15 members each. The names of each of the members are public, and a majority of applicants not only know to which study section their grant was assigned but also who reviewed it. Picking upon Sherman's description of that aspect of the NIH procedure, subcommittee chairman James W. Symington (D., Mo.) asked whether a rejected applicant could call each of his reviewers to ask why they faulted the proposal, or protest their judgment, or otherwise "make waves." "Indeed, they could," said Sherman calmly, adding that very few do so however.

In contrast to NIH, NSF handles only a small portion of its grant applications exclusively by review by an official panel. In 44 percent of the cases, individual reviewers are selected by powerful NSF staff personnel, called program officers, who seek peer review comments by mail. These peers are chosen on an ad hoc basis, and never meet together in person (NIH study sections each meet 3–4 times a year). Their written comments on a given grant proposal go back to the program officer who can use them as he sees fit. Unless the applicant is on close terms with the NSF program officer, he never knows what the reviewers said.

The names of individuals on the few permanent review panels in NSF are available to the public, according to an NSF official who conceded that very few applicants know who even they are. The only place they are listed is in the foundation's annual report.

Although peer review at NIH looks good compared to NSF, it was apparent from some of the questions put to Sherman that some congressmen think NIH too could be more open. While endorsing NIH's custom of publishing the names of study section members, Sherman rejected the idea that the substance of study section meetings be made public or that the meetings themselves be open. Sherman expressed concern on two counts. Plagiarism might become a problem, he said. Suppose a young scientist from Hawaii submits a proposal which is discussed at an open meeting in Washington, D.C., which might be attended by representatives from one of a number of commercial scientific laboratories. What would stop anyone from stealing the young scientist's idea? What would stop investigators in a big laboratory from exploiting the idea before that poor young scientist could carry out his own experiments? Representatives James H. Scheuer (D-N.Y.) seemed particularly untouched by the possibilities Sherman sketched out, saying first that moral pressure from the scientific community would probably be a real deterrent to stealing and, second, that it might be a good thing to get ideas into the "scientific stream of commerce" more quickly than happens now.

The other argument against opening peer review meetings is that to do so would put an end to confidentiality. No longer could a scientist criticize a colleague without being found out. In fact, one justification offered for keeping the meetings closed was that it protects peer reviewers who may be "overzealous" in their criticisms. Scheuer was quick to answer that, saying that to expose the overzealous to the public eye might well be a good thing.

OPENNESS SOLVES PROBLEMS

Scheuer, by no means sounding like a man who had any desire to dismantle the peer review system, went on to speak about the "cleansing effect" open congressional meetings had had in the past year or so. In the wake of Watergate, congressional reforms were instituted that, among other things, opened mark-up sessions of committees. To many congressmen the idea of negotiating about appropriations in public seemed like an exercise in sheer idiocy. How could we horse trade with people watching? "Well," said Scheuer, answering his own question, "mores can yield to changing times. Total openness solves an lot of awful problems."

It is not entirely impossible that the scientific community can change too. However, NSF apparently is not going to take the lead. In response to a congressional request for the names of its peer reviewers, it sent a list of names in alphabetical order, without identifying what grants they reviewed. Representative John B. Conlan (R. Ariz.), who is one of NSF's several critics in Congress, calls the list the Hong Kong telephone directory and says, quite rightly, that it is utterly useless in helping Congress do its job of assessing the workings of NSF.

Early in the hearings (Science, 8 August), Conlan charged NSF program officers with distorting the views of reviewers in internal summaries. He cited a summary of a review by Philip Morrison of the Massachusetts Institute of Technology as an example. Morrison then told reporters that it might be Conlan who was doing the distorting but when he testified before the subcommittee on the last day he said only, "It does not appear to me that the brief quotation from my review . . . can be said to have misrepresented my position. It certainly did not summarize it carefully. But it did not purport to do so." Morrison then went on to say, in response to a question, that he is against revealing reviewers names.

NSF director Stever appears to be intent upon preserving the confidentiality of the system unless Congress, by some official act, forces him to comply with its requests. Members of the subcommittee want access to NSF files, they want to see verbatim copies of reviewers' comments on individual grants, they want to know who is doing the reviewing and how they are chosen. Sherman testified that, although NIH did not make study section documents available to the public, the institution long ago worked out an arrangement allowing members of its congressional oversight committee access to its files. There was a gentleman's agreement, he said—committee members would confine their requests to matters related to committee business and would treat what they found with discretion, in return, NIH would let them see whatever they wanted to.

Stever, when asked whether some similar accommodation could be made with the science subcommittee, took a hard line. The Congress, he noted, has the authority to officially demand access to records. Or the matter could be taken to court. He said he would not mind having the issue of confidentiality settled that way. His position prompted subcommittee members to consider the avenues open to them, including subpoena power. It seemed there would be no friendly accommodation.

In comparing this situation to that Sherman described with respect to NIH, it must be pointed out that, for the most part, NIH's relations with Congress have been very good. NSF, however, has some enemies on the Hill, Conlan among them. It is no secret that he objects not only to the way in which peer review operates at NSF but also to the substance of some NSF-supported programs, especially those in the social and behavioral sciences. It is likely that NSF officials fear he would have a field day if he got his hands on all of the foundation's files, and they are not anxious to have to defend themselves against Members of Congress who make what Stever calls different "value judgments" about research. Nevertheless, they may have to.

On the first day of the hearings, Conlan called for "total openness" between the NSF and the subcommittee as the best and least expensive way to check the potential and real abuses in the present NSF peer review system. On the last day, he repeated his stand and said, "In spite of . . . your own stated refusal before this subcommittee that Congress cannot have verbatim peer review documents or the names of reviewers of particular projects, Dr. Stever, Congress will prevail." It will if the members of the House subcommittee follow up what they have stated.

[From Science magazine, Aug. 8, 1975]

NSF Peer Review Hearings: House Panel Starts With Critics

(By John Walsh)

The first 2 days of House oversight hearings on the National Science Foundation's peer review system were dominated by the testimony of two congressmen who have been the principal critics of NSF in recent months; both pressed for major modifications of the peer review system.

Representative John B. Conlan (R-Ariz.), who has made a big issue of behavioral science courses developed with NSF support (*Science*, 2 May), asked for a "total openness" in peer review procedures, requiring, at least, that peer reviews and names of reviewers be made available to the principal investigators concerned and to Congress.

Representative Robert E. Bauman (R-Md.), author of the "Bauman amendment," which, if enacted, would give Congress authority to review and veto grants approved by NSF (*Science*, 25 April), argued for a stronger direct congressional control over research grants, although he seemed willing to depart from the letter of his amendment.

The two statements provided points of departure for discussion, but the subcommittee holding the hearings did not appear disposed to jump to conclusions. NSF officials had a chance on the third day of hearings to begin presenting their side of the case, and the hearings seemed to be settling down to a more than usually detailed examination of the inner operation of a science agency.

The hearings, which began on 22 July, are being held by the House Science and Technology Committee's subcommittee on science, research, and technology, chaired by Representative James W. Symington (D-Mo.). In his opening remarks, Symington set the general goals for the panel. He said that the subcommittee would take a detailed look at how responsibility in the peer review process was divided between peers and the NSF staff, examine alternative methods of selecting research projects for support, and seek to determine whether NSF was doing an "adequate job." Symington said the group would not take up questions such as those which have been raised about curriculum implementation and about "priority setting" between research fields and disciplines. Originally scheduled for a total of 6 days over 2 weeks, the hearings have now been extended to include an additional day on 1 August.

Conlan, the first witness, indicated that his grievance against NSF arose out of the agency's refusal to provide information on peer review of the school behavioral science course projects in which he was interested . . . information to which, he insists, Congress should have access.

Conlan said that, under NSF's current management practices, "they have a completely arbitrary system that is closed and unaccountable to the scientific community and to the Congress." He charged that "It is common knowledge that NSF program managers can get whatever answer they want out of the peer review system to justify their decision to reject or fund particular proposals." He added that "I know from studying material provided to me by NSF that this is an 'Old Boy's System,' where program managers rely on trusted friends in the academic community to review their proposals. These friends recommend their friends to reviewers."

Perhaps the most serious allegations against the NSF review managers came when Conlan described what happens if a reviewer fails to send back "the anticipated rave review."

"The program manager," said Conlan, "has one of two choices. He can toss out the uncomplimentary review, since he is in complete control of reviewers he selects and reviews he uses. Or he can paraphrase the negative comments, and make the review appear positive."

To illustrate his thesis, Conlan cited a recent instance in which, he said, "a program manager and his superiors misrepresented peer review comments." At issue was the Individualized Science Instructional System (ISIS) for high school students being developed at Florida State University, which Conlan said had received some $3.3 million to date from NSF.

Conlan charged that "the NSF staff appears to have purposely misrepresented reviewers' comments to the programs committee of the National Science Board in order to get approval of the current budget of $2.2 million in further funding."

As evidence, Conlan submitted for the record an NSF staff summary of the ISIS project prepared for the National Science Board when new funding for ISIS was requested and, subsequently, approved. In his testimony, Conlan quoted an extract from a review statement by Philip Morrison of MIT which appeared in the NSF summary prefaced with the sentence, "Representative of the overall tone of the reviewers' comments is this excerpt from Dr. Morrison's review." What followed was a short paragraph characterized by the fairly heavy use of ellipses, rather in the way that book or movie reviews are often excerpted to construct blurbs. The paragraph concluded, " 'The personnel and advisors are excellent. . . . The idea is good. . . .' "

Conlan observed that the quote conveyed unqualified support, not only by Morrison, but by all 11 reviewers of the project. Conlan said his staff had checked with Morrison, and "he informed us that he definitely did not give his unqualified support when he reviewed the proposed project more than two years earlier. On reflection he also said that he had been very critical of the careless scope, content and purpose of the 80 to 125 'mini-courses' to be developed."

When asked by Science whether the Conlan statement accurately reflected Morrison's comments on the ISIS review, Morrison said that the account was "itself a misrepresentation." Morrison said that he had written a letter to Conlan discussing the matter and found it hard to understand why Conlan had not produced the letter at the hearings.

More light on the subject is likely to be shed on 1 August when Morrison—who has been invited to testify and has accepted the invitation—is scheduled to appear.

At the hearings, NSF officials acknowledged that the reviewers' comments had been presented as they were because shortcomings in the project to which the reviewers had objected earlier had been corrected and that the staff felt that the favorable review was justified. NSF officials, including NSF director H. Guyford Stever, agreed that a fuller explanation of the circumstances which produced the review should have been included.

The ISIS incident appears to have assumed a fair degree of importance in the hearings, not only because it provides a specific instance in which NSF is accused of misuse of the peer review system, but also because it involves a question of Conlan's credibility as well as of NSF's.

Conlan's advice to the subcommittee "is to make the peer review system open and accountable. This means that the 'Old Boy's System' which is so cherished by certain bid institutions and the National Academy of Sciences, which benefit from it, must go.

"The peer review system must operate in an environment of total openness."

By total openness Conlan means that verbatim reviews and the names of reviewers should be available on request to the principal investigators who submitted grant applications and also to Congress. A Conlan staff member says Conlan would prefer to see the press and public given access as well but hesitates to advocate it without further examination, particularly because of the administrative burden it would place on NSF. [The National Science Board recently revised NSF policy to make verbatim reviews available to the principal investigators concerned and is considering the question of whether identities of reviewers should be made known on the same terms (Science, 11 July).]

Reaction on the subcommittee to Conlan's advocacy of opening up peer review was mixed. Representative Thomas R. Harkin (D-Iowa), a freshman member of Congress, expressed sympathy for the general principle of breaking up Old Boy's Clubs but pointed out that confidentiality prevails in other walks of life. He said, for example, that in the legal profession the identities of those who mark bar examinations are not revealed. And Harkin and other subcommittee members suggested that identifying peer reviewers might expose scientists to more severe pressures than those generated by the "buddy system."

In an appearance interrupted by calls of subcommittee members to the floor, Stever provided what was in effect the NSF rebuttal to the Conlan statement. Stever and other NSF officials took issue directly with Conlan's assertion that NSF program managers might arbitrarily discard certain reviews, insisting that a hard and fast agency rule requires that all reviews become part of the permanent record of a project.

Stever said he was submitting for the record the full files on ISIS and on another case which Conlan charged illustrates NSF's violation of its own prohibition against providing verbatim reviews to applicants. To Conlan's question of whether these files would include peer reviews, Stever replied that NSF would continue the practice of withholding peer review information from Congress "unless Congress changed the law."

To the question of whether scientists now participating in the peer review process would continue to write reviews if reviewer identities were revealed, Stever and other NSF officials responded that there was a difference of opinion on the matter and that no systematic effort to get a reading has been made.

Stever conceded that "isolated mistakes" have been made in the peer review process but argued that the important question is "whether the system is a strong one." He ascribed the mistakes to "administrative slippages" rather than breaches of integrity.

When Symington asked "how Congress can be reassured" about the workings of the system, Stever replied that checks can be made "statistically," by assembling data on questions such as whether some individuals are doing too many reviews and whether "top departments" are being treated too well. In addition, spot checks can be made on individual cases.

On the second day of hearings, Bauman appeared as a witness and urged strongly that a formal way be developed to give Congress "prior notification" when research projects are approved. He said, however, he was "not wedded" to the language of the Bauman amendment. Bauman expressed doubts that those involved in the "secret process" of peer review should be relied on exclusively by Congress for information on the process. He went on to assert that Congress has been remiss in monitoring NSF operations and that the authorizing and appropriations committee supervision of NSF "do not approach proper oversight."

In other remarks, Bauman criticized NSF for a tendency to support orthodox scientists at the expense of potential innovators, indicating that he thought the agency should put more emphasis on basic research in hard sciences rather than make excursions into behavioral science research and education projects which have caused controversy. He suggested that NSF has favored the so-called centers of excellence too much and might get better results by shifting money to build up what, with an ironical twist, he called "centers of mediocrity."

The third day of hearings featured a statistical analysis of peer review transactions based on data from fiscal year 1974. NFS's new deputy director Richard C. Atkinson (see box) was the main witness for the agency during this phase of the hearings.

Atkinson said that, of 21,000 "actions" on project proposals during the year, about 49 percent were funded, although "usually in amounts lesser than requested by the principal investigator." He said that about 44 percent of the total got ad hoc reviews (written reviews); 28 percent, panel reviews; and 28 percent, both panel and ad hoc reviews. As a rule, physical science projects received ad hoc reviews, and life science and behavioral science reviews tended to receive panel reviews, more or less on the National Institutes of Health model. The general import of the analysis is indicated by the following excerpt from the testimony which Atkinson presented.

In NSF's statistical studies of the distribution of research dollars by states, we have considered many other characteristics of the states. Some of these are reviewed in the report mentioned earlier. The picture that emerges is fairly clear. In general, the distribution of research funds is closely correlated with state characteristics, such as population, income tax revenues, doctoral scientists in the labor force, and so forth. There are three states—California, Massachusetts, and New York—which receive more NSF dollars than they should based on these criteria. However, when various measures of scientific excellence are examined, it is clear that these states are receiving fewer dollars than they qualify for based on their scientific merit. Obviously NSF's distribution of funds turns out to be something of a compromise between a state's population and its collection of scientific talent. NSF has no precise formula for making this compromise, rather the various forces operating on NSF have defined its policy. Whether this policy is correct may well be judged differently by different individuals.

Atkinson was representing NSF at a congresisonal hearing for the first time. He hasn't yet quite got the hang of giving the bland bureaucratic answer to the hostile query or of exploiting the fat, friendly question; some of the subcommittee members probably found this refreshing. Atkinson had been directly involved in the agency analysis of the peer review system and was thoroughly familiar with the figures. He was less successful, however, in dealing with questions from the subcommittee on the general operations of NSF.

Actually, this is not surprising. When subcommittee members asked specific questions about the rules under which NSF operates peer review, for example, veteran NSF officials had difficulty quoting chapter and verse. As one high-level staff member observed during a break. NSF administrators have depended as much on an "oral tradition" to transmit precedents and procedures to new staff members as on a body of written rules.

NSF for its first 25 years was a relatively small, intimate agency with a generally good reputation with both Congress and the scientific community. Until just a few years ago, the NSF director reviewed every grant award the agency made. NSF is too big for that now, and, after Watergate, it is too much for congressmen to assume that any government official's word is his bond.

The congressmen on the subcommittee appear to be a bit embarrassed that Congress hasn't done a more thorough job of oversight of NSF in the past and obviously intend to correct that. NSF officials, who are moving to tighten up NSF's administrative machinery, also seem aware that they will, henceforth, have to come up with better answers to congressional questions. The second week of hearings should continue the process of mutual education.

JOHN WALSH

By Mr. INOUYE:

S. 2428. A bill to amend the Internal Revenue Code of 1954 to permit an individual who is an active participant in a retirement plan to claim the deduction for retirement savings for amounts contributed by him to an individual retirement account, for an individual retirement annuity, or for a retirement bond, to the extent that the amounts paid by him or on his behalf under the retirement plan does not equal the maximum amount of the retirement savings deduction to which he would be entitled if he were not an active participant in such plan. Referred to the Committee on Finance.

Mr. INOUYE. Mr. President, today I am introducing legislation to expand the coverage of our current employee retirement legislation in order to permit employees who are covered by a pension or profit-sharing plan by their employer, to also establish an individual retirement account.

Under the provisions of this bill those individuals would be allowed to contribute the difference in value between what their company is providing, and the maximum allowable under current law, if they had been enrolled in an individual retirement account.

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

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

S. 2428

A bill to amend the Internal Revenue Code of 1954 to permit an individual who is an active participant in a retirement plan to claim the deduction for retirement savings for amounts contributed by him to an individual retirement account, for an individual retirement annuity, or for a retirement bond, to the extent that the amounts paid by him or on his behalf under the retirement plan does not equal the maximum amount of the retirement savings deduction to which he would be entitled if he were not an active participant in such plan

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 219(b)(2) of the Internal Revenue Code of 1954 (relating to limitations and restrictions on the deduction allowable to individuals covered by certain other plans) is amended to read as follows:

"(2) Individuals covered by certain other plans.—In the case of an individual who, for any part of the taxable year, was covered by another retirement plan, the amount allowable as a deduction under subsection (a) to that individual for the taxable year after

the application of paragraph (1) of this subsection shall be reduced by an amount equal to the sum of the amounts contributed by or on behalf of such individual to such plan for the taxable year.".

(b) Section 219(c) of such Code (relating to definitions and special rules) is amended by adding at the end thereof the following new paragraph:

"(3) Covered by another retirement plan.—For purposes of this section an individual is treated as covered by another retirement plan for the taxable year if for any part of such year—

"(A) he was an active participant in—

"(i) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a),

"(ii) an annuity plan described in section 403(a),

"(iii) a qualified bond purchase plan described in section 405(a), or

"(iv) a plan established for its employees by the United States, by a State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing, or

"(B) amounts were contributed by his employer for an annuity contract described in section 403(b) (whether or not his rights in such contract are nonforfeitable).".

SEC. 2. The amendments made by the first section of this Act apply to taxable years beginning after December 31, 1974.

By Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 2429. A bill to provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Fla., and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, by request, I send to the desk, on behalf of myself and the Senator from Arizona (Mr. FANNIN), a bill to provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Fla., and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the executive communication accompanying the proposal from the Secretary of the Interior be printed in the RECORD.

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

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., September 18, 1975.

Hon. NELSON ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a proposed bill "To provide for divestiture from the United States of ownership of the Mar-A-Lago National Historic Site, Florida, and for other purposes."

We recommend that the bill be referred to the appropriate Committee for consideration, and that it be enacted.

The Act of October 21, 1972 (86 Stat. 1049) authorized the Secretary of the Interior to accept, maintain, develop, and administer the Mar-A-Lago National Historic Site as a part of the National Park System at such time as the right to possession of the real and personal property comprising Mar-A-Lago, owned by the late Mrs. Marjorie Merriweather Post, should vest in the United States. The Act also directed the Secretary to take necessary actions to provide for administration and use of the site as a temporary residence for visiting foreign dignitaries or heads of State or members of the Executive Branch of the United States Government. In addition, the Act established a Mar-A-Lago National Historic Site Advisory Commission to consist of five members appointed by the Secretary.

That Act contained no authorization for appropriation of funds to administer the site. This was in accordance with this Department's understanding, as reported to the House Committee on Interior and Insular Affairs on August 28, 1972, that an endowment would be established by Mrs. Post in order that operation and maintenance of the property would be accomplished without resort to appropriated funds.

Upon the death of Mrs. Post, title to the real property vested in the United States pursuant to an inter vivos conveyance made by her on December 18, 1972, in which she reserved a life estate. The endowment, consisting of shares of General Foods stock, was established by Mrs. Post's will for the purpose of funding, from income, the cost of administering the site.

It has become apparent to us that the income from the endowment will not be sufficient to maintain this property at a proper standard. This is due to a decline in dividend income and rapidly escalating maintenance costs, neither of which was forecast at the time of authorization in 1972. We estimate the annual cost of maintaining the site, with no provision for even the minimal degree of public use contemplated in 1972, will total approximately $341,000. However, income from the endowment is expected to total only about $163,000 during the current fiscal year. Maintenance at a standard compatible with limited public use is now estimated to cost at least $300,000 annually.

The payment of reasonable fees for the use of Mar-A-Lago, by visiting heads of State has been suggested to cover that deficit, and we have explored the security and other problems attendant to such use. However, we have been unable to assure ourselves that such use would be feasible or would provide the requisite amount of supplemental income.

We intend to honor the commitment made to the Congress that this project should not require the expenditure of appropriated funds. Due to the conditions herein described, it has been necessary, however, to expend $44,000 of public funds for purposes of sustaining minimal maintenance during fiscal year 1975. The same amount has been requested for fiscal year 1976. We do not believe that the Park Service should be required to expend its limited resources at a site which affords no foreseeable opportunity for public use and enjoyment.

Accordingly, since we believe that the property should no longer be part of the National Park System, section 1 of the draft bill would authorize the Secretary of the Interior to take such action as is necessary to divest the United States of the right to possession of, and title to, the real and personal property comprising the Mar-A-Lago National Historic Site. This language would be consistent with the deed conveying Mar-A-Lago to the United States, which stated in part that ". . . if, in the opinion of the Secretary of the Interior, there are not sufficient funds made available to administer and maintain the conveyed property, and if authorized by Act of Congress, the estate hereby created in the United States of America shall cease and terminate and the fee simple title to the above described land and premises shall thereupon vest in the Marjorie Merriweather Post Foundation of D.C." Section 2 of the draft bill would repeal the above described Act of October 21, 1972.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely yours,

DOUGLAS P. WHEELER,
Acting Assistant Secretary of the Interior.

By Mr. MAGNUSON:

S. 2430. A bill to amend the act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes. Referred to the Committee on Commerce.

ANIMAL WELFARE ACT AMENDMENTS OF 1975

Mr. MAGNUSON. Mr. President, today I introduce legislation designed to assure the humane treatment of animals in transit, as well as to end the barbaric practice known as animal fighting.

Mr. President, this bill, the Animal Welfare Act Amendments of 1975, is identical to legislation recently introduced in the House of Representatives by my distinguished colleague from the State of Washington and chairman of the House Committee on Agriculture, Representative THOMAS S. FOLEY. Furthermore, the bill is very similar to another measure, S. 1941, which was recently introduced in this body by the distinguished Senator from Connecticut, Mr. WEICKER, and myself. Since Mr. WEICKER and I have spoken at some length about the need for this type of legislation, I will not do so now. I would, however, like to give my colleagues in the Senate a brief description of what this bill does.

The Animal Welfare Act of 1971 provided the Secretary of Agriculture with the authority to prescribe standards for the humane treatment of animals by animal dealers, research facilities, and exhibitors. The act did not, however, provide the Secretary with the authority to promulgate similar standards for the handling of animals by common carriers—such as railroads, air lines, and shipping lines—and other intermediate handlers who transport animals. Consequently, the treatment of animals in transit can be abusive, if not fatal to them. The legislation which I am introducing today would close the gap in the 1971 act by extending the provisions of that law to common carriers and other intermediate handlers of animals, thus permitting the Secretary of Agriculture to set down standards for the treatment of animals by these individuals. Such standards might include, for instance, feeding, ventilation, and medical attention before or during transit.

The Animal Welfare Act Amendments of 1975 would also put an end to the inhumane practice of animal fighting, in which two or more animals are pitted against each other in a bloody battle for purposes which include sport and wagering. My bill would make it illegal to buy, sell, or move in interstate commerce any animal which is destined to be used in such a venture. Furthermore, the bill would make it illegal to sponsor or in any way participate in such activities or to use the U.S. mails to advertise these fights. Finally, the amendments would impose a rather stiff penalty, $5,000 or up to a year in prison, for violations of the antianimal fighting provisions.

Mr. President, the Senate Commerce Committee presently has pending before it legislation to improve conditions for animals in transit as well as legislation to end animal fighting activities. The Animal Welfare Act Amendments of 1975 would combine the approaches of these bills and give the committee another al-

ternative to consider when it holds hearings on the animal welfare issue.

Mr. President, I ask unanimous consent that the text of the Animal Welfare Act Amendments of 1975 be printed in the RECORD.

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

S. 2430

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 "Animal Welfare Act Amendments of 1975".

SEC. 2. The Federal Laboratory Animal Welfare Act of August 24, 1966 (80 Stat. 350, as amended by the Animal Welfare Act of 1970, 84 Stat. 1560; 7 U.S.C. 2131–2155) is hereby further amended by adding the following at the end of the first section thereof: "It is also essential for humane reasons to prohibit certain animal fighting ventures. "The Congress hereby finds that animals and activities which are regulated under this Act are either in interstate or foreign commerce or substantially affect such commerce or the free flow thereof, and that regulation of animals and activities as provided in this Act is necessary to prevent and eliminate burdens upon such commerce, to effectively regulate such commerce, and to carry out the objectives of this Act.".

SEC. 3. Section 2 of such Act is amended by deleting paragraph (d) defining "affecting commerce"; and by amending paragraph (c) defining "commerce" by changing the last clause to read "or within any State, territory, or possession, or the District of Columbia, or the Commonwealth of Puerto Rico.".

SEC. 4. Such Act is further amended by deleting the term "affecting commerce", from paragraphs (c) and (f) of section 2 and sections 4, 11, and 12, wherever the quoted term appears therein, and by substituting therefor the term in commerce,"; and by deleting the term "affecting commerce", the phrase "or the intended distribution of which affects commerce, or will affect commerce," and substituting therefor the phrase "or are intended to be moved in commerce,".

SEC. 5. Section 2 of such Act is further amended by adding thereto two new paragraphs to read:

"(i) The term 'intermediate handler' means any person (other than a dealer, research facility, exhibitor, any person excluded from the definition of a dealer, research facility, or exhibitor, an operator of an auction sale, or a carrier, who is engaged in any business in which he receives custody of animals in connection with their transportation in commerce.

"(j) The term 'carrier' means the operator of any airline, railroad, shipping line, or other enterprise, which is engaged in the business of transporting any animals for hire.".

SEC. 6. Section 6 of such Act is amended by inserting after the term "research facility", a comma and the term "every intermediate handler, every carrier,".

SEC. 7. Section 9 of such Act is amended by inserting after the term "Section 12 of this Act,", the term "or an intermediate handler, or a carrier,", and by deleting the term "or an operator of an auction sale as well as of such person" at the end of section 9 and substituting therefore the following term: "operator of an auction sale, intermediate handler, or carrier, as well as of such person.".

SEC. 8. Section 10 of such Act is amended by deleting the phrase "upon forms supplied by the Secretary" from the first sentence and by adding after the second sentence a new sentence to read as follows:

"SEC. 10. Intermediate handlers and carriers shall make and retain for such reasonable period of time as the Secretary may prescribe, such records with respect to the transportation, receiving, handling, and delivering of animals as the Secretary may prescribe.".

SEC. 9. Section 13 of such Act is amended by designating the provisions thereof as paragraph (a) and by adding, after the second sentence therein, a new sentence to read: "The Secretary shall also promulgate standards to govern the transportation in commerce, and the handling, care, and treatment in connection therewith, by intermediate handlers, air carriers, or other carriers, of animals consigned by any dealer, research facility, exhibitor, operator of an auction sale, or other person, or any department, agency, or instrumentality of the United States, for transportation in commerce. The standards shall include such requirements with respect to containers, feed, water, rest, ventilation, temperature, handling, adequate veterinary care, and for other factors as the Secretary determines are relevant in assuring humane treatment of animals in the course of their transportation in commerce.".

SEC. 10. Section 13 of such Act is further amended by adding at the end thereof new paragraphs (b), (c), and (d) to read:

"(b) No animal, shall be delivered by any dealer, research facility, exhibitor, operator of an auction sale, or department, agency, or instrumentality of the United States, to any intermediate handler or carrier for transportation in commerce, or received by any such handler or carrier for such transportation from any such person, department, agency, or instrumentality, unless the animal is accompanied by a certificate issued by a veterinarian licensed to practice veterinary medicine, certifying that he inspected the animal on a specified date, which shall not be more than ten days before such delivery, and, when so inspected, the animal was sound and healthy. Such certificates received by the intermediate handlers and the carriers shall be retained by them, as provided by regulations of the Secretary, in accordance with section 10 of this Act.

"(c) No dogs or cats, or additional kinds or classes of animals designated by regulation of the Secretary, shall be delivered by any person to any intermediate handler or carrier for transportation in commerce except to registered research facilities if they are less than eight weeks of age, or such other age as the Secretary may by regulation prescribe. The Secretary shall designate additional kinds and classes of animals and may prescribe ages different than eight weeks for particular kinds or classes of dogs, cats, or designated animals, for the purposes of this section, when he determines that such action is necessary or adequate to assure their humane treatment in connection with their transportation in commerce.

"(d) No intermediate handler or carrier involved in the transportation of any animal in commerce shall participate in any arrangement or engage in any practice under which the cost of such animal or the cost of the transportation of such animal is to be paid and collected upon delivery of the animal to the consignee, unless the consigner guarantees in writing the payment of transportation charges, including, where necessary, both the return transportation charges and an amount sufficient to reimburse the carrier for all out-of-pocket expenses incurred for the care, feeding, and storage of any live creature."

SEC. 11. Section 15 of such Act is amended by inserting after the term "exhibition" in the first sentence, a comma and the term "or administration of statutes regulating the transportation in commerce or handling in connection therewith any animals", and by adding the following at the end of the sentence: "Before promulgating any standard governing the transportation and handling in connection therewith, of animals, the Secretary shall consult with the Secretary of Transportation who shall have the authority to disapprove any such standard if he notifies the Secretary, within thirty days after such consultation, that changes in its provisions are necessary in the interest of flight safety.".

SEC. 12. Paragraph (a) of section 16 of such Act is amended by inserting the term "intermediate handler, carrier," in the first sentence after the term "exhibitor," each time the later term appears in the sentence; by inserting before the period in the second sentence, a comma and the term "or (5) such animal is held by an intermediate handler or a carrier" and by deleting the term "or" before the term "(4)" in the third sentence.

SEC. 13. Section 19 of such Act is amended by adding at the end thereof the following new paragraph (d):

"(d) Any intermediate handler or carrier that violates any provision of section 13 of this Act or any standard promulgated thereunder may be assessed a civil penalty by the Secretary of not more than $1,000 for each such violation. Each violation shall be a separate offense. No penalty shall be assessed unless such person is given notice and opportunity for a hearing with respect to the alleged violation, and the order of the Secretary assessing a penalty shall be final and conclusive unless the affected person files an appeal from the Secretary's order with the appropriate United States court of appeals. Such court shall have exclusive jurisdiction to enjoin, set aside, suspend (in whole or in part), or to determine the validity of the Secretary's order, and the provisions of sections 2341, 2343 through 2350 of title 28, United States Code, shall be applicable to such appeals and orders. Any such civil penalty may be compromised by the Secretary. Upon any failure to pay the penalty assessed by a final order under this section, the Secretary shall request the Attorney General to institute a civil action in a district court of the United States or other United States court for any district in which such person is found or resides or transmits business, to collect the penalty, and such court shall have jurisdiction to hear and decide any such action.".

SEC. 14. Section 24 of such Act is amended by inserting a comma and the term "intermediate handlers, and carriers" after the term "dealers" in the third sentence; and by adding a comma and the following provisions before the period at the end of the first sentence: "except that the regulations relating to intermediate handlers and carriers shall be prescribed no later than nine months from the date of enactment of the 'Animal Welfare Act Amendments of 1975'.".

SEC. 15. Section 25 of such Act is amended by inserting after subsection (3) the following new subsection:

"(4) recommendations and conclusions concerning the aircraft environment as it relates to the carriage of live animals in air transportation."

SEC. 16. (a) Such Act is amended by adding at the end thereof the following new section:

"SEC. 26. (a) It shall be unlawful for any person to knowingly sponsor, or exhibit an animal in any animal fighting venture to which any animal was moved in interstate or foreign commerce.

"(b) It shall be unlawful for any person to sell, buy, transport, or deliver to another person or receive from another person for purposes of transportation, in interstate or foreign commerce any dog or other animal for purposes of having the dog or other animal participate in an animal fighting venture.

"(c) It shall be unlawful for any person to knowingly use the mail service of the United States Postal Service or any interstate instrumentality for purposes of promoting or in any other manner furthering an animal fighting venture. Section 3001(a) of title 39, United States Code, is amended by adding immediately after the words "title 18" a comma and the words "or section 26 of the Federal Laboratory Animal Welfare Act".

"(d) Any person who violates subsection (a), (b), or (c) shall be fined not more than $5,000 or imprisoned for not more than one year, or both, for each such violation.

"(e) The Secretary or any other person authorized by him shall make such investigations as the Secretary deems necessary to determine whether any person has violated or is violating any provision of this section, and the Secretary may obtain the assistance of the Federal Bureau of Investigation, the Department of the Treasury, or other law enforcement agencies of the United States, and State and local governmental agencies, in the conduct of such investigations, under cooperative agreements with such agencies. A warrant to search for and seize any animal which there is probable cause to believe was involved in any violation of this section may be issued by any judge of the United States or of a State court of record or by a United States commissioner within the district wherein the animal sought is located. Any United States marshal or any person authorized under this section to conduct investigations may apply for and execute any such warrant, and any animal seized under such a warrant shall be held by the United States marshal or other authorized person pending disposition thereof by the court in accordance with this paragraph (e). Necessary care including veterinary treatment shall be provided while the animals are so held in custody. Any animal involved in any violation of this section shall be liable to be proceeded against and forfeited to the United States at any time on complaint filed in any United States district court or other court of the United States for any jurisdiction in which the animal is found and upon a judgment of forfeiture shall be disposed of by sale for lawful purposes or by other humane means, as the court may direct. Costs incurred by the United States for care of animals seized and forfeited under this section shall be recoverable from the owner of the animals if he appears in such forfeiture proceeding or in a separate civil action brought in the jurisdiction in which the owner is found, resides, or transacts business.

"(f) For purposes of this section—

"(1) the term 'animal fighting venture' means any event which involves a fight between at least two animals and is conducted for purposes of sport, wagering, or entertainment;

"(2) the term 'interstate or foreign commerce' means—

"(A) any movement between any place in a State to any place in another State or between places in the same State through another State; or

"(B) any movement from a foreign country into any State,

"(3) the term 'interstate instrumentality' means telegraph, telephone, radio, or television operating in interstate or foreign commerce;

"(4) the term 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;

"(5) the term 'animal' means any live dog or other mammal, except man; and

"(6) the conduct by any person of any activity prohibited by this section shall not render such person subject to the other sections of this act as a dealer, exhibitor, or otherwise.

"(g) The provisions of this Act shall not supersede or otherwise invalidate any such State, local, or municipal legislation or ordinance relating to animal fighting ventures except in case of a direct and irreconcilable conflict between any requirements therender and this Act or any rule, regulation, or standard hereunder.".

SEC. 18. If any provision of this Act or of the amendments made hereby or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and the remaining amendments and of the application of such provision to other persons and circumstances shall not be affected thereby.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 1532

At the request of Mr. CLARK, the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 1532, a bill to amend the Packers and Stockyards Act, 1921, to clarify the authority of the Secretary of Agriculture to require reasonable bonds from packers in connection with their livestock purchasing operations, and for other purposes.

S. 1962

At the request of Mr. CLARK, the Senator from Wyoming (Mr. MCGEE) was added as a cosponsor of S. 1962, a bill to amend the Domestic Volunteer Service Act of 1973 to provide that volunteers in foster grandparent programs may furnish supportive services to mentally retarded individuals regardless of the age of such individuals.

S. 2067

At the request of Mr. BIDEN, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 2067, a bill to limit the period of authorization of new budget authority and to require comprehensive review and study of existing programs for which continued budget authority is proposed to be authorized by committees of the Congress.

S. 2207

At the request of Mr. FONG, the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. CANNON), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Nevada (Mr. LAXALT), the Senator from Washington (Mr. MAGNUSON), and the Senator from North Dakota (Mr. YOUNG) were added as cosponsors of S. 2207, a bill to provide for the exclusion of industrially funded personnel in computing the total number of civilian personnel authorized by law for the Department of Defense in any fiscal year.

S. 2293

At the request of Mr. HELMS, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of S. 2293, a bill to amend section 402 of the Highway Safety Act of 1966, relative to compulsory helmet laws for motorcyclists.

S. 2301

At the request of Mr. HATFIELD, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 2301, a bill to authorize the Secretary of the Interior to construct, operate, and maintain the Tualatin Second Phase reclamation project in Oregon, and for other purposes.

S. 2315

At the request of Mr. HATFIELD, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 2315, a bill to return the privately built and maintained reservoir known as Lake Oswego, Oregon, to its traditional status as a nonnavigable water of the United States.

S. 2350

At the request of Mr. SYMINGTON, the Senator from Texas (Mr. BENTSEN) and the Senator from Pennsylvania (Mr. HUGH SCOTT) were added as a cosponsor of S. 2350, a bill to amend the National Security Act of 1947, as amended, to provide that the Secretary of the Treasury become a statutory member of the National Security Council.

SENATE RESOLUTION 144

At the request of Mr. BURDICK, the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Oregon (Mr. HATFIELD), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New York (Mr. JAVITS), the Senator from Minnesota (Mr. MONDALE), and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of Senate Resolution 144, to urge the restoration of the status of amateur athlete for the late Jim Thorpe, and for other purposes.

SENATE RESOLUTION 245

Mr. HASKELL. Mr. President, I ask unanimous consent that the distinguished Senator from North Dakota (Mr. BURDICK) and the distinguished Senator from Connecticut (Mr. WEICKER) be added as cosponsors to Senate Resolution 245, this being the resolution which the distinguished Senator from Oregon (Mr. HATFIELD) and I introduced on September 17, requesting the President to make public all potential agreements and commitments in connection with the Sinai situation.

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

AMENDMENTS SUBMITTED FOR PRINTING

NATURAL GAS EMERGENCY ACT OF 1975—S. 2310

AMENDMENTS NOS. 940 AND 941

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

Mr. TUNNEY submitted two amendments intended to be proposed by him to amendment No. 919 intended to be proposed to the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

AMENDMENT NO. 942

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

Mr. ABOUREZK. Mr. President, I am submitting an amendment to the emergency natural gas bill which would maintain the current rates charged to essen-

tial users who face curtailment. The proposals by the Commerce Committee—and by the administration—all indicate that there are natural gas supplies available in the intrastate market. All of these proposals also indicate that there is a real emergency, whatever its original cause, which affects the health of this country and its people. Vital industries have been curtailed. We are threatened by the gas industry and by President Ford with curtailment-related unemployment.

In these circumstances, our job is to protect the public. We can do that by making available to those essential users threatened with curtailment the new supplies coming into the intrastate market. No one quarrels with that reallocation of supplies. The fact that all of these possible curtailments are for uses recognized to be necessary to the national good demands that we pay a price based on cost plus a fair rate of return—and no more.

We are considering legislation to make those intrastate supplies available to the interstate market. We need not abandon the principle of just and reasonable rates when we do that. But the market power of the natural gas producers has made too many of us do just that.

S. 2310 and the other emergency proposals do not promise to elicit new supplies of natural gas. They simply try to reallocate existing supplies. Therefore, the only argument that ever existed for higher prices—which also showed the market power of the gas producers—does not apply here. This winter's shortage cannot be cured by "incentive pricing." We must have just and reasonable prices for basic industries and essential users.

FACTORS WHICH INDICATE THAT THE INTRASTATE PRICE IS NOT A "FAIR MARKET PRICE"

First. The recent rise in prices has been much greater over a shorter period of time than is historically true; and the trend is accelerating:

Weighted average of new gas contract prices, 1966–72 (¢/Mcf)

1966	18.5	16.8
1967	19.1	17.3
1968	19.2	17.5
1969	19.8	18.0
1970 (through July 1970)	20.2	20.7
July 1970 to September 1971	28.4	24.1
September 1971 to September 1972	28.6	31.6
Current	56	*91.0–1.17

*For 1974, the weighted average cost per Mcf of 1148 intrastate contracts reported to the FPC was $0.91. With the addition of 376 additional contracts thru May, 1975 (5 months) the average rose to $1.17. Thru May, 1975, the highest price paid in intrastate buying was $2.44/Mcf.

Second. Interstate buyers are intrastate sellers with a vested interest in pushing up the price of intrastate contracts beyond what would be the case if both parties had to bargain in a free market. (See attached data.)

Third. The cost of unregulated natural gas reflects the cartel-based price of oil, rather than market-determined pricing, as well as the effects of the threats of shortage in the intrastate market during the last winter.

Additions to reserves

	Interstate	Intrastate
1964–69	11.4 Tcf	5.6 Tcf
1970–73	0.7 Tcf	8.4 Tcf

FEA/FPC

The reason that we are faced with curtailments this winter is that gas which has historically been committed to the interstate market has gone into the intrastate market. Regulation of the entire nautral gas industry is necessary to correct this maldistribution. The existence of a monopolized market side-by-side with a price-regulated market creates serious supply dislocations, as we have seen. If the intrastate market had been regulated on a cost basis, the new gas supplies would have been available to all users.

NOTICE OF HEARING

Mr. MANSFIELD. Mr. President, on behalf of the chairman of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Monday, October 6, 1975, at 9:30 a.m., in room 2228, Dirksen Senate Office Building, on the following nomination:

Ralph G. Thompson, of Oklahoma, to be U.S. district judge for the western district of Oklahoma, vice Stephen S. Chandler, retiring.

Any persons desiring to offer testimony in regard to this nomination, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee will consist of the Senator from Mississippi (Mr. EASTLAND) chairman; the Senator from Arkansas (Mr. MCCLELLAN), and the Senator from Nebraska (Mr. HRUSKA).

ANNOUNCEMENT OF HEARINGS

Mr. JACKSON. Mr. President, in accordance with the rules of the Committee on Interior and Insular Affairs, I wish to advise my colleagues and the public that the following hearings and business meetings have been scheduled before the committee for the next 2 weeks:

September 30: Environment and Land Resources Subcommittee, 10 a.m., room 3110, hearing, S. 75, Kaiser Ridge Wilderness Study, California.

October 1: Full Committee, 10 a.m., room 3110, business meeting, markup of pending calendar business.

October 4: Environment and Land Resources Subcommittee, 9:30 a.m., field hearing, Aspen Institute, Aspen, Colo., re Forest Service ski permit policy.

October 6: Environment and Land Resources Subcommittee, 9 a.m., field hearing, Denver Post Office Auditorium, Denver, Colo., re Forest Service ski permit policy.

October 7: Minerals, Materials and Fuels Subcommittee, 10 a.m., room 3110, hearing, S. 152, S. 190, S. 656, and S. 2220, followed by full committee to hear S. 2371, regarding regulation of mining activities within areas of the national park system.

ADDITIONAL STATEMENTS

FOOD STAMP REFORM

Mr. CHILES. Mr. President, I would like to call to the attention of my colleagues the article by Washington Star Reporter Michael Satchell regarding the error rate found in the food stamp program.

The article by Mr. Satchell suggests nearly $800 million was paid to persons who did not qualify for food stamps or were the results of overpayment to eligible clients during the past year.

A projection by the Star further suggests that nearly $1 billion wil' be wasted through a variety of reasons over the next year unless meaningful reform is enacted by this Congress.

My Government Operations Subcommittee on Federal Spending Practices, and Open Government yesterday released a report dealing with the certification and eligibility problems encountered in the food stamp program.

The hearings the subcommittee held early this year were characterized by a similar cry from program administrators, research experts, the General Accounting Office, and others—that cry was in a simple word—reform.

Reform for a system that allowed program errors resulting in nearly 18 percent of the total dollars spent of the program, to be misspent.

Reform that saw an application process which resulted in 54 percent error rates involving both clients and administrators.

Mr. President, as I have said before, I do not believe any Member of this body would want to deprive the legitimate poor of the food stamp program, but I also believe some congressional direction must be given to the program.

S. 2369, which I recently introduced along with four principal cosponsors, attempts to address the application, certification, and eligibility process. The problems I am sure are going to be fully explored in hearings early in October. Mr. President, I see no magic in the solutions proposed in S. 2369. It could be that different figures will be arrived at and approved by the Agriculture Committee, I think the important thing is that we start now to make corrective steps in the program before the whole thing collapses from its own weight.

I ask unanimous consent that the Washington Star article by Michael Satchell be printed in the RECORD.

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

U.S. FOOD STAMP PROGRAM ERROR—$797 MILLION

(By Michael Satchell)

The food stamp program, which has served for more than a decade as the nation's principal tool for feeding its hungry, has reached the point where a lot of people, from the supermarket checkouts to the halls of Congress, are fed up with it, at least in its present form.

They feel the program has grown fat, sluggish and overly generous—with the greedy, as well as the needy, enjoying federal largesse that will amount to almost $6 billion this fiscal year.

Critics of the once-sacrosanct program charge that the mammouth food stamp system is poorly administered, plagued with errors and an open invitation for welfare cheats to skim off extra dollars.

That contention was underscored last month when Treasury Secretary William Simon labeled the program "a haven for chiselers and other rip-off artists."

The results of the Department of Agriculture's latest quality control study of the food stamp program tend to confirm some of the criticism. Projections by The Washington Star, using the error rates uncovered during the quality control study, suggest that the program paid $797 million to people who didn't qualify for food stamps, or in overpayments to those receiving them, during the year ending June 30.

That would be about one dollar in six misspent of the total $4.7 billion that Agriculture paid out last fiscal year to help feed America's poor. Royal Shipp, head of the food stamp program, put the losses and errors rate even higher—at one dollar in five.

If the error rate, which has remained virtually constant for the past two years, continues at the same pace this fiscal year, the taxpayers could lose an additional $983 million in overpayments or payments to ineligible persons due to mistakes, bureaucratic bungling and deliberate cheating.

Although food stamp officials refused a Washington Star request to compute or even estimate all the dollar mistakes in the program, the method used by The Star to compute these totals was said by Carl Williams, deputy U.S. commissioner for welfare, to be a valid way of projecting program-wide errors and losses.

Simon's allegation of widespread fraud and cheating by food stamp recipients drew immediate, angry denials from program officials, who claim the fraud rate is negligible. They base their position on the total number of persons indicted for major fraud, or those found to be cheating and those totals are, indeed, negligible.

The fact is that no one, neither Simon nor those who run the food stamp program, has any precise idea of how much cheating and fudging is going on among the millions who buy stamps although there are indications it could be substantial.

Edward J. Hekman, administrator of the Agriculture Department's Food and Nutrition Service and a former biscuit company boss, grudgingly concedes that the food stamp program makes no attempt to learn the percentage of people who chisel extra dollars from the loosely administered government giveaway. The states, he said, don't want to pursue the question when they conduct their quality control studies.

"Why don't you go ask Simon how many people cheat on their income taxes," was Hekman's constant rejoinder when asked about food stamp fudgers. "Go ask HEW about welfare cheats."

The food stamp program was begun in 1962 as a $14 million experiment in involving 50,000 people. About 19 million people are now buying food stamps, and the government is expected to distribute $5.8 billion during the current fiscal year.

The Department of Agriculture measures its performance in administering the program by an annual quality control study that carefully checks a scientific sampling of 29,674 non-welfare food stamp households in the 50 states and the District. Households already enrolled in other welfare programs such as AFDC (Aid to Families With Dependent Children) or Social Security are not tested in this study, because they will have automatically qualified for food stamps and will have undergone a fairly rigorous eligibility check.

Roughly half the households getting food stamps are already receiving other forms of welfare assistance.

The latest survey, taken during the last six months of last year, found the program riddled with error:

17.3 percent of the households were ineligible to receive food stamps.

26 percent got more stamps than their share or paid too little for them (called overissue).

10.7 percent received less than they were entitled to or paid too much for what they got (called underissue).

That means 54 percent of the food stamp applications had some sort of error, ranging from a simple technicality such as a mistake in filling out the application form to administrative foulups to applicants' lying about their income, dependents or job situation in order to boost their food stamp allotment.

A quality control survey in 1973 logged a 56.1 percent total error rate, so the program has improved slightly.

The quality control study also translates these error rates into percentages of dollars actually misspent.

Shipp, who heads the food stamp program within the Food and Nutrition Service, agreed that mistakes and cheating in the program were resulting in "one dollar in five being misspent." Said Shipp: "It is not an easy program to administer. It's more difficult than SSI (Supplementary Security Income) and AFDC."

The Washington Star recently revealed that SSI had overpaid Social Security recipients at least $461 million, and the total payment excess for the 18 months SSI has been in operation is expected to reach $800 million. The Department of Health, Education, and Welfare has previously acknowledged that errors in the AFDC program amount to about $1.3 billion annually.

In computing the total of $797 million misspent during fiscal 1975, and projecting the potential loss or overpayment of $983 million in the current fiscal year, The Washington Star took the error rates uncovered during the latest quality control study and applied them to the total nationwide cost of the program.

Food stamp officials use these error rates as a guide to how well the program is being administered nationwide. However, they insist that to arrive at a nationwide dollar loss, it is necessary to go back and recheck every food stamp application. With 17.3 million people enrolled in the program last December, such a review would clearly be impossible.

The quality control program translated the errors made into two categories: the percentage of errors in terms of households and the percentage of bonus dollars that went awry. Bonus dollars are the amount paid out to those purchasing stamps.

The bonus dollar error rates were as follows:

17.5 percent of the total money paid out went to ineligible households.

8.4 percent of the money was overissued to eligible households.

2.6 percent of the money was underissued.

As noted, the quality control study examines only those households that are not participating in other major welfare programs such as AFDC or Social Security. Although there is fluctuation, the split is about 50–50 between welfare and non-welfare families, so these error rates from the quality control study were applied only to half of the $4.7 billion spent during fiscal 1975.

That gives a dollar error rate of $609 million overpayed or given to ineligible non-welfare families. With the error rate for other welfare programs running at about 8 percent, according to HEW's Williams, that rate applied to the remaining half of the food stamp program cost is $188 million, and that added to the $609 million equals The Star's estimated dollar loss of $797 million.

Although opinion differs on the extent of its troubles, just about everyone concerned with food stamps both in and out of the Agriculture Department agrees that the beleaguered program needs a major overhaul. The consensus of critics interviewed is that while the food stamp idea is a good one and should not be abandoned, the program has been allowed to grow too big too fast, and without adequate controls.

Williams, who has studied the program extensively at the state level, describes it in these terms.

"If one were to try and consciously design a program that would inevitably get out of control, it could not be designed better than food stamps. The error rate is shocking. The potential for cheating and fraud is enormous. In effect, the government is giving away billions of dollars with virtually no controls at all."

A government official familiar with the program but who requested anonymity due to his sensitive position, concurred. "It's rife with opportunity for cheating," he said. "If it were properly administered, they could tighten up on the program costs considerably. If I were McGovern (Sen. George S. McGovern, D-S.D., is the leading supporter of food stamps in the Congress), I'd be running for cover right now and working on a reform bill."

Sen. Lawton Chiles, D-Fla., introducing a bill to simplify the food stamp certification process, told his Senate colleagues: "I find nothing in my state that I hear more about from the people than their utter contempt for the way the program is now operated. The need to reform the Food Stamp program is a pressing one."

Even the Agriculture Department has been forced to air its bureaucratic linen and acknowledge that food stamps have had serious problems. In recent Senate testimony, Assistant Secretary of Agriculture Richard L. Feltner acknowledged that the program has "inequities, inconsistencies and plain red tape," and has a "morass of rules and procedures that are unsatisfactory in coping with the increasing demand for fast, accurate certification on a mass basis."

Added Feltner: "Serious questions must be raised about whether the benefits of the program justify (the) substantial costs."

How They Figure Who Gets Food Stamps

A great deal of the error and confusion over Food Stamps stems from the complex formula used to calculate whether a family is eligible, and if it is, how many stamps it may purchase and how much it must pay for them.

The key factors are the size of the family, the net income, living expenses, bank balance, assets and the employment situation. Program officials admit that the formula has several glaring inequities in it.

To qualify, an individual or family must fall within fixed net income guidelines. A single person whose net income is $215 a month or less is entitled to buy food stamps. The entry point rises to $540 less for a family of four and $926 or less for a family of eight.

The major loophole here is that various deductions are allowed from the gross salary before the food stamps net income is arrived at. These include local, state and federal income taxes, and portions of rent or mortgage payments, medical and work expense, child care and education expenses.

An applicant skillful at manipulating these

deductions can get a fairly high gross income down to a low net income. For example, a large portion of one's rent or mortgage can be deducted, regardless of whether home is a low rent public housing project or a $500-a-month penthouse apartment.

After a case worker arrives at the correct formula, the new enrollee can purchase stamps. The general rule under the complex formula is that the more you earn, the more you pay for the stamps. One of the major inequities, according to Food Stamp officials, is that large households must pay out a greater percentage of their net income in order to participate.

For example, an eight-member household entering the program at the $926 income limit must spend $238, or 28 percent, of that income in order to buy stamps. But a single person coming in at the $215 level is only required to spend 18 percent of income, or $38.

Among the reforms under consideration are equal percentage costs for participants and a standardized deduction.

Once purchased, food stamps are used to buy groceries. Non-food items such as household products, alcohol and cigarettes are not allowable purchases. Food stores participating in the program then redeem the coupons for cash.

Program officials say 77 percent of food stamp recipients have annual gross incomes below $5,000 and 92 percent are below $7,000. There are a few earning over $10,000. If the applicant is honest, the formula makes the dollar bonus hardly worth applying for at higher income levels.

WEST VIRGINIA WOMAN AMONG PIONEER PATIENTS IN HELPING ACHIEVE BREAKTHROUGH IN DIABETES THERAPY

Mr. RANDOLPH. Mr. President, often we acclaim the significant medical advances which give new hope to millions of afflicted people, but we fail to recognize that there are nonmedical persons living today who contributed to those achievements. They are the patients who, either voluntarily or who through desperation, agree to a new form of treatment or operation to blaze a new path in medical exploration.

One such patient, Miss Grace Van Horn of Clarksburg, W. Va., is a living testimonial to the benefits of insulin. She is one of only 60 to 70 persons in the United States who has taken daily injections of insulin over the past 50 years. Grace, whom I know as a long time friend, was a student at Salem College when it was discovered she had diabetes. In those days, the outlook for most diabetics was almost certain death. But 3 years earlier, in 1923, the Eli Lilly & Co. had begun marketing the first commercial insulin product, a codiscovery of Dr. Frederick G. Banting and Charles H. Best.

Diabetes is a disease which affects millions of people and is one of the leading causes of death in the United States today. It has become the leading cause of new blindness and the third leading cause of all blindness. It is a major health problem which can cause up to 75 percent of the diabetic population to die prematurely from cardiovascular complications. Estimates indicate that diabetes affects or may affect as much as 10 to 20 percent of our population, and if unrecognized and untreated, can result in an early death for many thousands of Americans.

In recognition of the fact that diabetes can be successfully treated, if not cured, the Lilly Co., has sought to honor those patients who have achieved many years of healthy, productive living. In a letter to Miss Van Horn, Eli Lilly of Indianapolis, Ind., wrote:

Most of the credit for attaining successful control of diabetes belongs to you, because in this disease a significant amount of the responsibility for proper therapy is placed upon the individual patient.

Mr. President, this realization can have a salutory impact on many newly diagnosed diabetics. Far from hopelessness, they can be convinced that a long and happy life is possible and that hopes for a cure are worthwhile. Miss Van Horn is an aunt of Charles R. Van Horn, Washington representative for the Chessie system for the past 20 years. Friends call him "Mr. Railroad." He is an honorary member of the board of trustees of Salem College, which I attended as a student and was privileged to serve as a member of the board of trustees for more than 50 years. Coincidentally, Charles Van Horn's father, the late Charles W., who was operating vice president of the Baltimore & Ohio Railroad before his retirement in 1949, also was a student at Salem College.

Recognizing the role that patients perform in the control of diabetes and related diseases is an important part of medical history. In order to share with others the knowledge that proper care and inventive therapy can contribute greatly to the health and well-being of our Nation, I ask unanimous consent that an article appearing in the Clarksburg Exponent-Telegram concerning the special award presented by Eli Lilly & Co. to Miss Grace Van Horn be printed in the RECORD.

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

[From the Clarksburg (W. Va.) Exponent-Telegram, Sept. 21, 1975]

MISS VAN HORN ONE OF FIRST IN AREA TO USE INSULIN THERAPY FOR DIABETES

What is it like to be one of the very first persons in the Clarksburg area to have used insulin therapy for diabetes? There are only 60 or 70 persons in the United States who have taken daily injections of insulin for 50 consecutive years, and one of them is Miss Grace Van Horn of 705½ Duff Avenue, Clarksburg, W. Va.

Eli Lilly and Company of Indianapolis—manufacturer of insulin and pioneer of the process to make insulin commercially available in this country in 1923—has presented Miss Van Horn with a sterling silver medallion commemorating this achievement. The sterling silver medallion, along with a personal letter to Miss Van Horn from Eli Lilly, was presented by Don Molinari and James Mayfield of the Company.

Miss Van Horn began taking insulin for her diabetes in June of 1926. She would be one of the first persons in this area to begin insulin therapy.

Miss Van Horn was born in Lost Creek in 1894, and received her elementary education there. She did her high school work at the Academy of Fairmont Normal School, and earned a first grade teacher's certificate at the school. In 1926, she began work on her AB degree at Salem College, at which time it was discovered that she had diabetes. Dr. S. L. Cherry of Clarksburg began treatment with the new drug, insulin.

She finished her work at Salem College and graduated with an A.B. degree, after which she earned an A.M. at W.V.U., and did graduate work at the University of Illinois. All during her education, she used insulin, diligently measured all her food and carefully adjusted her diet to compensate for her diabetic condition.

Miss Van Horn has devoted 44 years of her life to education, as a teacher. Her tenure includes a year at Bristol, two years at Salem, one year at Newburg High and 40 years at Victory High School. She retired from Victory in June, 1964.

Miss Van Horn is a member of the Duff St. United Methodist Church, and has membership in county, state and national association of Retired Teachers and is a member of the Y.W.C.A. and other local organizations. She also holds membership in Delta Kappa Gamma, an international honor society for key women teachers in education. Her diabetic condition has not hindered her travel, she has been in 48 of the States, Canada and Mexico.

She is a charter member of the Central W. Va. Diabetes Association, and is honorary vice president this year.

Dr. Lynwood Zinn first saw "Miss Grace" on May 26, 1950, and has cared for her for 25 of the 50 years that she has been on insulin. James Mayfield, also on hand for the presentation was graduated from W. Va. School of Pharmacy in 1922, the year before insulin was made commercially available by the company he joined as a sales representative in 1934. Jim retired in 1964 following 30 years of service. He introduced many varieties of insulin to physicians in this area over his 30-year tenure.

In honoring Miss Van Horn, Don Molinari, Lilly representative in Clarksburg, said this:

"This delightful lady is living proof of the face that diabetes is a condition which can be controlled effectively by insulin and good care. Her remarkable health is a credit to the fine care she has taken of herself over the 50 years of insulin therapy. We are very pleased to honor Miss Van Horn as one of the few people in this nation who has maintained control with insulin of a diabetic condition for 50 years. A truly remarkable woman."

The medallion presented to Miss Van Horn was inscribed "I am a diabetic-Grace Van Horn." On the reverse, it is inscribed, "for 50 years of insulin therapy from Eli Lilly and Co."

SENATOR WEICKER SPEAKS THE TRUTH

Mr. GRIFFIN. Mr. President, recently an important column by Ray Stephens appeared in the Flint, Mich., Journal and in other Booth newspapers. It took note of the views and active role of our colleague Senator WEICKER, in floor debates concerning the energy problem.

The column, written by the chief of the Booth Newspapers Washington Bureau, is worthy of wide attention. I ask unanimous consent that it be printed in the RECORD.

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

WEICKER SPEAKS TRUTH, BUT WHO LISTENS

(By Ray Stephens)

WASHINGTON.—When the people, in the exercise of their wisdom, choose a president next year, it is to be hoped that they also have enough common sense to give his party control of Congress.

In that way, and only in that way, can we get back to a government that does something, even if it is wrong. That is a condition devoutly to be wished after watching two Republican presidents wrestle to a draw with a House and Senate tightly controlled by Democrats.

The result has been government by a gaggle of political hacks, in both parties, whose concern for the future extends only to the next election. This collective myopia reflects a conviction among politicians that the American people are a bunch of self-indulgent infants who don't have the courage to face the realities or bear the burdens of the national interest.

The inanities being tossed around in the debate over the oil shortage are a perfect example of how politics takes precedence over common sense in a national crisis.

Both President Ford and the Democratic leadership in Congress are trying to come up with a formula—not a solution, mind you, that will make a cosmetic effort to deal with the fuel shortage.

Neither side is willing to face up to the only logical solution because each fears an angry reaction from the voters next year.

But in every national debate there always comes along someone who is willing to talk sense, and this time it is a Republican senator from Connecticut named Lowell Weicker.

In last week's vote that sustained Ford's veto of the bill to extend controls over the price of old domestic oil, Weicker supported the White House. But while he voted to sustain, he emphasized that he did so only because he considered no controls a lesser evil than the controls that would have been extended—for the sound reason that they haven't worked.

No one in the Ford administration hit upon the angle, probably because they have been too busy trying to figure out how Ford can duck the blame when gasoline prices rise without any similar increase in this country's oil supplies.

There won't be any increase in domestic supply because the higher prices, while making a formidable contribution to the continued growth of inflation, won't drive the cost of driving high enough to inhibit consumption.

That is the weakness of the administration position, and it wasn't pointed out by the Democrats because they, like Ford, are afraid to tell the American people what must be done if we are to have an economic future free of foreign influence.

Weicker, however, didn't shy away. Nor did he back off from naming those who are going to shoulder the heaviest load.

First, the senator pointed out that price controls have been in effect since 1973, when the Arab nations imposed the embargo on oil shipments to the United States, and that prices nonetheless have soared.

"We cannot control the price of oil," he said. "That is controlled by the OPEC (Organization of Petroleum-Exporting Countries) nations."

The solution advanced by Weicker is to free domestic oil from artificial price controls while imposing a mandatory fuel conservation program on the American people.

He said that when the Arab embargo ended, Americans went right back to wasting gasoline in wholesale fashion.

"The only response I have heard about on the part of the Democrats is to put a tax on gasoline and on the part of the Republican President and this is removed from his position to decontrol—is to put a tariff on imports, Weicker said.

Either way, the result is the same: rationing by price.

"Both the Republican and the Democratic parties, in effect, are saying, 'Let the poor in this country, let the elderly, let those on fixed incomes, those of moderate income, conserve so the rest of us can live up as we did pre-embargo days,' " he said.

A combination of free market prices and reduced demand could produce a surplus of domestic oil—"the kind of language the OPEC nations would understand," Weicker said.

"As unpolitical as some of things I recommend might sound, I think they are understood for what they are. The truth, rather than lot of horse manure."

STEVEN J. WEXLER

Mr. RIBICOFF. Mr. President, this weekend the Senate and the entire Nation lost one of its most dedicated public servants, Mr. Steven J. Wexler, majority counsel of the Senate Labor and Public Welfare Subcommittee on Education. Mr. Wexler died in a senseless traffic accident which was not of his own making.

My staff and I have had the privilege of working with Mr. Wexler on a number of education issues. We in the Senate looked to him for advice and counsel and he always gave willingly of his time and knowledge. He was truly an outstanding expert in his field. He shall be missed by all of us.

My wife Lois and I, as well as my entire staff, send our deepest condolences to his wife Elizabeth, his young son, Adams, to his entire famliy, and to those who worked with him.

INFLATION AND ITS EFFECTS ON THE SOCIAL FABRIC

Mr. PACKWOOD. Mr. President, once again I want to address the Chair and my fellow colleagues on the subject of inflation. Once again I feel obliged to speak out on what I view as perhaps the most crucial long-term problem we face: inflation and its effects on the social fabric.

Mr. President, a high rate of inflation is not an acceptable price to pay to achieve other economic or social goals. As the novelist Thomas Mann once said:

A severe inflation is the worst kind of revolution . . . For there is neither system nor justice in the expropriation and redistribution of property resulting from inflation. A cynical "each man for himself" becomes the rule of life . . . The great mass of those who put their trust in the traditional order, the innocent and unworldly, all those who do productive and useful work, but don't know how to manipulate money, the elderly who hoped to live on what they earned in the past—all these are doomed to suffer. An experience of this kind poisons the moral of a nation.

As a member of both the Senate Finance Committee and the Senate Banking Committee, I have seen and heard a number of economists testify about the evils of inflation and what we as Senators can and should do to alleviate these evils. Economists cover the political spectrum—you can find a well-intentioned economist for every political persuasion. And I honestly believe they are all sincere. What we as Senators must do is winnow in the welter of conflicting economic ideas and theories and construct a positive, healthy economic policy.

One thing all economists seem to agree on is that inflation is linked to government deficit spending. The more the government spends in deficit and is forced to borrow, the more interest rates are pushed upward and the more inflation eats at the pocketbook of all Americans. Deficit spending is more cruel than increased taxation, for at least with taxation the average taxpayer knows what amount he pays in taxes. With inflation, the rates are unknown. It is this fear of the unknown, unforeseen, and yet predictable force which destroys confidence in government.

Although there is not one social program which individually was not conceived with the noblest of intentions, I am now arguing against the composite of all the social programs administered and funded by the Federal Government. Overeating puts a strain on a person's system. At worst, it can kill him by causing a heart attack or in the failure of a vital organ. However, moderately and wisely eaten, food is not harmful.

Likewise, a person never died from smoking one cigarette. But huge quantities in superabundance are harmful.

The bulk of the tax burden is already borne by the middle-income group, "this great mass who put their trust in the traditional order." There will come a time when his largesse and tolerance for social programs will have peaked and he will rise up in anger and cry out "Enough. Stop these programs, I cannot afford them." It will not be the merits of any particular program, but rather the evils of the composite of programs he will rise up against. It is our duty as elected leaders to anticipate this happening.

Mr. President, I repeat what I said at the beginning of my statement: A high rate of inflation is not an acceptable price to pay to achieve other economic or social goals, because that high rate of inflation will, in the long run, vitiate and erode any benefits of those goals. Like an incurable disease, we do not cure inflation with social placebos designed to take the patient's mind off the real problem. We must root out the source.

One of the most direct congressional means to the economic health cure is to curb Government spending and to bring our budget under control. As an elected official concerned about maximizing the effects of our economic and social programs, I will continue to vote to curb Government spending and keep our economy healthy. I cannot conscience excessive inflation which will erode any hope for improvement in the quality of life for each American.

I cannot conscience inflation which is due in any part to excessive Government spending. For this reason, I will continue

to say "no" to some social and economic programs, not on their individual well-intentioned merits, but because of the devastating impact they as an aggregate wield on our future social stability.

McCORMALLY ON CUBA

Mr. McGOVERN. Mr. President, John McCormally, editor and publisher of the Burlington Hawk Eye, is one of the Nation's outstanding journalists. Mr. McCormally has been recognized for his reporting and editorial capabilities in Iowa and in the Nation at large. During my trip to Cuba last spring, Mr. McCormally accompanied me and prepared a number of highly perceptive articles on that country. I ask unanimous consent that they be printed in the RECORD.

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

FIDEL ON THE FARM: A COWSHED CONFAB

(By John McCormally)

JIBACOA, REPUBLIC OF CUBA.—Whatever watershed this is, in U.S.-Cuban relations, in the long struggle for world peace, it occurred in a rich aroma of cow manure.

I listened to diplomatic dialogue against a background of cud-chewing, gently lowing Holsteins, a delightful contrast to the stereotype of striped-pants, cookie-pushing protocol.

Sen. George McGovern came to Cuba as a member of the Senate Foreign Relations Committee, but Fidel Castro was impressed by him more as the ranking majority member of the Senate Agriculture Committee, and representative of the farm state of South Dakota. The Castros were farm people.

So there was nothing irrational about the climax of our tour occurring on the 30,000-acre dairy breeding farm (Nuevo Pueblo Base Genetico) run by Fidel's older brother Ramon, in the spectacularly beautiful Picadura valley 50 miles east of Havana.

Cuba, like Iowa and South Dakota, is first and foremost agricultural. And it is in agriculture that America has the most for Cuba, and Cuba needs the most from America. So you can talk of Guantanamo and the CIA, of exchanging baseball teams and developing tourism; but where it's really at, as they say, is down on the farm.

To be rational doesn't mean it's dull or unspectacular. Nothing in Castro's Cuba is. So the climax came with all the drama of an old western movie.

Our press buses (a pair of new, cramped little blue Fiats) had dropped us at a kind of wayside meeting house in the green valley, surrounded by the Jaruga hills, which are beginning to yellow in this year's severe drought.

We sprawled on the concrete patio, seeking shade and a breeze, thirsty, tired and befuddled. Where was McGovern? Were we going to see Castro yet today, or tonight, or at all?

Then suddenly, there he is, topping the low rise between two hills, coming down the blacktop road at the head of a small caravan, like John Wayne leading a cavalry charge. Fidel is driving the lead vehicle (not a jeep as some reporters call it, but a Russian-made command car, bigger and sturdier than a jeep) and McGovern is in the front seat with him, his knees against the Russian submachine gun strapped to the dash. Eleanor McGovern is in back with Ramon.

"A newspaper army!" Fidel calls out in mock dismay as we converge on the car. He waves the cigar, grinning through the full, slightly shaggy beard. He is dressed as he always is, in the green guerrilla uniform, but not so egalitarian that it is not of far better material and more exquisitely tailored than those of the soldiers in the jeeps behind him. His only indication of rank is a small diamond shaped patch, half red, half black, with a white star in the center and a pair of gold oak leaves, atop each shoulder. But no Cuban (nor for that matter anyone else) needs any insignia to identify "Commander in Chief Fidel Castro, First Secretary of the Communist Party of Cuba and Prime Minister of the Revolutionary Government," which is the title laboriously repeated in every reference to him in the deadly dull party newspaper.

"Where is Barbara?" Fidel calls out, to the chagrin once again of us mere mortals. NBC's Barbara Walters is pushed forward. Cubans quickly admit that Fidel's appeal to women works both ways. They appeal to him, too.

But Barbara does her work. "Will you talk to us?" she demands. "Impossible," he replies, and our hearts sink before we realize he only means not there. We are to follow him. I'm sprawled over the hood, shooting through the windshield, the only vantage point I can get. He peers at me mischievously as he guns the engine. A soldier gently tugs me out of the way.

We race for the buses, careen across the hills to the cow barn. It is an open-sided shed, concrete floor, steel stanchions, immaculately clean except for the fresh droppings which enrich the air. The Holsteins are huge, sleek, with impressive udders, obviously top grade to any old farm boy.

"Eleanor grew up milking cows," I hear McGovern telling Castro, who is pleased and pats her shoulder. I am totally frustrated in an effort to get Fidel and a cow in the same frame. I am blocked and jostled by the TV camera, sound and light men. Their lights are constantly going on and off, playing havoc with my lens settings. So I settle for squiring in close to eavesdrops at McGovern's elbow.

"It seems we produce the things you need," McGovern says, and Castro interrupts to say "it's true," before McGovern goes on to say he means feed grains, meat, breeding stock. "What can you send us?"

"Sugar and nickel," Castro replies.

"And cigars?"

Castro laughs. "Yes, but not as big as this," waving the 10-incher clinched in his left hand. "We also need fat—how do you say it?—tallow."

"We've got good control over our cattle," he says with what seems a touch of irony, referring to American concern about Castro's control over his people. The deep-set brown eyes have a constant twinkle. He is enjoying himself. "Some of our cows have relatives in the U.S. (As do some of the Cuban people?) because cattle in Canada are very familiar with cattle in the U.S.."

(Cuba has imported a reported 30,000 dairy cattle from Canada as basic breeding stock. The Canadian Holstein-Freisen Association sends groups of farmers to Cuba, who live with the Cuban farmers for several weeks at a time, as breeding and feeding advisers.)

Castro explains to McGovern how the high-producing Holsteins are being crossed with Cuba's Cebu ("What you call Brahmas," he says, in a rare lapse into English).

The Holstein's production needs a climate like Wisconsin. The scrawny, tough Cebu is a poor producer, but thrives in scrubby, semi-tropical range, like Cuba's. "We are breeding a new race," Castro says, and explains how different degrees of crossing are being tried—75-25 per cent, 50–50, seeking the right combination. "We keep careful records on our bulls," and then with obvious pride he boasts, "we will soon be exporting semen." (What a far cry from our concern about Castro exporting revolution.)

"What about beef cattle?" McGovern asks. Castro is off on a long explanation:

"Our biggest emphasis is on dairy because milk is the universal food. Meat has to be a sub-product—a byproduct. Why? Because we are a small country with a high population density. We can't have the luxury of big herds of beef cattle, like Argentina and Uruguay. The U.S. has 20 inhabitants per square kilometer. We have over 80. We're almost as inhabited as China."

"How does your development compare to China's?" McGovern interrupts.

'I' don't know much about China, but I understand they have a higher level of manpower. But we have higher equipment."

The dairy equipment we see is Swedish.

Castro went on to say the goal was to develop the new Holstein-Cebu hybrid into a meat as well as a dairy animal, so that cows past their prime, and bull calves not needed for breeding, will provide Cuba its meat.

(For now the goal is still far off. Both milk and meat are rationed, but inexpensive for the average Cuban. They get 6 liters (a liter is 1.057 quarts) of milk a month, pay 20 cents a liter, with children getting a liter a day. Beef is 45 cents a pound but the limit is three-quarters of a pound every nine days.)

"If trade relations are restored, are you interested in the importation of beef?" McGovern asked.

"Yes, we import beef and poultry from Denmark and Bulgaria and Canada. We also import pork. We are developing the production of pork and poultry. We will have to import more feed—corn, soybeans, barley. In the future, we will just bring in the raw materials."

"We have feed and feeder cattle," McGovern says.

"Yes," interrupts Castro, with emphasis again on size, "you have a lot of territory."

In any setting, this conference between a senator and prime minister, across 16 years of hostility, would have been unique. Here it is especially intriguing—a cow barn confab. We move a mile or two to another milking station, pausing on the way at a lookout, so Fidel can show his guests the beauties of the valley. He never seems to lose composure, or show the least exasperation that the press is blocking much of the panoramic view; nor do the soldiers make any effort to hamper or restrain us. Fidel extracts a fresh cigar from a leather case, clips it expertly, fires it from a large, silver lighter.

At the next barn I am again jammed up close, squeezed against the stanchion as Castro talks about the drought (which is devastating south Florida, too) and McGovern tells him about cloud-seeding efforts in the U.S.

It is hot! My clothes are soaked, soggy. The sweat runs off my brow, into my eyes, steaming my glasses, and it is trickling in a stream, down the back of my thighs and calves and into my shoes. And then I realize, staring at Fidel, that he is cool, totally dry, not a bead of moisture on his face. And this despite the fact his long-sleeve shirt, seen close-up is a heavy twill, and that over it he wears a packet of the same shiny, green fabric, but which looks thick, heavy. The broad zipper is never pulled down much below his Adam's apple. I couldn't confirm the speculation it is bullet proof.

I study his beard, which has strands of gray (he is 48) and which grows unshaven down his throat. The crowd has thrust me back, so my rump hangs over the feed trough, and the big white-nosed Holstein, more curious than hostile is nibbling at it, slobbering on my leg, chewing on my coattail and jabbing me in the back with her stubby horns. The city boys are uneasy. Frank Reynolds of ABC offers to rescue me, but I wave him off. I can't

be bothered. After all, I'm covering world history.

CUBANS TAKE OFF WORK TO BUILD THEIR OWN HOUSING

HABANA.—A bunch of you are sitting around at lunch time at the steel mill, listening to the noon news on Radio Habana, from the loudspeakers on the tall pole in the yard. You get to talking about the lousy housing you're all living in, each outdoing the other with tall tales about how crummy it is.

Then someone says: "Let's quit talking about it, and build ourselves some new pads." So you talk to your CDR chairman (Committee for the Defense of the Revolution. The committees used to exist primarily to root out anti-revolutionary activity; now they operate as a kind of block association, or employes committee). He (or she) talks to the government housing man and soon you are organized into a "micro-brigade," which usually consists of 33 members.

Your brigade isn't all from the steel mill; it may also include some retired people, housewives, students, patients from the psychiatric hospital.

You're assigned to the Alamar housing area in the rocky, green hills which roll gently back from the sea, just east of Havana. The sun beats down on green shrubs clinging to the hard soil, but the hills are bright with azaleas, frangipani and flamboyant trees. A small point jutting out into the sea is strewn with old beige, baroque structures, and they point to the farthest one and tell you Hemingway lived there.

So you go to work and build a new apartment house—five or eight stories; and there are plans now for 12- and 20-story ones. I don't know how long it takes; months, I suppose. You're not very efficient at first, but you learn as you go, from the government supervisors, and the government inspectors approve your work as you go along.

Meanwhile, back at the steel mill, your fellow workers have increased their efforts to take up the slack, cover your job. Replacements aren't hired because Cuba has a labor shortage. You still draw your regular pay.

When the apartment unit is finished—and there are already 30,000 units of the 150,000 planned for Alamar—another committee meeting is held to decide who gets to move in. You may have thought you were a sure thing—since you worked on the project. But your fellow workers back at the mill contributed to it, too, because they did your mill job while you were hammering nails and carrying hod. So you may not get in this one, if someone else needs it worse, or qualifies with a better revolutionary spirit than yours. But your turn will come. And when it does, because you were in a micro-brigade, your rent for the new apartment, will be only 6 per cent of your income. (If you go into a housing unit built by regular government construction forces, the rent is 10 per cent of your income—but never more than that for anyone—doctor or worker.)

This herculean effort by Cubans to house themselves better is evidence enough that present housing is inadequate. No need to belabor the point. There are slums, even if we didn't get a guided tour of one. That we didn't caused a small flap within our otherwise congenial band of travelers. Some reporters griped that the Cubans were giving us "a showcase tour." Sen. George McGovern reacted.

"If it's a showcase tour, it's my fault," he acknowledged. "We're seeing what I told them I wanted to see. I didn't come to see their failures. I wanted to see the farthest extent of their progress—in health, education, housing, agriculture. So blame me."

The senator's request made sense for his purpose—which is to take a step toward normalization of U.S.-Cuban relations. You don't make up with a neighbor by prowling through his trash can or examining his dirty laundry.

But it does leave the reporter with a lot of guesswork to do, in trying to put projects like Ilamar in prospective.

Walking down a road in Alamar, McGovern was still worrying about the showcase complaint, and reiterated to me that it would be foolish for him to use his brief time insisting on inspecting slums. "Agnew was right," he quipped with a grin, "when you've seen one slum, you've seen 'em all."

Whoooooeee! I said to myself. In another context, and about three years ago, that would have made a hell of a political story.

Cuba has slums, although most of the reports of previous visitors stress that the familiar Havanna slums with their shacks of cardboard and flattened out tin cars, are gone. The important point is that Cuba has fewer slums every day—not more, as is true in nearly every other country, including our own.

If Alamar and the micro-brigades are confusing, that's only the beginning. A reporter has neither the time to figure it all out, nor the space to explain it if he could. The kind of committee action that decides whether you move into a new apartment, also applies to a new refrigerator when a still rare one becomes available to your work group.

Whether you get it depends not only on whether you've saved up the three or four months' pay to buy it; but also whether your group—and apparently your supervisors as well—determine that you're the most qualified to get the chance to buy it.

Cuban workers such as at the steel mill make about 100 pesos a month ($20) and wages range up, according to skills to the 600 to 700 a month for doctors. A taxi driver, for the government cab company, told me he made 158 pesos a month. Before the revolution, when he ran an agency that rented limousines for weddings and funerals, he made 800 pesos a month. (The peso then was worth about 20 per cent less, but even so, he was taking in a lot more than now.)

"So you're one of those who is worse off," I prompted. "No," he insisted. "I'm better off. Free education for my children, all the way through the university. Free medical care. Only 10 per cent for rent. And low prices for meat and milk and other food."

"When you can get it," I interrupted. "Yes," he admitted, "there's rationing to make sure everyone gets an equal share. But no taxes," he went on. "In the old days taxes took a lot of my 800 pesos." (Americans may have difficulty grasping a tax-free society. The government doesn't need taxes. It lives off income from what it owns—which is practically everything.)

The rationing lines are a sore point with Cuban officials and an accepted fact to the people. They're sensitive to Americans' pointing to the lines as a symbol of socialism's failure. We have lines, too, they point out. In fact, the equivalent of the entire population of Cuba—9½ million people—is standing in line—the unemployment line—in the United States. There's no unemployment in Cuba; it has a labor shortage.

Shortages result from the difficulty in producing enough for a population that has increased 50 per cent in 15 years, and from the economic blockade which prevents importing enough to offset the domestic scarcity. They also come, it appears, from inefficiency in distribution. Nationalization of all retail business eliminated the free market operation; it has not yet been replaced by an efficient government-run market system. The supply doesn't always get where the demand is.

The Cuban answer to this is that the old system didn't serve the masses at the economic bottom; that the new one, for all its difficulties, does. The problem in judging the system is that it is, for now, a socialization of scarcity; the socialization of plenty would look different.

TOUCHY QUESTION BRINGS TENSE MOMENT IN CUBA

HABANA.—The touchiest question for Americans in Cuba, providing a tense moment when we asked it: Did Fidel Castro have anything to do with killing John F. Kennedy?

It was gutsy Barbara Walters who bluntly laid it on him.

"Absurd," he said, with emotion, the dark eyes squinting, then flashing, "absurd, stupid, irresponsible, crazy, and besides very dangerous for Cuba."

He rushed on, as we surrounded him in the middle of the white, high-ceilinged room; he was reluctant to let it drop.

The press conference was an organizational disaster. The networks crowded in on him in a tight circle, with their light and sound machinery; motorized cameras whirring and grinding, blurring the translations, cluttering our tapes. The writing press prowled the outer circle, like hungry wolves sniffing an opening to dart in for a bite.

Perhaps it was planned chaos, teaching the impudent Americans they did not yet deserve the formality of a well-organized quiet conference. It was more as if we were accosting an accident victim on the street than interviewing a head of state.

Apparently no top translators had been assigned. First one, then another of the young Foreign Ministry men who'd been our guides, was pressed into service. Deputy Premier Rodriguez whose English is excellent, roved the perimeter, worriedly monitoring the translation. Whenever he'd hear what he thought inadequate rendering of Fidel's thoughts into English, he'd protest audibly, and a new translator would be pushed forward. Finally, Lionel Martin was drafted. He's a Californian who's lived in Cuba 14 years, reports for the Canadian Broadcasting Co., is married to a Canadian who teaches English at the University. Martin's expert in Spanish and his English made it easier for us to understand; but he admitted later he was no skilled translator, and he was sweating from the strain. Fidel seemed oblivious to the commotion: He was saying it, and if we didn't get it right, that was our problem.

I took my shoes off, climbed on a chair so I could see, and snap pictures, and tried scribbling while balancing there. Back in the hotel that night, I compared notes and tapes with Marty McReynolds, who lives in Spanish as UPI's Latin American man, and here's what Fidel said about assassinations:

First, about the CIA's trying to kill him: "Those plots are not news to us, but are apparently considered news in the U.S. It says something about the quality of U.S. journalism that these things are treated as great revelations now." He enjoys giving us the shaft.

Attempts on his life were "armed by the CIA and in some cases the weapons came from Guantanamo," he said.

To suggest his involvement in Kennedy's death was "absurd. It is not in the tradition of the socialist revolution to physically eliminate our enemies. We have another concept of things." This could be greeted with skepticism because socialists, like capitalists, do "physically eliminate" their enemies on occasion.

But he went on: "It is a matter of principle, and it would have been stupid to have been responsible for such a serious act. It would have been absurd, stupid, irresponsi-

ble, crazy and, besides, very dangerous for Cuba.

"Kennedy was an adversary we knew. We didn't think (had no way of knowing for sure) anyone else would be better or worse.

"He was a very intelligent man, and he had begun to understand the error of U.S. policy against Cuba. Perhaps Kennedy himself could have taken steps toward changing that policy."

In the black hours between midnight and dawn, while Castro was driving the McGoverns through the city's back streets in his Moskvitch (the Russian version of the Lincoln Continental) I tried to weigh his denial, with its passionate ring of truth, against the notes from my pretrip research.

McGovern had told me that from his first talks with Castro, Fidel had seemed "genuinely shocked" at the stories of his complicity in Kennedy's assassination.

The key line from the press conference kept jumping out: Kennedy "was a very intelligent man, and he had begun to understand the error of U.S. policy against Cuba."

What does Castro mean by that? How does he know Kennedy had "begun to understand . . .?"

Because Fidel Castro and John Kennedy were in touch at the time of Kennedy's death. At the very moment Kennedy was shot in Dallas, Castro was having lunch in a villa on Veradero Beach, 80 miles east of Havana, with Jean Daniel, the French journalist (reporter for L'Express) who was a friend of Kennedy's. Cuban President Dorticos phoned Fidel the news, and when he returned to the table to tell Daniel, he said "this is bad news . . . everything is changed . . . all will have to be rethought."

What is eerie to think about, here in the Cuban darkness, with the hum of tires on the Malecon, and the swish of the sea heard through the open balcony door, is that what Fidel told us tonight is almost identical to what he was saying to Daniel at Veradero 11½ years ago, almost at the moment Kennedy was shot.

"I believe Kennedy is sincere . . . that the expression of his sincerity could have political significance . . . I feel he has inherited a difficult situation. I also think he is a realist."

Kennedy, Castro told Daniel, "has the possibility of becoming, in the eyes of history, the greatest President of the United States, the leader who may at last understand that there can be coexistence between capitalists and socialists, even in the Americas."

He was summing up that same thought for us tonight, nearly a dozen years later, with the words "a very intelligent man, and he had begun to understand."

(I am indebted for this 1963 report initially to Maurice Halperin, professor of political science in Vancouver, who has taught at U. of Oklahoma, Boston U., University of Mexico. He recounts the Kennedy-Daniel-Castro connection in his book The Rise and Decline of Fidel Castro—U. of California Press, 1972. I've been trying to check it out, so far find no U.S. government disavowal of the evidence that a serious dialogue had begun with Cuba in the fall of 1963.)

The probes were on two levels. At the UN, American delegate William Attwood, as he reports in his book The Reds and The Blacks: Personal Adventure, was making discreet overtures to Cuban Delegate Carlos Lechuga, with the approval and encouragement of John and Robert Kennedy, Averell Harriman and McGeorge Bundy.

Recall that by then the Bay of Pigs and the missile crisis were history; Kennedy in June had established new relations with Khrushchev, and a test-ban treaty was in the works. The Cold War was thawing.

Daniel was in Washington on his way to Havana. Kennedy summoned him to the White House, cautiously (to make sure the reporter didn't jump on a story about the U.S. President's changing Cuban policy) dropped hints which he clearly intended Daniel to convey to Castro. Then to make sure Daniel knew Kennedy was expecting to get signals back from Castro, he specifically asked Daniel to come see him on his way back from Havana to Paris.

"The continuation of the blockade depends on the continuation of subversive activities," Kennedy told Daniel. It was an offer, Daniel later reported, that Castro was ready to accept.

To pin it down, Daniel asked the President: "Could the United States tolerate economic collectivism?" To which Kennedy pointedly replied: "What about Sekou Toure (African socialist)? And Tito? I received Marshal Tito three days ago, and our discussions were positive."

The signals were clear enough. The President of the United States was ready to start getting along with the Prime Minister of Cuba, whatever their political and economic differences. Castro convinced Daniel he was ready to accept: "Fidel listened with devouring and passionate interest; he pulled his beard, yanked his parachutist's beret down over his eyes, adjusted his maqui tunic, all the while making me the target of a thousand malicious sparks cast by his deep-sunk, lively eyes . . . Three times he made me repeat certain remarks, particularly those in which Kennedy expressed his criticism of the Batista regime."

You may wish to dismiss all this as some socialist smoke screen; or if you accept that Kennedy was buddying up to Castro, you may angrily disapprove his doing so.

But lying here sleepless in The Havana Rivera, this monument to Meyer Lansky and the Miami Mafia, I find myself believing Fidel Castro told us the truth tonight; and I am haunted by the probability that the shooting of John Kennedy (by whoever did it) cost us, among other things, a dozen unnecessary years of hostility with Cuba.

BEHIND THE COCONUT CURTAIN

HABANA.—"Mackey 991, Habana Center. When you estimate Varadero?"

Havana Center, this is Mackey 991. We estimate Varadero—uh—zero two." First Officer Ron Frawley answers casually.

I glanced at my watch, as I stood behind the pilots on the flight deck of the chugging old-engine Convair 440. It was 2055 hours, Greenwich, 4:55 p.m., on May 5, 1975. Zero-two would be in seven minutes—at 5:02.

That's the way it was, coming to Cuba, 16 years after the revolution—14 after the U.S. had severed all relations and imposed an economic blockade: Routine. The routine of fliers, doing a day's work.

Pilot Cal Hunt tightened his grip on the yoke and warned me to brace myself. We bored into the buildup of cumulus clouds hanging over the island. I could catch only a flickering glimpse of the russet coastline, 8,000 feet below. We were entering Cuba over Varadero, which Cubans everywhere—in Miami as well as Havana, call "the most beautiful beach in the world."

"Mackey 991, when you estimate Zaragoza? Verify altitude and heading?" the English crackled through a chatter of Spanish. "Zaragoza at zero niner," Frawley was replying, "heading two zero zero, maintaining 8,000; like lower when you can." The seat belt sign had been turned on and Capt. Hunt had already warned the passengers back in the cabin to quit prowling the aisles.

"Roger 991," Havana Center said. "At Zaragoza turn right heading two seven three; descend and maintain flight level three. You are cleared for approach Habana."

We had crossed the Cuban coast 60 miles east of the capital and our new course would take us almost due west to Jose Marti International, 22 minutes from Zaragoza. Hunt pulled off power, stiffened his arms against the yoke, and the old Convair sank slowly.

When we leveled off at 3,000, we were below the clouds, The sun, slanting through breaks to the west, flooded the green, red, yellow and palm-spoked land—and there was Cuba!

Remember the Maine! San Juan Hill! Bay of Pigs! Missiles of October! It all flooded back to me—from school days and newspaper headlines—as I hung up the headphones, thanked the crew, and went back to my seat.

Sen. George McGovern's caravan to Castro assembled in mid-afternoon in the small lobby of Flight Operations at Homestead Air Force Base which sprawls over the scrubby, now blistering dry flatlands 15 miles southwest of Miami. The Air Force wasn't flying us; we were going by private charter. But it was seeing us off, rather than let us use Miami International—for security's sake. Some of Miami's Cuban exiles had been threatening violence.

If they can't have at Fidel their way, they don't want anyone else to. There'd been bomb threats—all false—and the Air Force was efficiently nervous, with extra guards on the gates, escorts to get us to the right place, and a pleasant young PIO, Capt. Mike Gallagher, who wanted us both comfortable and on time.

Most of us came straggling in by taxi and we were nearly all there when the black Cadillac limousine arrived, and out stepped Barbara Walters, cool and crisp in a peach pant-suit, her friendly warmth ignoring the blow she'd just dealt all the superior male egos.

Departure was 4 p.m. and at 3:40 we were hustled aboard our Convair, an old Eastern Airlines plane, now operated by a Florida charter outfit named Mackey. At 3:45 the senator's Air Force Gulfstream taxied alongside and he quickly changed planes. At 4:07 we were airborne, in a shallow, laborious climb, southwestward down the Keys, and at 4:30, as I watched the oil seeping back through the cowling cracks in the port engine, and most of the others were ordering their free drinks, Barbara with her entourage of camera and sound and light men in place, and her director hovering nearby, was in a seat with McGovern, microphone in hand, filming her first interview.

Our course was southwest 24 minutes to Marathon in the Keys, then south 98 nautical miles to Cuba. Forty-thee miles out of Marathon we penetrated the ADIZ (Air Defense Interception Zone) where the USA washed its hands of us, and the first call from Habana Center came crackling through.

Now we were gliding down over fields dotted with cattle, and palms throwing long shadows, over the 4-lane Central highway with few cars on it and I spotted the airport, named for Cuba's great revolutionary hero, Jose Marti. Its single 3500 meter (11,483-foot) runway lies lonely on the gray earth, with few buildings around it, no taxiways, looking not at all like the airport of a nation's capital. It is 17 kilometers southeast of Havana.

Halfway down our rollout, after touching down, we crossed the railroad tracks. Honest. In the States, if a railroad track stood in the way of lengthening the runway, they'd spend $5 million, take 10 farms out of production, to relocate the airport. Here, they just paved over the tracks. Lots better job, too, than some crossings I know. A little train was sitting there, waiting for us to cross. There's something about these Cubans I am going to like.

The airport formalities were minimal, con-

sidering how far we'd come—politically if not geographically. We were soon in our bus, and where it turned onto the main highway we saw out first billboard. It was huge, with a dramatic portrait of Ho Chi Minh, and a legend in Spanish which read: "We will construct Vietnam ten times more beautiful."

We were here, all right, on the other side of the coconut curtain.

CONTRADICTORY IMPRESSIONS

(By John McCormally)

I came home from Havana last night, from a confrontation with Communist Cuba, including 4½ hours in the all-pervading presence of Fidel Castro.

Impressions of Cuba, of its people and progress, are as contradictory as the contrast between Castro's fierce reputation, and his warm eyes and soft hands.

Through the visiting U.S. press, and through Sen. George McGovern whom we accompanied, Castro sent clear signals to Washington that Cuba wants improved relations with the U.S. He is waiting for return signals, chief of which, he insists, must be a lifting of the U.S. economic embargo.

The 14-year embargo—which Cubans call a blockade—has severely hurt both their economy and their pride.

Nevertheless, in his Wednesday night press conference, in his only statement in clear, if slightly uncertain English, Castro told us with deep emotion:

"We wish for the people of the U.S. a wish of friendship. I understand that it is not easy because we belong to two different worlds. But we are *vecinoscomo se dice* neighbors well, we are nighbors and, in one way or another, we owe it to be (should) live in peace."

In a free wheeling 3½-hour farm tour earlier Wednesday, as we pursued him among the cud-chewing Holsteins, in the later one-hour press conference, and still later in private talks with McGovern which lasted until 3:15 a.m. Thursday, Castro:

1. Showed exceptional warmth and friendliness toward his visitors.

2. Agreed to consider release of the nine Americans still held in Cuba as political prisoners, and to make a decision on them soon.

3. Agreed to consider the return of $2 million in ransom money taken to Cuba in a hijacked Southern Airways plane in 1972.

4. Expressed interest in importing U.S. feed grains, as well as food and medicine for the Cuban people.

While we were hearing these signals, the White House was restating its support of the continued embargo. But McGovern told us, after his long talk with Castro, that "I believe the embargo should be lifted. It is foolish and self-defeating. It no longer serves any purpose."

The only actual step in the direction of new relations was Castro's quick decision to let the parents of Cuban-born Boston Red Sox pitcher Luis Tiant go to Boston to see their son play. Tiant had written the request, which was given by Massachusetts Sen. Brooke to McGovern, who passed it on to Castro Wednesday afternoon. By Wednesday night Castro assured McGovern it was "all set."

That is a small thing, except to the Tiant family, but McGovern described it as an important start to a new version of the Chinese Ping-pong caper—when an exchange of table tennis teams led to new U.S.-Peking relations.

McGovern proposed a similar exchange to Castro with a U.S. baseball team—possibly this year's World Series winner—going to Havana to play an exhibition with the Cuban national champions from Oriente province; and, in turn a visit by the Cuban team to the U.S. He also suggested that UCLA, Indiana, Maryland, or some other top basketball team might visit Cuba. Castro, a sports fan, reacted favorably, McGovern said.

In this locker room atmosphere, I handed Castro a baseball autographed by the Burlington Bees, which he took with obvious delight. In fact, when an aide tried to relieve him of it, he jerked it back and put it in his pocket.

Castro granted no private interviews to the press, although I managed two brief exchanges and handshakes with him. But once he became available, we had marvelous photo opportunities, hampered only by our own mad scramble between the newspaper and TV types for the best shooting positions.

One roll of Hawk Eye film was furnished to United Press International, flown out of Cuba on a special film plane Thursday morning, and one picture on it—of McGovern and Castro in a Russian-made command car—was moved on the national photo wire.

The Cubans invited me to stay on, but the time and the difficulty involved in getting out later through Jamaica or Mexico, persuaded me to be on the last (and only) Havana-to-Miami flight when it lifted off Jose Marti airport at 5:30 p.m. Thursday. I was supposed to be home by 8 a.m. Friday, but Ozark was fogged in at St. Louis airport.

In a small way, the embargo has already been broken. We got in there and out again. We even managed to get a few forbidden cigars through customs. The door has been opened a crack and it is not likely to be slammed all the way shut again.

THEY'LL GET AROUND TO HAVANA

(by John McCormally)

HABANA.—They have old cars in Cuba. The buildings in Havana are drab and dreary, some in advance stages of deterioration.

This is a pair of Cuban cliches, and Americans pounce on them to support preconceptions about socialism. And they're true—in a large part.

But a couple of little ironies kept bugging me: We came here, to see all these '59 Chevys, in a '57 Convair—with a leaky engine; and there are a lot of drab and dreary old buildings back in my home town, being allowed to deteriorate for the same reason as here: Because their owners have other priorities.

Criticizing Cuba for not having more and newer cars is like the boy who shot his parents and complained about being an orphan: They don't have cars because we've done our damnedest for 15 years to keep them from getting any.

They aren't fixing up downtown Havana, they tell us, because the first priority is to build the rural areas, "urbanize the countryside," in a reversal of the old order, when a bright, beautiful affluent Havana stood in stark contrast to a backward and undeveloped country.

They are going to get to Havana, in time. "We are short of paint and plaster and labor—of everything," a young Cuban official told me frankly, as we stood looking at the crumbling doorway of an apartment building just off the Malecon (the seaside boulevard.) These buildings once housed the affluent who could afford the view; now the house workers, and a dozen little black kids play in a paved space between two of the five-story structures. They are drab, compared to Chicago's North Shore Drive, which the location resembles, but they are far better than the workers have ever had.

The paint is scarce for the same reason new cars are; Our economic blockade not only prevented us from selling to them; we also did our best to keep anyone else from doing so. When Britain thumbed its nose and sold them buses, we cut Britain's foreign aid.

Of course, they do have cars—enough that the traffic on the Malecon awakened me at dawn in my hotel room. Enough to make you careful crossing the street. Enough so that I got a shot of that universal symbol of tyranny—the traffic cop—writing a parking ticket.

Most of the old ones I saw are in remarkably good condition—Fords, Chevys and Plymouths, or combinations of the three—for the hopeless ones are cannibalized to keep the survivors going, which may account for the absence of visible junkyards.

But there are new cars now, too—Alfa Romeos, Volkswagens, Russian-built Fiats, an occasional Mercedes, and just recently, brand new Argentine Falcons and Chevys, that appear to have come from Ford and GM dies of about 1966.

For years the U.S. forbade the overseas subsidiaries of Detroit companies to sell to Cuba. But last year, after Argentina had extended a $600 million line of credit to Cuba, and Castro wanted cars, Argentina threw down the gauntlet: Either Ford and GM plants in Buenos Aires fill Cuban orders, or Argentina would nationalize the companies. U.S. policy swiftly changed.

So the cars are coming—mostly to government officials, foreigners, or Cubans such as doctors who can show a need. The number of privately owned cars continues to decline as the old ones wear out.

The shortage reflects as much policy as poverty. Cuban leaders are proud Havana is one of the few world capitals without traffic jams. They want to keep it that way; to avoid pollution, conserve precious oil. The goal is mass transit to make private care mostly unnecessary. They're doing, by design and of necessity, what many U.S. environmentalists talk about.

Mass transit includes the cross-country railroad system which I didn't ride on, but was told is one of the most efficient of Cuban operations; and a bus system, in the city and interurban, running between villages in the countryside. The fare is a nickel, apparently for any length of ride, and that, one Cuban explained to us, is why we didn't see any hitchhikers. Nor were there many walkers, out in the country, and I saw only one man on a horse, with a woman trudging behind.

The British Leyland buses are old and smoky and packed with riders. Some new, Cuban-built buses were pointed out to us. Our press buses were Fiats.

The private car owner doesn't do much pleasure driving. His gasoline ration for a 6-cylinder car is 20 gallons a month at 60c a gallon. He can buy all the rest he wants at $2 a gallon—if he can find it. Cubans don't need permision to drive from one city to another, but it usually requires pooling your gas ration with a friend or neighbor.

The glitter of Havana, when it was considered by American tourists a kind of tropical Las Vegas, is gone, which prompts the description of "drab." But there's an appeal in its desert colors, bathed in the sea breeze and brightened by the tropical flowers. Part of the "drabness" is that the garish, flashing neon signs are gone. And it is a clean city, without visible garbage or the smell of decay.

In the old Spanish part of the city—as contrasted to the Miami part—the baroque cathedral, and the 18th and 19th century facades, though well-weathered, are still imposing, like brooding antiques.

"We intend to restore the buildings with architectural or historical value," a young Cuban official told me as we stood beneath some scaffolding where a few workmen were chipping away at the peeling plaster. "We'll tear the rest down and build new apartment and office buildings."

You suspect the new Havana, when they

get around to it, will be bright, for the Cubans love color, as attested by the parks and flower gardens, the new schools and housing complexes. Communists or no, the severity of East German architecture is not likely to survive the Latin beat.

Another cliche is that the clothes are cheap and drab and unfashionable. Well, it's a worker's society and most people dress like workers, but I saw enough beauteous young things in mini-skirts and pantsuits and flowered prints to persuade me that Maoist doctrine, whatever its inroads, is not dictating dress. Again, it is trade restrictions, a textile shortage, that accounts most for any limitations in dress. Most young men wear their hair short and despite Fidel's example, there are very few beards.

SUCCESS IS A COMBINATION OF PEN AND HOE

HABANA.—"The future of the fatherland is necessarily the future of scientists."—Fidel Castro.

"The pen should be used in the morning, but the hoe in the afternoon."—Jose Marti.

Education is the foundation of the revolution and the best assurance of its success. That's the inescapable conclusion drawn from even a brief visit to Cuba.

And nothing more clearly benefits both the state and the people, serving the individual's welfare and the party's purpose.

The key to its success is that combination of the pen and the hoe—work and study—prescribed by Cuba's great leader in the 19th century revolt against Spain, Jose Marti.

But it is the gleaming white bust of Lenin, brooding over a reflecting pool, that greets you at the entrance to Lenin School, the sprawling, new high rise junior and senior high school in the green hills 20 miles west of Havana. A winding blacktop road leads there, through Lenin Parque, the vast recreation area on 10 square miles of former sugar cane and forest land, where Cubans spend weekends and vacations camping, fishing, watching performances on a floating stage from tiers of seats carved out of rock on the lake shore.

The school is an array of airy, pastel buildings connected by ramps over flowering courtyards, enclosing swimming pools, lawns, basketball courts and baseball fields. Nearby are the croplands where students work three hours a day, unless they are occupied in the machine shops, radio labs or computer rooms.

This is obviously a showcase—the best secondary school in Cuba; but there is one like it abuilding in each province, if not already operating, and they are the vanguard of the spectacular upgrading of Cuban education. There are many poor schools in Cuba, but I have visited schools on the lower east side of New York, and in Harlem, and in comparison with them, nothing in Cuba could be very shocking.

Pat Holt, who had come here last year for the Senate Foreign Relations Committee, reported:

"I visited two new rural schools and one old one. The new ones were quite impressive—lacking in some laboratory equipment, but with youngsters who were well scrubbed, well dressed, well fed and well spoken, and not in the least self-conscious. The old one was as grim a place as one can find in Latin America—20 students ranging in age from 6 to 16 in a single room. The teacher lived in three filthy rooms at one end of the building, with his wife and three children, two dogs, a television set and a million flies."

With that to maintain perspective, I am nevertheless overwhelmingly impressed by the Lenin School, which was opened in 1972 with dedication by Brezhnev. The students are well-scrubbed here, boys and girls, bright and healthy looking, brisk and busy, 7,000 of them from 7th through 12th grade. Their blue uniforms are more casual that militaristic, like my daughter's in the parochial high school back home.

We're again inundated with statistics. They can't be dismissed as propaganda because United Nations educational teams have verified them.

First of all, Castro wiped out illiteracy in Cuba, sending teams of "alphabetizers" throughout the country. In 1959, over a million of Cuba's 6 million people were illiterate. Over 700,000 were taught to read and write in 1961 alone. Child labor was outlawed and education made compulsory which, among other things, contributed to the severe labor shortage.

The national education budget has been increased by 10 times in 15 years. Prior to 1959, 56 per cent of children 6 to 12 were in school; in 1974 it was 98.5 per cent and the projection for 1975 is 1,682,000, or 101 per cent (which I couldn't figure out, but statisticians do things like that).

There were 13,000 7th graders in school in 1959; there are 130,000 today. Which brings us to the Lenin School. Socialism or no, it represents fierce competition. Students had to show exceptional scientific aptitude during the first six grades, to get in here. They had to have average grades of 85 per cent. (Names of those with top grades are published regularly in the party paper, just as the weekly paper back in my old home town used to publish the monthly grade school honor roll.)

Their curriculum here is heavy with the scientific and technological, but not lacking in the cultural and sociological. One faculty member complained to me he thought it was still too weighted to what we'd call the liberal arts. Instructors are Cubans, Russians, Japanese, Eastern Europeans.

All of this is taken with steady doses of Marxist-Leninist philosophy. Does that interfere with educational achievement? Apparently not. Much of it is extracurricular, all of it is subtle; it's the background music, complementary to, not disruptive of, the teaching process. It's like the best of the parochial schools in the U.S. They lace everything with Catholic doctrine; but that doesn't keep them from turning out well-educated graduates. There's no capitalist or Marxist way to dissect a frog.

The students live here all week, can go home on weekends. The school is totally self-contained with its food facilities, medical clinics, dental labs. Students are better fed than the average Cuban. Parents have an added incentive to keep them in school—they still get their food ration at home.

I kept groping for a simile and thought I found it. The model isn't Russia or China. It's Great Britain. This is the Cuban counterpart of the traditional English "public" school (which really means private) where the best students are shipped off very young to the elite boarding school, to be indoctrinated by stern headmasters in the King James Bible and the glories of the empire, to prepare for Oxford and Cambridge, and to take their place in the ruling class.

Nor is the idea of indoctrination what's offensive to Americans; only the context of it. The Bible was the chief textbook of our early schools, and we still fight about prayer in school and saluting the flag, and the compulsory pledge of allegiance.

Study and work, the minister of education, Jose Ramon Fernandez, quotes for us, "is the Marxist idea, a basic revolutionary principle, applicable to all schools and all ages."

But Marx, I reflected, doesn't have a corner on the idea. Another anomaly: If Senator McGovern is impressed by this, it isn't necessarily because he's a liberal Democrat, but because he's a former Methodist preacher. This is the Protestant work ethic in practice. It isn't the liberals back home who strive for this; it's the stern old conservatives who snort: "By God, if they'd put those kids to work in school, they wouldn't be out dragging the strip in their cars." There's no permissiveness in education here.

Not that the students are abused or enslaved. Quite the contrary. They play a lot, are creative in art, music, sports. In summer, when the schools close for July and August, they take off for the beaches. Students who don't make it here, who go to lesser endowed secondary schools, still have a shot at the university, although obviously these have the best chance.

Aren't they in danger of producing a surplus of overeducated specialists? A Cuban official claimed not. "When the Americans ran the nickel industry, they had 300 engineers. We're trying to run it with 50. We have to create 250 more. It's that way everywhere." He referred with pride to Cuban technicans in Africa, Vietnam, elsewhere in Latin America. Castro seems bent now on exporting engineers instead of revolution.

More statistics: The average grade in this school is 96 per cent; Cuba's population has gone from 6 million to 9.5 million since the 1959 revolution. The birth rate peaked at 266,000 in 1971, is tapering off. Why the spurt in 1971? McGovern asked. The minister tried a joke: "Everyone was in the cane fields in 1970." Shades of the New York blackout! Birth control devices (but not the pill) are available in all clinics, but the government has no organized plan for family limitation. Perhaps old Catholic hangover; or national pride demanding a bigger country; or Latin machismo resisting interference in a man's procreativity.

Ten per cent of the country's work force works in education, 236,000 people. Education is making the revolution permanent because half of Cubans are under 20, which means none of that half was over 4 years old at the Revolution. A new Cuban man is being educated with no memory of or attachmet to the past.

"It is necessary to substitute the literary spirit by the scientific spirit," Fernandez approvingly quotes Marti. The translation is awkward. Actually it means to replace the literary with the scientific.

McGovern argues: "But wasn't Castro's revolution more literary inspired (i.e. more idealistic) than scientific?

Fernandez seems to get the point, but doesn't back down. He winds up by explaining that students are deferred from military service while in school, women altogether exempt.

A group of students comes in with guitars, flute and drum while we are served glasses of sticky-sweet guava juice and tiny cups of thick, strong coffee.

"Cuba, Beautiful Cuba," the students sing, in what has become in practice the national anthem, "What Other Country Has a Fidel in the Mountains?"

INTELLECTUAL ASSESSES REVOLUTIONARY CUBA

HABANA.—"This Cuban beer—it's very good," said Don Kaul of the Des Moines Register, with foam on his mustache.

"Personally, I prefer Budweiser," Tobares said.

Tobares never beats around the bush. His loyalties are beyond question; but his tastes are his own. Jose A. Tobares del Real, director of information for the Foreign Ministry, had set me straight on our initial meeting, the first night, when I started probing about intellectual freedom in the revolutionary context.

"I'm a Communist," he said. "There's no conflict."

Now we were at lunch, in as capitalistic-looking a setting as you could find anywhere: an airy, marble and glass restaurant, a work of architectural daring, built on the ruins of an old sugar mill in Lenin Parque, and called La Ruins.

We started with a full, fresh pineapple, hollowed out for fruit salad, followed by a green salad, then lightly grilled shrimp on little skewers, and bacon-wrapped filets of beef, all of it awash with the beer, a variety of wines and, of course, rum.

"All right," I asked Tobares, "how many political prisoners are there?"

"I don't know," he replied crisply, "and I don't give a damn!"

Americans have worried a lot about Cuban political prisoners, those opponents of the revolution and of Castro's regime, who are in jail because of their opposition. No one on our trip—not Senator McGovern, or any of the rest of us—got any reliable figures. There may be several hundred or thousands. The number is probably not overwhelming for the simple reason that most active dissenters are among the 600,000 who left Cuba. But one man unjustly in jail is one too many.

Castro, in his press conference was not as blunt as Tobares, but as vague. He assured us there were fewer prisoners than there were; that many have been "reeducated"; that many who are still in custody are in minimum custody, free to go out and work, and visit their families. He insisted none were being executed; "We have not used the ultimate penalty" for a long time, he claimed. He threw a question back at us: "How do you define a political prisoner? Is a man who puts a bomb on an airplane (as an act of defiance against government) a political prisoner or a criminal?"

McGovern said Castro was sensitive on this issue, concerned with solving it: "He pointed out that he himself had been a political prisoner."

Castro told McGovern he recognized "that some people were acting on what they thought was right," in their counterrevolutionary activity, whatever indication that may be of softening of views.

An American in a strange and different land is struck by the subtlety of the differences. In any country, people who actively defy the government get in trouble with the government. That we don't have more political prisoners in the U.S.—more people in jail for giving the government trouble—is not because the government didn't do its damnedest to put them there, or that many Americans didn't think they should be there—the Chicago 7, the Gainesville 8, the Catonsville 9, the Harrisburg 10. They escaped because we have a remarkable Constitution, which Cuba never had.

Aggressive defiance of the regime has undoubtedly been handled harshly by the Cuban government. As, in the United States, at Kent State. (It is worth recalling, as you try to sort your judgments on Cuba, that in a poll taken right after the shooting, a majority of Americans thought the Kent State kids got what was coming to them.)

Meanwhile, Tobares was telling us that personally he thought the revolution had become too permissive. "It should be more severe with delinquents," he said, using the word that refers to all lawbreakers. At the same time he insisted the crime rate was low, and by all available evidence, it is. You feel no fear at all about walking around Havana at night. The emphasis on work, and the fact everyone is working, removes idleness as a crime breeder. But in any situation of scarcity there's bound to be thievery.

"Do you lock your house when you go out at night?" I asked, interrupting Tobares' lecture on the absence of crime. "Of course," he replied. "Why?" "So someone won't come in and steal something," he said with a grin, tipping his glass to salute me for scoring a point.

Tobares insisted, as had the doctors at the mental hospital, that there was no alcoholism problem in Cuba. I argued with them all, insisting that every society I knew of, communist, capitalist, whatever, had the problem. But they were adamant, and I could find no evidence to disprove them. You don't see any drunks in Havana, although people obviously get feeling good at the Tropicana; nor is there any indication of any special alcoholism treatment facilities, or anything like Alcoholics Anonymous.

Race has always been an anomaly in Cuba. The black minority was historically discriminated against; but at the same time, one of the great Cuban heroes in the long fight against Spain was the black Gen. Antonio Maceo, who was killed in 1896. His picture traditionally hung in every school. Batista was a mulatto and was barred from the fancier golf clubs because of it.

The revolution demands total racial equality, before the law, in employment, education; yet subtle social pressure persists, as one black Cuban reporter admitted to me. He hastened to say those feelings belonged "to the older people," and are dying out.

Tobares proclaimed the racial equality of government and party. "If your son comes home to announce he's marrying a black girl, what will be your reaction?" I asked. "That's his problem," he snapped. "But I asked for your reaction." "That's his problem." "Then you do admit it's a problem?" Another tip of the glass.

I asked Tobares about gun control, because a reader back home had asked me, and I got a concise answer. Hand guns are banned. Cubans can buy hunting pieces at sporting goods stores, with a permit, which they can't get if they have criminal records. Militia men keep no arms at home, check them out when they are called to duty. Tobares has a special permit to keep the pistol he wore in the revolution—as a souvenir.

Why, I asked, had he gone to the University of North Carolina, where he graduated in the late 40s?

"My father picked it," he replied with an intended trace of bitterness.

His father, he said, was a wealthy doctor, educated in Germany. "Very strict. A tyrant. At the dinner table you did not speak without asking his permission. Then he usually said no. I went to Mass every morning.

"They," he said of his family, "owned a farm worth a million dollars and paid their workers 20 cents a day."

Tobares and his brother were both in the Sierra Maestra with Fidel. What was his father's reaction? "He decided he had two boys who'd gone crazy."

Tobares is a committed party man. The Communist Party is small—I couldn't get an exact figure—and elite. You don't just join. You have to be voted in, after you're 27 years old. He earns 400 pesos a month in his government job (Castro's pay is 700). He also teaches history at the university, but gets no extra pay. Some do, such as doctors who teach in addition to their practice. But party members, Tobares explained, are supposed to forswear the extra compensation as evidence of their dedication.

Tobares said he'd take me up on my invitation to visit Burlington. "But your State Department wouldn't let me."

Later, when I was still groping for some kind of measurement of the closed vs. open society, I had a memorable exchange with Tobares. He had been working on an appointment for me and said he thought he'd have some information for me later in the day. Perhaps I'd better wait at the hotel for his call, I suggested.

"I want to be sure I'm available."

"Don't worry," he said, with that malicious grin. "You're always available. Even if you're out walking through the city."

If I'd had a glass, it would have been my turn to tip it.

THE COMMON SITUS PICKETING BILL

Mr. CURTIS. Mr. President, the American public should take notice of the efforts of certain union bosses to stampede the Senate into passing the "common situs picketing bill."

This bill, if enacted, would make the secondary boycott lawful. A secondary boycott is a boycott against a concern which is not a party to a labor dispute. It is not only unlawful but it is wrong. Boycotts and work stoppages can ruin a business and deprive many people of the right to do business and the right to make a living.

Under the common situs bill, union forces can boycott all contractors at a given site even though they do not have a dispute with more than one on the site. This will be expensive. It will add to construction costs. It will deprive many people of working who want to work.

Mr. President, it is my hope that the American people will rise up and prevent this legislation from being passed. I believe that thoughtful citizens should throw their support behind every individual and every group opposing this legislation. I want to commend the National Right to Work Committee under the leadership of Mr. Reed Larson for the stand it has taken.

Mr. President, I hold in my hand a copy of a full-page ad that was carried in the Washington Post on Wednesday, September 17, 1975, by the National Right to Work Committee which sets forth the dangers of this common situs proposal.

This ad points up that the passage of this legislation would be compulsory unionism at its worst. Among other things it says:

A "common situs" picketing bill has been quietly railroaded through the House of Representatives and will soon be considered by the Senate. The bill, if enacted and signed by the President, would give officials of the building trades unions power to shut down an entire construction project, involving dozens of contractors, because of a dispute—real or imagined—with even a single contractor. Shut it down by setting up a job site picket line that no construction worker, truck driver or delivery man in his right mind would dare cross.

The bill would legalize the ultimate in coercive picketing—power that even the bill's proponents admit would be used to drive non-union workers off their jobs.

Mr. President, I commend the National Right to Work Committee for its stand in this matter. I urge Americans everywhere to oppose this legislation.

AIRPORT AND AIRWAYS DEVELOPMENT ACT

Mr. INOUYE. Mr. President, the Subcommittee on Aviation has recently concluded hearings on proposals to extend

the Airport and Airways Development Act. Legislation is necessary because the obligating authority in the original 1970 law expired on June 30.

Let me point out that the Airport and Airways Development Act was passed in 1970 after hearings which extended over a period of several years under the able chairmanship of our former colleague Senator Monroney and our chairman Senator CANNON. The purpose of the law was to meet a critical shortage in capital improvements in both the nation's airports and airways. At the time this expanded capital improvement program was developed, we also levied a system of aviation user charges to pay for these facilities. These charges were levied under title II of the original law and entitled the Airport and Airways Revenue Act of 1970.

Our hearings this year brought out the fact that the trust fund established by the Airport and Airways Revenue Act of 1970 will have an accumulated unobligated balance—or surplus—of about $1.28 billion at the end of fiscal 1976 and that if the present program were simply extended for 5 years, while present tax rates continued, the surplus by 1980 would amount to over $4 billion.

It appears from the testimony that we have received that the airport and airway development program should be continued, strengthened, and expanded, particularly in the airport area. Evidence was presented to the committee which is convincing to me that even with this expansion, a reduction can be made in taxes paid by users of air transportation without impinging on the program or integrity of the trust funds.

Certainly, such a move would be in accord with the recognized need to afford tax relief where possible and lower the cost of goods and services to the public. I believe the extension of this airport/airway program provides an opportunity not only to assure a viable air system but to help lower or at least keep at a minimum the cost to air travelers and to those that use the airways to ship their goods.

Last year, the Department of Transportation completed and sent to Congress its cost allocation study of the airport/airways system. The study indicated that air travelers and shippers along with the air carriers have been contributing about 90 percent of the total revenues going into the trust fund; although, according to the study, their fair share of the cost of the system is more nearly 50 percent. Certainly, it makes sense to restructure the tax base by bringing charges on this segment of aviation more into line with their use of the system, placing in proper perspective the general public benefit derived from the existence of the system.

When the bill comes before our committee for consideration and markup, I will urge my colleagues to reduce the levels of these taxes. The administration itself recommended a reduction in the cost in the ticket tax alone of only 1 percent. I do not believe this is enough, and it would be more appropriate to bring the Aviation Trust Fund into a better balance by making a more significant reduction. I will recommend a reduction of the domestic ticket tax from 8 percent to 5 percent, the 5 percent waybill tax to 3 percent, and the $3 international charge to $2. This reduction would be timely and certainly would be well received by the consuming public and the communities who rely on air transportation and would be in the public interest.

SOME MYTHS ABOUT THE STRATEGIC BALANCE

Mr. BUCKLEY. Mr. President, the July-August edition of the Air University Review published an essay by Amoretta M. Hoeber entitled, "Some Myths About the Strategic Balance." The subject matter of the essay is vitally important to congressional deliberations because it efficiently deals with some of the most persistent myths obscuring the strategic debate. The essay is especially useful in dealing with various aspects of qualitative improvements to strategic weapons systems. The conclusions of the author which follow from the issues raised in the paper are significant:

Assured destruction—if it is relevant at all is insufficient

There are many reasons why increasing accuracy may be beneficial

Arms control agreements that codify quantitative advantages to the Soviets and are justified by qualitative advantages to us—which are unlikely to last and are not codified in the agreement—could be highly disadvantageous to the U.S.

The latter conclusion is at the heart of the character of the Strategic Arms Limitation agreements we have made with the Soviets since 1972. In view of the forthcoming discussions leading toward a second round agreement, this article is particularly timely.

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

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

[From Air University Review, July-August, 1975]

SOME MYTHS ABOUT THE STRATEGIC BALANCE

(By Amoretta M. Hoeber)

There are two sets of theories about war and weapons that have taken on the character of myths; that is, they are accepted on faith and almost never really examined, despite their implications for the state of the world. First, there are the theories about arms races, which deal with the dynamics of changes in force size and composition and how those changes are instigated and effected. Second, there is a partially overlapping set of theories that deals with the state of the strategic balance at any one time. These theories concern static measures of the strategic balance: Who is ahead and why? . . . What are the relative static capabilities of each side? . . . What are the relevant measures for establishing such capabilities? . . . And what are the triggers for change in the existing balance?

Many of these theories have become accepted without challenge, primarily by dint of constant repetition. It is only recently that work has begun on challenging their premises and conclusions.[1]

In this article I summarize and comment on a number of the premises and conclusions that appear regularly and widely in the public literature about the strategic balance.[2] These premises have generated myths and misunderstandings that are commonly used as bases for major conclusions about the state and dynamics of the strategic balance between the U.S. and the U.S.S.R.

Premise: Numbers do not count; once you have reached a minimum assured destruction capability, virtually nothing else matters—all else is overkill.

This argument has been virtually beaten to death, but it still manages to arise with regularity. For example, in the May 1974 *Scientific American* lead article, Barry Carter says that the "numerical relation" of the two countries does not count beyond the level at which each side could absorb an attack by the other and then retaliate to the "assured destruction" level against population and industry.[3] And in *Foreign Affairs*, April 1974, no less an authority than General Maxwell Taylor argues that:

". . . numbers of missiles are important only up to a certain point. The tremendous destructiveness of megaton warheads soon produces a needless "overkill" to which the addition of more weapons would amount to sheer wantonness."[4]

The fact that the SALT I agreements codified numerical disparities in the numbers of missiles—and SALT II, while so far appearing to provide for equal numbers of missiles, allows wide disparity in throwweight—suggests an explanation for the increase in frequency of statements in this genre. But repetition of an agrument does not increase its validity.

On the contrary, numbers do count—both in the military arena and in the political one. The political value of numbers is obvious from the intensity of the debates about the meanings of "superiority" or "parity" or "essential equivalence." If there were no importance, why such fervor? If numbers of weapons were not of value, why would the Soviet Union continue to buy more? One would expect that it would be awkward at best to believe simultaneously that we must stop a strategic arms race in order to save the world from oblivion and that the numbers don't matter. Yet some people seem to be able to accept the paradox.

The military importance may be less clear. The premise that all is overkill beyond a small minimum (York's 10 bombs on 10 cities example)[5] has some validity, but only if the sole purpose for strategic weapons is to threaten to kill women and children. I don't believe that threatening to kill women and children is a legitimate purpose of the strategic force at all, from either a political or moral point of view. But even if it were, it would not be the sole purpose. This is particularly clear since an antipopulation response in a context of parity is not credible as a support for guarantees to allies. In that respect, killing—or overkilling—people is an irrelevant measure of effectiveness and, more obviously, an irrelevant measure of sufficiency. Thus something other than spasm response against population is necessary. And small less-than-spasm responses against other-than-population targets look more credible for the side of a numerical edge, since this side would not be putting itself at even more of a disadvantage by so using a small portion of its forces. Moreover, there is a large number of nonstrategic military targets that could be attacked with strategic weapons in a discriminating fashion if such weapons were sufficiently accurate. In such a situation the use of strategic weapons could have significant advantages in timeliness and in their control. Again, numbers clearly count.

Premise: Moreover, the number of strategic weapons on both sides does not measure reality because "it does not include the 7000 U.S. tactical weapons in Europe and the nuclear weapons aboard aircraft carriers."

Footnotes at end of article.

Not only does this premise fail to consider the "nonstrategic" requirements for the weapons in Europe and aboard carriers; it also ignores the presence of substantial numbers of Soviet tactical nuclear weapons in Eastern Europe—about 3500 of them[6]—and the several types of shipborne nuclear surface-to-surface cruise missiles that the Soviet Union has developed and deployed (and the U.S. has not), not to mention the Soviet intermediate-range (IR) and medium-range ballistic missiles (MRBM's), which the U.S. tac nukes are considered to balance in part, at least politically.

The common Soviet SALT distinction between "central" and "noncentral" systems, which defines central systems as those that can target the "homeland," ignores the fact that many Soviet cruise missiles are capable of being targeted against the continental United States. (I believe that Soviet distinction to be a very indistinct one, and I do not agree with it.) Moreover, the Russians have insisted throughout SALT that the nuclear forces of our NATO allies should be counted in the U.S. force totals. If this were to be accepted, then the territory of the NATO allies should be included in the definition of "our homeland." And then Soviet weapons capable of reaching the territory of the NATO countries—the IR/MRBM's, the short- and medium-range bomber force, etc.—should be incorporated into Soviet force totals.

Premise: Limiting damage from a nuclear attack is not a matter of policy choice.

This myth is most clearly stated in the following:

"Calculations indicate that an attack against all of the U.S. Minuteman silos would result in casualties (U.S. or Canadian) in the multi-million range from fallout alone; from all causes the actual numbers would be still larger."[7]

Elsewhere it has been stated that even under favorable conditions an attack against all of the U.S. Minuteman silos would result in fallout casualties in the ten-million range. This is a relatively clear—and thus testable—claim. And we have tested it. What we find is that numbers in the range of ten million can only be derived by assuming a configuration of Soviet forces and their employment in complete disregard for any criteria of avoiding by-product damages.[8] Moreover, these numbers of casualties can result only if, in addition, the U.S. completely ignores some simple, sensible protection measures. A "multi-million" figure would have to result from extreme assumptions about protecting people—that is, that people remain exposed in the open after the fallout cloud arrives. These assumptions are hardly most favorable conditions.

It is within the capabilities of the attacker to reduce fatalities. Different force characteristics and targeting doctrine—smaller-yield warheads, detonation in air rather than on the ground, and cleaner weapons—would reduce fatality levels to tens of thousands without significantly reducing military effectiveness. Reasonable assumptions about population protection would reduce fatalities further and would be warranted, since the cities would not be directly under attack and there would clearly be some warning of the coming fallout. One hundred percent of the civilians need not be assumed to be standing out in the open gawking at the fallout cloud night and day.

Thus it is quite plain that there are no fixed results of attacks that are not sensitive to attacker and defender actions. It is clear that the fallout from an attack with large numbers of large-yield nuclear weapons, by either side, *could* be horrendous, although U.S.S.R. forces tend in general to have larger weapons than U.S. forces. But the key word is "could." Both the employment of weapons during a strike and the earlier force planning and procurement decisions are matters of policy choice.

Premise: The U.S. qualitative advantage in weaponry is such that it can offset substantial numerical disadvantages in a number of categories.

First, this premise, when used to justify U.S. acceptance of numerical disadvantages, assumes that all, or nearly all, qualitative advantages rest with the U.S. This simply is not true. There are a number of areas in which the Soviets are more advanced than the U.S. They are considerably ahead in large ICBM technology. And some Russian applications of lasers are far ahead of ours.

Electro-optical devices in advance of ours are widely deployed throughout the Red Fleet. Furthermore, the Soviets are definitely ahead in cruise missiles, particularly in antiship cruise missile launchers on both submarines and surface ships. (While generally interpreted as being aimed at ships, some of these are also potentially useful against a large variety of land-based targets in the American homeland.) The Soviets are also considerably ahead in the range they have achieved for sea-launched ballistic missiles (SLBM's); the SS–N–8, which has a range of at least 4,200 nm, will not be matched by the U.S. until about 1980. Additionally, they are ahead in the areas of chemical and biological warfare weapons and defenses and in some types of ocean surveillance systems. While some of these examples are nonstrategic, the restriction of comparison to strategic technologies is arbitrary and ignores overlapping roles and missions as well as transfer of types of technology.

Second, this premise assumes the permanence of U.S. qualitative advantages, even under conditions of imposed quantitative ceilings. The existing SALT I agreements concern only quantities and not qualities. (With the exception of the restraints on ABMs. And the ABM Treaty does not codify any disparity in qualitative characteristics.) The qualitative advantages that the U.S. currently enjoys are not conferred by the agreement or recognized by it. The premise assumes the permanence, nonetheless, during a period in which Soviet resources can be focused on quality rather than quantity.

Third, quantity and quality are assumed to be completely substitutable in satisfying military requirements. But this is certainly not true. For example, take the matter of covering targets: one of the significant advantages of quantity lies in having enough weapons to use against all desired targets; on the other hand, one of the significant advantages of quality— particularly when it involves improved accuracy—is the increased probability of killing the desired target while avoiding by-product damage. These aspects are not interchangeable.

Premise: The net effect of qualitative improvements beyond where we are now is to leave us worse off than before.

In an attempt to establish that the current strategic balance is stable, theories often try to establish that all future changes are destabilizing, as compared to past changes that have brought us to this stable situation. The theories often focus on the question of eliminating or restricting future qualitative improvements, since these are often seen as the impetus for changing the existing force balance.

The main argument behind this premise is that qualitative improvement is dangerous in the sense that it increases effectiveness primarily in first-strike rather than second-strike capabilities. However, virtually no important technological changes in the past have fitted into the neat distinction between first- and second-strike capabilities. The development of missiles based in hard silos or in submarines increased second-strike survivability on the one hand; but on the other hand, since the missiles replaced bombers, it reduced potential warning time for the Soviets and thus added to U.S. first-strike capability. In short, there is no evidence to suggest that potential future technological changes are destabilizing or that unilateral choices made by bureaucracies tend to be destabilizing while bilateral choices of technology made by negotiation tend to be stabilizing.

Furthermore, self-denial does not necessarily affect the advance of technology in general. It is frequently argued that "if we develop something, the other side will too" (the H-bomb, for example). But what is implied by such a statement is that if we don't then they won't. There is a tendency in much of this discussion of unilateral restraint to adopt the "leader-follower" model of duopoly theory, with the U.S. as the leader and the Soviet Union as the follower. Unfortunately this appears to be wishful thinking. Unilateral restraint just hasn't worked; it has remained unilateral. The Soviet Union has clearly gone ahead despite U.S. restraint in numerous instances, e.g., by its development of large H-bombs and in its deployment of large numbers of ICBM's.

Another argument holds that it is not clear whether, if we said that we had no programs for improvement in accuracy, for example, the Soviets would believe us or, from their points of view, could rely on the belief. If there is any validity to the relationship between accuracy and stability, it is a matter not of real U.S. or Soviet capabilities but of the perceived capabilities.

Moreover, it is not at all clear that qualitative improvements which might appear destabilizing by one definition—the first-strike/second-strike distinction—may not be stabilizing by another definition. For example, in the matter of accuracy: improvements in accuracy, particularly when combined with low-yield nuclear or nonnuclear warheads, may be stabilizing precisely because they allow the achievement of an objective and *only* that objective to a degree not heretofore achievable. The capability of destroying a particular military target without causing unwanted civilian damage is an important result. If, despite all, something happens by accident, the less civilian collateral damage the greater the possibility of containing the conflict. Furthermore, the capability to limit collateral damage leaves an option to meet nuclear attack without unleashing holocaust but also without surrendering.

Another stabilizing result is the potential substitution of high explosives for nuclear weapons in some situations, which would raise the nuclear threshold.

Premise: The U.S. must not build new weapons because to do so would fuel the arms race.

In contrast to the focus of the previous question on military stability of arms decisions, this premise is concerned with preparatory and budgetary effects. It asserts that change will result in "arms spirals" or "ever-accelerating arms deployments." This is the issue often called "long-term or 'arms race' stability or instability" in contrast to "crisis stability or instability."

The only real test of this proposition is to look at history. It turns out that U.S. restraint has not in fact resulted in any observable Soviet restraint. The U.S. strategic budget and U.S. forces have decreased by substantial percentages in the past fifteen years: for example, the strategic offense and defense budget has declined steadily from a peak in 1959 that was more than 2½ times the 1974 budget in real terms: the total destructive power of all U.S. strategic offense forces has declined since 1964, when it was 72 percent higher than in 1972, the lowest year since 1956. Since 1964 Soviet strategic budgets and forces have increased: the Soviet

Footnotes at end of article.

budget has increased by roughly ⅔; their ICBM's alone have increased by a factor of 14, while their heavy bombers have remained roughly constant in number; their SLBM's have increased by about a factor of 5; and the destructive power of these strategic forces has increased manyfold.

It is hard to envision a situation in which an additional U.S. deployment would have fueled more Soviet deployment!

Of course there is some relationship between their forces and ours. This is only natural, given the basic adversary nature of the relationship. All available evidence, however, indicates that the rate of Soviet development and deployment is determined largely by "independent considerations" or internal factors (for example, the Soviet gross national product is strongly correlated with their defense budget[9]) rather than factors imposed by the U.S. There is no evidence to suggest that they would respond specifically to marginal changes in U.S. programs. They have clearly not responded, despite the views of many arms controllers, to cuts or halts in U.S. programs. On the contrary, there is much evidence to suggest that Soviet restraint has appeared mostly when the U.S. has demonstrated determination, as in our development of counters to Soviet area antiballistic missiles. And, contrary to common arms control theories, there is evidence to suggest that the Soviet buildup of strategic offense forces may have stemmed in part from an awareness of Secretary of Defense Robert McNamara's policy of restraint in US ICBM deployments.

Premise: Impetus for destabilizing change comes from the military, which always overestimates Soviet forces and capabilities to justify increases in U.S. forces and capabilities.

This is the "annual Pentagon scare story" myth. Albert Wohlstetter, David McGarvey, and I have examined this premise in detail. The *Foreign Policy* article by Professor Wohlstetter summarizes part of this work.[10] The research shows conclusively that the history of predictions by the Secretaries of Defense during the past fourteen years regarding Soviet strategic offense force growth has been not one of overestimation but in fact has been overwhelmingly one of underestimation. While the short "missile gap" period may have formed the basis for this myth, even that was not an overestimate but was a bit of ethnocentrism on our part—U.S. estimates of ICBM's were off by about as much in one direction as the estimates of IR-MRBM's were in the other. The evidence on this clearly demonstrates that the "missile gap" was a U.S. misreading of Soviet priorities.

The Pentagon, to be sure, does talk of the Soviet threat it expects to face when it is presenting its own force program. When else would it be more relevant? On the other hand, the evidence clearly establishes the falsity of the notion that the estimates it then presents are invariably high. Out of the 51 estimates of future Soviet capabilities that we examined in the Secretary of Defense Posture Statements since 1962, the mid-range of only two exceeded the actual achieved deployments, and the high end of only nine exceeded the reality.

What is important about all this? The belief in the myths affects decisions in three major classes of issues: assured destruction, accuracy improvement, and arms control. The major conclusions often based on the assertions I have noted are that assured destruction is enough; accuracy is bad; and arms control agreements are so important that major quantitative disadvantages can be accepted to achieve them, because our qualitative advantages can offset quantitative disadvantages and will endure. A finding that these myths are incorrect lends credibility to the opposite conclusions:

Assured destruction—if it is relevant at all—is insufficient;

There are many reasons why increasing accuracy may be beneficial; and

Arms control agreements that codify quantitative advantages to the Soviets and are justified by qualitative advantages to us—which are unlikely to last and are not codified in the agreement—could be highly disadvantageous to the U.S.

FOOTNOTES

[1] See the forthcoming book, *Competition or Race? Innovation and the Changing Size of Strategic Forces*, by Albert Wohlstetter, Amoretta Hoeber, Fred Hoffman, and David McGarvey; also, drawn from this work, Albert Wohlstetter, "Is There a Strategic Arms Race?" *Foreign Policy*, no. 15, Summer 1974, and "Rivals but No 'Race,'" *Foreign Policy*, no. 16, Fall 1974.

[2] This article is an outgrowth of the joint work cited in note 1. It was presented in modified form at the Military Operations Research Society meeting at West Point in June 1974. I am indebted to the critiques of Albert Wohlstetter and David McGarvey and the comments of Donald Brennan.

[3] Barry Carter, "Nuclear Strategy and Nuclear Weapons," *Scientific American*, vol. 320, no. 5, May 1974.

[4] Maxwell D. Taylor, "The Legitimate Claims of National Security," *Foreign Affairs*, vol. 52, no. 3, 1974.

[5] Hebert York, "Deterrence by Means of Mass Destruction," *Pacem in Terris III*, September 6, 1973.

[6] *The Military Balance 1971–1972*, The International Institute for Strategic Studies,

[7] Wolfgang K. H. Panofsky, "The Mutual-Hostage Relationship between America and Russia," *Foreign Affairs*, vol. 52, no. 1, October 1973.

[8] John Warner of Science Applications, Inc., has also done some detailed analysis of this question. I draw on his analysis here as well as that of David McGarvey and myself.

[9] John Després of the RAND Corporation has done considerable work on correlations of Soviet defense budgets with many factors. This conclusion is drawn from his work.

[10] Albert Wohlstetter, "Is There a Strategic Arms Race?" *Foreign Policy*, no. 15, Summer 1974.

THE ADVANTAGES OF HUNTSVILLE, ALA., AS THE SITE FOR THE ERDA SOLAR ENERGY RESEARCH INSTITUTE

Mr. SPARKMAN. Mr. President, solar energy is widely recognized today as one of the Nation's most promising and attractive alternative energy options. However, we also recognize that its practical realization in both the near-term and the long-term is accompanied by many uncertainties. For the most part, these are related to costs and to technical choices within the general solar research area, not to whether net power can be obtained from the Sun. Through a well-structured, federally-supported solar energy research and development program these uncertainties can be reduced and, I believe, eventually eliminated.

Congress, cognizant of the need for the creation of a National Solar Energy program, enacted Public Law 93-473, the Solar Energy Research, Development and Demonstration Act of 1974, at the end of the second session of the 93d Congress. Basically, this act seeks to bring a number of solar energy technologies to commercial readiness in the shortest time practicable. To help meet this objective, the act established the Solar Energy Research Institute—SERI—which will perform research, development and related function in support of the national solar energy program as well as serve as a focal point for the Federal solar energy research effort. How fast this Nation moves ahead with the practical application of solar energy will depend to a large extent on the effectiveness of the Institute.

Mr. President, ERDA will decide on a location for the Institute early in 1976. Consideration for locating the Institute must include the availability of appropriate personnel and technical facilities as well as geographic and climatic factors. It would be a waste of precious time and taxpayers' dollars to select a site that is not already doing significant solar energy research.

Huntsville, Ala., has excellent characteristics for meeting every major requirement for a Solar Energy Research Institute. Some of these favorable characteristics are typical of the Southeastern States, some are peculiar to Alabama, but most are unique to Huntsville. This situation is largely due to Huntsville's distinction as a key national center of basic and applied research and technological development in a broad range of disciplinary areas. The high technology industrial organizations that arrived during Huntsville's peak growth period have already demonstrated the flexibility to move from the missile/space field to other high technology areas; and in these days of skyrocketing land and building costs, the large amounts of low-cost industrial acreage and office space in Huntsville must be considered a major beneficial factor.

As a result of numerous successful aerospace, military, and industrial research and development activities in Huntsville during the past 25 years, a large reserve of human resources are now available for performing management and scientific research services in the solar energy field.

These people are well trained and have demonstrated their skills in large-scale national programs such as Saturn-Apollo, Safeguard, and Skylab. Their capabilities are available in such disciplines as physics, chemistry, biology, architectural design, mechanical engineering, electrical engineering, materials and solar energy research and applications, project management, procurement, reliability and quality assurance as examples of the many talents needed in the national solar energy research program.

In addition, there are many facilities available which were used in the Nation's military and space programs such as material laboratories, solar simulation facilities, data processing and computer simulation and testing facilities. These can be readily used for performing research and development efforts in the solar energy field. The revolutionary applications of science, engineering, and

management developed on the way to the Moon can now be focused upon problems here on Earth. We can now use these available skills and techniques to satisfy our energy needs in ways which were impossible before.

I have asked the University of Alabama at Huntsville to prepare a paper illustrating the advantages of Huntsville as the site for the ERDA Solar Energy Research Institute. I ask unanimous consent that this paper be printed in the RECORD.

There being no objections, the paper was ordered to be printed in the RECORD, as follows:

BACKGROUND OF SOLAR ENERGY ACTIVITIES IN THE HUNTSVILLE AREA

The majority of the solar energy related research and technology in Huntsville, Alabama, was developed during the 1960's in support of military and space projects and pertained to work involving thermal simulation, environmental and climatic studies, energy storage, materials development, solar energy absorption and radiation, photovoltaic conversion using solar cells, development of selective surface coatings, and environmental simulation and well known local firms such as Chrysler, Teledyne-Brown Engineering, Sperry, Northrop, IBM, Lockheed, Boeing, General Electric, Wyle Laboratories and other supporting contractors, including educational institutions such as the University of Alabama in Huntsville.

Instruments were developed to measure the intensity of thermal radiation and testing of special coatings that absorb a high percentage of thermal radiation and yet retain integrity at elevated temperatures. Testing and selection of materials such as heat resistant glass, quartz and artificial sapphire for use as cover plates for thermal radiation instruments were likewise developed.

Specialized digital computer programs were built to calculate the radiant heat interchange between a space vehicle, the sun, and the black void of space. The effect of shadowing or blocking of solar radiation by intervening structures and the heat transfer within various structures were also computed to analyze surface temperatures for radiation considerations.

A large amount of solar cell research and development effort for direct conversion of solar energy to electricity has been performed in Huntsville. These photovoltaic devices were used on space satellites and space stations developed in Huntsville and successfully operated during space missions. Studies are now underway to use this photovoltaic and other solar energy conversion concepts to beam clean power from space to Earth using microwave techniques. The Huntsville designed and managed Skylab Space Station successfully demonstrated a large-scale use of solar cells for on-board power generation. A key element of Skylab was the ATM or Apollo Telescope Mount containing five special telescopes which greatly enhanced our detailed knowledge of the Sun—our prime energy source.

National surveys and studies of environmental and climatic conditions have been made from Huntsville designed orbital platforms such as Skylab to aid in the understanding of our total environment. This effort includes wind analysis, another form of energy related to the Sun.

Data banks for systems analysis, optimization, and simulation are now being developed in Huntsville to aid in solar energy utilization. The University of Alabama in Huntsville is aiding in this urgently needed task. Nation-wide surveys are underway to compile climatic, architectural, equipment, and economic information needed by designers and management personnel involved in solar energy research and development. The University's Center for Environmental and Energy Studies is performing solar energy studies which must be considered by the SERI. A wind and solar energy test facility and a complete meteorological and climatic measuring station has been established with funding from the State of Alabama Legislature and the State Revenue Sharing Fund. Additional funds are being provided by the Marshall Space Flight Center of NASA for contractual support on systems analyses and data development related to solar energy heated and cooled systems for buildings.

The Redstone Scientific Information Center is one of the most complete scientific libraries available in the nation and has the capability of providing current information on activities in solar energy research including demonstration programs and utilization in industry, government, laboratories and universities world-wide.

Personnel and facilities in the areas of computer modeling, environmental aspects, economic and system analysis are abundantly available in Huntsville. A recent survey of some 70 industrial firms, government organizations and universities in the Huntsville area revealed that there were over 12,000 professionals with interest and skills vital to research, development, fabrication and marketing of solar energy systems and subsystems. Of these, over 5,000 were engineers, 1,157 of which are registered professional engineers. Other professionals are available in proportionate numbers. They are experienced in the management and scientific expertise which results in highly successful programs and in the technology transfer mechanisms required to apply the fruits of this nation's research efforts into viable industrial applications. Many of these personnel are available now to address our energy problems and provide the critical skills needed in the interdisciplinary areas of solar energy research and utilization.

SPECIFIC FACTORS THAT FAVOR HUNTSVILLE

The following points are presented as an indication of the many unique factors that must be considered for locating the Solar Energy Research Institute in Huntsville, Alabama:

Southeastern geographic considerations

New energy sources are most needed where the potential for the growth of industry and population is the greatest. Full utilization of solar energy requires not only adequate radiant energy from the Sun but also arable land, wind currents and water resources. Availability of adequate water supplies, for example, has a profound effect on solar energy potential. As the Southeast has approximately 50 inches of annual rainfall, several large river systems, considerable unused arable land, and few air pollution problems, it is the prime region for national growth in the immediate future. The predicted 35% population growth (2% per year plus an immigration of 6,000,000) in the Southeast during the next 10 years will require new energy sources. Fortunately climatic and geographic conditions favor solar energy to supply part of this need. Agriculture has considerable potential for solar energy application such as crop drying and/or processing. The Southeast provides half of the nation's cotton and large quantities of corn, soybeans, and other edible crops.

It is recognized that an early major application of solar energy will be in the heating and cooling of new buildings. This development is more appropriate to the Southeast because of the new building construction that will complement the projected population and industrial growth. Also, cloud conditions over the Southeastern states is similar to that found in the populous Northeast and Midwest regions. Solar energy collection/storage systems developed to deal with cloudy periods in the Southeast will be appropriate for use in the most populous portion of the United States. Many advantages of the Southeastern United States as an area for the development and application of solar heating and cooling of buildings were cited in the Phase O studies funded by the National Science Foundation.

Huntsville geographic considerations

Huntsville's mid-south location in the lower Appalachian region has 45% of the nation's population within a 600 mile radius and most of the 40-odd major urban centers within that circle may be reached by a 1½ to 2 hour flight.

Huntsville has a temporate climate, characterized by warm summers, usually cool winters and discernable seasons. The area normally has 52 inches of rain annually and experiences at least one snowfall. The mean annual temperature is 62 degrees and there is an average of 210 days a year of sunshine. This climate permits that adequate demonstration and testing of the storage capabilities required for solar energy systems.

The City of Huntsville and Madison County, Alabama, comprise the third largest metropolitan area in the State of Alabama with a population just under 200,000 and is the 101st largest metropolitan area in the United States. Current employers are the 83 private companies and eight government agencies with activities in research, development, testing, manufacturing, project management, education and related support services. There are three institutions of higher learning in the area: The University of Alabama in Huntsville, Alabama A & M University and Oakwood College with an enrollment in excess of 9,000. The total current employment, not including agricultural workers, is 70,000.

The area is endowed with excellent transportation facilities: air, rail, water and highway. The Huntsville-Madison County Airport (Jetplex) is one of the most modern facilities in the United States. It provides parallel runways 5,000 feet apart, allowing, if necessary, simultaneous instrument operations. One runway is 8,000 feet long, with a provision for an extension to 10,000 feet; the other one is 5,400 feet long with a possible extension to 8,000 feet. Commercial air service is provided by Eastern Airlines, Southern Airways and United Air Lines with a total of 24 arrivals and departures each day. Nonstop flights go to Atlanta, Chattanooga, Greensboro, Los Angeles, Memphis, Mobile, Nashville, Orlando, Raleigh, St. Louis and Washington. One-stop through flights go to Chicago, New Orleans, New York-LaGuardia, New York-Newark, San Francisco and Seattle. Boeing 727, Boeing 737, and Douglas DC-9 jet transport aircraft are used.

The Tennessee River provides water transportation to the mid-west and the Gulf of Mexico through the Mississippi-Ohio-Tennessee River waterways. In 1982 the Tennessee-Tombigbee Waterway is planned to be operational; this will reduce the waterway distance from Huntsville to the Gulf of Mexico by at least 50%.

The Southern Railway serves Huntsville with freight service. Passenger service on L & N is available at Decatur, 25 miles to the west. Also, there are two excellent connections to Interstate Highway I-65, 20 miles away.

To initially establish and continually test the adequacy of simulation and analytical techniques, outdoor experiments will likely be performed by SERI. As Huntsville is served by the Tennessee Valley Authority its unique

location and use of TVA electric power can allow the full scale conversion and testing of solar energy powered electric generating stations or for the burning of biomass materials to provide turbine power for electric generators.

In the Huntsville area there are large farming and timberland areas available for research into biological uses of solar energy; e.g., the growing of sugar cane or sugar beets or other inedible crops to make alcohol as a fuel; direct use of sunlight to dry grain and other crops; and solar distillation of water. The heating of poultry buildings with solar energy can also be studied and demonstrated as this and livestock production is a major enterprise in the North Alabama area.

Available sites for early operation of SERI

Huntsville and Madison County offer a wide variety of industrial building sites with four industrial parks and other smaller publicly and privately held areas providing a total of approximately 5,000 acres. Property in these parks in community-owned and available for immediate development at uninflated prices. Cost per acre ranges between $2,500 and $5,000 with larger sites in some areas slightly less and smaller acreage in certain areas higher. Types of sites range from well developed locations in the Cummings Research Park near the University of Alabama or the Jetplex, to less accessible areas near the Tennessee River. The four industrial parks are zoned to control the type of activities allowed in these areas and limit pollution sources. The Cummings Research Park area of some 3,000 acres is zoned to present a campus-like atmosphere. In addition, the U.S. Army has a 38,781 acre reservation adjacent to the southwestern city limits which may be available for federal building sites, as well as testing and demonstration areas.

Within the City of Huntsville there are 250,000 square feet of office and laboratory space available for $1.00/square foot/year in a building known as the Huntsville Industrial Center and another 74,000 square feet currently leased to the GSA (until 1978) in a modern building in the Cummings Research Park. Both are available in all or part of the area mentioned as early operational sites to establish SERI.

Huntsville's population in 1960 was 72,365, one half of the current population. Although rapid growth took place in the decade of the 60's, recent growth has been of the order of 1 to 2% per year, less than the national average. Due to the growth pattern, most of Huntsville's facilities are relatively new (five to ten years old). In the past, Huntsville has responded adequately to a population influx of 20,000 per year and can easily accommodate in influx of 2,000 to 5,000 during a short period of time.

Intellectual, technical, and administrative support available

The Huntsville area offers mission-oriented, dedicated and responsive support for solar energy research activities and large-scale consumer input potential for modeling opportunities.

Technical and managerial personnel accustomed to working effectively in a research environment are widely available in Huntsville as a consequence of local contributions to Redstone, Jupiter, TOW, Saturn-Apollo, Skylab and similar multi-million dollar technical programs which have demonstrated outstanding performance in meeting and exceeding their stated objectives.

Large-scale consumer input and/or public response surveys have been conducted in Huntsville by Federal Government, local government and University groups. These surveys include technology utilization, interest in employment by new industries and the consumer-oriented Federal Automotive Diagnostic Project currently being operated by the University of Alabama in Huntsville under a multi-million dollar research contract to The Department of Transportation.

Flexible management structures are common in Huntsville, both in government and private industry. Examples are the Huntsville Division, Corps of Engineers, which has shifted from missile site construction to design of Postal Service facilities, synthetic fuel plants, and test facilities for solar energy heating and cooling systems. Similarly, the Chrysler/Huntsville plant has shifted from nearly 100% government technical support to primarily automotive electronics production and General Electric has manufactured display panels and instruments for solar energy demonstration projects. IBM has also recently entered this field with the development of a "sunfall monitor" at their Huntsville facilities.

Huntsville offers an environment which provides an intellectual atmosphere, technical suppliers, and support services for a major research laboratory such as the SERI. Excellent communication and transportation services are available to ease interchange between SERI, universities, industry, government laboratories and other organizations. The three institutions of higher learning, led by the University of Alabama in Huntsville, offer ample opportunity for continuing education, as well as doctoral consultation in many fields of interest, particularly science and engineering for members of the SERI staff.

The SERI will interact with an international network of solar energy researchers. Huntsville is a cosmopolitan city with a distinct international flavor. The U.S. Army Guided Missile Center and School annually attracts thousands of students from countries throughout the world. The Huntsville-Madison Council for International Visitors provides many services to these visitors. The Huntsville Board of Education provides free English-as-a-second-language classes twice a week.

The Marshall Space Flight Center in Huntsville manages an international Spacelab program involving a consortium of many countries that are also involved in significant solar energy research activities.

Technical suppliers and services have been built up in Huntsville to meet the diversified needs of the U.S. Army Missile Command, the Ballistic Missile Defense Agency, and the NASA-Marshall Space Flight Center, educational institutions and industry. A major portion of this total capability is represented by the hardware and software support needed for the large-scale computer and data processing activities in the Huntsville area. This valuable resource is now available to support the needs of the Solar Energy Research Institute.

Support from educational institutions and laboratories

The University of Alabama in Huntsville, Alabama A & M University (in Huntsville), the University of Alabama (Tuscaloosa), Auburn University, the University of Alabama in Birmingham, Tuskegee University and the University of South Alabama in conjunction with the University of Tennessee Space Institute at Tullahoma, Tennessee offer the possibility of a consortium of universities in support of SERI. Auburn University has directed the ASEE-NASA Engineering Design Faculty Fellowship program at the Marshall Space Flight Center in Huntsville for the past eight years. The program for the past three years has pertained to energy analysis with the 1973 position paper entitled "Terrastar" completely devoted to solar energy. The University of Alabama in Huntsville in association with the Huntsville Area Technical Area Societies sponsored a major course and conference on Solar Energy in March, 1975. This five day affair drew hundreds of attendees and provided a focal point for solar research and applications within the southeastern region. An annual conference has now been initiated as a result of this program and participating institutions such as Louisiana State University, the University of Georgia, the University of Florida, Mississippi State University, Virginia Polytechnic Institute, the University of South Alabama, Clemson University, Texas Tech University, and others are now actively interested in solar energy research programs. This cooperative effort is typical of the seminar and conference support available in the academic environment that Huntsville offers.

In addition to research facilities and laboratories associated with the above mentioned universities, there are substantial laboratory facilities at the U.S. Missile Command at Redstone Arsenal, and at Marshall Space Flight Center and in the various industries in the Huntsville area. These existing laboratories would welcome the SERI as a neighbor and could help provide many of the disciplines required for research and development of solar energy.

The City of Huntsville school system has an enrollment of 32,000 students in grades one through twelve in five high schools, nine middle schools an 26 elementary schools. The entire system is fully accredited. Special programs are conducted for handicapped students. Extensive adult education is offered at three levels. Educational television channel WHIQ is operated by the school system as part of the Alabama Educational Television network. It offers one of the most advanced closed-circuit classroom programs in the nation.

The Madison County School System has 23 schools at elementary, middle and high school levels. The System offers special programs and courses similar to the city schools. Madison County is the first rural school system in Alabama to become fully accredited.

TECHNICAL SOCIETIES

The Huntsville Association of Technical Societies (HATS) coordinates and encourages joint technical society meetings, seminars, publications, educational and general advancement of professional society membership.

The HATS organization has helped to sponsor educational courses, tuition grants, seminars and lectures in support of solar energy research and applications. The member societies of HATS representing some 2,600 members are listed below:

AIAA—American Institution of Aeronautics and Astronautics.

AIIE—American Institution of Industrial Engineers.

AMS—American Meteorological Society.

ASCE—American Society of Civil Engineers.

ASME—American Society of Mechanical Engineers.

ASPE—Alabama Society of Professional Engineers.

ASQC—American Society of Quality Control.

HFS—Human Factors Society.

IEEE—Institute of Electrical and Electronics Engineers.

ISA—Instrument Society of America.

SAVE—Society of American Value Engineers.

SAME—Society of American Military Engineers.

SOLE—Society of Logistics Engineers.

STC—Society for Technical Communications.

Active individuals in these organizations

provide a unique and diversified resource to assure that the highest scientific and technical levels of competence will be achieved in major research programs located in Huntsville.

HUNTSVILLE INDUSTRIAL SUPPORT FOR SOLAR ENERGY RESEARCH

The following listing of industrial organizations in the Hunstville area is indicative of the broad and diversified industrial base available for support of the Solar Energy Research Institute. Most of these firms have extensive facilities in Huntsville and, in many cases, are supported by their parent organization having even broader interests in solar energy research. In addition, such firms as Battelle Laboratories, Arthur D. Little, Inc., TRW, Westinghouse, Grumman, Martin-Marietta, General Dynamics, Rockwell International, and similar firms involved in solar energy research are represented or have local offices in Huntsville.

Industrial organizations and activities, interest and supporting capabilities in solar energy:

American Data Corporation, data processing systems.

Astro-Space Laboratories, machine shop and fabrication support.

Avco Electronics Operation, manufacture of electronic components and controls.

BDM, Inc., system design and optimization.

Ball Brothers Research Corp., overall thermal energy systems analysis, basic research, component manufacturing and testing.

Boeing Aerospace Co. (including Boeing Engineering & Construction), research, development, fabrication, test of solar collectors and solar systems, systems integration, project management; construction of full-scale demonstrations, data collection, and systems analysis.

Boeing Computer Services, Inc., computer applications for solar energy simulation, analysis, data collection, etc.

Chrysler, Huntsville Electronics Division, power systems research, math modeling, thermal control systems, project management.

Computer Sciences Corp., systems analysis and simulation.

Creative Research Services, solar collector support frames, engineering models, photographic services.

CORD Industries, solar drying for food processes and agricultural applications, graphic engineering, technical models and displays.

G&M Enterprises, construction of liquid media collectors.

General Electric, solar energy systems, display consoles, thermal energy meters, solar energy meters.

Glenn Engineering Co., machine shop support.

Halstead & Mitchell—Division of Halstead Industries, Inc., independent research on flat plate solar collectors; manufacturers of air conditioning equipment.

Hayes International Corp., manufacturing support services, audiovisual and graphic engineering services.

H&S Engineering Co., air/solar collectors, system design and testing.

IBM Space Systems, Federal Systems Division, project management, component development, independent research tungsten dendrite surface; developers of automated sunfall monitors; systems integration.

John Blue Co., manufacture of mechanical & hydraulic equipment; liquid storage systems.

Lockheed—Huntsville Research & Engineering Center, Lockheed Missiles & Space Co., Solar energy concentrator and zone refining, heating and cooling of buildings (greenhouses), etc.

M & S Computing, Inc., Data systems, interactive graphics, engineering drawings.

Martin Industries, Inc., Huntsville Division, Manufacture and testing of solar collectors.

Northrop Services, Benefit analysis, systems operations simulation, technical support, meteorological and climatic systems analysis.

Owen-Corning Fiberglas, Insulation and optical equipment.

PPG Industries, Inc., Solar collector components.

Planning Research Corp., Test and demonstration program planning, benefit analysis, optimizing size of solar energy systems and applications.

Raytheon Co., Solar cell development, microwave power beaming.

Reisz Engineering Co., Project management, grain drying, systems interpretation, evaluation of alternate energy systems including wind energy conversion.

Remtech, Inc., Systems analysis, environmental control, thermodynamics, fluid dynamics, and aerothermodynamics research.

Rockwell International Space Div., Systems design and development.

SCI Systems, Inc., Systems design and development, instrumentation systems.

Spaco, Inc., Custom sheet metal products.

Sperry Support Service Sperry-Rand Corp., Solar cell power system development, solar thermal power plant studies, solar collector testing, terrestrial solar photovoltaic arrays with concentration, solar panel testing, math modeling, data acquisition, environmental controls and testing project management, precision machine shop.

Stanford Research Institute, Systems analysis, operations research, cost analysis.

Sun-Glo Enterprises, Facilities for air media solar collectors.

Sverdrup & Parcel & Associates, Development & construction of demonstrations, analysis, etc.

Systems Development Corp., Systems design, development and analysis.

Technical Micronics Control, Inc., Development, design & fabrication of solar heating and cooling systems for residences and small commercial buildings.

Teledyne—Brown Engineering, Project management, systems and subsystems analysis, system design, system optimization, data acquisitions systems, test requirements & plans, economic trade-offs.

Wyle Laboratories, Huntsville, Full range of testing support services.

SUMMARY

The following points are submitted in summary to emphasize a number of key factors favoring Huntsville, Alabama as the choice site for the location and operation of the Solar Energy Research Institute.

1. Huntsville, Alabama is a modern, progressive community with a cooperative spirit, a strong interest in and responsive attitude toward research-oriented enterprises. Ninety percent of Huntsville's present size came into existence during the past 25 years; its newcomers are active, young people, attracted by industrial, space and military programs. And, Huntsville is maintaining its growth with new industries being established and planned on a continuing basis.

2. The supporting research base in Huntsville is broad, diversified and science and technology oriented. Excellent working relationships have been demonstrated between the government agencies and laboratories, the community, the educational institutions, the diversified industries, libraries, and technical organizations. This teamwork is critical to the early and successful operation of SERI.

3. Huntsville has close proximity to TVA research and administrative facilities and nuclear plants, so power supply systems and problems can readily be studied.

4. Relations between solar power generation and the consumer community can be analyzed easily, because the community is technology-oriented.

5. The University of Alabama in Huntsville has a young, forward-looking faculty and staff and has already established a Center for Environmental and Energy Studies, with active interest and participation in climatic research, solar and wind research and test facilities, solar energy technical data bank development, automobile emission studies, and related activities.

6. With the reduction of the space program, manpower with special skills in energy and power research and development have become available. This valuable resource allows a quick reaction capability to facilitate early operation of the SERI.

7. Experience in key solar energy related fields is available in Huntsville. These fields include:

Collecting, converting, distributing, storing, and conservation of solar power;

Materials analysis and development;

Research in existing and new fields of solar energy;

Facilities, laboratory and equipment planning, design and construction;

Engineering development of systems;

Testing of components, subsystems, and systems;

Reliability and quality assurance engineering;

Assessment and optimization of systems through computer simulations;

Economic, social, and institutional analyses; and

Technology utilization and data dissemination.

8. A solar heating and cooling test bed has been under development and analysis at NASA–MSFC for several years. Experience gained in this project is available and includes materials development, measuring and control systems, systems engineering, reliability engineering and testing. Manpower could be made available through contractual arrangements similar to the existing support being provided to ERDA for the national solar heating and cooling demonstration program.

9. One of the nation's largest research parks is located in Huntsville. Major industries and select sites are immediately available to support the SERI and provide all necessary elements to assure its early and continuing operation at a successful and useful level. This resource and the cooperative spirit of Huntsville is needed to help solve our nation's energy problem.

STEVE WEXLER—THE SENATE AND EDUCATION LOSE A FRIEND

Mr. BEALL. Mr. President, Congress and American education lost a friend and able counselor with the untimely death of Stephen J. Wexler, majority counsel to the Labor and Public Welfare Subcommittee on Education.

As the ranking minority member of the Education Subcommittee, I had the pleasure of working with Steve Wexler. I found Steve not only professionally and technically competent, but also always willing to assist and help in any way possible.

Steve was committed to the improvement of education in all its facets. Since becoming majority counsel to the education subcommittee in 1969, Steve has

had an important role and hand in shaping major education legislation. I am particularly aware of his significant contributions to both the Higher Education Amendments of 1972 and the Education Amendments of 1974. The hours that Steve devoted to both of these landmark measures are not known by the general public but it is through such dedication and devotion to duty of individuals, like Steve, that Congress is able to cope with the heavy workload and meet the challenges we face.

In addition to missing his professional abilities and expertise, we will all miss his sense of humor and wit. Even during the most difficult time, such as the wee hours of the morning in 1972 when the House and Senate conference committee, was hammering out the differences between the House- and Senate-passed versions, Steve could be counted on to remain steady and for the refreshing humorous remarks or story which helps in easing tensions.

I want to extend my sympathy to Steve's wife, Elizabeth, and his family at this most difficult time. While Steve's loss is great, we are grateful for having had the opportunity to know and work with him and are proud of the many contributions and accomplishments of this devoted public servant of Congress and American education. I will miss him and the Senate will miss him.

I ask unanimous consent that an article from the Washington Star on Steve be printed in the RECORD.

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

KEY SENATE EDUCATION AIDE DIES IN MOTORCYCLE CRASH

(By John Mathews)

Stephen J. Wexler, 40, chief counsel for the last six years of a key Senate education subcommittee, was killed Saturday when his motorcycle collided with a car in Annapolis. He lived in Annapolis on Harness Creek Road.

Annapolis police said Wexler was thrown about 10 feet through the air when his motorcycle and another vehicle collided head-on in an intersection about 4 p.m.

Wexler, police said, was dead on arrival at Anne Arundel General Hospital. Police said Joseph E. Rawlings, 39, of Annapolis, driver of the other vehicle has been charged with manslaughter and driving while intoxicated and is free on $2,500 bond.

During his career as chief counsel of the education subcommittee of the Senate Committee on Labor and Public Welfare, Wexler had a critical role in shaping revisions of the basic federal aid program for local schools, the Elementary and Secondary Education Act, as well as legislation affecting higher education and vocational education.

As the key aide to Sen. Claiborne Pell, D-R.I., the subcommittee chairman, Wexler considered a major accomplishment of recent years the establishment under the 1972 Education Amendment of the Basic Education Opportunity Grant Program.

The program, which Wexler developed, provides federal scholarships for college and other post secondary education for students from low income families.

Pell said in a statement that Wexler was "a valued legislative aide and adviser on whom I relied very much . . . In his seven years as counsel to the subcommittee on education his contribution to education legislation enacted in those years was immense.

"Every action of the subcommittee bore his stamp. He was intensely devoted to improving the quality of education at all levels across our nation and to insuring that quality education was made available to every citizen."

Prior to becoming chief counsel of the education subcommittee in 1969, Wexler was for three years associate general counsel of the Senate Labor Committee's subcommittees on railroad retirement and arts and the humanities.

He helped form the legislation which created the National Foundation of the Arts and the National Foundation of the Humanities.

A short, young-looking man with a sharp wit and intellect, Wexler was widely known on Capitol Hill and in education circles here.

Before becoming a Hill committee staff member Wexler from 1963 to 1964 was assistant general counsel for the American Federation of State, County and Municipal Employes.

For the next two years he was in private practice here and a consultant for the Department of Labor.

Wexler was born in Providence, R.I., attended public schools there and in 1956 received a B.S. degree from the University of Rhode Island. He received his law degree from Georgetown University Law Center in 1962 and was a member of the D.C. Bar Association. He was in the Army from 1958 to 1960.

He leaves his wife, Elizabeth Maiden, and a son, Adam, both at the home; his mother, Ann E. Wexler of Providence, and a sister, Mrs. Arnold Fellman, of Cranston, R.I.

Services will be held tomorrow in Providence. The family suggests that expressions of sympathy be in the form of contributions to the Heart Fund.

THE CLEAN AIR ACT AND AUTO EMISSION STANDARDS

Mr. McGOVERN. Mr. President, in attempting to respond to the needs and wants of the American people, the law makers talk endlessly of setting and meeting priorities. It is not difficult to define those problems which need immediate attention, and those goals which we should be working specifically to achieve—international peace and harmony, economic recovery, and the development of new energy resources are just a very few.

But what if our priorities are in conflict with one another? What if, in order to reach one goal we must set another one aside, or worse, push it backward. Then it is not so easy to determine just which goals should remain at the top of our list.

This is what has worried me about the Clean Air Act—what its impact is in areas other than environmental concerns, and how the provisions of the act itself have been affected by other seemingly overwhelming concerns. One specific dilemma we are having to deal with in this regard is the effect of the Clean Air Act on standards for automobile emissions. There are conflicting interpretations and situations here and, frankly, I see Congress ultimately having to face some very hard choices.

Recently I expressed those concerns in a letter to Dr. Allyn Lockner, the secretary of the South Dakota Department of Environmental Protection. I think my colleagues, especially those who represent rural States, realizing the entangled sense of priorities involved, would be most interested in Dr. Lockner's response. I ask unanimous consent that both these letters be printed in the RECORD.

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

COMMITTEE ON AGRICULTURE AND FORESTRY

Washington, D.C., September 10, 1975.

Dr. ALLYN LOCKNER,
Secretary, South Dakota Department of Environmental Protection, State Office Building, Pierre, S. Dak., 57501

DEAR DR. LOCKNER: Recent advertisements in many South Dakota newspapers have triggered renewed interest on the part of residents of our State over the impact of the Clean Air Act on automobile emission levels.

The situation, at best, is confusing with a variety of proposals advanced by the Environmental Protection Agency (EPA), the President, the auto industry and the Congress.

Essentially, the current status of these plans is as follows:

AUTOMOBILE EMISSION STANDARDS

(Grams per vehicle mile)

	Hydrocarbons	Carbon monoxide	Nitrogen oxides
Current interim standards in 49 States	1.5	15.0	3.1
1977 interim standards in 49 States	1.5	15.0	2.0
Current California standards	.9	9.0	2.0
1977 California interim standards	.41	9.0	1.5
EPA proposed standards 1977-79	1.5	15.0	2.0
EPA proposed standards 1979-81	.9	9.0	2.0
President's original proposed standards	.9	9.0	3.0
President's revised proposed standards as of June 27, 1975 for 1977-81	1.5	15.0	3.0
Levels requested by the major auto companies 1977-81	1.5	15.0	3.1
Levels required in 1978 under current law	.41	3.4	.4

The question, then, is if the present law should be adjusted to bring the statutory standards under the Clean Air Act more into line with the proposals that have been advanced by both the public and private sector.

Proceeding to the 1977 interim standards would increase fuel consumption modestly compared to 1975 models. There is disagreement as to whether the technology required to meet the statutory standards is available, but there is substantial agreement that the closer we get to the statutory standards the greater the fuel penalty to be expected. There is also little doubt that cars equipped with catalytic converters produce sulfuric acid mist, although how much and how serious a threat to the public health this represents is still open to question.

As of 1970, personal automobiles were responsible for about 60% of total U.S. air pollution and about 80% of urban air pollution. In cities like Washington, D.C. and Los Angeles, the percentage of pollution is higher from auto exhausts as they are not basically industrial areas.

A compelling case can be made that the 1975 standards are, in effect, adequate to

correct the bulk of the problem. As the older cars are discarded and the new lower-polluting ones are put into service, total auto pollutants discharged into the air are calculated to decline for at least the rest of this decade. The difference in total pollutants from cars under the current interim standards compared to those under the statutory standards is very small and according to EPA, "will, in our judgment, have no measurable effects on air quality".

Over the past decade, the U.S. Auto Industry has spent between $1.5 and $2 billion on research and development for emission reduction and low-polluting engine designs with various companies—both foreign and domestic—exploring alternative systems and engines including Ford's Proco engine, Honda's Compound Vortex Controlled Combustion (CVCC), Mazda's rotary engine with thermal reactor and the diesel powered passenger cars of Mercedes, Peugeot, and Opel. GM, Chrysler and AMC are also working on various designs.

As a result of progress to date, costs, progress still required, probable dollar and fuel-consumption costs that are associated with the effort to meet the statutory requirements under the Clean Air Act—matched with the relatively small incremental improvements in air quality that would result from going the final steps from the 1975 standards to those required under the existing law—raise questions for many on the validity of the present statutory standards.

I am committed to the improvement of the environment—air, water and land—but by the same token, I am mindful that there is also the "economic environment" that must be considered. Our efforts to achieve clean air must be effective, but they must also be realistic.

With these factors in mind, Dr. Lockner, I would appreciate any comments your Department might have in relation to the Congressional consideration of possible amendments to the Clean Air Act.

With every good wish, I am

Sincerely,

GEORGE MCGOVERN.

SOUTH DAKOTA DEPARTMENT OF ENVIRONMENTAL PROTECTION,
Pierre, S. Dak., September 22, 1975.

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

DEAR GEORGE: In reply to your letter of September 10, improvement of the air in South Dakota will be immeasurably small if present Automobile Emission Standards are raised to meet the statutory standards under the Clean Air Act. The standard automobile emissions of hydrocarbons, carbon monoxide and nitrogen oxide are not measured as part of South Dakota's Air Quality Surveillance Program. High air quality can be maintained in South Dakota by industrial and municipal compliance of South Dakota's Ambient Air Quality Standards.

I feel that the present standards are adequate to prevent degradation of air quality in most states, especially the rural states. Only concentrated automobile use can produce the accumulation of emissions which would result in violations of present standards. Such affected areas should follow California's lead and declare it a local problem adopting local or state standards which are more strict than the Federal standards.

The economic environment of the nation and its auto makers should not be penalized nationwide for problems created in metropolitan areas. Should farmers' tractors be required to employ pollution control devices at the expense of horsepower and increased gas consumption? Such possible increased operating expenses cannot be absorbed by the farmer who depends on ever larger machines to realize a profit from the land. Although some environmentalists would like to see perfectly clean air and water, the economics of the situation disallows such idealism. The present automobile emission standards appear to be adequate for maintenance of high air quality standards in South Dakota.

Sincerely,

ALLYN O. LOCKNER,
Secretary, Department of Environmental Protection.

THE ECONOMICS OF STREAM CHANNELIZATION

Mr. BUCKLEY. Mr. President, earlier this year the Cornell Law Forum carried an article that discussed the problems associated with stream channelization. The conclusion of the article was that the Federal taxpayer should not subsidize such work, which is primarily a benefit to the riparian land owners.

Because of the continuing controversy over this practice of channelization, and because the Water Resources Council is presently studying the entire problem of cost-sharing alternatives for water resources projects.

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

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

[From the Cornell Law Forum, writes 1975]

THE ECONOMICS OF STREAM CHANNELIZATION

(By John P. Brown)

A recurrent dream haunts the nighttime hours of some environmentalists. A pleasant valley lies in pastoral beauty, with a meandering stream providing a home for fish and a friendly habitat for the plants and wildlife of field, forest, and swamp. The natural force of floods and erosion gradually shifts the water course from one bed to another and adds to the variety of the landscape by creating deposits of sediment and rolling hills.

Into this quiet setting the hand of man suddenly intrudes. The owners of land along the stream seek to develop it for agriculture or housing or industry. The swamps must be drained, the floods prevented, the stream tamed. Reluctant to pay for these measures themselves, the owners appeal to a giant and distant bureaucracy for help. Engineers arrive, construction begins, and the scene is transformed—a concrete sluiceway replaces the wandering stream, which now runs through a valley devoted to agriculture, housing, or industry. The quiet stream has been channelized; the ecology that provided beauty and charm has been transformed; and federal taxpayers have picked up the check.

The violence and variability of natural forces lead to demands to control the flow of water. Periodic flooding destroys crops, sweeps away houses and farms, damages factories, and imperils lives. Stream channelization for purposes of flood control takes a number of common forms: excavation of a stream; levee-building; and increasing stream flow by removal of shrubs, rocks, and other natural barriers to the flow of water. In addition to flood prevention, stream channelization may also have the effect of changing the wetness of adjacent land, such as by converting swampy areas to dry land.

Several federal agencies, but especially the Department of Agriculture's Soil Conservation Service, have engaged in extensive programs of stream channelization in order to control the flow of water and enhance the use of adjacent land. The extent of stream channelization is impressive: the Soil Conservation Service alone has channelized some 5,000 miles of waterways and has plans for doubling that mileage. Hundreds of millions of federal dollars, supplemented in many cases by local funds, have been expended on this vast program.

Rivers and streams, of course, range from pristine natural rivers to urban storm sewers. What is appropriate for one is not likely to fit the other. Thus extreme positions of "always improve channels" or "never channelize" are foolish—the channel improvement which is a necessity on the Chicago River would be an atrocity on the wild reaches of the Snake River.

The fact that stream channelization is sometimes a good thing and sometimes not requires the development of more subtle criteria for determining what kinds of projects should be undertaken by federal agencies. The purpose of this article is to outline a method for making these decisions wisely.

It is helpful at the outset to think of rivers and streams in terms of their degree of wildness. There is a continuum from the pristine wild river at one extreme to the covered storm sewer at the other. Stream channelization moves a stream in lesser or greater degree away from wildness. Moreover, change tends to be almost entirely in this direction both because groups in society clamor to harness streams and because the natural forces which erode man's efforts of stream channelization work very slowly.

Social benefits may result from having a river at a particular point in this spectrum. The esthetic and ecological advantages of a wild river are difficult to measure but hard to overestimate. On the other hand, a covered, concrete channel may provide valuable possibilities for disposal of waste and excess water, and may permit the development of valuable adjacent land. A meandering stream in downtown Chicago is no more appropriate than is a covered, concrete channel in open farm country.

When is it desirable to make a stream less wild? How much should it be changed? And who should pay the costs?

The social costs of any change in a stream include more than the out-of-pocket expenses of construction and maintenance; the opportunity costs of giving up certain of the benefits of a wild stream may be much larger than out-of-pocket costs. From an economic standpoint the appropriate goal is to compare the total costs of a stream channelization project with the benefits to be gained, and to choose that degree of change which maximizes the difference between benefits and costs. Of course the best change may well be done at all!

If the purpose of a project is flood control, for example, analysis of benefits and costs requires an assessment, on the one hand, of the increased value of land which results when the probability of flooding is reduced, and, on the other, the economic and social costs of stream channelization. If other benefits of stream channelization are also involved, such as waste disposal or water for irrigation, they should be included on the benefit side of the analysis.

The value of land is influenced by its characteristics, such as wetness or probability of flooding. A rational landowner, forced to devote his land to one of a number of mutually exclusive uses, tends to choose the use which has the highest present value. The market value of the land tends to be the expected present value of the returns of putting the land to its best use. The benefits of stream channelization result from the fact that land values increase as more valu-

able uses become possible. Drainage of a swamp allows it to be used for agricultural purposes; reducing the probability of periodic flooding allows it to be put into higher valued crops or developed for housing or industry.

Channelizing a stream usually has effects other than lowering the probability of floods on adjacent land or draining that land. These effects are called "externalities" because they are typically not taken into account by an individual landowner or local decision-maker. Externalities of stream channelization include downstream effects, effects on other uses of the river, and effects on later generations.

A common downstream effect results from the increased velocity of water flow that is normally associated with channelization measures. The flood peak downstream may be increased by an upstream project, resulting in a demand for more flood control projects downstream. Since sediment in water is transported farther as velocity increases, sediment is collected in downstream lakes and basins. Another serious downstream effect is the collection of nonbiodegradable materials in lakes below. When streams flow slowly, such materials tend to settle along the stream. But when the stream is channelized, the increased velocity carries nonbiodegradable materials along with sediment to a resting place such as a downstream lake.

The effects of stream channelization on other users are readily apparent. Adjacent landowners are not the only people affected by the modification of a stream. Fishermen, hunters, and birdwatchers all have something at stake in the stream's ecology. Their interests are also more difficult to measure. Unlike the interests of those who buy the product of adjacent land—whether it be crops or housing—recreational and esthetic uses are not always reflected in market prices. A wealth-maximizing landowner can be expected to consider the interests of his customers, but he has no incentive to take into account the interests of nature buffs.

These and other effects of channelization can be severe. Streams may be rendered essentially sterile, since plants and fish cannot survive in a concrete runway which is characterized by rapid flow, temperature extremes, lack of food and shelter, and other unfavorable conditions. The effects on wildlife can also be substantial. Channelization typically entails removal of vegetation from the immediate channel; sometimes, especially in drainage projects, the adjacent land is also cleared. The vegetation that is destroyed provides food and shelter to wildlife. When new vegetation (*i.e.*, crops) is substituted, different species of wildlife will repopulate the area. In view of the adverse effects of stream channelization on the natural environment, it is not surprising that the opposition to channelization comes primarily from the outdoor constituency: the Audubon Society, the Sierra Club, the National Rifle Association, and state fish and game departments.

The irreversible character of much stream channelization is the clue to its effects on future generations. Channel modification may alter the ecology of a region permanently, foreclosing future generations from enjoyment of the unspoiled past. The opportunity cost of the change is the availability of the original ecology; the opportunity cost of not modifying the ecology, on the other hand, is the benefits derived from the modification.

The emphasis on externalities has a lesson for social policy. Confidence in the ability of the landowner to reflect accurately in his decisions the interests of his customers and suppliers as well as his own is not misplaced. When other interests are affected by his decisions—affected in a way that is not reflected through markets—we cannot be confident that those interests will be taken into account. If the externalities are positive, the landowner will typically underproduce; if the externalities are negative, the landowner will typically overproduce. In the case of stream channelization, the externalities are almost always negative. Hence, if landowners are left to their own devices, they will tend to provide more channel modification than is socially desirable because they have left out of their calculations the negative effects on the environment.

In situations in which market forces do not reflect externalities, an appropriate role for government is to represent those interests which have been hurt and to reduce the amount of channelization from what otherwise would have occurred. Unfortunately, federal government policy in the United States works in precisely the opposite direction. Instead of taxing channelization measures, which would cause local decision-makers to focus on the negative impacts of their works, the federal government heavily subsidizes channelization so that local sources need pay only a minor part of the cost. In this way the government encourages a greater amount of channelization than would be undertaken by the landowners on their own, rather than less, which would be appropriate.

It is not surprising, given the high transaction costs of obtaining agreement between a large number of landowners and the problem of benefits accruing to the "free rider" who does not contribute his share, that landowners seek the aid of state and federal governments in carrying out channelization projects. But the result of federal subsidy is an inefficient transfer of income from federal taxpayers in general to the beneficiaries of stream channelization measures. The transfer is likely to be inefficient because the beneficiaries would prefer a similar amount in cash, while the burden on the taxpayers is the same whether the payment takes the form of a cash distribution or a stream channelization project.

A more appropriate role for the federal government would be that of regulating the stream channelization projects of private groups or localities in order to insure that external effects on others, especially those outside a local jurisdiction, are taken into account. Thus the Natural Resources Defense Council has suggested that stream channelization projects are subject to the recently rediscovered Rivers and Harbors Act of 1899. The Act prohibits the dumping, without first getting the permission of the U.S. Army Corps of Engineers, of "any refuse into any navigable water from which the same shall float or be washed into such navigable water." The Council claims that few if any waters of the United States fall outside the jurisdiction of the Act, and that the typical byproducts of stream channelization, such as sediment and fill, fall within the broad confines of "refuse." If accepted, this approach would require the Corps of Engineers to participate in every stream channelization project in order to protect downstream interests against the external effects of the project.

There is little that can be said *a priori* about the merits of individual stream channelization projects other than the generalization that federal subsidy will result in many ill-conceived projects. On the other hand, it seems clear that some of the projects have merit. Almost any use of land other than leaving it in its natural state requires some alteration of the normal flow of surface water. But the complex interactions suggested by the term "ecology" necessitate more care in the alteration of water flow than has been normal in the past.

There is no convincing argument in favor of federal subsidy of stream channelization projects. Flood prevention and provision of drainage do involve important interests of a type that may merit governmental assistance, but local governmental measures would normally suffice. Riparian landowners are the principal beneficiaries of such measures and local soil conservation districts are the appropriate unit to undertake construction and financing. If the local district is unwilling, absent federal assistance, to finance the project completely, that is strong evidence that the project is uneconomic and should not be built. Federal intervention is appropriate only if the beneficial effects of the project go beyond the jurisdiction that is building it. In the typical case only the deleterious externalities—*e.g.*, adverse effects on fish, wildlife, downstream users, and unborn generations—go beyond the borders of the local conservation district. In such cases the federal government, representing the otherwise unrepresented, should restrict rather than encourage construction.

Stream channelization measures also redistribute income within the community, but they are a very clumsy tool for that purpose. The major beneficiaries are riparian landowners, a group which is a very poor proxy for any conceivable group deserving of governmental subsidy. They are neither poor nor rich, black nor white, Democrat nor Republican, but merely a random selection of citizens who have no special claim on the United States Treasury simply because they have chosen to buy land or live next to flowing water.

ACCELERATING THE COMMERCIAL DEVELOPMENT OF DOMESTIC SOLAR HEATING AND COOLING SYSTEMS

Mr. CANNON. Mr. President, on June 19, the House passed and sent to the Senate H.R. 6860, the Energy Conservation and Conversion Act of 1975. Section 232 of that measure would permit a tax credit for the installation of solar heating and cooling equipment in a private residence. According to the House passed formula, the credit would amount to 25 percent on the first $8,000 or a maximum allowable credit of $2,000.

The bill is currently pending in the Senate Finance Committee and, when it comes to the floor, I intend to introduce an amendment that would modify the solar installation tax credit figures. Under the terms of my amendment, the maximum allowable credit would be revised to 40 percent of the first $8,000 or a maximum of $3,200. I am pleased to announce that my distinguished colleagues, Senator HUMPHREY and Senator TUNNEY have joined me as intended cosponsors of this measure.

Over the past 4 years, congressional interest in the development of solar energy has increased significantly. Since 1971, funding levels have risen from just over $1 million to an estimated $144 million for fiscal 1976. Congress has passed the Solar Heating and Cooling Demonstration Act of 1974 to promote the timely application of solar technology. The Energy Research and Development Administration is at work on a program designed to have as many as 2,000 residential and 400 commercial buildings heated and cooled by the Sun by 1979.

Despite these fine plans, I am concerned by what would appear to be a lack of effective follow-up in establishing solar energy as a major energy component. To illustrate, I requested the Library of Congress to prepare a report on the current cost and distribution of solar installation in the United States. The results were very disconcerting. According to the Library figures, the cost of a solar heating/hot water system for a new house can vary from $3,000 to $10,000. It is therefore, not surprising that the report concludes there may be only some 100 solar houses and buildings currently operational or in the design stage in this country. Because many solar heating projects are independently initiated, the Library listing cannot be comprehensive. Yet, there is evidently a disturbing gap between the plans for solar energy and the state of its development.

Whatever the actual numbers, it would seem that the restraints to the development of solar energy outweigh the incentives, to the ultimate disadvantage of the energy user and to the detriment of our total energy requirements.

In regard to these constraints, a March 1975 report of the Energy Research and Development Administration listed several, including the high intial cost of solar operating systems and public acceptance of solar power as a reliable energy source for the heating and cooling of buildings. Frank Zarb, Administrator of the Federal Energy Administration has observed:

> The chief barrier to wider use of solar heating and cooling is neither a shortage of Federal research dollars, nor a lack of technology; it's a limitation of demand in the marketplace.

If we are to overcome these problems, we would be wise to heed the observations of the Stanford Research Institute. In a recent study they mentioned the benefits that could devolve from substantial Federal and local government efforts to overcome these nontechnology restraints. Those efforts, according to the report, might include special depreciation policies, loan and interest incentives, and tax relief.

It seems to me that we must do more if we are to keep our pledge to encourage the growth of solar power. I would, therefore, urge my colleagues to join Senators HUMPHREY and TUNNEY in actively supporting my solar tax credit amendment. What we are asking is not some special benefit for a particular energy industry. The oil companies have had their depreciation allowance and, if the White House has its way, they will have still higher profits. But, if this tax credit amendment benefits anyone, it will be the consumers. It promises to help give them more freedom of choice as they shop the energy market.

I ask unanimous consent that the report from the Library of Congress together with supporting tables be printed in the RECORD.

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

COST AND DISTRIBUTION OF SOLAR INSTALLATIONS IN THE UNITED STATES

COST OF SOLAR INSTALLATIONS FOR HOMES

Solar hardware is commercially available which will (a) provide a substantial portion of a home or building's hot water; (b) provide a portion of a home or building's heat; and (c) provide both hot water and heat.

Water heaters

Solar water heaters are the simplest, lowest cost and most widely used of all solar technology. As with other solar hardware, the cost of solar water heaters depends upon their capacity, the materials used in their construction, the quality of their controls, etc. The Japanese, for example, market a very low cost system that has a black plastic bag as the collector element. In this country, a solar water heater with a copper-backed collector, back-up heating element, storage tank, and all the necessary controls and plumbing costs $1200 or more installed. Several types of solar water heaters are marketed at this time, but the most popular is probably the copper-backed collector with one glass cover. Such a system costs about $600. Installation, of course, is extra and this cost varies widely depending upon the building and local labor charges. On the average, however, a system capable of supplying from 75 to 90 percent of the hot water needs of a family of four will cost about $1000 installed.

Space heating systems

Since solar space heating systems typically include provisions for hot water, in this analysis it will be assumed that solar heating system includes hot water.

The cost of solar heating systems is difficult to estimate at this time due to the limited commercial experience with installation. There are probably fewer than 100 solar heated homes in use today. Most of these are custom built and many are experimental. Cost depends upon the level of solar dependency expected, the quality of the materials used, the type of system selected,* whether the system is installed in a new or an existing structure, the thermal requirements of the building and other factors.

The estimated cost of a solar heating/hot water system for a new house of about 2000 square feet in the Washington, D.C. area ranges from $3,300 (low estimate of the U.S. Solar Corporation of Hyattsville, Maryland) to $10,000 (high estimate of Sheldon Butt, president of the Solar Energy Industries Association). Everett Barber of the Guilford, Connecticut firm Sunworks, Ind. is quoted in the March 1975 issue of *Popular Science* as saying that the cost of solar heating systems will "probably be between 2½ and 3 times that of a conventional oil-fired hot-air system. For a $40,000 house, a heating installation will probably cost about $4,000 or $6,000 more with solar energy". In the August 14, 1975 *Dallas Morning News* it was reported that Raymond Fields of the ERDA solar energy division estimated it costs $3,000 to $8,000 to put solar heating and cooling into an average home. Based on these and other very rough estimates, it appears that a homeowner in this area might expect to pay about $6,000 for a solar heating/hot water system capable of meeting from 50 to 70 percent of the heat load and almost all of the hot water load of a 2,000 square foot house.

* Solar heating systems are either passive or active. Passive systems have no moving fluids; their operation is based on the high heat capacity of water held in steel drums or in heavy-duty plastic bags. Active systems can be either open or closed. In open systems water travels through grooves or slots over a blackened metal surface. The water is "open" to the outside air and subject to various thermal losses. In closed systems the water (or air) travels through copper, aluminum or glass tubes which greatly minimizes thermal losses. At this time industry seems to prefer the closed system commonly called a flat plate collector.

NUMBER AND DISTRIBUTION OF SOLAR HOMES AND BUILDINGS

The exact number of solar homes and buildings in operation today is not known. This is because many solar homes have been designed and built by the owner and their existence may not be widely known. Also, while some structures may meet a fraction of their thermal energy needs with solar hardware, it is unclear what part of the total energy requirement must be met by solar before the structure is considered a solar home".

A fairly comprehensive survey of solar heated and cooled buildings was conducted by the Building Research Advisory Board of the National Academy of Sciences under contract to the National Science Foundation in November 1974. Seventy-one solar heated or partially solar heated structures that were once operational, were operational at that time, or were expected to be operational very soon were identified. Since the Board's survey was conducted the number of solar structures built or planned has undoubtedly increased. Considering the current enthusiasm for solar energy, it would not be unreasonable to assume that at this time at least 100 solar houses and buildings are either operational or in design stage.

The following table is based on the Building Research Advisory survey. It identifies the number of solar structures (dwellings and buildings) either no longer operational, operational, or in the construction/planning stage in five geographic regions as of November 1974.

DISTRIBUTION OF SOLAR STRUCTURES

Northeast

Massachusetts

No longer operational—4 dwellings.
Operational—1 dwelling, 1 building.
Construction or planned—1 building.

Delaware

No longer operational—1 dwelling.
Operational—1 dwelling.

New Jersey

No longer operational—1 dwelling.

Maryland

Operational—3 dwellings, 1 building.
Construction or planned—1 dwelling.

District of Columbia

Operational—1 dwelling.

Connecticut

Construction or planned—2 dwellings.

Pennsylvania

Construction or planned—1 dwelling, 1 building.

Rhode Island

Construction or planned— 1 building.

New Hampshire

Construction or planned—1 dwelling, 1 building.

Vermont

Construction or planned—1 building.

New York

Construction or planned—2 buildings.

Total:
No longer operational—6 dwellings.
Operational—6 dwellings, 2 buildings.
Construction or planned—5 dwellings, 7 buildings.

South

Florida

Operational—1 dwelling.

Virginia

Operational—1 building.
Construction or planned—3 buildings.

Alabama

Operational—1 dwelling.

Georgia

Construction or planned—2 buildings.
Total:
Operational—2 dwellings, 1 building.
Construction or planned—5 buildings.

Southwest

New Mexico

No longer operational—1 dwelling, 1 building.
Operational—3 dwellings.
Construction or planned—1 building.

Arizona

No longer operational—2 dwellings.
Construction or planned—1 dwelling.

Colorado

No longer operational—1 dwelling.
Operational—5 dwellings.
Construction or planned—2 dwellings, 2 buildings.

California

Operational—1 dwelling.
Construction or planned—3 buildings.

Nevada

Operational—1 dwelling.
Construction or planned—1 building.
Total:
No longer operational—4 dwellings, 1 building.
Operational—10 dwellings.
Construction or planned—3 dwellings, 7 buildings.

Northwest

Oregon

Operational—1 dwelling.
Total: Operational—1 dwelling.

Midwest

West Virginia

No longer operational—1 dwelling.
Construction or planned—1 dwelling.

Minnesota

Operational—2 dwellings, 1 building.
Construction or planned—1 dwelling.

Ohio

Operational—2 dwellings.

Michigan

Construction or planned—1 building.

Illinois

Construction or planned—1 dwelling, 1 building.
Total:
No longer operational—1 dwelling.
Operational—4 dwellings, 1 building.
Construction or planned—3 dwellings, 2 buildings.

THE FIRST PRESIDENT OF THE UNITED STATES

Mr. CLARK. Mr. President, as our Nation's Bicentennial approaches it is important that we reflect not only on the sacrifices of our forebears in the Revolutionary War but also that we remind ourselves of the most significant development of the period of Nation-building which began nearly 200 years ago. That development was the invention of the Federal union idea—an idea which since has been adopted by many of the world's democracies, most recently that of the Federal Republic of Germany.

This piece of history comes to mind as a result of the scholarship of Charles Havlena of Cedar Rapids, Iowa, who has sent me an article of his published in the magazine of the Daughters of the American Revolution back in August-September of 1962. In that article he points out that there were 14 men who held title "President of the United States in Congress Assembled" preceding the election of George Washington, but the office they held had no authority over the Thirteen States and was merely that of a presiding officer in the Continental Congress.

One is prompted to wonder what would have happened if a Federal Union had not been formed and if the States had attempted to function together without a President elected by all the States to head a central government with power to control interstate and foreign commerce and enforce the Constitution through a judicial branch.

But for the Federal Constitution adopted in 1788 we might be citing Peyton Randolph as our first President. More probably, however, we would be speaking of a nation that no longer existed.

Because of its interest in this period of Bicentennial preparation I ask unanimous consent to have printed in the RECORD the text of Mr. Havlena's article.

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

[From D.A.R. magazine, August-September 1962]

THE FIRST PRESIDENT OF THE UNITED STATES

(By Charles Havlena)

PRESIDENTS OF CONTINENTAL CONGRESS FROM 1774–88 [1] AND DATE ELECTED

Peyton Randolph (Virginia), Sept. 5, 1774.
Henry Middleton (South Carolina), October 22, 1774.
Peyton Randolph (Virginia), May 10, 1775.
John Hancock (Massachusetts), May 24, 1775.
Henry Laurens (South Carolina), November 1, 1777.
John Jay (New York), December 10, 1778.
Samuel Huntington (Connecticut), September 28, 1779.
Thomas McKean (Delaware), July 10, 1781.
John Hanson (Maryland), November 5, 1781.
Elias Boudinot (New Jersey), November 4, 1782.
Thomas Mifflin (Georgia), November 3, 1783.
Richard Henry Lee (Virginia), November 30, 1784.
John Hancock (Massachusetts), November 23, 1785.
Nathaniel Gorham (Massachusetts), June 6, 1786.
Arthur St. Clair (Pennsylvania), February 2, 1787.
Cyrus Griffin (Virginia), January 22, 1788.

Concerning the assembling of the Congress of the Colonies, known as the Continental Congress, the United States in Congress Assembled, interesting references, sometimes incomplete, appear relative to the President of the Congress—his duties and term of office.

School texts rarely give the complete story when referring to a President of the United States in Congress Assembled. The interesting distinction may be found through careful research among official Journals of the Continental Congress, as well as authenticated writings of eminent historians covering the critical years 1774–88.

During 1774–88, before Gen. George Washington was inaugurated as the first President of the United States of America, the honored office of President or Chairman of the Congress was, by vote of the delegates from the 13 States comprising it, conferred upon 14 patriots. These patriots, while serving their term as President, were also, at the same time, State delegates to the Congress.

The President of the Congress was appointed, following a vote among the delegates to the Congress, according to Article IX of the Articles of Confederation, which states "the United States in Congress Assembled shall have authority to appoint one of their number to preside, provided that no person shall be allowed to serve in the office of president more than one year in any term of three years."

The President of the Continental Congress could vote, but he could not cast a deciding vote in case of a tie. He could serve on a committee, but could not appoint a committee. He could engage in debates. His only salary was that derived from the State he represented in the Congress as a delegate. An allowance was granted to him by the Congress for maintenance of his household.

Although presidency of the Congress brought a certain prestige to the State from which the incumbent President was also a delegate, no more power was vested in the President of Congress by the Congress than in any other delegate to it. As President or Chairman of the Congress, he, of course, was subject to close supervision of that body. At the instance and request of the Congress, he received and entertained, officially, representatives of other governments, signed documents as witness to acts of Congress, and wrote letters on their behalf. When he was absent from the Congress, a temporary Chairman was appointed to act in his stead.

The Articles of Confederation made no provision for separation of legislative, executive, and judicial powers, as provided in the Constitution of 1787, specifically, Article II, section 1, of the Constitution, which states "The Executive power shall be vested in a President of the United States of America", who derives his power from the same source that Congress derives its power, namely, the Constitution and the people. Under the Articles of Confederation, Article IX, the presiding officer of the Continental Congress, otherwise known as "the President of the United States in Congress Assembled", was President or Chairman of that body only, and not President of the 13 States of the then United States. No executive power was vested in him. Verifiable records show distinctly that no such offices as "President of the United States" existed until it was created by the Federal Constitution framed in 1787 and adopted in 1788.

In retrospect, however, each in the honor and dignity of his term of office as presiding officer, the 14 Presidents of the Congress gave, as did the other delegates, their best efforts, with those of Gen. George Washington and his valiant troops, toward the welfare of their country and to the advantage of posterity. Their selfless patriotic virtues we esteem highly as we commemorate, from year to year, the anniversary of the birth of immortal George Washington, the first President of the United States of America.

The significant date, February 22, betokens our deep feeling of gratitude to the first

[1] 85th Congress, House Document No. 442, Biographical Directory of the American Congress, 1774–1961. The Continental Congress, September 5, 1774–October 21, 1788, and The Congress of the United States, from the 1st Congress to the 86th Congress, March 4, 1789, to January 3, 1961, inclusive. U.S. Government Printing Office.

President of the United States, Gen. George Washington, kindled in all loyal citizens and shown by their love of unfettered freedom under the law and abhorrence of brute force and tyranny.

DEPARTMENT OF STATE,
Washington, D.C., April 11, 1962.

DEAR MR. HAVLENA: I have your letter of March 29, 1962, making further reference to the Department's press release of May 9, 1932, entitled "The First President of the United States."

You are correct in your mention of Article IX of the Articles of Confederation and in your understanding that the presiding officer of the Continental Congress, otherwise known as the President of "the United States in Congress assembled," was president or chairman of that body only, and not President of the thirteen States of the then United States.

The office of President of the United States did not exist under the Continental Congress and the Articles of Confederation. Instead, it was created by the words of Article II, section 1 of the Constitution: "The executive Power shall be vested in a President of the United States of America." Both in fact and in law George Washington was the first President of the United States.

The Department will consider your suggestion of a new press release on this subject and, if adopted, will send you a copy.

Sincerely yours,

G. BERNARD NOBLE,
Director, Historical Office Bureau of Public Affairs.

April 30, 1962: Permission to reproduce above text granted in letter of April 27, 1962, "P/HO"—from the Department of State to Charles Havlena.

REFERENCES CONSULTED

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Who Was the First President of the United States? by Dr. E. C. Burnett, Carnegie Institution of Washington, D.C., 1932.

The Critical Period of American History, by John Fiske, 1888.

NOTE.—These books are out of print. However, available at the National Archives, Library of Congress.

HUMAN TRAGEDY ON CYPRUS

Mr. KENNEDY. Mr. President, press reports over the past several days have served to remind us once again of the continuing human tragedy on Cyprus. They underscore again how tragically little has changed for the beleaguered people of the island since Turkey's invasion and occupation of Cyprus 1 year ago.

Over 200,000 people—a third of the population—remain in need of humanitarian assistance as refugees, as people in distress, or as families torn apart by the effects of war and partition.

This past weekend, both the Washington Post and the New York Times carried dispatches from correspondents in the field documenting once again that the Turkish invasion has turned the island into shambles. In human terms, it has meant personal tragedy to thousands of families, both Greek and Turkish Cypriots. In economic terms, it has shattered the island's flourishing economy, which continues to deteriorate. And in political terms it has violated the integrity of an independent, sovereign state.

In too many quarters—including our own Government—the human dimensions of the Cyprus crisis, and the continuing plight of the people, has taken second place to the political and military issues at stake. The recent press reports from Cyprus remind us, however, that the people of Cyprus, especially the refugees, also have interests. For them, recent developments have simply prolonged their tragedy.

I strongly believe that the United States should not resume regular military shipments to Turkey unless progress is made simultaneously toward resolving the plight of 200,000 Greek refugees on Cyprus. This humanitarian crisis, created by the Turkish invasion last year, was—and remains—the fundamental cause which led to the arms ban by Congress.

Mr. President, I ask unanimous consent that a series of articles on Cyprus, which appeared in the Washington Post and the New York Times, be printed in the RECORD.

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

[From the Washington Post]

GREEK CYPRIOTS GLUM—REFUGEES LOOK FOR LIGHTS IN OLD HOMES

(By Dusko Doder)

LARNACA, CYPRUS.—Every evening Spiro Illia, a displaced Greek Cypriot, takes a walk along a dirt road at the edge of the Akhna Forest refugee camp to gaze at his native village of Akhna a couple of hundred feet inside the Turkish-controlled area.

"We keep checking to see if the Turks are beginning to move into the village," he said. "They haven't done it so far. I know that because at night I can see lights in only one house. That house was taken over by Turkish soldiers."

Illia, 35, has a house and 70 acres of fertile farmland in Akhna village. He remains in the camp, about 15 miles northeast of here, because of persistent hopes that the Turks will relinquish at least parts of the territory they conquered by force 14 months ago.

Thousands of Greek Cypriots passed through the camp when they fled from the invading Turkish army. But only about 900 remain at Akhna Forest, on the grounds of the British sovereign base at Dhakelia. All of the remaining camp inhabitants are from villages that can be seen from the first road on the perimeter of the camp.

The Akhna Forest camp has no electricity or running water and seems hardly acceptable as a human habitation.

In contrast to dire predictions that economic ruin would follow the Turkish occupation of roughly 40 per cent of Cyprus, the Greek Cypriot community has been remarkably successful in absorbing, at least temporarily, devastating human and economic dislocations caused by the displacement. Nearly a third of the 520,000 Greek Cypriots who lived in the northern part of the island had their homes and businesses taken over by the Turks last summer.

Of about 180,000 refugees, some 14,000 still remain in tent camps. Other have moved into Turkish houses abandoned by their previous residents, who have moved northward and still others have moved in with friends and relatives. More than 2,000 are reported to have gone to Australia, Canada and other places to make a new start.

The plight of the tentdwellers is still the most acute human and political problem. "They are all waiting to go home," said Ekatarini Papandreau, supervisor in the kitchen of a government-run camp in Larnaca. "That is the only thing that keeps them going."

Mrs. Papandreau, who returned last month after three years in the United States, where she studied home economics and nutrition at the University of Alabama, said that only a few men in the camp have managed to get jobs.

There is an atmosphere in the camps of general resentment toward the Americans, who are blamed for not preventing the Turkish invasion. There is also a sense of disappointment with the leaders of the Greek community for failure to reach a political settlement with the Turks that would allow the refugees to return to their homes.

The men hang around makeshift cafes run by refugees. The women sit in the shade of their tents, doing embroidery. Although resources are meager, the tents are immaculate and the inhabitants are well-dressed, and seem to have maintained their self-respect.

Yet 14 months of uncertainty and repeated failures in the talks between Greek and Turkish community leaders have left their imprint.

"Each time there are talks we keep hoping," said Spiro Illia. "You could say that we live from one event to the next, hoping." Illia is disenchanted with the hardline approach of President Makarios and prefers the more "realistic" approach of Glafkos Clerides, the Greek Cypriot negotiator and rival of Makarios.

"I trust Clerides more than I do Makarios. Clerides is realistic and always tells the truth," he said.

"I don't believe in either Clerides or Makarios," said Georgios Nicolas, 28, also of Akhna. "Seems to me everybody is making fun of us."

Before the invasion, Illia used to grow fruit and vegetables and sell them in Famagusta, a port city 10 miles east of Akhna. He, his wife and their two children fled, losing all their belongings.

Nicolas was somewhat more fortunate. He escaped with his wife and their two small children and also managed to take along his flock of sheep. Now Nicolas sells milk and meat.

As the fierce late September sun beats down on this Mediterranean island, the men sit in a makeshift cafe, drinking thick Turkish coffee, playing cards, reading newspapers and listening to the news on a small transistor radio.

"I want to work, but there is no work," said Illia. "So we sit here all day long waiting, playing cards."

Several hundreds of those who grew tired of waiting have returned to their homes in the Turkish area under an agreement reached in the intercommunal talks two months ago.

Last week one such group of 61 was given a tearful sendoff in Nicosia as if they were leaving for a distant land, instead of the Carpas area about 50 miles northeast of the capital.

Among them was Costakis Panagides, a 36-year-old teacher, his wife Marula and their two children. "Only 10 days before the invasion I finished my house," Panagides said. The family wants to return to Yallusa, a village of 2,000 situated on the northern coast of the Cyprus panhandle.

"We don't know what is going to happen when we get there," he said, but the desire to return to their own home despite an uncertain future is strong. Besides Panagides said, "the Greek children of Yallusa need their teacher."

Other refugees insist that all of them must be allowed to return to their homes before peace can be established on the island. As Spiro Baburis, 40, said: "We will have to be patient and wait. If we are not allowed to go back we will eventually fight the Turks and recover our land and homes. We will never give up."

The Greek Cypriots have managed to absorb the impact of the dislocations in part

because of the patriarchal nature of their society and close family ties. Yet economic losses have been massive and business was poor this year.

The government has sought to reactivate the economy in the Greek area through a series of measures, including tax incentives to stimulate savings and investments. But the Turkish-occupied area includes the island's most developed and productive regions which supplied roughly 70 per cent of Cyprus's gross national product.

Moreover, the main tourist areas—Kyrenia and Famagusta—are in Turkish hands.

"I am getting poorer every day no matter how hard I work," said Berge Tilbian, a wealthy real estate developer of Aremnian back ground who estimates that he has lost $8 million in fixed capital assets in the North, including his home in Kyrenia. "Banks continue to charge interest on my loans."

But Tilbian believes that "we could rebuild this island and rebuild it better" if Cyprus remains an economic unit. "We have to work out some sort of partnership with the Turks, there is no other way. Physically, we are like the Siamese twins. We have to do many things in tandem."

[From the Washington Post, Sept. 28, 1975]

ARMY SHIELDS TURKS "LIVING OFF FAT" IN NORTHERN CYPRUS

(By Dusko Doder)

NICOSIA.—A special air of unreality hangs over the Turkish part of Cyprus. Banner headlines are proclaiming the intention of the Turkish Cypriot leaders to declare independence. Yet, some politicians oppose the idea, at least for the time being, and are making their views known.

Radio propaganda makes it sound as if a meaningful political debate is under way. But everyone here knows that Turkish Cypriots have little influence on political developments here and that the Turkish army rules northern Cyprus with a firm hand.

In 14 months since the Turks invaded the island, the north has been drawing closer to Turkey. Symbolically, the north is on "Turkish Time," an hour ahead of the Greek Cypriot area; the red Turkish flag with gold crescent is seen everywhere; and busts of Kemal Ataturk, the founder of modern Turkey, now adorn virtually every square and public building in the region.

Economic links to Turkey, which appear to foreshadow lengthy mainland domination, include the increasing use of Turkish currency, the meshing of the banking systems. Turkey's control over the Turkish Cypriots' foreign exchange dealings and subsidies from the mainland of an estimated 80 per cent of the region's budget.

Stringent controls exercised by the Turkish military, which does not even pretend to be accountable to the Turkish Cypriot administration of Rauf Denktash, are raising doubts about the Turkish army's readiness to relinquish any portion of the two-fifths of Cyprus it occupied in the summer of 1974.

In the months immediately after the invasion, Western visitors had easy access to the Turkish-controlled areas. The Turkish army has since severely curbed access to the territory and visitors are permitted to travel only with an escort and after their itinerary had been approved by military security officers.

Under such conditions, conversations with Turkish Cypriots yield little hard information. Only part of my itinerary was approved by the military authorities and, in addition to a public information office escort, a police inspector was present during all conversations, including a talk with the chief district officer of the Western region.

The federated state, which Turkish Cypriots proclaimed in February, has become a social and political reality, albeit entirely dependent on Turkey's economic and military support. There is some evidence of progress toward recovery in this once-flourishing area that was damaged during the war and then depopulated by the flight to the south of more than 100,000 Greek Cypriots.

Yet, official Turkish claims about economic well-being seem exaggerated. Only an hour after Turkish Cypriot spokesmen said that there is no unemployment in the Turkish area and that no mainland Turks are imported into the region, two hitchhikers provided evidence to the contrary.

One of them, Mehmed Ali, who arrived from Paphos, in south Cyprus, only two months ago, is still looking for a job. The other, Mejid Celik, a native of Turkey, said he arrived in Cyprus a few months ago and owned a restaurant at Morphou.

Did Celik buy the restaurant or at least invest some capital into the venture? Who told him to come here?

"Oh no, I have no capital to invest," Celik said. "I worked as a waiter in Turkey and I heard from a friend that there are business opportunities in Cyprus. I run the restaurant with a Cypriot business partner."

The most difficult problem facing the Turkish Cypriots is a lack of capital and skilled labor, although an equally important obstacle to economic development is the psychological effect of the forcible transfer of populations that has left the question of property ownership to await an eventual political settlement.

The people "are sick and tired of uncertainties," said Mehmed Sofi, chief civilian administrat r in the Morphou area. Morphou, the most important citrus growing area of Cyprus, was completely settled only within the past two months in what is seen as an indication that the Turks may intend to consolidate their territorial gains along the present "Attila Line" that effectively partition the island.

"The principal problem is getting used to the new surroundings," Sofi said in a reference to difficulties involved in settling the largely rural ethnic Turks in the towns of northern Cyprus.

"Right after the war some people arrived here but they are not able to handle water pumps and irrigation facilities. Again this year the citrus groves were not handled properly. You understand, people don't want to work hard on something that doesn't belong to them; that's only human."

Yet, he continued, "things are perking up, slowly but steadily. We need more time, but compared to nine months ago when we first arrived here, we have come a long way."

Did they intend to keep Morphou for good?

"Well, we could move our people out of here if a settlement is reached soon. But if there is no settlement within the next two years, it will be almost impossible to oust them from this region," Sofi said.

According to Police Inspector Aziz Emin, the resettlement of Morphou has followed the general pattern applied in other parts of northern Cyprus. The Turkish settlers were moved into houses vacated by Greeks; those Turks who owned shops in the south were given shops formerly owned by Greeks; and land was distributed for use and cultivation without consideration for its legal status.

"Right now the Turks are living off the Greek fat," said one diplomat with regular access to the Turkish sector. The Turkish army has requisitioned millions of dollars worth of goods found in the port of Famagusta when it was occupied last year. Famagusta was the island's principal port as well as the main tourist center.

"But what about next year or the year after next?" he added.

The militarized nature of the north has kept hotels empty while the lack of skilled labor has severely limited citrus exports. Tourism and citrus exports were the two main sources of foreign exchange for Cyprus before the war.

According to some diplomats, a considerable portion of the Turkish Cypriots now resent Turkey's massive military presence. The 40,000 Turkish soldiers living among 110,000 Turkish-Cypriot civilians in northern Cyprus are always in evidence. One can hardly drive a few miles without coming across a checkpoint or seeing Turkish tanks.

Talking with Turkish Cypriots in the presence of police and government officials, such resentment is not evident, however. Indeed, there are sentiments that the army should take over the entire island. As Azyun Falk, a 28-year-old sales representative, put it, "The whole of Cyprus belonged to the Ottoman Empire. Isn't that correct?"

[From the N.Y. Times, Sept. 27, 1975]

CYPRUS WINE TOWN IS FESTIVE NO MORE

(By Steven V. Roberts)

LIMASSOL, CYPRUS.—For years Limassol staged a wine festival every September, complete with dances and contests, heaps of food and generous samples of the local grape. A huge wooden figure representing a vine grower that towered over the festival grounds bore the legend: "Drink wine for an easy life."

This year there is no festival in Limassol and the slogan has become a painful mockery. "People are not in the spirit, they're not in the mood for that," the Mayor, Fotis Colakides, explained.

This pleasant port city has had a reputation for gaiety since Richard the Lion-Hearted married Princess Berengaria of Navarre near here in 1191. It was not directly involved in the fighting last year, when Turkish troops occupied 40 per cent of the island. But life has changed in countless ways, one of which the Mayor mentioned: the loss of spirit. The people seem to plod listlessly through time, barely surviving on the thin diet of frail hopes and faltering illusions.

"Cyprus is such a small country," said the Mayor, who has an architecture degree from Harvard. "There is not a single family in Limassol that doesn't have trouble—a death, a refugee, someone who is suffering."

BRITISH AND TURKS GONE

Before the coup against President Makarios last summer that provoked the Turkish invasion, Limassol had 65,000 people, including 10,000 Turkish Cypriots and 4,000 British servicemen stationed at the Akrotiri air base. When the fighting started the British were evacuated and never returned. All but a handful of the ethnic Turks have fled to the northern sector, which is controlled by Turkish troops.

In their place the city has absorbed 40,000 ethnic Greek refugees. Some live in tent camps, but most have found space in vacant flats, half-finished buildings or the homes of relatives. Though they span a range of occupations and incomes, most seem to share a sense of hopelessness—a feeling that life is out of their control.

Ioannis Michael, a citrus farmer from the Morphou district, reads the newspapers, walks streets, sips coffee, plays cards and waits for the job that never comes. "I worked to create my land and property" he said in a coffee house crowded with idle men. "Now I depend on others to feed me."

Then there is the wealthy industrialist, a man who started with nothing and rode the crest of the pre-invasion prosperity. "I have 40 years of work in Famagusta," he moaned recently after several drinks. "I traveled all over the world, I stayed in the most famous hotels, I was a millionaire! Today I'm a second-class citizen in Limassol."

"Family life as it used to be known in Cyprus has changed," Mayor Colakides explained. "This is a part of the world where family ties are very strong, and a family of five or six people probably lived in their

own house, maybe with a garden. Now they might live in one small room, all of them, and the children are bound to look for entertainment outside the house. They can't stay together as they used to."

For many months after the fighting life stood still here. Day after day, the refugees waited, hoping to go home. Gradually many have been forced to look for work, or revive their businesses in a new setting—cafes, shipping agencies, a few factories with limited production.

Yet Limassol has an unreal air. Just about every ethnic Greek insists that any settlement must permit all refugees to return home; most independent analysts consider the idea totally unrealistic. But as a Greek official cautioned, the secret must be kept for the illusion is essential. The alternative is so bleak that few can face it squarely, at least not yet.

Some Cpyriotes have simply decided to leave, and one of the few remaining social events in Limassol is the going-away party. A student who attended one recently for a family that was moving to Nigeria found the scene pathetic.

"They waited and waited and waited, they stayed a whole year and couldn't find anything," she said. "Maybe that's why the people in the United States cannot understand our problem—nothing like this has ever happened to them."

Long-time residents of Limassol have their own problems. Their high school, designed for 1,000 students, is crammed with three times that number. Municipal revenues have dropped and plans for improving the town waterfront have been shelved.

A bookseller says his trade is down 40 per cent. Auto dealers are trying to re-export their stock since there is no market here. A big new tourist hotel is closed for lack of business.

FIERCE COMPETITION FOR JOBS

The competition for jobs is fierce, and young people just out of school usually lose.

The wealthy of Limassol have not escaped either. Nikos Pattiches, a prominent landowner, is driving a small Renault instead of a big Mercedes, wearing last year's clothes, eating frozen meat, drinking domestic liquor and turning off the air-conditioning.

Kyriacos Hamboullas lost about $70,000 worth of canned citrus fruit that was waiting at Famagusta when the war broke out. Today his canneries are operating at about 30 per cent of capacity because most of the orchards are in Turkish hands.

Panikos Harakis, a major land developer, catered to Cypriotes living abroad who wanted to invest in apartments back home. He has cut his prices almost in half but still cannot find buyers.

The government will guarantee loans to businesses directly related to the export trade, but private banks refuse to take risks on their own. "In this unsteady situation," Mr. Haraskis noted, "they have no trust about what will happen on the island."

Fed people in Limassol have trust. After more than a year the Turkish troops have not gone home and real peace has not come any closer. The easy life is over, and even wine will not bring it back.

[From the New York Times, Sept. 29, 1975]

TURKS FULLY COLONIZE CITRUS REGION OF NORTHERN CYPRUS

(By Steven V. Roberts)

MORPHOU, CYPRUS.—This provincial capital, the center of a rich citrus-growing area in northwestern Cyprus, has been thoroughly colonized by Turkish Cypriotes from the south.

The Greek Cypriotes have been hoping to recover Morphou as part of a settlement of the Mediterranean island's political future, but the ethnic Turks show no willingness to return to the region, a prime source of exports and foreign exchange.

This development reinforces an impression given for many months: The Turkish side is determined to keep most of the territory captured last summer and is reluctant to make significant concessions to gain agreement.

Fourteen months ago the military Government then in control in Athens helped stage a coup here, temporarily unseating President Makarios and provoking an invasion by Turkish troops. When the fighting ceased the ethnic Turks, who are a fifth of the population, controlled 40 per cent of the territory and 70 per cent of the productive resources and the Athens regime had fallen.

Since then the Turkish side has been pursuing its aim of dividing Cyprus into separate states, and today 110,000 Turkish Cypriotes—all but 125 who chose to remain in the south—have moved to the north.

This region also contains 9,000 Greek Cypriotes. Here in Morphou more than 1,000 ethnic Greeks were left after the fighting ended, but the last departed for the south about two months ago.

Ethnic Turks here, who insist that the ethnic Greeks were not mistreated and left voluntarily, object to proposals that would allow some to return to their homes—even if the area remained under Turkish control.

"I don't think the Greeks could live comfortably here," said A. C. Karahan, a policeman. "They would feel like a minority. They would live like second-class citizens, the way we did on the other side."

Journalists must receive permission from the Turkish military to travel through the north and must be accompanied by guides. Despite the restrictions, two days in the region provided some impressions of what is called the Turkish Federated State of Cyprus.

Virtually all Greek vestiges have been expunged. Signs are in Turkish, prices are quoted in Turkish lira, the book and record stores are stocked almost entirely with Turkish works.

In Morphou, as in most towns, the central square has been spruced up and a bust of Kemal Ataturk, founder of the Turkish Republic, has been erected. The bright red Turkish flag flies everywhere. The Cypriote Orthodox churches have been padlocked and an old generating station has been converted into a mosque.

TROOPS AND PHOTOGRAPHS

Turkish troops stroll the streets or barrel around in jeeps. A photo studio is offering them pictures of themselves standing astride a map of Cyprus.

Turkish Cypriotes are ambivalent about the situation.

Arif Suyleman, the owner of a record store, who said his father had been killed by ethnic Greeks in the south, expressed a common feeling when he said: "The main thing is to live under our own flag, to live freely. We're fed up with war, with the life we had on the other side."

But many ethnic Turks, like the ethnic Greeks now refugees in the south, left the fruits of a lifetime. Ali Churuk looked around his small grocery and mused wistfully about his losses in Paphos: 30 barrels of oil, six tons of sugar, seven tons of rice, a new seven-room house with bedrooms overlooking the sea.

Mr. Churuk resents those who got here first and grabbed up the biggest homes and nicest shops, but he is not sorry he came. "Life is better than money," he explained.

The Turkish troops were welcomed as heroes a year ago, but now the fear of the Greeks has diminished and irritations have developed. "The soldiers are from a different country," a Turkish Cypriote youth complained. "When they see someone from the mainland they act warmer towards them than us."

ECONOMY TERMED STAGNANT

Diplomats in Nicosia say the Turkish Cypriote economy is gripped by stagnation, that the area is living off loans from Turkey and profits from plunder, that the ethnic Turks lack the expertise to run the factories, farms and hotels left behind by the ethnic Greeks. Turkish-language newspapers are filled with charges of corruption and inefficiency.

The Turkish Cypriote administration under Rauf Denktash keeps issuing upbeat reports, and in Morphou many businesses appear to be operating normally, but the region has a drab and sleepy appearance with buildings unfinished, factories closed and hotels unfilled.

"The criticisms about the economy are right," a government employee commented. "We've been kept down by the Greeks for many years and don't have the experience. But we're optimistic that things will get better in time."

About 75 per cent of the farmers who settled in the Morphou area did not know anything about citrus, so technicians had to be imported from the mainland to keep the orchards going.

The economic problems are intensified by the unnatural split between the two regions. A copper-processing plant 10 miles from here lies idle because the mines that supply it remain in Greek hands. Shopkeepers cannot get cheese or envelopes or auto parts because ethnic Greeks hold the import franchises.

Like the Greek side the Turkish community suffers from pervasive political uncertainty. Tourism and private investment remain sluggish. Until there is a final settlement no ethnic Turk can be sure where he will live or what he will do. And if the Turkish side keeps Morphou, it will be difficult to achieve the settlement that would resolve that uncertainty.

TACKLING TACONITE

Mr. MONDALE. Mr. President, the Wall Street Journal the other day carried an article entitled "Tackling Taconite." Ralph E. Winter, author of the article, discusses the production of iron pellets from taconite, and the boom that is currently taking place in northern Minnesota as a result of the expansion of that industry.

The Mesabi Range in Minnesota throughout most of the 20th century provided the iron ore required for industrial expansion in the United States. After World War II, however, the high-grade ore began to run out, leaving communities on the Iron Range with an uncertain economic future.

Today the future prospects of communities like Hibbing, Eveleth, and others on the range have improved considerably as a result of a major shift away from reliance on imported iron toward use of our abundant domestic taconite resources. The expansion taking place at five plants in northern Minnesota is providing new employment opportunities for area residents in that industry, as well as in housing, construction, and goods and services.

Mr. President, I ask unanimous consent that the full text of Mr. Winter's interesting and informative article be printed in the RECORD.

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

TACKLING TACONITE: IRON FROM A GRAY ROCK SHIFTS GLOOM TO BOOM IN GREAT LAKES REGION; NEW ORE-PROCESSING PLANTS WILL CUT FOREIGN NEEDS AND PROFIT MINING TOWNS; LIKE RAISINS IN A ROCK CAKE

(By Ralph E. Winter)

HIBBING, MINN.—Among the man-made canyons and mesas of the Mesabi Range, recession is an alien word. It's something that happens to other people on television or in the newspapers.

Nearly anyone here who wants a job can find one. Auto sales are at near-record levels, houses are snatched up as soon as they come on the market and all around this city of 18,500 there are signs of an industrial building boom.

The cause of this prosperity is the iron ore that since the last century miners have been digging from the twisting, brick-red canyons to build mid-America's industry, equip its farms and arms the nation to fight two world wars. Twenty years ago the iron-ore industry of the Great Lakes region—Minnesota, Wisconsin and Upper Michigan—appeared to be dying. Now it's undergoing a $2 billion expansion.

Seven major plants or plant expansions under way or completed will add a total of nearly 30 million tons of ore capacity annually, or about 35% of last year's total U.S. ore production. Five of these projects, with a total capacity of a bit less than 24 million tons a year, are here on the 110-mile-long Mesabi Range, and all are within 30 miles of Hibbing. The other two are in Upper Michigan. And at least four other big ore-expansion projects are in the planning stage.

The plants "are changing our economy 100%," says Robert Burk, vice president of Merchants & Miners State Bank in Hibbing. "For a while it looked like it was strictly downhill for this area. We were losing our young people and the population was declining." But now people are coming back.

UNCERTAIN FOREIGN SUPPLY

Only a few years ago Hibbing faced a bleak future as the rich red ore deposits of the Mesabi Range began petering out after 60 years of mining. All that was left were vast deposits of a hard, dark-gray rock called taconite.

The mining industry has long been aware that taconite is a vast source of iron (although the iron content is less than half that of top-quality ore). As the best ores began to run out, iron and steel companies began a limited development of taconite and at the same time greatly expanded their investment in foreign mining. The current taconite expansion is designed to reduce U.S. dependence on an increasingly uncertain supply of foreign ore.

Last year a third of the ore consumed by U.S. iron and steel plants was imported, primarily from Canada, Venezuela, Brazil and Liberia. But says H. Stuart Harrison, chairman of Cleveland-Cliffs Iron Co., "the steel industry is getting disillusioned with foreign ore." He notes that iron-ore facilities were recently nationalized in Chile, Venezuela and Peru and that nationalism is growing in Canada, Australia and throughout Africa. Iron-ore users also are fearful of their vulnerability to the potential vagaries of international minerals cartels.

Thus the industry has decided to develop more of the iron-poor taconite rather than the better-quality ores available abroad. As a result, a first-class boom has come to the Mesabi area on the strength of third-rate materials.

The significance of the taconite expansion extends far beyond these poplar- and birch-covered hills. The developments are possibly a preview of the direction that U.S. industry will be forced to take for the rest of this century in order to provide essential materials. Thus the oil industry is looking at shale as a source of oil, and natural-gas producers are experimenting with gasifying coal.

NIBBLING AT THE CAKE

What taconite lacks in iron content, it makes up for in sheer volume. There are billions of tons of taconite in Northern Minnesota, Wisconsin and Upper Michigan. In fact, many geologists believe that a thick layer of the rock probably extends under Lake Superior, connecting the outcroppings in the three states. Miners like to refer to the high-grade ore they have been extracting since the last century as raisins in a taconite cake. They have about consumed the raisins, but they have barely nibbled at the cake, they say.

A small amount of the rock has been processed over the past 20 years, but now with a huge investment in labor and capital, mining companies will start digging in earnest. And Hibbing, which is 75 miles south of the Canadian border, is a direct beneficiary.

The city stands on the end of a 3½-mile-long, 535-foot-deep serpentine gulch called the Hull-Rust mine, which is the world's largest open-pit iron mine. For about 80 years the mine supplied 687 million tons of ore to a score of mining concerns. First with horse-drawn scrapers, then with steam shovels and puffing locomotives and finally with diesel-electric excavators and trucks, the miners removed millions of tons of earth and rock. They piled it into huge mounds, hundreds of feet high, creating stark hills with steep sides and flat tops.

Now it is all but abandoned. But not for long. Near the edge of the canyon, Hibbing Taconite Co. is spending more than $300 million for a complex to mine and process the taconite from the huge pit. Hibbing Taconite is owned by Bethlehem Steel Corp., Steel Co. of Canada Ltd. and Pickands-Mather & Co., a subsidiary of Moore McCormack Resources Inc. Bethlehem and Stelco will use most of the ore, and Pickands-Mather will manage the project.

Hibbing Taconite alone has more than 1,000 construction workers on the job, and 2,000 more are employed at the four other new taconite developments along the Mesabi. As a result, every motel in the area is jammed, and several workers often have to share a room. The few homes and apartments for rent, or for that matter any inhabitable building, were grabbed up long ago. Supervisors who have brought their families with them are paying $45,000 for homes that brought $26,000 a couple of years ago.

In Virginia (Minn.), the Mesabi Range's second largest city, 25 miles northeast of Hibbing, Nick Pepelnjak, a real-estate salesman, complains that he never gets listings on older homes anymore. "They're sold by word of mouth as soon as they come on the market," he says. "Some newcomers even go from door to door asking if the owner wants to sell his home or knows of anyone else who does."

The prosperity promises to last. The five Mesabi taconite projects will employ about 3,400 people when they are completed by 1978. Another 1,000 jobs have been added by the recent expansions in Upper Michigan. And industry officials figure that for every new mining job, 2½ other jobs are created in the area in maintenance, hospitals or chemical plants supplying such things as explosives.

The jobs directly connected with taconite mining pay an average of $12,500 a year, which are high wages for northern Minnesota. They also provide opportunities for women, who are working alongside men in mining and processing.

Unlike the old days, these are year-round jobs. In the days when the high-quality ore was mined, work stopped in October and didn't start again until April because freezing weather halted ore washing. But with about $250,000 invested to provide each job, the new taconite operations won't close, even at Christmas.

A visit to the Hibbing Taconite mine illustrates the sort of investment that taconite exploitation involves. Bulldozers and shovels have cleared several feet of soil off a square mile of the rock. Gigantic, 170-ton truck that will haul taconite to the processing plant are being assembled at the site. The trucks are so immense that they must be shipped in sections on rail cars. Cranes swing the 12-foot-diameter wheels into position so they can be attached to the huge undercarriage. Each truck carries a ladder for the driver to climb to his perch 15 feet above the ground.

This large scale is made necessary by the economics of taconite mining. Because of the relatively low iron content of the rock, the plant must process 3½ tons of taconite for every ton of iron-oxide pellets shipped. The waste rock will be flushed into a huge basin that is being created by damming a swampy area.

Plans call for the complex to start producing 5.4 million tons of pellets a year by mid-1976 (the industry measures its output in gross tons, equal to 2,240 pounds). That means handling about 50,000 tons of rock a day. When it is completed in 1978, the plant will produce 8.1 million tons of pellets annually. The pellets will contain 65.5% iron, which is a better feed for the steel industry's blast furnaces than even the best of the old natural ores (the pellets also contain oxygen, silica and trace elements).

The rock will be blasted out of the Hull-Rust pit with explosives. Hugh crushers, now being built, will break up the big chunks of rock. Then, 36-foot-high rotating drum grinders (each powered by a 6,000-horsepower electric motors) will reduce the pieces of rock to the consistency of talcum powder. Magnetic separators, big drums containing electromagnets, will then remove the iron oxides from the slurry pouring out of the grinders.

The black iron-oxide powder will be rolled into marble-size pellets and hardened by baking at 2,000 degrees Fahrenheit.

Similar taconite complexes are being built elsewhere along the Mesabi Range. Inland Steel Co. is putting up a 2.6-million-ton-a-year plant near Virginia, and U.S. Steel Corp. is adding six million tons of capacity at its plant at Mountain Iron, which is between Hibbing and Virginia. At Eveleth, just east of Virginia, a group led by Oglebay Norton Co. is expanding a taconite plant by 3.6 million tons a year. Armco Steel Corp. will own 40% of the new plant, Oglebay Norton 20.5% and two Canadian companies the rest.

A few miles on the other side of Hibbing, National Steel Pellet Plant, 85%-owned by National Steel Corp. and 15% by Hanna Mining Co., which is also the manager, is undergoing a $150 million expansion.

All these plants will use a similar process, grinding the rock and separating the iron magnetically. But over in Upper Michigan, Cleveland-Cliffs and several steel-company partners have just completed a $200 million plant near Ishpeming that uses a new chemical process to separate the nonmagnetic iron ore from the rock. There are vast reserves of non-magnetic ore in Michigan and Minnesota that could be developed with this process.

Cleveland-Cliffs' Mr. Harrison says that the pellets will cost a little more to produce than those being processed magnetically in another nearby company plant. But he says pellets produced by the new process are expected to be competitive with Minnesota ore because the new plant is closer to the major steel mills. The Michigan ore also has a higher iron content than that in Minnesota, which means that less rock has to be handled for each ton of pellets.

In fact Cleveland-Cliffs likes the chemical process so much that it is already planning an addition to the new plant, that together with an expansion at its nearby magnetic separation plant and an electricity-generating station, will mean an investment of about $600 million, Mr. Harrison says.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

NATURAL GAS EMERGENCY ACT OF 1975

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 2310, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, at the outset of the debate on this emergency gas bill, I would like to reiterate for the benefit of the Members of the Senate that upon the disposition of this measure, it is the leadership's intention to proceed to the consideration of S. 692, the bill dealing with the long-range solution to the natural gas problems facing this Nation.

It is my understanding that the floor managers of this emergency bill will resist any effort to mix the issues of the pending short-term emergency bill with the longer range solutions. I intend to fully support them in that effort as a way of addressing the natural gas emergency that faces us this winter.

It is my sincere hope that the Senate can vote up or down on the legitimate differences of opinion concerning the proper approach to an emergency measure and that no matter the outcome of those votes, the Senate can vote up or down on the final product without protracted debate.

The Senate would then be in position to move to the question of the permanent legislation and consider S. 692 and are amendments thereto in the context of as comprehensive price policy for natural gas.

The Acting President pro tempore (Mr. METCALF) assumed the Chair.

Mr. PEARSON. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. HOLLINGS. Yes. I yield to the distinguished Senator from Kansas.

Mr. PEARSON. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. The pending business is amendment No. 934 by the Senator from South Carolina, and others.

Mr. PEARSON. Mr. President, my parliamentary inquiry is: Considering now amendment No. 934, which is in the nature of a substitute to the bill, I ask the Chair to rule as to how many amendments in the nature of a substitute may be offered.

The ACTING PRESIDENT pro tempore. Amendment No. 934 is considered original text and, therefore, two further substitutes would be in order, one in the first degree and one in the second degree.

Mr. PEARSON. Two further substitute amendments in the nature of a substitute for the original bill?

The ACTING PRESIDENT pro tempore. No. To amendment No. 934.

Mr. PEARSON. Amendment No. 934, which constitutes the first substitution?

The ACTING PRESIDENT. pro temport. That is correct.

Mr. PEARSON. I thank the Chair.

I remind the Senator from South Carolina that we have pending now about five amendments in the nature of substitutes. For instance, an amendment No. 918, in the nature of a substitute, by myself, and then there are amendments by Senators FANNIN, BARTLETT, and STEVENSON. There are two amendments by Senator BARTLETT and two amendments by Senator STEVENSON.

I just make the first overture now. We have discussed this privately on Friday last with the Senator from South Carolina as to the possibility of entering some sort of unanimous-consent agreement so that all of those who have proposals to make to this proposition might by unanimous consent be afforded the opportunity of coming forward with each of their proposals. I do not press it at this time. But, in view of the ruling of the Chair, I think it might be well for all of those who are interested in this matter to seek to accommodate all the views and reach some unanimous-consent agreement so that each of these might be brought up.

Mr. HOLLINGS. As my distinguished friend from Kansas knows, we would like to consider natural gas legislation, in the most orderly way, but to actually obtain a unanimous-consent agreement about the seriatim of the introduction of substitute amendments, is just next to impossible.

For example, if one substitute is proposed, then I can see other perfecting amendments or other substitutes coming onto the floor.

I do not know that we would want to bind the membership at this time.

The Senator from Kansas has a glossary of about five, and I have about five or 10 amendments over here.

We did agree, I believe, on Friday that after I had made my little opening statement and the distinguished Senator from Ohio, the cosponsor, made his, we would then hear the Senator from Colorado on his proposal.

Mr. PEARSON. The Senator is correct. That is quite all right.

Mr. HOLLINGS. Then the Senator from Kansas would lead off. Let us work together toward that.

No one is trying to close off my amendment, or whatever it is, unless the Senator wanted to have a vote right now, which obviously he could not. He wants his colleagues to have a chance to submit their amendments.

Mr. PEARSON. The peculiar nature of the amendments to this particular bill, all of them being in the nature of a substitute to start with, the Senator is correct, and there will be perfecting amendments thrown in, I am sure, from every direction.

Mr. HOLLINGS. Right.

Mr. PEARSON. What I was trying to do was to protect—and I do not know who they all are really yet—all of those Senators who have amendments in the nature of a substitute, who seriously offer them, to give them a chance to do so without being cut off by the parliamentary ruling that only two, after the pending business, might be offered.

It is something I am sure we want to consider and talk about and ascertain if we can reach some accommodation.

Mr. HOLLINGS. Let us make it clear while we discuss this, that obviously the Senator from Kansas and Senator from South Carolina cannot amend the rules of the Senate. We cannot really govern how amendments come up. Several amendments have been filed and if one succeeds and cuts off the other substitute, we should not relate back. Let us say we are still discussing this on Wednesday. We should not relate back to the Monday morning opening when the distinguished Senator from Kansas and Senator from South Carolina were trying to assure each other that the particular substitutes will be submitted and be considered, because then all Senators offering amendments would come around with a parliamentary inquiry: "Where did you get that ruling? You and I have an understanding in contradistinction to the rule itself." Then there is a misunderstanding and other Members will be talking about the rules, and it will be total confusion.

But I get the feel and the sense. The only idea that the Senator from South Carolina has of compulsion at all is that we get an emergency bill. Since we are discussing it with the Senator from Kansas, while I have a lot of good amendments that I would like to see considered on the bill such as the comprehensive solution of the Senator from Kansas, or my own solution, I would withhold those and try to really fight off or to table all amendments that do not directly relate to this winter's natural gas supply emergency.

It may be that the Senator from Colorado has an amendment that does not directly relate to the emergency. While I agree with his amendment, I think it may be inappropriately submitted on an emergency bill. I will have to study it. I will not be moving to try to inordinately limit debate, but we must have some kind of finality to it. We need to move quickly to consider and pass the emergency bill.

Mr. HASKELL. Mr. President, will the Senator from South Carolina yield?

Mr. HOLLINGS. I am glad to yield.

Mr. HASKELL. That is without losing his right to the floor.

Mr. HOLLINGS. Yes.

Mr. HASKELL. This is merely for a comment.

I hope that the Senator from South Carolina, when he hears my amendment, would recognize that it is very properly on an emergency bill. I hope that the Senator would keep an open mind on that.

Mr. HOLLINGS. Yes.

Under the germaneness rule, obviously a lot of these will be germane to the emergency bill but not necessarily germane to the emergency.

With those opening comments, Mr. President——

Mr. FANNIN. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. HOLLINGS. Yes.

Mr. FANNIN. Mr. President, I ask unanimous consent that the following staff members be given floor privileges during the debate and voting on S. 2310 and accompanying legislation: David Stang, Harrison Loesch, M. A. Shute, Gaye Vaughan, Fred Craft, Faye Widenman, Nolan McKean, Tom Imeson, Mike Hathaway, and Tom Biery.

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

Mr. FANNIN. I thank the Chair and thank the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, natural gas supplies more than one-half of the energy used by industry. But supplies of natural gas will be critically short in many areas of the Nation this winter. Commerce Committee hearings on September 15 indicate that the areas likely to experience the greatest economic impact are the Mid-Atlantic States—from New York to South Carolina—and several other States—Ohio, West Virginia, and Kentucky. In the 14 States where natural gas curtailments are likely to be most acute this winter, 6.5 million employees work for industries using natural gas. Unemployment in these industries could increase drastically as natural gas curtailments cut into feedstock or process requirements where no substitute fuels are available. Other plants that can use alternate fuels may not be able to economically survive as natural gas curtailments force them to convert.

Frank G. Zarb, Administrator of the Federal Energy Administration, on September 10, 1975, stated:

> The Nation cannot afford a single moment's delay in taking the steps necessary to offset natural gas shortages expected this winter.

Last winter curtailments of natural gas supplies amounted to approximately 1 trillion cubic feet. The economic and unemployment impacts last winter were scattered and not significant nationwide, because alternate fuels were available and many gas consumers were able to convert to oil or propane. A mild winter reduced demand. Conservation programs were implemented in some areas and limited emergency natural gas deliveries were allowed under existing FPC authority. Consequently, at last year's level of curtailments, the Nation survived without significant adverse economic impact.

However, this winter's curtailments are expected to be 1.3 trillion cubic feet, a 30-percent increase over last year, if prompt remedial action is not taken. The Federal Power Commission estimates that some 0.2 to 0.3 trillion cubic feet of additional natural gas could be made available to interstate purchasers from intrastate sources. Since last year's curtailments had little or no effect upon employment, obtaining the quantities of natural gas which the FPC thinks are available could assure a situation no worse than a year ago.

Prompt enactment of emergency legislation could make a small but critical quantity of new natural gas available to the interstate market, possibly saving thousands and even hundreds of thousands of jobs that would otherwise be jeopardized by plant closures.

A principal reason for the shortage is that interstate pipelines cannot as a practical matter buy natural gas, except on the Federal domain, because of the higher price at which producers can sell their natural gas in intrastate commerce under existing law. Surplus gas is available in the intrastate market in sufficient quantities to prevent shortages that would otherwise cause widespread additional unemployment. The basic legislative remedy is to provide a priority for the interstate pipeline systems in distress to buy the gas on equal terms with intrastate purchasers.

S. 2310, as proposed to be amended by amendment No. 934, would assure maximum production and delivery to essential users and do so without inflating the price of natural gas. Although I say "as proposed to be amended," it has been amended now, with the substitute before the Senate.

Its principal provisions are:

First. The interstate pipelines experiencing curtailments of customers that cannot use alternative fuels are given a priority to buy natural gas in the intrastate market at the same price as intrastate purchasers. All other interstate pipelines can also purchase natural gas at the same price as intrastate purchasers if a priority interstate pipeline is not in a position to purchase the gas;

Second. An interstate pipeline that is not initially determined by the FPC to be a priority purchaser can, by application, become a priority purchaser if it can demonstrate that without such designation its essential users will be without necessary natural gas supplies;

Third. All natural gas wells must be produced at the maximum efficient rate of production;

Fourth. Electric powerplants capable of switching to coal or to oil can be ordered to switch if, first, air pollution standards will permit; second, the natural gas is needed and can be delivered to a priority purchaser; and third, the person receiving the gas pays the extra costs incurred by the utility required to switch, and any losses incurred by the affected pipeline;

Fifth. Natural gas needed for essential agriculture production will be supplied consistent with the goal of substantially limiting unemployment and maintaining gas supplies to residential users and to hospitals and products and service vital to public health and safety;

Sixth. Propane allocation and pricing authority under the Emergency Petroleum Allocation Act of 1973 are extended to assure that traditional rural and farm propane users are protected;

Seventh. The price of natural gas now sold in intrastate commerce would be maintained at current levels to avoid inflation that would otherwise occur by permitting the priority interstate purchasers to bid up the limited supply of available gas;

Eighth. Withholding of gas would be discouraged by requiring maximum production and providing that any gas withheld could never be sold at a price higher than that permitted during the emergency period;

Ninth: The interconnection provision in the bill as introduced, is deleted; and

Tenth. The bill is short-term emergency measure and would self-destruct on July 1, 1976.

The pricing provision of S. 2310 adopts the decontrolled prices that now prevail in the intrastate market; and it does not roll them back to the levels that the FPC prescribes for interstate sales. It does, however, prevent the inflation in those prices that would occur if the enormous demand of the gas-short interstate pipelines were permitted to bid up the price of the limited available supply. Mr. Nassikas, chairman of the Federal Power Commission testified at our hearing on September 15, 1976, that that price could go up to $3, in his judgment.

S. 2310 would provide relief for the pipelines that are in distress but it would also strengthen the gas supply posture of the other interstate pipeline systems. This is true for several reasons:

First. At present the interstate pipelines are unable to purchase natural gas in the intrastate market in competition with intrastate purchasers. Under S. 2310, pipelines in distress are given a priority over other pipelines for buying gas in the intrastate market at the same price as intrastate purchasers. But other interstate pipelines may also enlarge their opportunities for buying more natural gas where there is no priority interstate purchaser in position to purchase the gas.

Second. The provisions for maximizing production would enlarge the available supply for all pipelines.

Third. The only diversions of existing supply would be the gas supply for electric utilities who could in fact obtain other alternative fuels. And the customer receiving the diverted gas would be required to pay any extra costs incurred by the utility required to switch, and any losses incurred by the affected pipeline.

Fourth. The bill would not permit any diversion of natural gas from one pipeline system to another, except the utility boiler fuel as specified above.

These are measures that could be implemented this winter. They would minimize unemployment and assure full domestic food production if S. 2310 is enacted at once.

S. 2310 is by no means a complete solution to our natural gas problems. It is for this reason that the leadership is committed to taking up S. 692 immediately after this emergency legislation is disposed of. This will permit the larger debate over the fundamental issues of wellhead pricing to continue. But while that important debate is underway, it behooves us to send this emergency meas-

ure to the House so that we do not jeopardize the employment and the livelihood of thousands of workers.

Mr. President, we have section-by-section description of amendment No. 934, and I ask unanimous consent that it be printed in the RECORD.

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

NATURAL GAS EMERGENCY ACT OF 1975 AS AMENDED BY AMENDMENT NO. 934

SECTION-BY-SECTION DESCRIPTION

Section 1. Short title

Section 1 states that the bill may be cited as the "Natural Gas Emergency Act of 1975."

Section 2. Declaration of purpose

Section 2 states that the purpose of the bill is to establish emergency authorities to minimize the detrimental effects upon employment, food production, public health, safety, and welfare caused by natural gas shortages.

Section 3. Definitions

"Administrator" is the Administrator of the Federal Energy Administration (FEA) or its successor;

"Commission" is the Federal Power Commission (FPC).

An "essential user" is a user or class of user of natural gas (1) who, in accordance with criteria established by rule of the FPC, is determined to be a natural gas user for whom no alternative fuel is reasonably available, and (2) whose supply requirements must be met in order to avoid substantial unemployment or impairment of the public health, safety, or welfare.

"Federal lands" are lands, including subsurfaces, located within the United States (1) which the Federal Government owns or controls or (2) with respect to which the Federal Government has authority, directly or indirectly, to explore for, develop and produce natural gas. Federal lands include the Outer Continental Shelf as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a). The definition of Federal lands is particularly relevant to the section 7 of this bill, authorizing the Secretary of the Interior or the appropriate State agency to require production of natural gas in designated fields at maximum efficient rates.

"Intrastate Commerce" is defined as commerce between points within the State so long as such commerce does not pass through any place outside such State.

The bill uses for its definition of "Interstate commerce" the definition provided in section 2(7) of the Natural Gas Act (15 U.S.C. 717a(7)). That act defines interstate commerce as, "commerce between any point in a State and any point outside thereof, or between points within the same State but not through any place outside thereof, but only insofar as such commerce takes place within the U.S."

"New natural gas" is defined as either (A) natural gas that has not been committed to interstate commerce by a contract made prior to September 9, 1975 and any (B) natural gas (i) committed to intrastate commerce by a contract which, on or after September 9, 1975, terminates and is not renewed, or (ii) is otherwise available during the supply emergency period. The amendment makes clear that surplus intrastate gas committed to intrastate pipelines is "new natural gas" under the bill and that such natural gas is not subject to Commission jurisdiction except as provided in the bill.

"Person" includes any governmental entity.

"Pipeline" means a person engaged in the transportation by pipeline of natural gas.

"Priority interstate purchaser" is defined as an interstate pipeline which the FPC determines is, to a significant extent, unlikely to obtain natural gas adequate to meet the requirements of essential users under any agreement—without regard to whether such agreement is for interruptible or firm service—to supply natural gas to such user by: (i) such pipeline; or (ii) a distribution company to which such pipeline supplies natural gas for purpose of resale. In designating a "priority interstate purchaser" the FPC is to take into account the pipeline's existing curtailment plan, if any, and the natural gas supplies available to such pipeline. In addition, any interstate pipeline may be designated as a priority interstate purchaser by the Commission if that pipeline that can demonstrate it will otherwise to unable to secure supplies of natural gas, to meet the needs of essential users through June 30, 1976 because of competition from interstate pipelines that have previously been designated as priority purchasers.

"Supply emergency period" is the period, or any part thereof, beginning on the date of this act's enactment and ending on July 1, 1976. (Note, however, that section 4 (except subsection (g)), 5, 6, 7, 8, and 11 of the act expire on midnight June 30, 1976.)

Section 4. Access by priority interstate purchasers to natural gas

Section 4 provides for the designation of "priority interstate purchases" by the FPC, for the establishment of area ceiling prices for the first sale of new natural gas, and for the manner of sale of new natural gas produced on lands located both onshore in the United States.

(a) *Designation of priority interstate purchasers.*—The FPC is directed in section 4(a) to designate priority interstate purchasers at a time not later than the end of the 15-day period after the bill's date of enactment, and as necessary throughout the supply emergency period, upon petition or its own motion. A priority interstate purchaser is defined in section 3.

Section 4(h) provides that such a priority interstate purchaser obtains priority only to the extent necessary to meet the requirements of essential users. The FPC is directed to take steps, as authorized by the Natural Gas Act, to assure that any additional supplies of new natural gas obtained by a priority interstate purchaser are made available to essential users.

(b) *Establishment of area ceiling prices.*—Section 4(b) directs the FPC to establish ceiling prices for the first sale of new natural gas—excerpt first sales of natural gas produced from lands on the Outer Continental Shelf—for areas designated by the FPC. To determine the area ceiling price, the FPC must first ascertain as best it can the average sales price for contracts entered into or renewed during the period from August 1, 1975 through August 31, 1975 for natural gas produced and sold in intrastate commerce in the designated area. The FPC is then directed to set as the ceiling price for natural gas an amount which approximates, to the maximum extent practicable, the average sales price for such intrastate contracts during that period. In some producing areas there may not have been any intrastate sales of natural gas in August. In this case the Commission is directed to establish a ceiling price by rule based upon the average August sales prices in a similarly situated area, or prices charged in the same area during previous months. This provision assures that current prevailing intrastate prices will remain in effect during the supply emergency period.

No producer may charge and no purchaser may pay a price for the first sale of new natural gas occurring beween September 8, 1975 and June 30, 1976 that exceeds the applicable area ceiling price, or, if such new natural gas is purchased from an intrastate pipeline, the interstate purchaser may pay a price that does not exceed the intrastate pipeline's acquisition cost of such gas pursuant to contracts entered into prior to September 8, 1975 plus a reasonable charge for any transportation services rendered by the seller. To facilitate purchases from intrastate pipelines, the enforcibility of contractual provisions impeding movement of gas across state lines is ended. If the FPC determines that natural gas could have been produced and sold, but was not produced and sold during the period that this section is in effect, such natural gas may not thereafter be sold for more than the ceiling price applicable to the area, notwithstanding the expiration of the bill.

(c) *Sales of new natural gas produced from onshore.*—A producer or other seller of new onshore natural gas may sell such in intra- or interstate commerce at the prevailing intrastate price established by the Commission. There are no restrictions on intrastate sales, but in interstate commerce, the pipeline in greatest need has a first option to purchase. Thus, no new natural gas produced from onshore lands may be sold in interstate commerce unless the purchase is a priority interstate purchaser or a person acting on his behalf. However, such natural gas can be sold to a non-priority interstate purchaser only if the natural gas producer has filed notice of an offer or proposed contract to sell natural gas with the FPC at least 15 days prior to sale, and no priority interstate purchaser offers to purchase the gas under terms and conditions which the FPC determines are substantially similar to those of the proposals to sell to a nonpriority interstate purchaser. Moreover, if within this 15-day period a priority interstate purchaser offers to purchase such new natural gas under terms and conditions which the FPC determines are substantially similar to those of the sales proposal filed with the FPC, the FPC shall, by rule, prohibit the sale to any interstate pipeline other than a priority interstate purchaser or person acting on his behalf.

By virtue of section 4(e)(3), these restrictions on the sale of new natural gas produced from onshore lands do not apply to sales of new natural gas by a producer to a pipeline where the producer is a subsidiary of the interstate pipeline, where there is an advance payment financing arrangement between such producer and such pipeline which grants the pipeline a right of first refusal, option, or other priority claim to natural gas produced from a property as consideration for advance payments made to such producer to finance exporation or development, or where the new natural gas is sold pursuant to the Natural Gas Act under a contract that is longer than two years.

Thus an advantage for obtaining new supplies of natural gas is given priority interstate purchasers, or other interstate pipelines if there is no priority interstate purchaser. The bill provides that an interstate purchaser may purchase new natural gas from lands not on the Outer Continental Shelf, provided the price of the first sale does not exceed the applicable area ceiling price established by the FPC. This puts the interstate purchaser in a competitive position with intrastate purchasers—both are subject to the applicable area ceiling price—and gives him a competitive edge over interstate pipelines that are not priority purchasers. Any such first sale price is deemed just and reasonable for purposes of section 4 of the Natural Gas Act of 1938, and any such sale to an interstate purchaser shall not require certification under section 7 of that act.

(d) *Sale of natural gas produced from lands located on the Outer Continental Shelf.*—Subsection (d) provides that all new natural gas produced from lands located on the Outer Continental Shelf are to be sold in interstate commerce. The bill, as amended,

would not otherwise affect current law regarding production of natural gas from the Outer Continental Shelf.

Section 5. Availability of gas for agricultural users.

Section 5 is designed to assure, to the maximum extent practicable, the availability of natural gas that is necessary for essential agricultural, food processing or food packaging purposes. To effectuate this objective, the Secretary of Agriculture is directed to designate essential agricultural food processing or packaging purposes for which natural gas is necessary; and the FPC is empowered to prohibit any interruption or curtailment of natural gas supplies for such uses.

(a) *Designation by the Secretary of Agriculture of essential agricultural users.*—In designating essential agricultural and food processing or packaging purposes, the Secretary of Agriculture must comply with the following guidelines. First, section 5(a)(1) provides that such essential purposes include, but are not limited to, irrigation pumping, crop drying, feedstock or process fuel in the production of fertilizer and essential agricultural chemicals in existing plants—in their present or expanded capacity—and in new plants.

Second, the Secretary of Agriculture shall not determine any use of natural gas to be necessary if such use is as boiler fuel to serve (1) the expanded capacity of existing facilities, (2) an existing facility for which natural gas supply contracts have expired, (3) new fa cilities, or (4) existing facilities that have practical, alternative-fuel burning capabilities.

Third, the Secrtary of Agriculture shall certify to the FPC the volumes and identities of users of natural gas determined to be necessary for essential agricultural, food processing, or food packaging purposes.

(b) *FPC authority to prohibit interruption of natural gas supply to designated agricultural users.*—The bill requires the FPC to asasure that the necessary natural gas is available for the purposes designated essential by the Secretary of Agriculture. Notwithstanding any other provision of law or of any natural gas allocation or curtailment plan in effect under existing law, section 5(a)(1) directs the FPC to prohibit any interruption or curtailment of natural gas supplies for uses designated essential under this section and take such other actions authorized by the Natural Gas Action which the FPC determines to be necessary and appropriate to asure that the agricultural user receives his required gas supplies from the pipelines that serves him. The FPC is to act by rule, upon petition or its own motion.

Finally, section 5(a)(2) provides that any action taken by the FPC under this section must be consistent with (1) the goals minimizing unemployment attributable to interruption of natural gas supplies and (2) the maintenance of natural gas supplies to residential users, small users, and hospitals and for products and services vital to public health and safety.

Section 6. Prohibition of the use of natural gas as boiler fuel

Section 6 requires the FEA Administrator to enact rules prohibiting our curtailing, under circumstances specified in the bill, the use of burning of natural gas by powerplants. The FEA Administrator is further required to enact rules providing that natural gas made avaliable by such prohibition or curtailment must be sold to priority interstate purchasers.

(a) *Prohibition or curtailment of natural gas uses by powerplants.*—Section 6(a) provides that the Administrator of the Federal Energy Administration shall, by rule, prohibit any powerplant from burning natural gas if he determines that—

(1) such powerplant had, on September 1, 1975—or at any time thereafter—the capability and necessary plant equipment to burn petroleum products or can readily obtain such capability and equipment;

(2) the burning of petroleum products by such plant in lieu of natural gas is practicable;

(3) petroleum products will be available during the period the order is in effect; and

(4) natural gas made available as the result of such prohibition could be available, directly or indirectly, to a priority interstate purchaser.

A rule under this subsection would not take effect until the date certified by the Administrator of the Environmental Protection Agency as the earliest date which such plants can burn available petroleum products in compliance with the Clean Air Act—including any applicable implementation plan. In addition, a rule under this subsection would not take effect if the FPC certified to the FEA Administrator that the prohibition would impair the reliability of the service in the area served by the powerplant.

Section 6(b)(1) provides that the FEA Administrator shall, by rule, prohibit the use of natural gas by any powerplant if the Administrator determines—

(A) that alternative supplies of electric power are available to the electric power system of which such powerplant is a part;

(B) that the generation of such alternative supply of electric power will not result in an overall increase in consumption of natural gas; and

(C) natural gas made available as the result of such prohibition could be made available, directly, or indirectly, to a priority interstate purchaser.

A rule under this subsection is not to take effect if the FPC certifies to the FEA Administrator that the prohibition would impair the reliability of service in any area served by those affected electric power systems.

The bill specifies two exemptions from this section. First, the FEA Administrator is directed to exempt from any rule under this section the burning of natural gas for the necessary process of ignition, start-up, testing, and flame stabilization by powerplants. Subject to this exemption, the FEA Administrator may make a rule which prohibits the use of all natural gas burned by the powerplant or which prohibits such use for periods of time or for specified amounts of natural gas.

As for the second exemption, section 6 does not apply to any powerplant whose maximum daily use of natural gas does not exceed 50 Mcf.

"(b) *Transfer of prohibited or curtailed natural gas to priority interstate purchasers.*—The bill requires the FEA to adopt a rule providing that natural gas made available as a result of this section shall not be sold to any person other than a priority interstate purchaser or a person acting on behalf of such purchaser, that is a person operating a gathering facility.

The price paid by priority interstate purchasers for such transferred natural gas shall not exceed the amount charged to the user or supplier whose use is curtailed or prohibited by section 6. Moreover, the person to whom such sale of transferred natural gas is made is required by the bill to compensate the curtailed user and his supplier. Such compensation is to be in an amount equal to any net increase in reasonable costs and any other losses incurred by the user or supplier as a result of the order issued by the FEA resulting in the transfer. Such compensation shall be in an amount agreed upon by the parties, or if the parties are unable to agree, in an amount determined by the FPC as expeditiously as possible, but in any event within 30 days.

For purposes of this subsection—

"Curtailed user" means a powerplant to which a rule under this section is applicable.

"Transferred natural gas" means natural gas which a curtailed user does not consume by reason of a rule under this section and which is made available to another person.

A person is a supplier of a curtailed user if he sold natural gas to such user, or sold natural gas to any person for resale—directly or indirectly—to such user and would include at least the producer, pipeline and distribution company.

(c) *Other provisions.*—For purposes of this section, the terms "powerplant" and "petroleum product" have the same meaning as such terms have under section 2 of the Energy Supply and Environmental Coordination Act of 1974.

Section 2(f)(1) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out "June 30, 1975" and inserting in lieu thereof "June 30, 1976." This provision extends the FEA's authority to require powerplants and other major fuel users to convert to coal.

This section (other than subsection (i)) does not affect any authority under the Energy Supply and Environmental Coordination Act of 1974. This assures that where a powerplant has the necessary capability to convert from natural gas to either oil or coal, the conversion will be made to coal.

Section 7. Production of gas at the maximum efficient rate

Section 7 provides for the production of natural gas at the "maximum efficient rate of production" for designated fields which produce or can produce significant quantities of natural gas.

Amendment No. 934 would delete the authority originally contained in S. 2310 as introduced to require production at the temporary emergency rate to prevent any possible reductions in ultimate recovery. The "maximum efficient rate of production" is the maximum rate of natural gas production which may be sustained without loss of ultimate recovery of crude oil or natural gas—or both—under sound engineering principles.

(a) *Designation of "maximum efficient rate" of gas producing fields.*—Within 45 days after the bill's enactment, the Secretary of the Interior must determine, by rule, the maximum efficient rate of production for each field on Federal lands which the Secretary determines produces or can produce significant quantities of natural gas.

Each State may determine the maximum efficient rate of production for each field within the State other than on Federal land which the State determines produces or can produce significant quantities of natural gas. If, 45 days after the enactment of this act, a State has failed to make a determination, the Secretary of the Interior may specify the maximum efficient rate of production for any field located in that State which the Secretary of the Interior determines produces or can produce significant quantities of natural gas. This action by the Secretary of the Interior is by rule made on the record after an opportunity for a hearing.

(b) *Gas production at the maximum efficient rate.*—The Secretary of the Interior must, by rule require natural gas to be produced from designated fields at the maximum efficient rate of production determined for such field.

(c) *Effect on other laws.*—Nothing in section 7 shall be construed to authorize the production of natural gas from any naval petroleum reserve subject to the provisions of chapter 641 of title 10, United States Code.

Section 8. Propane and Butane pricing and allocation authority

This section extends the regulations and authority of the President, under the Emergency Petroleum Allocation Act of 1973, to equitably allocate and price propane and butane. Such controls are needed because the natural gas shortage increases the prospect of soaring prices and shortages of propane this winter as curtailed industrial users enter the propane market.

Section 9. Civil and criminal penalties

Any person who is determined by the Commission, Administrator, or Secretary of Interior to have violated a provision of the bill or any rule or order under the bill is liable to the United States for a civil penalty of not more than $10,000 for each violation. If any violation is a continuing one, each day of violation constitutes a separate offense. A person may be found in violation of the bill only after notice and an opportunity to present his views. In determining the amount of such penalty, the Commission, the Administrator, or the Secretary of Interior shall take into account the nature, circumstances, extent, and gravity of the violation committeed; as well as the degree of culpability, any prior offenses, the ability to pay, effect of a penalty on the ability to continue to do business, and such other matters as justice may require the amount of any such penalty shall be assessed by the Commission, the Administrator, or the Secretary of Interior by written notice.

The civil penalty may be compromised by the Commission, the Administrator, or the Secretary as the case may be or the civil penalty may be recovered in an action brought by the Attorney General on behalf of the United States in the appropriate United States district court. The amount of such penalty, when finally determined under either procedure, may be deducted from any sums owed by the United States to the person charged. All penalties collected under this subsection shall be deposited in the Treasury of the United States as miscellaneous receipts.

The bill also provides for criminal penalties for willfull violation of the act. A person is guilty of an offense if he willfully violates a provision of the bill or rule or order issued the bill under this act. Upon conviction, such person shall be subject, for each offense, to a fine of not more than $25,000, imprisonment for a term not to exceed 5 years, or both.

Section 10. Enforcement

Section 10 gives the Attorney General, at the request of the Commission, or the Administrator or the Secretary of Interior the authority to bring an action for equitable relief to redress a violation of a provision of the bill, or a rule or order under the bill. Any person may bring a civil action alleging a violation of a provision of the bill or rule or order under the bill.

Jurisdiction and venue: The district courts of the United States are given jurisdiction with respect to any civil action brought under subsection (a). The court shall have the power to grant such equitable relief as is necessary to prevent, restrain, or remedy the effect of such violation, including declaratory judgment, mandatory or prohibitive injunctive relief, interim equitable relief. The courts further have the power to award (A) compensatory damages to any injured person or class of persons, (B) costs of litigation, including reasonable attorney and expert witness fees, and (C) punitive damages, whenever and to the extent deemed necessary or appropriate to deter future violations.

A rule or order prescribed under the bill is subject to judicial review to the extent authorized by, and in accordance with, chapter 7 of title 5, United States Code. However (A) the second sentence of section 705 thereof is not applicable; and (B) the appropriate court shall only hold unlawful and set aside such a rule or order on a ground specified in subparagraphs (A), (B), (C), or (D) of section 706(2) thereof.

Section 11. Rulemaking

Under Section 11 the FPC shall have authority to issue rules and orders applicable to any person which it determines are necessary or appropriate to carry out the purposes of the bill in addition to the authorities specifically granted by the bill.

Section 12. Expiration

Sections 4 (except subsection (g)), 5, 6, 7, 8, and 11 of the bill are to expire on midnight June 30, 1976. Section 4(g) provides that if the Commission determines that natural gas could have been produced and sold, but was not produced or sold, during the period from date of enactment through June 30, 1976, then that new natural gas may not at any time thereafter be sold at a price higher than that permitted under section 4. Because of the need to have this provision in effect to prevent any withholding of production, it does not expire on June 30, 1976.

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

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

Mr. GLENN. Mr. President, it has been a pleasure working with the Senator from South Carolina and the Senator from Georgia in developing the provisions of S. 2310, as amended. It is my belief that this bill offers the best possible hope for alleviating the projected gas supply shortages for the coming winter at reasonable prices. Without emergency action on the part of Congress, widespread industrial and agricultural unemployment in areas supplied by the interstate pipeline system is inevitable. In my State of Ohio, which experienced the largest firm curtailments in the country in the first quarter of 1975, it has been estimated that as many as 40,000 to 100,000 jobs may well be lost this winter due to natural gas shortages alone. Nationally, this figure projects out to somewhere around 50,000 jobs that may be lost this winter, encompassing 14 States—mainly, the industrial States from the northeast, extending from New York to South Carolina and back into Ohio, roughly a triangle encompassing key manufacturing areas of this Nation. S. 2310 is directed solely at this winter's problem and does not, in any way, address long-term pricing policies for natural gas. This is an emergency Act to cover a specific emergency period, effectively only from enactment through June of 1976.

It does recognize, however, that present pricing disparities between the interstate and intrastate markets are largely responsible for the current shortages within the interstate system. The most significant provision of the bill would eliminate that disparity in emergency circumstances.

After an FPC determination that gas curtailments in a particular area would create an emergency situation this winter, pipelines servicing that area would be granted a right of first refusal with respect to new onshore gas and gas otherwise available for sale at the price now prevailing in the intrastate market. That price, in turn, would constitute a ceiling price for all purchases of gas, interstate and intrastate.

It should be emphasized that S. 2310 is not an allocation bill. Sellers of onshore gas would still be permitted to choose among competing intrastate and interstate purchasers.

Price considerations, however, would no longer pressure this gas to flow intrastate only.

Under the conditions of price parity created by this bill, spokesmen for the Interstate Natural Gas Association have told us that they believe that a significant amount of the available natural gas could be bought by the interstate lines.

S. 2310 would also provide the Federal Energy Administration with the authority to require conversion of gas-burning powerplants to coal and oil wherever practicable when such conversions can be carried out consistent with environmental standards.

In addition, the bill would require production of certain designated gas-producing fields at the maximum efficient rate of production.

Finally, the bill would give a higher priority to the natural gas needs of the agriculture community, where the gas is essential to the production of the Nation's food supply.

The administration and the Federal Power Commission have offered similar proposals which would also permit distressed interstate consumers to buy intrastate onshore gas. Under those proposals, however, no price ceilings would be established and gas would simply flow to the highest bidder. Given the emergency conditions prevailing this winter, Mr. President, I can foresee this approach resulting in price auctions and drastic price increases at a time when we can least afford them. We do not want to see a stampede for natural gas on this short-run basis.

Administration spokesmen I have talked to have not argued that their bills will get us more gas or dispense it more equitably than would be the case under S. 2310.

The long- and short-term considerations, Mr. President, are, I think, very important because of the time element involved also. If we try to combine the long-term aspects of deregulation, and there are probably a half-dozen, at least, various proposals regarding what we should do under long-term deregulation or similar type proposals, we will delay this beyond the time when it can do any good at all this winter. So time is of tremendous importance to us now. I feel that unless we can get an emergency bill through that will start diverting some natural gas within the next month or so, we will just not be able to cope with what is an emergency situation this winter.

The administration spokesmen have not argued that their unregulated price increases will get us more gas or dispense it more equitably this winter, rather they contend that their approach is easier to administer. While conceding that, I strongly believe that the administrative requirements of S. 2310 are workable and more than justified by the benefits which would result from the bill's enactment, particularly at a time of budding economic recovery.

Mr. President, over this past weekend, we have seen the OPEC nations introduce another price increase into the international market. We have seen that impact on our economy forecast in the billions and billions of dollars during a time of budding economic recovery. We do not want to add a natural gas price increase on top of that and further jeopardize this fragile economic recovery, if, indeed, it has really started, which seems to be debatable in itself.

Mr. President, I urge my colleagues to enact S. 2310, with the changes included in the substitute amendment, No. 934, as the best way of guaranteeing that we can avert an economic disaster this winter. It is a short-term, emergency bill, designed for a short period of time. The Senators who have sponsored this—Senator TALMADGE, Senator HOLLINGS, and myself—are committed to bringing up the long-term aspects of gas control or deregulation or whatever immediately after consideration of this emergency bill.

Therefore, Mr. President, we urge our colleagues to enact S. 2310, as amended, with substitute amendment 934, as the best means of coping with the emergency that we see coming upon us this winter.

Mr. TALMADGE. Mr. President, I am one of the three chief cosponsors of S. 2310, the emergency natural gas bill now before us.

Earlier this year, I introduced two bills, S. 319, and S. 310. One of these bills would have provided a permanent natural gas priority for agricultural users, and other, a 1-year priority. About 30 other Senators joined me as consponsors of both of these bills. The provisions in our permanent bill were subsequently incorporated in an overall natural gas bill reported by the Senate Committee on Commerce, S. 692. I understand a similar provision has since been incorporated in the Pearson-Bentsen substitute.

Mr. President, I joined Senators HOLLINGS and GLENN in the cosponsorship of S. 2310, because it seems to me that neither S. 692 nor the so-called Pearson-Bentsen substitute is likely to clear the Congress, or be signed into law in time to help relieve natural gas shortages that are certain to occur this winter in many parts of the Nation. Or put another way, Mr. President, I believe it is generally agreed that even immediate decontrol of natural gas will not produce any new supplies of gas for this coming winter. We have an acknowledged shortage of natural gas and if we are to avoid major disruptions in our Nation's food and agricultural sector and avoid substantial unemployment in some regions of our Nation this winter, action must be taken by Congress on an emergency bill immediately.

Congressman DINGELL, who chairs the subcommittee that handles natural gas legislation in the House, has made it abundantly clear that he is prepared to move promptly in trying to gain House approval of an emergency bill. However, he also has suggested that little could probably be accomplished in moving S. 692, or any other omnibus gas bill, through the House in time to provide relief for distressed natural gas users by this winter.

Mr. President, I hope the Senate will take up S. 692 and the other longer-term proposals, such as the Pearson-Bentsen substitute immediately following the disposition of S. 2310—and not before, or instead of.

The President, the 50 Governors and the Congress all have acknowledged that we are facing an emergency situation this next winter and spring concerning natural gas supplies. So let us deal with the realities of that emergency now and then we can proceed immediately afterward with debating the merits of the various longer-term natural gas bills or proposals that have been presented.

Mr. President, based upon the Senate Commerce Committee hearings—and the many meetings we have held on S. 2310 with those who may be affected by this bill—a number of amendments to S. 2310 have been agreed to by those of us cosponsoring this bill.

All of these amendments are now reflected in amendment No. 934, which is in the nature of a substitute to S. 2310.

And among the amendments incorporated in amendment No. 934, is a provision for a straight extension of the mandatory propane regulations—through June 30, 1976—as contained in the Petroleum Allocation Act of 1973.

Mr. President, the extension of these propane regulations is absolutely essential to our Nation's farmers and rural residents who, together, consume over 20 percent of all propane sold in this country annually. These farm and rural users of propane have no means available to them, in the immediate future, to convert to other fuels. If these propane regulations are not extended—and soon—current supplies of propane could be dissipated almost overnight by nonhistorical industrial purchasers who are anxious to make such purchases as a fall-back fuel when subjected to natural gas curtailments. These large industrial purchasers can outbid any farmer or rural homeowner in competing for available supplies of propane under unregulated conditions.

Propane prices already have advanced by nearly 50 percent in the futures market since April of this year. In October 1972, farmers paid on the average, 15.6 cents per gallon for propane. In October 1973, the per gallon average was 16.9 cents. Then in October 1974, the average price had jumped to 30.2 cents, which is about the level it is currently selling for at the farm level. If Congress fails to act soon in extending the 1973 propane regulations, the large industrial buyers I mentioned earlier could drive the price of propane up another 10 or 20 cents per gallon very quickly. Such a development would result in chaos among farmers and rural residents, since they simply would not be able to obtain any propane this fall and winter to dry their crops, run their farm machines, or heat their homes.

Mr. President, I believe I can say—without challenge—that S. 2310, in its present form, will hurt no one—but could help thousands of people avoid being cold and unemployed this winter, as well as help avoid numerous disruptions in our Nation's food and agriculture sector between now and next July.

Mr. President, those of us on the Senate Committee on Agriculture and Forestry have done everything within our power these past 2½ years to minimize and avoid disruptions within the food and agriculture sector due to shortages of natural gas, propane, and petroleum.

We helped obtain a priority for agriculture with respect to the mandatory petroleum act regulations, which included propane. Our committee held several hearings and sponsored resolutions which were adopted by the Senate urging the Federal Power Commission and other Government agencies to give fertilizer production and other aspects of food production the highest priority. And finally, we joined together in sponsoring legislation which would mandate a natural gas priority for agriculture and food production.

But despite all of our efforts, disruptions in the production of fertilizer, farm chemicals, and food supplies still occurred. The Federal Power Commission, while somewhat helpful in the spring of 1973, turned a deaf ear thereafter to our pleadings and requests for natural gas relief for fertilizer manufacturers, farm, and other food industry users. Last winter, several major nitrogen fertilizer plants were either closed down or were forced to cut back on production due to natural gas curtailments. Further expansion of our Nation's nitrogen fertilizer production capacity also continues to be inhibited by the inability of many producers to obtain additional gas supplies. A Federal Power Commission judge recently recommended against a transfer of natural gas from the Atlanta Gas & Light Co. to Columbian Nitrogen Corp. for just such an expansion. Atlanta Gas & Light joined Columbian Nitrogen Corp. in making this request to the Commission. Unless this shift of gas is permitted, which S. 2310 would provide for, a major additional source of nitrogen fertilizer will be denied to the farmers of Georgia and other States throughout the country.

Last week the U.S. Department of Agriculture announced that a recent Government survey of anhydrous ammonia producers revealed that ammonia production during the period of July 1975, through June 1976, is now projected to be reduced by an estimated 670,000 tons due to natural gas curtailments. The survey further revealed that 554,000 tons, or 83 percent of this reduced tonnage, will be in plants served by distributors dependent on natural gas supplied by interstate pipelines.

Mr. President, we cannot just sit back and let this sort of thing happen. And, in my judgment, we cannot rely upon the Federal Power Commission or its lengthy, bureaucratic, adjudicatory process to avoid such curtailments this winter. And

furthermore, I honestly do not believe we can rely upon "immediate decontrol of natural gas" to avoid such curtailments in the immediate months ahead. In short, Mr. President, I believe the Senate must break its continuing "policy paralysis" on this question and act immediately on S. 2310, followed by action on S. 692 and related bills.

Mr. President, in closing, I would like to ask the distinguished floor manager of this bill, Mr. HOLLINGS, several questions for the purpose of clarifying certain provisions of S. 2310, as amended by its sponsors.

First, am I correct in stating, under the agricultural priority provisions of this bill, that those fertilizer manufacturers who wish to contract for additional supplies of natural gas to expand their existing production capacity or to operate new plants will be permitted to do so, if the Secretary of Agriculture certifies to the Commission that such additional production is essential?

Mr. HOLLINGS. Yes, the Senator is absolutely correct, as long as the natural gas obtained is utilized to satisfy either the feedstock or process fuel requirements of such plants.

Mr. TALMADGE. Second, am I correct in stating that contracts entered into for such purposes can extend beyond the July 1, 1976, termination date of this bill.

Mr. HOLLINGS. Yes, the Senator is correct in that interpretation as it relates to the Commission's authority under the Natural Gas Act.

Mr. TALMADGE. Am I correct in stating that the agricultural and food industry priority users of natural gas referred to in this bill will not be subject to any natural gas curtailments as it relates to their existing boiler fuel requirements if they do not have the necessary equipment in place to burn petroleum products or other alternate fuels?

Mr. HOLLINGS. Yes, the Senator is correct in that statement. In addition, such priority users would have their existing boiler fuel requirements protected from curtailment, even if they have such conversion equipment in place, but cannot, on the other hand, obtain the necessary alternate fuels.

Mr. TALMADGE. Am I correct in stating that the natural gas that may be required by any food industry priority user referred to in this bill can be obtained either from the interstate pipeline serving them or their distributor, but not from another interstate pipeline?

Mr. HOLLINGS. Yes, that statement is correct. And access to intrastate gas supplies—as provided in this bill—would be provided to such priority users through the interstate gas pipeline serving them.

Mr. TALMADGE. What action could an agricultural or food industry priority user take, who is currently served by an intrastate pipeline, if such pipeline or other source of intrastate gas refuse to sell or transport the gas they require to avoid curtailment or to expand production as provided under this bill?

Mr. HOLLINGS. Such a priority user could buy his gas directly from an intrastate producer, and what would happen would be up to State law.

Mr. TALMADGE. Can an interstate pipeline purchaser—as provided under S. 2310, as amended—purchase gas from an intrastate pipeline as well as an intrastate producer without such gas being subject to the jurisdiction of the Federal Power Commission?

Mr. HOLLINGS. Yes, with the understanding that, under this bill, and the pending amendment, of course, we would be establishing a ceiling price for all sales of new natural gas during the period which this act would be in effect.

Mr. TALMADGE. I thank the distinguished gentleman from South Carolina for these clarifications of S. 2310, as amended, by its sponsors.

Mr. President, I yield the floor.

Mr. HOLLINGS. Mr. President, let me thank the Senator——

Mr. TALMADGE. Will the distinguished Senator from South Carolina yield for a unanimous consent?

Mr. HOLLINGS. Yes.

Mr. TALMADGE. Mr. President, I ask unanimous consent that James Thornton of the staff of the Agriculture and Forestry Committee be granted privilege of the floor during the consideration of this measure, including the vote.

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

Mr. EAGLETON. I would like to inquire of the distinguished Senator from South Carolina (Mr. HOLLINGS) whether S. 2310, as amended by the sponsors would deal with the serious shortage of propane and butane gas that could develop this winter as a result of the expiration of the petroleum allocation program?

Mr. HOLLINGS. Yes, and I consider it to be one of the most important aspects of this emergency legislation. Senators GLENN, TALMADGE, and myself have been deeply concerned about the problem and we were pleased to incorporate in the bill the amendment drawn up by the distinguished Senator from Missouri (Mr. EAGLETON) who has been one of the leaders in the Senate on this issue, and whose State, I believe, is one of the largest users of propane in the Nation. The amendment, which is section 8 on page 15 of the substitute bill, would simply extend the existing propane allocation and price control program for the duration of the supply emergency period.

Mr. EAGLETON. I am pleased to hear that. I have been concerned that with the prospect of serious natural gas shortages this winter, there could be a stampede by industry looking for propane as a substitute. That happened two winters ago with the result that propane prices soared from about 14 cents a gallon to as much as 40 cents a gallon in some parts of Missouri. Even at that price thousands of homes went without heat and plants and businesses were forced to close because there was no propane to be found.

Mr. HOLLINGS. As I am sure the Senator knows, propane gas represents only about 2 percent of the Nation's energy supply and it could not begin to make up the shortfall in natural gas that is expected in some regions. But, at the same time, propane is critically important to rural homeowners and farmers who live in areas not served by natural gas lines and who have no other way of heating their homes. We simply cannot allow new, nonhistoric users to come into this market and bid the product away. If we do, we could have a disaster on our hands this winter.

Mr. EAGLETON. I might add to that list of priority users for propane, "peak shaving" by large urban gas distribution companies. This represents a very small fraction of overall propane use—about 2 percent—but catastrophic consequences could result if these companies were not assured a supply to meet peak winter needs. This use of propane has the same priority as rural home use in my opinion. It is used for space heating, hot water heating, and cooking. The only difference is that an urban customer is using a combination of natural gas and propane. It is essential that this historic use of propane continue to be met if we are going to avoid additional curtailments of service this winter.

Mr. HOLLINGS. I agree with the distinguished Senator from Missouri. I would note further that propane historically has been used as a feedstock by petrochemical plants and for certain other industrial processes.

Mr. EAGLETON. Propane should continue to be subject to regulation in order to protect the diversion of it from historic users who are wholly dependent upon it and have no alternative fuel available to substitute for its use. With the advent of deeper natural gas curtailments, many industrial firms will turn to propane which is readily substitutable for natural gas. Their entrance into the propane market and their willingness to pay practically any price for propane, due to the relatively minor portion energy costs constitute compared to the total cost of their product, will rapidly consume current inventories, create shortages, and drive propane prices to unparalleled heights.

I do not think it is enough to have a 75-day extension of the allocation authority. That does not meet the problem. We have to provide some certainty and stability in this market. That is why I think it is essential that propane controls be continued on a longer basis as it will be under section 8 of this bill.

Mr. HOLLINGS. I can assure the distinguished Senator from Missouri that the sponsors of the bill are in full accord with his views on the importance of this provision. And, again, I want to credit the Senator from Missouri for having drafted this amendment and argued so eloquently for its inclusion in this bill in cooperation with the Senator from Georgia.

Mr. MONDALE. Mr. President, as we debate all aspects of the issue of natural gas production and conservation, I want to make certain that we do not overlook the interest of agriculture as it relates to the dairy industry.

Milk production on our farms utilizes very little energy in the raw milk process, but once the milk is produced it is very perishable in liquid form and must

be processed to allow for storage so that seasonal surpluses can be utilized and economically distributed.

In my State of Minnesota about 3.4 billion pounds of skim milk and 1.4 billion pounds of liquid whey are processed annually as a byproduct of butter and cheese production.

If the byproduct is not processed there are only two alternatives for using the skim milk and liquid whey: First, feed as much as possible to livestock; and second, dump the rest. Using this valuable protein source for livestock feed is not economical and dumping creates ecological problems and tremendous economic loss to our dairy farmers and their cooperatives.

To even contemplate dumping is unthinkable in the face of the tremendous need for nonfat dry milk. Under the Public Law 480 program about 100 million pounds of milk powder was utilized this past fiscal year.

These byproducts of butter and cheese contribute significantly to the Nation's nutritional needs and to the agricultural economy. Currently these products are being dried in plants using direct combustion driers. These driers require natural gas as a clean burning fuel for product purity. Propane has been used as a substitute during small natural gas cutbacks but propane supply is limited and not available to meet total needs.

I want to be certain in my understanding that the legislation now being considered does assure a high priority status for natural gas for use in food processing, and particularly in the processing of skim milk and liquid whey into dry form.

Is that the sponsor's intent?

Mr. HOLLINGS. Yes, if the Secretary of Agriculture determined such uses to be essential food processing purposes and found that natural gas was necessary for such purposes.

Mr. MONDALE. I am generally in favor of the passage of this bill and I will vote for it. In particular, I am pleased to see that section 5(a) of the amendments to S. 934 gives a priority for essential agricultural, food processing, and packaging uses of natural gas because the problems of providing food at reasonable prices is of great concern.

As I know the Senator is aware, the farmers and food processors in my home State of Minnesota provide commodities for the American marketplace. The quality, variety, and abundance of this produce has been unequaled in the history of the world. A reasonable cost for most of these goods, however, depends upon adequate amounts of natural gas. Certain steps in preparation and packaging simply cannot be done without the use of natural gas. One procedure involves the singeing of hairs and bristles from the carcasses of hogs so that they can be cooked, packed, and distributed in the forms that the public knows and enjoys—ham, sausage, lunchmeat, and frankfurters. Last year every American consumed the equivalent of 65 pounds of pork. The Senator can understand that a change in processing fuels could mean a cession of production or a reduction in efficiency of one-third.

Therefore, I am concerned that the Secretary of Agriculture have proper guidance in making his determinations as to what is an essential agricultural use.

Am I correct in assuming that this essential agricultural, food processing, and packaging priority was added to this bill in order to assure the continued availability of natural gas for essential agricultural commodities where natural gas usage is necessary.

Mr. HOLLINGS. Yes, we are vitally concerned with assuring that the American consumer continue to enjoy the varied and stable marketplace for food products which they have known in the past. This includes the ability to purchase these essential foods at a reasonable price. One matter which the Secretary of Agriculture will consider in determining whether natural gas is necessary for essential agricultural uses will be the practicability of alternative fuel use by such users.

Mr. MONDALE. I thank the Senator for that clarification because it certainly will be important to evaluate the practicability of converting to alternative fuels for agricultural users.

I notice that section 5(a)(1) lists a number of agricultural uses of natural gas—irrigation pumping, crop drying, raw material feedstock, production of fertilizer, and agricultural chemicals. Does this list prevent the Secretary from finding that other essential agricultural, food processing, and packaging uses for which natural gas is necessary?

Mr. HOLLINGS. No, the enumeration in the section is not intended to be inclusive. He is to make the determination of what the essential uses are, whether natural gas is necessary—consistent with the provisions of section 5(b)—and how much gas must be made available for those purposes. The list is merely an illustration of the types and uses that the Secretary may designate.

Mr. MONDALE. Would it also be correct to say that the enumeration of those purposes does not give them priority over other essential agricultural, food processing, and packaging uses which the Secretary may determine are essential? In other words, this enumeration will not have the effect of creating a third priority for some agricultural uses?

Mr. HOLLINGS. The Senator from Minnesota is correct that these numerated uses do not receive a special priority simply because they were listed.

Mr. MONDALE. I thank the Senator. Perhaps you will indulge me two more questions. Was it the view of the sponsor of S. 2310, as amended, that among the essential food processing and agricultural purposes would be the process ovens or chambers which are used in the meatpacking industry to cook and prepare ham, bacon, frankfurters, luncheon meat, and other meat products?

Mr. HOLLINGS. Well, we are generally aware of the factors the Senator has raised, although I appreciate his bringing them more concretely to our attention. Under the terms of this bill, the decision must rest with the Secretary of Agriculture. However, it would seem that the situation the Senator outlines falls within the kind of activity that the Secretary could find was an essential purpose and that natural gas is necessary for that purpose.

Mr. MONDALE. Finally, would the equipment which I mentioned earlier for singeing hog carcasses be included in the category of an essential food processing use? The Senator will recall that no alternative to this gas-fueled equipment is available except at high cost which might prevent the large-scale processing of pork products.

Mr. HOLLINGS. I believe that the answer to this question is the same as my reply to the previous question.

Mr. MONDALE. I thank the Senator. I also want to make sure that the consequences of the determinations made by the Secretary of Agriculture will not result in disorganization of our agricultural economy. I would find it highly undesirable if some essential product lines had to be discontinued, or the price of the commodities increased to the point where it might become prohibitive for most consumers.

Is it the view of the committee that the Secretary of Agriculture will consider the economic and practical feasibility of alternative fuels as an important factor in deciding what is and what is not an essential agricultural or food processing use?

Mr. HOLLINGS. The Secretary of Agriculture would first identify essential agricultural food processing and packaging uses. In determining whether natural gas is necessary for such uses he would consider whether it is possible for such users to use alternative fuel. To the extent alternative fuel use is not reasonably possible, he would certify the amount of natural gas is necessary to the Commission.

Mr. MONDALE. Then, if the Secretary were to find that the denial of natural gas for a particular use, especially for production of a product of high nutritional value, such as complete protein products, would result in: First, potentially prohibitive capital investment to convert to an alternative fuel; second, great inefficiency in the production of products due to a decrease in producing capacity; or third, a reduction in the quality of a product which would require further processing, thus adding to the cost of the product and the price which a consumer would pay, then he could find that the use of natural gas was necessary under the terms of section 6(a)?

Mr. HOLLINGS. Yes, we intend that the Secretary consider economic feasibility for alternative fuels and where he finds in the case of any particular essential commodity that the use of the alternative would increase cost to prohibitive levels or unreasonably curtail production, even to the extent that the plants processing such essential commodities might be forced to close, he may find that natural gas is necessary even where it is technically possible to use alternative fuel.

Mr. MONDALE. Since this legislation is concerned with the conservation and allocation of a resource which is scarce,

am I correct in assuming that the Secretary will find that the use of natural gas is essential for agricultural food processing if the only alternative would be a fuel which requires the use of natural gas in its production, so that there would be no saving or perhaps even a deficit?

Mr. HOLLINGS. We do not intend that the determinations of the Secretary of essential uses result in the greater consumption of natural gas by the production of an alternative fuel than is consumed by a direct use of natural gas in the particular agricultural process. Therefore, if the only alternative in a particular case is the use of some fuel which cannot be manufactured without using great quantities of natural gas, then the Secretary would be justified in making a find that the original processing use was essential.

Mr. President, at this moment I wish to acknowledge the tremendous leadership given by the occupant of the Chair, the Senator from Ohio (Mr. GLENN), as well as the leadership, cooperation and guidance we have received, particularly on the agricultural and propane phase of this bill, from the Senator from Georgia (Mr. TALMADGE).

I might also add that in the field of propane, the distinguished Senator from Missouri (Mr. EAGLETON) was very helpful in working out that section of our amendment.

It should be emphasized that, in contrast with all the confrontation and the particular divisiveness of the charges and countercharges, going from January when the President started right down through almost October with respect to oil prices, on this particular emergency natural gas measure every effort was made to work with the President, with the administration, with the House leadership, with the interstate pipelines, and all those interested in this particular measure.

At the instance of the Senator from Ohio, various meetings have been held with Mr. Zarb, Mr. Hill, and others from the Federal Energy Administration. That is not to say, and I do not want to mislead, that our particular amendment has the support of Mr. Zarb and the FEA, but we worked out every particular facet we could with the idea and with the intent of trying to—almost like the Mafia—present an offer that could not be refused. At least, it would be divorced of all the controversial sectional and proprietary interests that have cross currents in the entire energy field.

Mr. President, we wanted to try to reduce everything down to dealing with this particular natural gas emergency. Pursuing that, the Senator from Ohio and myself contacted the House leadership through Mr. DINGELL, chairman of the House Subcommittee on Energy and Power, and that amendment and bill, S. 2310, for all intents and purposes, was worked out jointly. We had a joint news conference to that effect.

With the help of the Senator from Georgia we worked very carefully to make certain that food and fertilizer users were given priority, and that the controls for propane would be extended until the end of June of next year.

While we talked about an emergency, this bill and the substitute amendment had not been gotten up in emergency fashion, and it is to be acknowledged that the distinguished Senator from Kansas on the other side of the aisle, the leader for the minority, has been having hearings, listening to witnesses with myself and others for many, many years.

I remember the Senator from Kansas trying to work out a solution last year and had one that was pretty well worked out between himself at that time and, I think, the Senator from Illinois (Mr. STEVENSON). Then we were somewhat sidetracked by administration opposition.

But the point is that we were all working earlier this year. The Committee on Commerce was ready much earlier.

We had some delay with actually marking up the Natural Gas Production and Conservation Act (S. 692) bill because the chairman of the Committee on Finance, the Senator from Louisiana, wanted to be present as we marked up the bill, and had the responsibility for the particular tax rebate and tax reduction bill, the economic initiative we took in March, but we reported this the first week in May and have been ready to go except for certain holdups all summer.

We hoped to have the comprehensive solution debated in full on the Senate floor long before now, sent to the House and signed into law, but other problems have arisen. Thus we were required to consider an emergency gas bill to deal with this winter's shortage.

Suffice it to say, these Senators, the Senator from Ohio and the Senator from Georgia, have worked hard and diligently in trying to reconcile the differences to bring this particular emergency measure to the floor.

Mr. PEARSON. Will the Senator yield for a question?

Mr. HOLLINGS. Yes.

Mr. PEARSON. I shall not detain the Senator from Colorado.

Mr. President, I commend the sponsors of S. 2310 for putting in what I take is a new section, section 8, in their amendment in the nature of a substitute on S. 2310—which I think is the propane provision. Is that correct?

Mr. HOLLINGS. That is correct.

Mr. PEARSON. As I understand it, that is quite necessary.

On Friday last, when we passed H.R. 9524, it had in that provision an extension in the Emergency Petroleum Allocation Act, an extension of these powers, but that act would probably expire and will expire, I assume, on November 15, pursuant to the extension of time on old oil decontrol.

So I think this is a good amendment to S. 2310 and I commend the Senator for it.

I want to ask a question, though, pursuant to the inquiries made by the Senator from Georgia and the responses made by the Senator from South Carolina, wherein he made certain responses as to the agricultural priority. I direct the attention of the Senator from South Carolina to pages 9 and 10 of the bill, section 5.

The first paragraph of section 5 pertaining to the availability of gas for agricultural uses spells out, I believe, the priority that he responded to with the Senator from Georgia. But what concerns me, I might say to the Senator, is paragraph 2, wherein it says, reading from paragraph 2, line 12:

> No prohibition pursuant to paragraph (1) of this subsection may be inconsistent with the goals of substantially minimizing unemployment—

I read that as stating that the primary goal of this particular section, which deals with agricultural priorities, would place, in my own words, unemployment first and, second, one would have the residences, small businesses, public health and safety, and then agricultural priorities last, or at least in third position.

Mr. HOLLINGS. The agricultural priority is, let us say, on the same level because unemployment is the thrust of the emergency bill.

It is not intended that we turn down or close down plants and cause unnecessary unemployment to serve marginal agricultural purposes. We have to weigh the unemployment impact against the benefits of serving agricultural users. That is the guiding factor in every particular priority given under this emergency measure.

In other words, we are trying to assure that priority agricultural users are served but not by causing massive unemployment.

The Commission is to determine where the shortages to essential users are and these areas are then to be declared as priority interstate purchasers to come into the intrastate market. It is obvious that the intent here is that no one would have a priority to cause massive unemployment.

Mr. PEARSON. I thank the Senator for responding. Let me repeat once again that my reading of section 5, with an understanding of the winter curtailments and shortages of gas, no matter which particular emergency proposal is finally accepted, and I hope one will be accepted, I read this particular agricultural priority as setting unemployment first and then the residential, small customers, hospitals and public health and safety as next, and agriculture as the third level.

Mr. HOLLINGS. We are trying to weigh agriculture and unemployment equally. We just do not want to cause unemployment when we provide gas to the domestic, the hospital, or the agricultural user.

Mr. PEARSON. I think it is important, I will say to the Senator. Testimony has been that there is 200 billion to 250 billion cubic feet available this year on a shortage running about 1.3 trillion feet, as the Senator said in his opening statement. With these emergencies, we are not going to solve, as the Senator also correctly stated, the long-term proposition, and we are not going to solve all the unemployment problems this winter either.

Mr. HOLLINGS. We are trying to take the winter of 1975–76 and bring us back to where we were last winter where we had a shortage of trillion cubic feet. We are trying to eliminate that projected in-

crease in the shortage from last winter to this winter, namely about 300 billion cubic feet.

Mr. PEARSON. I thank the Senator.

Mr. HASKELL. Mr. President, I would like to take this opportunity to commend the Senator from South Carolina (Mr. HOLLINGS), the Senator from Ohio (Mr. GLENN), and the Senator from Georgia (Mr. TALMADGE) in undertaking this measure which will deal with what is going to be, without any question, a short-term dislocation in the supply of natural gas.

I think the measure does it very competently and very adequately.

The amendment that I will introduce later, on behalf of myself and the Senator from Maine (Mr. HATHAWAY), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Illinois (Mr. STEVENSON), deals with what I consider to be a problem that is not just germane to the bill but is germane to the emergency.

The Senator from South Carolina indicated that he thought the amendment I intend to introduce was germane to the bill, but possibly not to the emergency. I believe that it is absolutely the guts of the whole problem. We do not have the faintest idea as to the amount of proved reserves of natural gas the Nation possesses. I hope to demonstrate this in the course of my discussion.

We do not know the correct amount of proved reserves for several reasons. The present reporting system itself is based upon guesswork. Even if the system were allowed to operate without manipulation, the result clearly would be inaccurate unless due to a one-in-a-million shot the guess happens to be right.

A second reason we do not know what the reserves are, and this I believe will be demonstrated, is that the system is not allowed to operate correctly. We really do not even have guesswork.

I believe it is extremely clear that we have a deliberate and contrived understatement of proved reserves.

Obviously, I do not have the expertise or the resources on my own to develop all the information that I am going to present. I have relied upon information developed by the Federal Trade Commission. I would like to make reference to a particular document and its exhibits. It is a memorandum to the Commission by FTC staff attorneys dated March 25, 1975, File No. 711-0042. The memorandum recommends that a complaint be issued against the American Gas Association and several major oil companies.

To this memorandum are appended various and multitudinous documents and depositions taken by members of the Commission of personnel connected with the American Gas Association and with the various producing companies.

Mr. President, the amendment that I shall introduce on behalf of myself and my colleagues will do several things.

No. 1, it will provide a clear legislative directive to the Federal Power Commission to gather reserve data independently from the American Gas Association.

The Federal Power Commission will be directed to gather information on the amount of proved reserves from each producer on a reservoir-by-reservoir basis. The statements shall be submitted under oath and will be subject to audit on things such as well pressure, core samples and the producer's internally used reserve estimates.

There will be in the bill a small producer exemption from parts of this procedure, but the portion of the industry covered accounts for a substantial number of reserves.

The first report under my amendment will be due 90 days from the time of enactment and reports will be due yearly thereafter.

Why do I say this is an emergency matter? I say that the first thing we must have is the facts. Until we have the facts, it is impossible to legislate with any degree of intelligence. Therefore, I have put a 90-day limitation or stricture on the Federal Power Commission to get the facts.

At the moment for our information we rely entirely on an organization called the American Gas Association. Through a committee it gathers and gives to the Federal Power Commission and other agencies of Government so-called proved reserves. That committee is called the Committee on Natural Gas Reserves. The committee, in turn, is divided into 10 subcommittees. Those subcommittees are assigned sections of the country.

There are two meetings a year of each subcommittee, one in January and a second in February. At the January meeting, individual subcommittee members are assigned fields upon which to report. Their report is then given to the subcommittee at its February meeting and there adopted.

To give Senators a slight flavor of the composition of these subcommittees, the Texas-Gulf Coast Subcommittee was, as of the date of this reading, composed of three employees of Exxon and two employees of Texaco. The members of the subcommittees are employees of the major producing companies in this country. According to the testimony of subcommittee members, there is an attempt to assign an individual, John Jones, who may be a representative of Gulf, to an area in which Gulf has an ownership interest. But Gulf does not have an interest in all the leases in its assigned fields and at times Gulf does not even have an interest in the field at all.

Now we come to how they arrive at reserves. The evidence is that where a subcommittee member's employer has an interest in a field, they have access to internal data and generally use those data. Where they do not have an interest they call the producer of the lease, maybe adjoining or maybe two leases away. They give him an educated guess on the telephone, and say, "Is this in the ball park?" The response is that it is in the ball park. There is no access to raw data and no analysis whatsoever.

Then there is the situation, for example, where the question is what to do when a field is not hooked up to a pipeline. What do you do then, if you do not have access to the raw data?

One representative of a major company said that in such fields he included only a "nominal amount" for reserve.

Bear in mind, this is a discovery, but he includes a nominal amount—just, I guess, so that he does not forget the field.

So this is the way the system is intended to work. These people then come back to their February meeting. At their February meetings, there is no raw data, there is no examination or analysis. There is, according to testimony, a check for arithmetical error. Then the subcommittee aggregates the proved reserve estimates and forwards them upstream. They are put together in the report of the American Gas Association, through its Committee on Natural Gas.

I said that at best the system was guesswork. I am hoping, assuming that Senators concur with my facts, they would agree with me. I would like to stress that anyone who does not concur with my facts should look at the very voluminous record compiled by the Federal Trade Commission. Look at the record, or send a member of staff down to look at it, and each Member of the Senate can arrive at his own conclusion.

I also said that in the opinion of this Senator, there are deliberate understatements of the proved reserves. That raises the question of why in the world would anyone want to understate proved reserves? One would think the contrary would be true.

To realize the inducement for understatement, it is necessary to examine the pricing procedure adopted by the Federal Power Commission. The Federal Power Commission sets the price dependent upon the discovery of new reserves. Therefore, if you spend a given dollar amount and discover one-half X, obviously it is more expensive than if you discover one full X. This method of arriving at price was developed in the Permian Basin area rate proceeding, and was the subject of a Supreme Court decision in 1968.

Let us look and see whether or not there is evidence of reaction to this Permian Basin decision.

Mr. President, there are some extremely interesting figures, as a result of the Permian Basin case. For example, in one 20 field study the FTC found an interesting discrepancy between the AGA statistics and the companies' own internally used estimates. For the year 1966, before the Permian decision, the AGA estimate exceeded the company estimate by 290 billion cubic feet. Administratively this was about the time the FPC adopted the Permian method and before the case had gone to the Supreme Court. So we find in 1967 the AGA estimate is less than the company estimate by 324 billion cubic feet.

In 1968 the AGA estimate was less than company estimate by 103 billion cubic feet.

Now, hear this: 1968 was the time that the Supreme Court affirmed the Permian decision saying that the greater your cost of discovery, the greater the price you get.

Let us see what the discrepancy is be-

tween the AGA and the company estimate. In 1969, the AGA estimate was less than the company estimate by 502 billion cubic feet. In 1970, it was less than the company estimate by 823 billion cubic feet.

Mr. President, it seems to me a very clear indication of a reaction guided by enlightened self-interest.

There is another extremely interesting bit of information. Under FPC procedure, to get a certificate to construct a pipeline, one has to prove that he has enough reserves to economically support the pipeline. So, the pipeline goes to the companies to obtain reserve estimates and raw data and submits those to the FPC in support of a certificate of public convenience and necessity to lay the pipeline.

FPC staff had the bright idea of going to these certification hearings determining what the data indicated.

There were 31 leases involved in this particular analysis, and the result was that proved reserves on these 31 leases exceeded by 1.7 trillion cubic feet all the proved reserves in the area as reported by the AGA for over 900 leases.

Mr. President, I find this slightly convincing that there has been some monkey business going on. There is another most interesting statement that impinges on this entire situation.

Mr. BUMPERS assumed the chair at this point.

Mr. HASKELL. The American Association of Petroleum Geologists yearly puts out a bulletin which is devoted to analyzing the previous year's drilling activity in each oil and gas region.

I quote from a couple of these American Association of Petroleum Geologists bulletins:

First, from the June 1968 bulletin, page 1022:

> The offshore success percentage has been affected significantly by the practice of some operators of drilling wildcat wells on offshore leases with the intention of plugging them, that is, failing to complete, whether or not they found hydrocarbon accumulation. Some of the plugged and abandoned offshore wildcats undoubtedly were not dry. Some offshore fields are now being developed without a discovery having been announced.

This is the American Association of Petroleum Geologists talking.

So I ask the Chair and our colleagues whether or not they think these unannounced discoveries in unannounced fields ever ended up in the AGA estimates.

I go on from the same page of the Petroleum Geologists bulletin:

> Offshore there are several places in which hydrocarbon accumulations obviously have been found without completions having been explored with expendable tests which have been made. These structures are not designed for future reentry and production. Production facilities and pipelines have been announced for some of the fields on which no discoveries have been reported.

I say to those people who have any familiarity with the oil and gas business, to put in production facilities or lay a pipeline without a discovery is like a circus without a clown or like a bird without feathers. In other words, it is an impossibility.

I will skip 1969 and go to 1970. On page 1034 of the bulletin, I find the following:

> The offshore success is again affected by the practice of some operators to plug wildcat wells even though a commercial accumulation may be found.

So, Mr. President, we have basically a system which if it worked the way it was meant to work, would result in guesswork.

We have a situation where the more it costs you to discover, the more you get paid by the FPC. This is clearly an inducement to understate reserves.

We have factual information by which the Federal Power Commission, looking at just 31 leases—because they had access to only 31—came up with 1.7 trillion more in reserves than reported by AGA on 900 leases.

We have the extremely interesting coincidence of reserve additions falling off sharply and dramatically the minute the Federal Power Commission adopted this new way of pricing.

So I say to the Senator from South Carolina that my amendment is germane to the emergency. It is an emergency in this land when we have no knowledge of gas reserves.

I compliment the distinguished Senator from South Carolina (Mr. HOLLINGS), the distinguished Senator from Ohio (Mr. GLENN), and the distinguished Senator from Georgia (Mr. TALMADGE) for getting on top of this emergency situation. I hope that when I submit this amendment, the distinguished Senators will agree with this Senator that not knowing the reserves of this country is in fact an emergency. Because until we have those figures, we really cannot seriously address the long-term situation. I merely ask the distinguished Senators to take that into consideration.

I yield the floor.

Mr. HOLLINGS. Is it in the Senator's contemplation that the Federal Power Commission in securing the statistical information, as proposed by the Senator's amendment, would really get any reliable statistical information between now, say, and November 15?

What really must happen in this emergency is that curtailed pipelines will have to get into that intrastate market, at prevailing intrastate prices. The Federal Power Commission is working at this very time in trying to find out what the prevailing area of prices are in anticipation of this legislation being enacted. Then the interstate pipeline buyers will have to get into Texas, Louisiana, and Oklahoma and start making their purchases, in order to get the gas on board, in the pipelines, certainly no later than January.

But the distinguished Senator is exactly right—lack of information is an emergency. But, then, how many emergencies can be handled by one emergency bill within the next 60 days?

The FEA Administrator, Mr. Zarb, at the same September 15 hearing, said to Senator GLENN, on much more complex and complicated information:

> Yes, Senator, I'll get that information for you by tomorrow night.

I said that Mr. Nassikas of the Federal Power Commission believes that 15 days is too limited to set area prices, and perhaps we should get the FEA to do it, because they seem more responsive and actually could do it.

I do not characterize the amendment of the distinguished Senator from Colorado as not pertaining to the emergency. I agree 100 percent that it is part and parcel of the disguised shortage. We cannot actually say to what extent this shortage is being disguised, but we know from certain indicators throughout our treatment of this bill that producers artificially and arbitrarily are withholding. That is what the Senator from Colorado is trying to get at. It is an emergency; and if I could get that specified within the next 30, 60, or 90 days, that would be fine business. But we have a reluctant Commission and a reluctant Administration, and they are driving for no controls at all—no regulations, no information, just proprietary interest and everything else. How are you going to solve that on an emergency basis? That is the point.

Mr. HASKELL. I understand the point of the distinguished Senator from South Carolina. Without any question, this information could not be gathered in time to help with what he is talking about for this winter. But I am also saying that Congress and the Nation must address themselves to the long-term problem; and when we do not have the information upon which to intelligently address ourselves, we have an emergency. It is for that reason that I consider this as pressing a measure, although perhaps a separate measure, as the one the distinguished sponsors of this bill addressed themselves to. I am merely asking their thoughtful consideration of the problem.

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

Mr. HASKELL. I yield.

Mr. GLENN. Mr. President, I commend the distinguished Senator from Colorado for his efforts in this regard. I know from private conversations with him, on and off the floor, of his concern. I share these concerns and the objective he is trying to reach here.

I believe that one of the biggest difficulties in the entire consideration of oil and natural gas has been just trying to get decent information. We have not been able to find out exactly what the facts are. You need information if you are to make intelligent legislative decisions to try to take care of something like the emergency we are in now.

I doubt that the American Gas Association or anyone else is capable, right now, of making an exact estimate of where we stand. We know producers had some of the best geologic information available when drilling in the gulf started, after paying the Federal Government $1.4 billion. They drilled seven straight dry holes. They halted. Yet their actions were predicated on the best information they thought they had available. The Geologic Survey has estimated downward reserves of natural gas and oil in the country.

I am 100 percent in favor of what the Senator from Colorado is talking about,

trying to get better information. When we depend on private sources that may have their own particular ax to grind as the primary source of information on which we base legislation, we are really on thin ice.

So I commend the Senator. I would also like to reaffirm, however, what the distinguished floor manager of the bill, the Senator from South Carolina, was talking about just a moment ago. To expect that we could have a 90-day time limit and to have any information back soon enough on which we could enact legislation would be wishful thinking.

While I am all for going the route that the Senator from Colorado proposes, I would think that information on this bill would have a tremendous impact on what we might wish to do long term. In fact, I think that if we had information forthcoming under this bill now, it would give us a better handle on which to weigh long-term gas considerations.

To me, however, this once again points up the fact that we do not wish to delay action on an emergency bill that should be out in the next couple of months if it is to have any effect at all this winter. But we need the information the Senator from Colorado is talking about. Once again, it points up the necessity for keeping the long-term and short-term aspects of these two bills separated, so we can get emergency action and take the information he is proposing to help us in our long-term considerations with respect to natural gas.

Mr. HASKELL. If the Senator will yield, I think the Senator and I agree that without information, we cannot make a decision. Is that correct?

Mr. GLENN. I beg the Senator's pardon.

Mr. HASKELL. Will the Senator agree—I think he does agree—that without the facts, it is almost impossible to arrive at a decision?

Mr. GLENN. I could not agree with the Senator more.

Mr. HASKELL. The distinguished Senator from Ohio and the distinguished Senator from South Carolina point to this winter's emergency—which is an emergency. But let me ask those Senators, that is just an emergency. The Senator from South Carolina said the bill self-destructs sometime in 1976. We have to address ourselves to the long-term problem. My question is, if we do not have the facts, how are we ever going to address ourselves to the long-term problem?

Mr. HOLLINGS. Mr. President, the Senator is so right. Let me have an exchange for a moment with my distinguished friend from Colorado.

I would not leave the impression that what he proposes is a matter to be taken lightly. We are going to have to study the proposal of the Senator from Colorado. If we study that, we may discover that the bill would be improved by accepting it. I, too, have misgivings about what has been reported by the industry.

I firmly believe that if I had to take some kind of professional examination on the particular subject of the immediate natural gas shortage, my answer would be that the shortage this winter is totally contrived, there is substantial withholding of a large amount of shut-in wells, and other activity that increases the "shortage."

But in the long term I agree with the U.S. Geological Survey. I agree with the National Academy of Sciences that our natural gas resources are not that large. Rather than what had been projected, year in and year out, at about a thousand to two thousand trillion cubic feet, they now estimate natural gas resources to be between 365 and 622 trillion cubic feet. But we have many indications to show that the Senator from Colorado is exactly on target. First, the majority of the gas left in this country is within the public domain under the present system. As the distinguished Presiding Officer, the Senator from Arkansas, knows, it is about to be transferred from the public ownership and control to company ownership and control unless we enact leasing reform proposals. Currently we do not have competitive leasing on onshore Federal lands. If two companies want development rights and make a similar offer, then the winner is chosen by lot. Offshore, there is a competitive bidding for lease but once producers get it, we will never find the truth out again—we do not know the extent of reserves or resources on the lands that belong to the public. We never find out, really, how much oil or gas is there. So we start off, No. 1, having to try to correct that problem.

We should compare the performance of the Federal Power Commission with the Canadian system. It is a delight to go with my distinguished colleague from Kansas and others to Canada to these interparliamentary exchanges. When we go there, we learn a lot. On the matter of energy, they have a totally different reporting system, somewhat similar to the proposal of the Senator from Colorado. They publish reserve information frontier by frontier, field by field, company by company; the records, the facts, the figures are there and they can be audited.

Look, by contrast, at what we have in America. The Senator from Colorado has already described it. The industry geologists go out in the field and make guesstimates but they never identify that fact or figure with a particular field, because all of a sudden, that would be proprietary if revealed to the public. They call others up and add numbers together and report on a State-by-State basis, and then that is the estimate of the American Gas Association, accepted ipso facto by the Federal Power Commission. Audit? None. Zilch.

Persons of good reason, good judgment and commonsense have gone into the field, under the leadership in the other House of the distinguished Mr. Moss, chairman of the Oversight and Investigations Subcommittee, and they have taken measure of a number of companies; they found underreporting, because there is a financial interest to cause that underreporting. If producers reported the truth, it would be against their own interest under the present system.

We have James Nathan Miller, in the August issue of Reader's Digest, in an article entitled "Is It Really a Natural Gas Shortage?" underlining "really." Then it goes into the very problems that the distinguished Senator from Colorado is touching upon—namely, that while they are talking about the immediate shortage, every time there is an audit or other check we find there is more natural gas than reported.

Mr. HASKELL. Will the Senator yield on that point?

Mr. HOLLINGS. Yes, sir.

Mr. HASKELL. I appreciate the Senator's remarks, but I think there is one other fact that we ought to throw in. The FPC, several years ago, tried to do just what we are talking about—get information directly, under oath. The companies came in and resisted. In one of their briefs, they had the effrontery to point out to the FPC that they would not even get to judicial review for 3 to 5 years, which, it would seem to me, is a misuse of the Federal process. Following that, the FPC backed down.

Now, I say to the distinguished floor manager of the bill, as of a few weeks ago, the GAO approved a so-called form 40. This form is to be sent out now by the FPC to get the type of information that the Senator from South Carolina and the Senator from Colorado want. We need, in my opinion, this information, because the FPC could back down again. It can have a change of personnel, and I believe it is about to have a change of personnel. This can well affect administrative action. So I think now is the time, in the name of an emergency, to do this.

I thank the Senator for his comments and for his consideration. I yield the floor.

Mr. HOLLINGS. Mr. President, I yield now to our distinguished leader on the other side, who has been most indulgent and courteous in allowing us to make this record at the beginning of the discussion on S. 2310.

At this time, I ask unanimous consent to have printed in the RECORD an article from the Washington Post of Tuesday, July 15, where the Chairman of the Federal Power Commission, John N. Nassikas, testified on natural gas reserves, the exact subject that Senator HASKELL refers to. Reported in that article, entitled "Head of FPC Admits Flaws in Gas Data," is the following comment:

"I have been concerned for years about the facts and figures supplied by the AGA," Nassikas told the House Commerce Subcommittee on Oversight and Investigations.

Further, Mr. President, I ask unanimous consent that an editorial in the New York Times of Saturday, September 27, be printed in the RECORD. It has reference to the emergency natural gas amendment we are now considering.

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

[From the Washington Post, July 15, 1975]

HEAD OF FPC ADMITS FLAW IN GAS DATA

(By Carole Shifrin)

Outgoing Federal Power Commission Chairman John N. Nassikas admitted yesterday there were "gross deficiencies" in the American Gas Association reporting program relied

on by the government almost exclusively for its information about natural gas reserves.

"I have been concerned for years about the facts and figures supplied by the AGA," Nassikas told the House Commerce Subcommittee on Oversight and Investigations.

Yesterday's hearing was the fifth session on natural gas supplies and the reliability of information supplied the government by the petroleum industry.

Nassikas, whose term expired last month but who will remain on the power commission until a successor is confirmed, faced tough questioning from members of the subcommittee who worried aloud that the agency, and the Congress itself, were using unreliable data in the general and controversial debate over decontrol of natural gas prices.

"What troubles me is that we are being asked to make decisions based on figures that you now recognize may be deficient and contain a sizable margin of error," Rep. Jim Santini (D-Nev.) told Nassikas.

Nassikas noted that last month the commission instituted "a searching inquiry" into the reliability of the AGA reserves reporting system, and has pending at the General Accounting Office a request for approval of a form it wants to send to companies directly to get data on natural gas reserves.

The deficiencies in the present reporting system stem "largely" from "the fact that it is virtually impossible to conduct an independent analysis every year" to doublecheck the AGA figures, he said.

Nassikas insisted that even though there are deficiencies, the data were "reasonably" accurate enough for their purpose—to plug into the formula they used to set the wellhead price of natural gas sold interstate. He also noted that a study the FPC staff did indicate a 5 per cent margin of error "at most."

Nassikas also told the subcommittee the commission had made a mistake when it authorized a narrow instead of a broad investigation into curtailments of natural gas deliveries announced by Transcontinental Gas Pipe Line Corp. last winter.

Testimony given the FPC during the winter suggested that Transco's natural gas supplies from producers were lower than expected, in part because of delayed repair work done on some high volume wells in the Gulf of Mexico which necessitated closing down the wells. Although Cities Service Oil Co. officials said the repair work had been delayed because of the unavailability of a suitable rig to fit the platform and a shortage of the right tubing, staff investigators for the subcommittee have contended that evidence shows the officials dallied in their attempts to find a suitable rig, and had already made plans to use a substitute tubing for the original well tubing.

"I'll be very candid with you," Nassikas said yesterday. "Certainly your investigation . . . has changed our views about the extent and the magnitude of the Transco problem. It warranted our enlarging the investigation," he said, which the FPC did two weeks ago. "It's too bad that it wasn't called to my attention earlier," he said.

[From the New York Times, Sept. 27, 1975]

UNNATURAL GAS

Whatever the vagaries obscuring the rest of this country's energy policies, the experts concur on one urgent conclusion: In the absence of immediate corrective action, large areas of the nation will face economic distress, loss of jobs and production this winter from a shortage of natural gas.

The Federal Energy Administration has designated fourteen states, including New York, New Jersey and Pennsylvania, as likely to run into major supply shortages within the month. That makes certain a need again this year for curtailment of supplies to marginal or intermittent users: estimates of this winter's probable curtailments, however, run 30 per cent higher than last year, raising the spectre of hundreds of thousands of jobs lost from industries forced to shut down for lack of fuel.

Fortunately, the Congress has at hand a relief measure to forestall the worst of the predicted dislocations. It takes the form of legislation to permit interstate pipelines, as a temporary measure, to purchase gas now available only inside the gas-producing states, where there is no immediate shortage. The price would undoubtedly be significantly higher than the present controlled national average—in the preferred version, introduced by Senators Hollings, Glenn and Talmadge, it would be fixed at the level of the present intrastate price which is not under Federal regulation. By this means, continuity of supply would be assured at least at the level of last winter. These emergency provisions would remain in force only through next June.

Despite its broad support in principle, the measure could fail under an attempt to tack on long-term deregulation of all natural gas prices, a highly controversial element in President Ford's energy program. Representative John D. Dingell of Michigan, who is shepherding a parallel emergency measure through the House, has warned that broad deregulation legislation has no chance of quick passage. Even if it did pass, the Administration's energy chief, Frank Zarb, has conceded that it would have no impact on the supplies available this winter.

It is hard to see why any legislator would want to make the economic effects of the fuel shortage any worse than they have to be. The long-term issues of natural gas pricing and production deserve—and are scheduled to have—a full airing in this session of Congress, in the context of over-all energy policy. But the first order of business is to line up for immediate delivery the natural gas it will take to get the country through the winter.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. FANNIN. I thank the Senator from South Carolina for his kind remarks.

Mr. President, this winter, the country faces the worst natural gas shortage ever, a shortage which, incidentally, did not spring up overnight, but which has been loudly predicted over the past several years.

Mr. President, I think at this time, when we are considering legislation, we should look at just what has happened over the years and judge by what has happened and what has caused this to come about, as guidelines for us in the legislation which we have under consideration.

I say this is going to be a very difficult winter. Of course, depending on how cold it gets and depending on the availability of alternate energy supplies, other than natural gas, we may very well be confronted with the spectacle of industrial plant shutdowns on an unprecedented scale.

According to the FPC and the FEA, more than a dozen States in the East and mid-West are expecting additional natural gas curtailments of considerable magnitude. These curtailments are having a dangerous impact on many industries which depend on natural gas as their principal energy source. The shortages are expected to be about 30 percent greater than they were last year.

This is not a very pleasant prospect for the consumer. We must be prepared to avert an economic and employment disaster this winter which could directly affect the jobs and livelihood of a very large segment of the public. But while emergency measures are necessary for the winter months ahead, such measures do absolutely nothing to prevent similar or worse shortages next year, the year after, and the year after that. Stop-gap emergency legislation such as the Hollings bill does not solve the basic problem which began to reveal itself in the late 1960's when it became obvious that consumption of natural gas would continue to outstrip production.

Energy experts in the 1960's began to warn the Federal Power Commission that unless price controls were removed, the Nation would soon be running out of gas. Federal Power Commission officials laughed at these suggestions and dismissed them as oil industry propaganda.

Let us look at the record. I am quoting from the New York Times of October 10, 1962. The then Chairman of the Federal Power Commission, Joseph C. Swidler repeated in the interview—with officials of the gas industry—his estimate that—

By and large, the matter of adequate gas supplies would not be a critical question in this century.

Now quoting from the Oil Daily about 1 year later—

Chairman Swidler of the Federal Power Commission said Tuesday that discussion at the Natural Gas Advisory Council a few days ago made it clear that there is plenty of natural gas—and will be for the next couple of decades at least.

He said estimates presented by pipeline representatives on gas reserves range from 500 trillion cubic feet with 1980 gas demand estimates ranging from a low of 22.5 trillion cubic feet up to 30 trillion cubic feet a year.

Swidler said he believed there are no foreseeable problems on gas supply through 1980—and most people don't think there will be a "serious problem" of gas supply through the year 2000.

Swidler's chief economist at the FPC, Harold Wein, supported this statement and went a step further. I am now quoting from the Oil Daily of March 11, 1963:

The chief economist of the Federal Power Commission has advanced the startling theory that higher gas prices will depress, not stimulate, gas exploration and will result in less gross additions of new reserves.

If the past is any guide to the future, price increases will lessen exploration, and hence result in the long run, in less gross additions of new reserves. This seems curious to those who believe that increased prices will always result in more supply no matter what.

Can you imagine any economist in his right mind suggesting that cutting back on gas prices would increase gas supply?

The FPC did not change its tune despite the accumulation of evidence pointing to a mounting national gas shortage. In March of 1966 the FPC released a staff report which concluded that the 24 pipelines that controlled 97 percent of the Nation's gas reserves, as a group, can, with only minor reserve additions or increased deliveries, "meet their projected annual requirements for 12 years." Nine of those 12 years have passed and we now have a nationwide gas shortage of extreme proportions.

Mr. President, some of the staff that

former FPC Chairman Swidler relied upon to advise him on holding down wellhead prices in order to increase gas supplies, and who assured him that we would not have any gas shortage until after the turn of the century has now been recruited by Senator HOLLINGS to help him draft S. 2310. I felt sorry for my colleague from South Carolina who has been so terribly disadvantaged by having to depend upon the staff who gave birth to such conceptual failures as FPC area ratemaking procedures, and who a decade later has spawned S. 2310.

There has been scandalous and prolonged delay in solving the problem, and this delay has been in the guise of "protecting the consumer." In reality, this footdragging has done irreparable damage to the consuming public. At long last, we need to grab the bull by the horns and turn around a situation which has been building up over the years as a direct result of Federal restraints, redtape, and uncertainties. Instead of serving the public, price controls have actually resulted in a gross disservice to the Nation as a whole. We must put an end—once and for all—to the regulatory fiasco that brought about the shortages in the first place.

Congress has refused to accept the reality of the natural gas shortage. It has refused to accept the overwhelming evidence of economists and other experts both in and out of Government who have said that the 21-year experiment of producer price controls for gas sold in interstate commerce has created an unworkable situation—a situation which has held prices to a ridiculously low artificial level, has encouraged indiscriminate and wasteful use of this premium fuel, which has killed producer and investor incentives, which has caused a drastic reduction in exploratory drilling, and which has resulted in a shortage of gigantic proportions.

All of sudden, now there is widespread sentiment that on an emergency basis, it is OK to partially and inadequately suspend the ludicrous Government-imposed price ceilings over interstate purchases in order to try to elicit new interstate supplies from intrastate markets for the hard-pressed industries in the nonproducing States. If short-term partial relief is viewed as a solution for 60 days, or 90 days, or 180 days, why not complete relief 365 days of the year, so that producers, transmission lines, distributors, and most importantly, the consumers, will have a better idea of where they stand in the future—and make long-range plans accordingly.

This country desperately needs a sane natural gas policy for the future well-being of its people, and the cornerstone of such a program is to throw out that which has not worked over the past 21 years, and try an approach that will encourage—not discourage—the search for new domestic supplies of this precious resource.

In actuality, the public seems to understand the problem better than the majority of Congress. First, industry and agricultural users, with virtual unanimity, faced up to the reality that Federal restraints on production are dangerous and will lead to the destruction of a strong domestic energy basis. And now a recent Lou Harris poll indicates that 54 percent of the general public favor decontrol of new gas at the wellhead, as compared with 22 who oppose decontrol. This is an encouraging reversal of previous public sentiment.

This indicates to me that the truth about the shortage is spreading despite misleading reports and distortions to the contrary. The truth is that decontrol of new natural gas will not have a devastating inflationary impact on the consumer's pocketbook. The devastation will come when there is little or no more natural gas available for residential users as well as industrial and agricultural users, and the country will then have to depend totally on much higher-priced alternate fuels—most of which will have to come from unreliable foreign sources.

Does it make any sense at all to continue to march headlong to the arms of foreign dependence and at the same time do absolutely nothing about encouraging an increased exploratory effort on the domestic front?

Mr. President, in a letter recently sent to Speaker ALBERT, FEA Administrator Frank Zarb stated that—

> Because legislative action on natural gas wellhead price regulation has been far too long deferred, the Nation now faces mounting shortages of natural gas. These shortages substantially increase our dependence upon foreign oil and could jeopardize our continued economic recovery and future economic vitality.
>
> While demand for natural gas has been increasing, production peaked in 1973 and declined by about 6 percent in 1974 (the equivalent of over 230 million barrels of oil). In 1970, interstate pipelines began curtailments of interruptible customers, reflecting shortages of less than 1 percent of consumption (0.1 trillion cubic feet). Last year curtailments increased to 2.0 trillion cubic feet (TCF), or 10 percent of consumption. For 1975 they are estimated to increase to 2.9 TCF, or about 15 percent of consumption.

We can do the American public a real service by not only taking care of this winter's "emergency" natural gas situation. but by removing the cancerous Federal restraints that got the country into this mess in the first place.

We should not only provide legislative relief to get us over the winter hump, but we should also stop acting as though there were no tomorrow. We will have to face excruciating emergency legislation year after year and allow the Government to get deeper and deeper into the allocation business, unless we change the Natural Gas Act to provide for decontrol of new supplies. We should not make the same mistake we seem to be doing for oil by coming back winter after winter asking for Federal allocation of a constantly diminishing supply.

Accordingly, S. 2310 must be rejected. It is not the answer to the problem, but rather a means of exacerbating it. That is why I am introducing an amendment today, supported by several cosponsors, many of whom have long favored complete deregulation of all natural gas, old and new. In the interest of compromise, however, the amendment will deregulate only new natural gas in addition to providing winter emergency provisions similar to those requested by the administration.

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

Mr. FANNIN. I am pleased to yield to the Senator from Louisiana.

Mr. LONG. Is this not true, at this time, that in the last 20-odd years the potential and present producers of gas have been provided with a powerful disincentive to produce natural gas? They have been provided with every incentive that misguided well-wishers could provide to prevent them from developing oil and gas reserves. In other words, is it not true that there has been presented a situation where if they drill for gas and they sign a contract to sell it in the intrastate market, they will not be permitted to sell on a competitive basis which would permit them to sell their product for what it is worth?

Mr. FANNIN. The Senator is correct. This is one of the greatest injustices that has ever been done to the consumers because they have held back the producers from going forward on the exploration needed, they have not encouraged them to even save the fuel as far as marketing is concerned, and fuel has been wasted. There are low prices, and it is kept at a low price, far below, as the Senator many times brought out, its value in Btu content to oil.

So this has been a device which has worked against the consumer's interest and has been a tremendous handicap to producers.

Mr. LONG. In situations where a producer of natural gas was in a position to know that if he drills deeper in the field he is currently producing and he has every prospect of finding a lot more gas, did he not have the incentive to do just the opposite, to sit there, and leave the gas where it is rather than drill deeper and find more, for the reason that if he drilled deeper he might very well be compelled to sell that gas for a mere fraction of what it is worth, whereas if he left it where it has been for the last 50 million years, eventually, with the Nation short on energy, somebody might have enough statesmanship to permit him to sell his product for what it is actually worth on a competitive basis?

Mr. FANNIN. Again the Senator is correct. I have heard the Senator use a similar story. I have just seen an ad on the company in Texas, which states:

> GAS PRICED LIKE APPLES
>
> "How much are your apples?" asks the housewife of the grocer, so goes the story.
>
> "Forty-nine cents a pound," the grocer replies.
>
> The housewife registers surprise and exclaims: "Henry's apples are only 29-cents."
>
> "Why don't you buy your apples from Henry?" responds the merchant.
>
> "He doesn't have any apples," she says.
>
> "If I didn't have any apples," the grocer explodes, "mine would be only 29 cents, too."
>
> Which is a long way, perhaps, of getting around to the point.
>
> Natural gas in Texas sells for up to $1.90 per 1,000 cubic feet. And Texans have gas.
>
> But in non-producing states, where the price of imported gas is controlled at 51 cents per 1,000 cubic feet, there is no new gas to be bought.
>
> If we didn't have gas, our price would be 51 cents, too. But we couldn't buy gas either.

In my particular State of Arizona, we cannot buy gas and we are having a very difficult time.

We had one company very short on gas and they were trying to buy naphtha in order to manufacture the natural gas, or manufacture methane and put in the natural gas lines. It would cost them $4 a thousand cubic feet and they were unable to get permission from the FEA to do so because they did not want to utilize naphtha in that particular way.

This shows how underpriced interstate gas is at the present time and has been, as the Senator stated, since 1954.

Mr. LONG. Within producing States, Louisiana, Texas, Oklahoma, and others, when one finds gas he is permitted to sell it to his own neighbor without having the "unwisdom" of these misguided well-wishers visited upon the local citizenry.

That being the case, at least one can sell gas to his neighbors for what they are willing to pay for it, and those people are drilling and producing for the intrastate market at a price, actually, that is coming down in the intrastate market, because they have been able to provide in certain areas a surplus of gas in that particular area, particularly in view of the fact that it is not available to the interstate market.

Mr. FANNIN. Let the market operate.

Mr. LONG. Yes.

Mr. FANNIN. On a competitive basis, the consumer gets a good, more efficient, cleaner and better fuel than what he would get from coal or from oil, and he is paying a fair price for it.

Mr. LONG. It stands to reason that if the interstate market is opened up, there will be a lot of additional gas available, if that is on an incentive basis. People will furiously and frantically try to make it available because all the economics would favor that.

Some feel that might cause the price in gas to rise. It stands to reason, anyone limited to selling within his own State, to his own neighbors, could probably get a better price for his product if he had more buyers available to purchase his product. Is that not correct?

Mr. FANNIN. That is very true. There would be a wider, more competitive market, and everyone would benefit, both producers and consumers in the States.

Mr. LONG. Is it not a fact that this bill before us seeks to prevent those who have gas from setting it at what the competitive price would be if the new situation should come to pass?

Mr. FANNIN. This would defeat in many instances where in an interstate market they are gradually bringing gas to the market, putting it in pipelines, and drilling in out-of-the-way places. That would probably stop in many areas if they brought the price down because they have only been able to spend that money if the product brings a price. If it does not, then the market would not encourage them to go ahead with the development.

Mr. LONG. It seems to me that the sponsors of this so-called emergency bill, which has had very little time for consideration, still want to have their cake and eat it, too. They still want to deny those who have gas and could produce it the right to sell it for what it is worth, and having denied them the right to sell their product for what their product is worth, they would try to find some way to force them to sell it.

Does it not stand to reason, the same disincentives would still continue with people who find it not sufficiently attractive to drill for gas on their property because they would not be permitted to sell it for what it is worth on a competitive basis, and would still prefer to leave it in the ground rather than commit it to the type of injustice and outrage this has suggested in the past?

Mr. GLENN. Will the Senator yield on that point?

Mr. FANNIN. I yield to the Senator.

Mr. GLENN. The statement was made, that it would let us have our cake and eat it, too. There is no proposal to roll the prices back. The proposal is only that during an emergency period where gas is in extremely short supply, that we just not let the free market price skyrocket out of sight. The Chairman of the Federal Power Commission testified that $3 a thousand feet in some areas was possible, if we let the price go without some type of control.

It is not the intent of the sponsors to try to solve all long-term problems of the natural gas industry. All they tried to do is keep the lid on at the existing prices.

Mr. LONG. Will the Senator yield?

Mr. FANNIN. Yes.

Mr. LONG. Let us talk about that, whether they are trying to do something that is fair or something that is an outrage and an economic injustice. Let us just talk about that for a moment.

The Senator might not have thought about this. At the current price of oil, and that is what we are having to pay when one wants to buy it, that gas is worth about $2 per thousand. The Senator has a bill to try to get it for a lesser price than that. He wants to forbid these people to sell their gas into the intrastate market and forbid anyone even in the intrastate market from paying more in competition with him to get that gas.

This is a cleaner fuel. It is a more convenient fuel to use. It creates less pollution. It has a more reliable source of supply to it. Once a person has it connected, he is in far better shape with this fuel than he is with something else. It is a premium fuel.

The Senator would deny the person producing it the right to sell it for what it is worth on a Btu basis in comparison with foreign crude, for example. Here he would come into the intrastate market, seek to take from those people the gas that is presently available to them, to compete with them for it, but he is not willing to pay what that gas is worth on a competitive basis.

If the Senator tried to go to Louisiana and confiscate that gas or expropriate it, a court would make him pay what it is worth. I would be willing to bet my reputation that any court that has any credentials at all, looking at the due process clause of the Constitution, would proceed to say "You want to use this to heat your factory. If you were not using this, you would have to use oil or you would have to use coal. This product would be worth at least $2 per thousand on that basis. If that man were permitted to sell his product on a free market basis, that is what he would be getting. So if you want his gas, you will have to pay him."

The Senator would try to make a man sell his gas for a lower price than the court would award that man if it was seized by Federal fiat.

Mr. FANNIN. I will say to the Senator from Ohio if he believes what he is saying, that his bill would not result in what I think it would result in—whether he intends it or not I think that would be the result—why not have complete decontrol of natural gas? That would accomplish that. That gives what the Senator from Ohio is talking about.

Mr. LONG. If the Senator will yield further, I would not object to a provision that would limit the price on a temporary basis, for a 6-month period, during which there would be a scramble by people to try to sign up available supplies. Let us limit the price to $2 per thousand, which is about the tradeoff price on a Btu basis for what oil is selling for on the world markets and what it is selling for if it is new oil.

To me it is an absolute and utter outrage to try to make someone sell his gas for a price below that which people are paying for his oil produced out of the same hole.

Mr. GLENN. Will the Senator yield?

Mr. LONG. If that man were limited, if that man were in Louisiana and he could only sell his oil within the State of Louisiana, where we are exporting most of it, obviously his oil would be selling for a great deal less than it is selling for now. But if we are talking about this as being one great Nation, and we permit that person to do business just like he would do business any other way, that natural gas is worth even more to that buyer than the oil is worth because it is a premium fuel.

Mr. GLENN. Will the Senator yield? We are not arguing the long-term aspects of it, nor are we arguing gas as opposed to oil, which the Senator keeps referring to. What we are talking about is a short period of time. I agree it is a premium fuel and I agree that probably one of the reasons we are short today is because of the pricing policies that have been followed in the past. But just as in the past when we put price control on during periods of temporary shortages when the price might otherwise to go sky high and we felt the need to protect our consumers in this country, the same thing applies now. With this emergency bill we are not trying to establish any pattern of long-term pricing. Knowing the concern of the Senators from those particular States that are the major producers, we have tried to make certain that the long-term aspects would be taken care of immediately after the short-term considerations. The leadership on both sides of the aisle are committed to that, and I believe that both conferences, Democrat and Republican, are committed to that type of long-term policy consideration when this is completed. That is all we are trying to do.

We are, however, trying to keep down

the sky-high price that Mr. Nassikas, head of the Federal Power Commission, has predicted will result by the scramble for gas this winter if we do not keep some sort of price lid on. That is our goal. I hope this does not get misrepresented as some sort of control over oil prices or long-term pricing on gas and oil and the other fuel sources because that is not what this bill states and it is not what it attempts to do.

Mr. LONG. Will the Senator yield?

Mr. FANNIN. I yield.

Mr. LONG. May I say for the benefit of the distinguished Senator from Ohio I have high hopes that we will wind up voting pretty much the same on a lot of these amendments. He is a new man here and hopefully he is not frozen in the pattern of thinking that created this fiasco which has been going on and getting worse and worse for the last 20 years. I hope he will help to move us to answer it rather than make a bad situation worse. I think it is a contribution the Senator suggests. To get the gas which they desperately need in some places in Ohio, they ought to go to States where it can be bought and buy it on a temporary basis to meet an emergency, and pay, by the way, more than has been proposed to this point. He is willing to pay what the gas is selling for now in those States.

The Senator has made a long stride toward being fair about this matter when he concedes that they ought to be willing to pay what it is selling for there now.

The point I make is this: The people who are selling that gas intrastate are nevertheless being denied the right to sell it for what it is worth in the American markets for a simple reason: They are confined to those States. Louisiana is producing a great deal more than we consume. As long as we are confined to the State of Louisiana because of a shortage of buyers, you might say, compared to the interstate market, the price is not what it would be if we could sell to the whole interstate market. What would a fair price be? If some want to have controls on it, they would say that the fair price for that product would be what the price for the new oil would be. We are talking about new gas. What are we paying for new oil? Suppose a man will not sell it? Suppose some said, "All right, he will not sell so we will take it."

Obviously, under the due process clause of the Constitution that man would have to be paid what the court thinks the gas is worth. That court would look at this and say, "You are paying him about $11 a barrel for the oil that comes out of that well. That would make this gas worth about $2 per thousand." That is what a court would say if we were trying to seize it.

Mr. GLENN. Will the Senator yield?

Mr. LONG. Yes.

Mr. GLENN. Is the Senator inferring that we have a free market in oil?

Mr. LONG. We have a controlled market in oil.

Mr. GLENN. Is the Senator further saying——

Mr. LONG. Just a moment. There is a controlled market in oil. The control we have here is that for the old oil they held it down to $5. For the new oil they permit to produce that and sell it at the world market price, which was a little below $11 a barrel before this last OPEC meeting. That will go to $13 a barrel. That is what people are paying all over the world if they want to buy it. If the Senator can produce it cheaper than that, more power to him.

Mr. GLENN. The Senator talks about a free market controlling the prices and talks about the equivalency of oil and gas. We have no semblance of a free market.

The Senator is aware of that. He knows that price is set by foreign powers. They are artificially setting the price and the President put a $2 tariff on top of it. There is then no free market price with which to compare natural gas.

Mr. LONG. I am glad the Senator brought that up. I went with a great New England Senator, one of our great liberals of all time, ABRAHAM RIBICOFF, to tour Europe and talk to people about questions of this sort. When we were in London, Senator RIBICOFF raised a question. He asked the people who handle the affairs of the Shell Oil Co. over there, "What is the fair price for oil?" He asked the same question when we got to Geneva, "What is a fair price for oil?" I said, "If you do not ask it, I will ask it. When we got to the OPEC office in Geneva, I will ask the question, what is a fair price for oil?"

Here is what that Nigerian said who is the secretary, Chief Feyide—it is more difficult to spell than to pronounce——

The PRESIDING OFFICER. The Chair regrets that he must interrupt the Senator.

MILITARY CONSTRUCTION AUTHORIZATION — CONFERENCE REPORT

The PRESIDING OFFICER (Mr. BUMPERS). Under the previous order, the hour of 2 p.m. having arrived, the Senate will proceed to the consideration of the conference report on S. 1247, which the clerk will state by title.

The legislative clerk read as follows:

The commiteee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1247) to authorize certain construction at military installations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of September 17, 1975, at p. 28968.)

The PRESIDING OFFICER. The time for debate on the conference report is limited to 1 hour, to be equally divided between and controlled by the Senator from Missouri (Mr. SYMINGTON) and the Senator from Texas (Mr. TOWER).

Who yields time?

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

The PRESIDING OFFICER. On whose time?

Mr. STEVENS. I ask unanimous consent that it be taken out of no one's time. There is not even a manager here.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk procedeed to call the roll.

Mr. SYMINGTON. 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. SYMINGTON. Mr. President, I ask for the yeas and nays on the military construction bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. SYMINGTON. Mr. President, it is my understanding that that vote cannot take place until 4 p.m., or afterward.

The PRESIDING OFFICER. The Senator is correct.

Mr. SYMINGTON. Mr. President, I shall make a few remarks with respect to the conference report on S. 1247, the military construction authorization bill for fiscal 1976 and fiscal 1977.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SYMINGTON. I move the adoption of the conference report on the military construction authorization bill for fiscal year 1976 and the 3-month transition period.

The report was signed by all the conferees of the House and the Senate; and it has been agreed to by the House.

I think this bill will adequately provide for the construction needs of our military services.

The Department of Defense requested $4,201,605,000 for this construction for this fiscal year 1976 and the transition period.

The Senate bill, as passed, trimmed the Department's request by $439,594,000, over 10 percent. The House of Representatives version of the bill reduced the request by $243,927,000.

The bill as agreed to by the conferees is for $3,853,705,000 in new authority; and represents a reduction of $347,900,000 from the Department's original request.

This conference figure is approximately $91 million above the Senate total and $104 million below the House figure.

I respectfully commend my Senate colleagues who ably argued in conference for responsible fiscal decisions. We deleted a new $70 million headquarters building, for example, planned for the Defense Intelligence Agency. To us it appeared highly questionable. We prevailed on the House to recede on a $47 million hospital, because plans were so tenuous.

We did agree to some increases over the Senate figure; I will cover briefly the major ones.

First, the Senate deleted an Air Force request for $175 million for aircraft shel-

ters in Europe, because our NATO allies had not agreed to share the cost.

The House reduced the Air Force request to $52 million to be used to shelter aircraft that are now in the United Kingdom. During the course of the conference, however, the Department of Defense advised that the $52 million that was subject to conference action would be considered a part of the NATO program and all necessary steps would be taken to insure that any expenditure of funds would be recouped from NATO infrastructure funds.

In essence, the conferees agreed to prefinance the construction of shelters in the United Kingdom. This would permit their earliest possible completion, with the assurance that the funds would be recouped later from NATO moneys.

Second, the Senate conferees agreed to increase by $25 million the funds requested for housing maintenance. The House had developed information during their hearings that the services' backlog of housing maintenance was causing serious deterioration of some family housing. This developed as a result of maintenance moneys being diverted to pay utility bills as the cost of utilities had escalated beyond expectation.

Now let me say a word about Diego Garcia. The bill before us contains $13.8 million in authorization for Diego Garcia. This amount was authorized in the Senate bill, subject to the Senate vote on Senate Resolution 160, Senator MANSFIELD's resolution to disapprove of Diego Garcia construction.

As you know that vote was held this past July 28, and the Senate at that time voted 53 to 43 to override Senate Resolution 160 and let construction on Diego Garcia proceed.

Recently, however, new information has come to light which, if true, is a sad commentary on how this issue has been handled. It is now alleged that the United States deliberately displaced a native population from Diego Garcia so as to make way for this naval base; also that the displacement was done somewhat callously, without regard for either the rights or the feelings of the people involved.

I have written a letter concerning these allegations to the distinguished chairman of the Committee on Armed Services. In my view these allegations reopen the Diego Garcia question, and we will pursue the facts in the Appropriations Subcommittee on Military Construction.

Mr. President, I move the Senate pass the bill in question.

Mr. TOWER. Mr. President, I yield myself such time as I may require.

The conference report before us on S. 1247, a bill to authorize certain construction at military installations, is the result of splendid cooperation between the Senate and House conferees, and is a testimonial to the leadership of our subcommittee chairman (Mr. SYMINGTON). It is an essential element of our national defense that we have adequate facilities in which to house our troops and their families, train our servicemen, and garrison their equipment. The military construction bill we now consider is an austere attempt at keeping this facilities adequate.

The bill authorizes $3.85 billion for the Defense Department and its services. The total is divided as follows for the services: $769 million for the Army, $706 million for the Navy and Marine Corps, and $486 million for the Air Force. The remainder is authorized for the Defense agencies, military family housing, and the Reserve components. The total of $3.85 billion compares with the total requested by the Defense Department of $4.2 billion, or a reduction by the conferees of about $350 million. This is a reduction of over 8 percent of the original request. The total in the conference report is $90 million above the Senate-passed figure of $3.76 billion, but is $104 million below the House-passed amount amount of $3.96 billion. I think this shows that the Senate conferees did a fine job of holding down unnecessary spending by reaching a figure closer to the Senate-passed version.

Nonetheless, I believe we have provided adequate funding for necessary and urgent construction as well as providing some legislative changes designed to improve the manner in which the bill was submitted in the future, to hold down the cost per square foot of bachelor officer and bachelor enlisted quarters, and to deal more adequately with the problem of deficiency authorizations.

Mr. President, I believe this to be an excellent compromise, and I hope that our colleagues will support the passage of this measure.

In the matter of Diego Garcia, I simply say that I think that the Committee on Armed Services should look into the charges that the native population was displaced in an arbitrary and insensitive manner, but I point out that that does not in any way alter the geographic and strategic importance of Diego Garcia, and we must consider the national interest in its worldwide context when we consider the funding of the facility at Diego Garcia.

DIEGO GARCIA: FURTHER REVELATIONS

Mr. CULVER. Mr. President, more details of the secret history of American involvement in Diego Garcia are coming to light. Several reports out of London in recent days provide new information and raise further, troubling questions about the conduct of the U.S. Government in this matter.

While we await the full, official report on this subject required by the amendment which I offered while the Senate added to the State Department authorization bill, it is nonetheless revealing to study these press reports.

These articles, if ultimately proven true, depict a shocking scandal which calls into question our entire effort to acquire a base in the Indian Ocean.

Diego Garcia now appears to have been a sordid, secret deal—in disregard of the rights and wishes of the local people, contrary to proper constitutional processes, simply for the sake of military expansion.

As so often happens when military planners get a fixed idea, the end justified the means. Strategic considerations overwhelmed human concerns.

A lengthy report in the Sunday Times of London a week ago provides firsthand evidence of the plight of the people who once lived on Diego Garcia, that so-called unpopulated speck of land, according to General Brown.

The Sunday Times says that "some of the deported islanders had family roots and had lived there for up to five generations." The island had been permanently settled for at least 100 years. One traveler, writing in 1961, described the main settlement on Diego Garcia as like "a French coastal village miraculously transferred whole to this shore."

We should have known about that, about those people, but we did not. When the United States and Britain agreed to reserve some islands for potential military bases, they also agreed to "depopulate" those islands as soon as possible, according to this article.

In order to avoid the political problems of dealing with a local population, the people were evicted from their homes. Some left temporarily and were not allowed to return. Others were reportedly told that the supply ship would come no more, except to take the people away. As this article reports:

> They left peacefully for the simple reason that they had no choice. They were also told there would be land and money for them in Mauritius.

That promise has not yet been fulfilled.

Although both governments agreed on this course of action, they tried to stand aloof by letting the actual eviction be done by private contractors.

Having turned the fiction into a fact, the U.S. Navy came to Congress with urgent requests for base facilities on the "uninhabited" island of Diego Garcia.

This I submit, Mr. President, was a recklessly misleading assertion on the part of the Pentagon.

Not only was there mistreatment of the local population, but there was also disregard of appropriate constitutional processes in the effort to acquire this base.

The 1966 United States-British agreement by which we acquired base rights says quite openly in paragraph (4):

> The required sites shall be made available to the United States authorities without charge.

In fact, there appears to have been a secret agreement between the United States and British Governments at the same time on financial arrangements to compensate for the acquisition of land and property and the resettlement of the local people.

The Associated Press reports from London that the compensation was done by discounting the price of Polaris missiles and spare parts sold to Britain under a 1962 agreement. The Sunday Times says that the money came from the United States either by offsetting Polaris R. & D. charges or by direct payment from discretionary funds.

However done, the fact remains that U.S. taxpayers did have to pay part of the bill for getting this base, and the Congress never formally was asked to approve or did approve these sums.

These latest revelations only under-

score the arguments made earlier this year to the proposed base expansion on Diego Garcia. Before any contracts are let and before any more money is appropriated, I believe we have to reexamine this issue.

Mr. President, since this conference report contains funds for Diego Garcia, I am most reluctant to support it. Nevertheless, the Congress will have another opportunity to act on these funds. When the Congress has been given the full report on the history of our involvement in Diego Garcia, we will most likely wish to reconsider our earlier narrow approval of this base expansion project.

That report is now supposed to be ready on October 10, which should give us time to analyze it before we have to act on the military construction appropriations bill.

Mr. THURMOND. Mr. President, the committee of the conference on the military construction bill has completed its work after several meetings, and now before the Senate is the conference report totaling $3.8 billion.

As the chairman for the Senate has stated, this bill is approximately $347 million less than requested by the Department of Defense. It is also within the guidance the Committee on the Budget provided to the Committee on Appropriations. The original request was for $4.2 billion in new construction authorization.

Two major items deleted from the bill include a requested $70 million for a new Defense Intelligence Agency building, and $122 million for aircraft shelters in the North Atlantic Treaty Organization countries.

In regard to the NATO shelters the conferees allowed only $52 million for shelters, as of the total request only that amount had NATO assurance of recoupment prior to the expenditure of the funds.

As for the DIA building, this is a structure which in my judgment is badly needed. However, because of the current intelligence investigations it was decided to delay this project. Hopefully next year the investigations will be complete and the administration will resubmit this request, thereby providing sufficient guidance to Congress in this matter.

As one member of the conference, I was particularly disappointed that the conferees were not agreeable to providing the Navy $1.3 million for restoration and improvement of the Navy Historical Center. At the Washington Navy Yard various naval exhibits and historical items are scattered through five buildings and as a Bicentennial project the Navy hoped to consolidate these items through three buildings during fiscal year 1976.

This was a timely request, as the subway construction in the Navy Yard will take place during this period and the historical center work should occur during the same phase of time. This would not only be more economical but could bring some benefits during the Bicentennial period.

It is certainly my hope the Navy will submit their request for these funds next year. The House approved the entire request but the Senate would not yield in its position to delete this money.

Of particular notice to the Senate should be the endorsement of the conference of the Senate report language regarding organization of the administration's bill. This involved direction of the Defense Department to make three improvements in future bills. This would include:

First, refrain from the use of omnibus lines except where necessary and with prior approval of the Armed Services Committees;

Second, minimize the use of "phased" and "incremented" projects, and

Third, include all construction for Defense agencies under the Defense title of the bill.

Mr. President, this conference report deserves the support of the Senate, and I urge immediate and favorable approval. Also, in closing I commend our able chairman, the distinguished senior Senator from Missouri (Mr. SYMINGTON), the ranking minority member, the senior Senator from Texas (Mr. TOWER), and our able staff representative, Mr. James C. Smith, who has handled this bill in an exemplary manner during his first year of this responsibility.

Mr. STENNIS. Mr. President, I shall take less than a minute. I primarily thank the members of the Committee on Armed Services for their long and diligent work on this bill, ably assisted here by their staff member, Mr. Smith. I also thank them for their work in the conference. These are long and sometimes laborious duties. I think they have brought about some savings in the money end of this matter without really impairing the bone and muscle of the bill. I am proud of their work, and I am glad to support the bill.

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

Mr. STENNIS. I yield.

Mr. TOWER. I simply wish to say that certainly no credit is due to the senior Senator from Texas, inasmuch as I have been involved with the select committee to investigate the intelligence community. The load was pretty well carried by my distinguishd colleague the Senator from Missouri (Mr. SYMINGTON), and I think he merits the approbation and the accolades of the Senate for the splendid job he did on this bill.

Mr. SYMINGTON. I thank the distinguished senior Senator from Texas. Although he was necessarily absent often for the reason he has stated, we were in constant communication with him and his staff, and he made his usual fine contribution, as did the other members of the committee.

Mr. NUNN. Mr. President, I join the Senator from Mississippi, the chairman of the committee, in commending both the Senator from Missouri (Mr. SYMINGTON) and the Senator from Texas (Mr. TOWER) for doing an outstanding job on this bill. I know how many long hours the Senator from Missouri, particularly, spent on it, and I commend him for his efforts, as well as the Senator from Texas.

Mr. SYMINGTON. I thank the able Senator from Georgia.

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

Mr. SYMINGTON. I yield.

Mr. HUDDLESTON. Mr. President, I express my appreciation for the work done on developing this legislation and bringing the conference report to the floor of the Senate.

The Senator from Missouri mentioned in his opening remarks an item of $47 million that was taken out of the House-approved bill. If I am correct, this is an allocation that was set for Fort Campbell, Ky., for the construction there of a hospital.

The need for the hospital is still there, and I think the distinguished Senator from Missouri is aware of that. It is in the process of design and planning and has not advanced to the stage where money could be appropriated reasonably at this time. Is that the correct situation there?

Mr. SYMINGTON. That is correct. I say to the able Senator from Kentucky that perhaps it would be well to read what we say in our report:

> While the conferees agreed that Fort Campbell was badly in need of a new hospital, information provided by the Army indicated that design status was such that construction could not start for approximately 18 months; and therefore, authorization could be deferred for a year to permit design to proceed and the cost estimate to be more accurately determined without delaying construction. The Conferees expect the Army to request the full scope of the Fort Campbell hospital in the fiscal year 1977 military construction request.
>
> Further, the Conferees agreed that they would place special emphasis on the review of the scope, design and cost data of all military hospitals requested in future programs.

Mr. HUDDLESTON. I thank the distinguished Senator.

The Senate should know that the 105th Airborne Division at Fort Campbell, plus the other units there, are in need of this facility. The planning is developing, and we expect that we can look forward to the appropriations at the appropriate time.

Mr. SYMINGTON. I appreciate the comments of the distniguished Senator from Kentucky.

Mr. President, as a result of the unanimous consent agreement, there can be no vote until 4 o'clock.

The PRESIDING OFFICER. The Senator is correct.

Mr. SYMINGTON. The distinguished Senator from South Carolina (Mr. THURMOND) is the ranking member of the Committee on Armed Services, and he requests that the vote occur sharply at 4 o'clock, in order that he can recognize other commitments, and I hope that will be agreed upon. I ask unanimous consent that the vote on this conference report occur at 4 o'clock.

The PRESIDING OFFICER. That is the previous order, and it will be done.

Mr. MUSKIE. Mr. President, the conference report on S. 1247, the Military Construction Authorization Act, authorizes $3.5 billion for military construction and family housing during fiscal year 1976. This is a 9-percent

reduction from the administration's request and slightly higher than originally passed by the Senate.

New budget authority for military construction makes little impact on outlays in this year's budget because these programs spend out very slowly. However, we should all recognize that our acceptance of this conference report will result in substantial outlays in fiscal year 1977, just as last year's budget authority for these programs results in substantial outlays this year.

As chairman of the Committee on the Budget, I wish to commend the conferees for their diligence in keeping this bill within the range of our targets.

But I wish to remind my colleagues that major additional reductions in the national defense function will be required to reach Congress overall target. Some of this additional reduction will be obtained through our agreement to the conference report on military procurement authorizations. But further cuts will have to be made largely in the appropriations process if we are to achieve the first budget resolution targets of $100.7 billion in budget authority and $90.7 billion in outlays. These further cuts are on the order of $3 to $4 billion in both budget authority and outlays. The numbers I have cited do not take account of the recent Middle East agreements, for which no administration request has yet been received.

In closing, let me congratulate the manager of this bill, my very distinguished friend, the able senior Senator from Missouri (Mr. SYMINGTON) and other Senate members of the conference for their commendable work in bringing this measure as close to the Senate-passed level as possible. I support the conference report on S. 1247.

HOUSE CONCURRENT RESOLUTION 405

Mr. SYMINGTON. Mr. President, I ask for immediate consideration of House Concurrent Resolution 405 authorizing technical corrections in the enrollment of S. 1247, the military construction authorization bill, and request unanimous consent for its immediate consideration.

The resolution would authorize the Secretary of the Senate to make three technical corrections in the enrollment of S. 1247. Two of the changes would correct inaccurate section references and the third change would correct an inadvertent figure reversal.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (H. Con. Res. 405) was considered and agreed to.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

Mr. SYMINGTON. I yield back the remainder of my time.

NATURAL GAS EMERGENCY ACT OF 1975

The PRESIDING OFFICER. The Senate will now return to the consideration of S. 2310, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

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

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

Mr. MANSFIELD. Mr. President, what is the status of the conference report on the military construction authorization bill?

The PRESIDING OFFICER. There will be a vote at 4 o'clock.

Mr. MANSFIELD. Have the yeas and nays been requested?

The PRESIDING OFFICER. They have been ordered.

Mr. MANSFIELD. And we are back to the Natural Gas Emergency Act of 1975?

The PRESIDING OFFICER. The pending business is S. 2310. The Senator is correct.

Mr. MANSFIELD. 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. GLENN. 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. GLENN. Mr. President, the distinguished Senator from Kansas, in commenting on certain parts of S. 2310 before we broke for consideration of the military procurement bill, had some concerns—and they were justifiable concerns—about the agricultural users' availability and the priority given to that in section 5 of S. 2310. He questioned whether we were not undoing the provisions of paragraph 1, under section 5, with the provisions of paragraph 2 under section 5 on page 10 of the amendment in the nature of a substitute, where it says:

(2) No prohibition pursuant to paragraph (1) of this subsection may be inconsistent as determined by the Commission with the goals of substantially minimizing unemployment attributable to interruption of natural gas supplies or with maintaining natural gas supplies to residential users, to small users, to hospitals, or for products and services vital to public health and safety.

I think I should like to explain here the background behind that section.

As the Senator from Kansas is undoubtedly aware, there are certain industrial States—in Ohio, for instance—where very small uses of natural gas may enable a whole factory to operate because the natural gas fulfills an energy requirement that is a small but very crucial part of that whole manufacturing operation that cannot be filled by any other energy source.

We know now that in ceramics and glass and certain annealing processes, bearings, things of that nature, we cannot use fuel oil for those processes. We cannot use electricity or other energy sources for those processes.

The idea behind this paragraph was that while we wanted to give the assurances of priority to the agricultural uses of natural gas for drying and so on, nevertheless, we wanted to place some paragraph in here that would let some common sense be exercised where very small uses of gas of a critical nature could not be curtailed to the point where important industries, and perhaps thousands of people, were placed out of a job, while drying of soybeans, for example, went on down the road, using tremendous amounts of natural gas. It was an attempt to give this type of balance that resulted in this paragraph.

Perhaps it could have been stated better, I do not know, but that is what was discussed when this was put in. I thought I would clarify that for the Senator from Kansas, since he was concerned.

Mr. PEARSON. I thank the Senator from Ohio. He no doubt has seen the Wall Street Journal article of last Friday. The import of that story was the story of a fertilizer factory in the Senator's State, in Lima, Ohio, that had gone to Texas and made an on-the-spot purchase, under the FPC provisions and procedures authorized on August 29. It made a sizable purchase. Interestingly enough, that was at $1.90 on one of the so-called spot arrangements. By the time they pay the transportation, they will be paying about $2.75 per million cubic feet.

I appreciate the Senator's explanation, and I understand what his intent is. The only reason I raised the question this morning is that I just do not think the bill reads that way. It sets forth, in paragraph 1 of section 5, all of the agricultural priorities. It is broad, it is good. But in section 2, it seems to me that it places that, once again, down below the gas-used for industrial plants. I do not want to see a situation where, in the State of Ohio, we have some factory making widgets that obtains gas, a very limited amount of natural gas—there is not enough to fulfill all of the needs, the shortages, and the curtailments this winter—and right next door is a fertilizer factory with the same kind of priority and it is down under the residential, the commercial, the small users and the public health and safety.

I read it quite differently. Maybe it is because of my great anxiety about the priority that I read it in that light, but I think this is a very ambiguous provision of the bill.

Mr. GLENN. If the Senator will yield for a comment, we felt that the language, where it says that no prohibition may be inconsistent with the goals of substantially minimizing unemployment, was adequate language, but perhaps the colloquy we are having here will place legislative history behind us and indicate what the intent of that provision was without necessarily changing the language. We think the language is adequate.

Mr. PEARSON. I might say to the Senator that once we find out which one of these vehicles is going to run, we can

do some amending of these agricultural priorities.

Mr. GLENN. I thank the Senator.

Mr. HOLLINGS. Mr. President, while we are waiting for some of our colleagues to return to the floor of the Senate, we will now return to the consideration of amendment No. 934 to S. 2310, which was temporarily set aside because of the time reserved from 3 to 4 o'clock for consideration of the military construction authorization. It is not my intent to go from the pleasant to the acrimonious. I only wish to use this particular time to try to bring into perspective comments made in a news story yesterday morning relative to the action taken by the Organization of Petroleum Exporting Countries, or OPEC.

As the Chair knows, OPEC finally determined a 10 percent increase in the price of crude oil for the next 9 months. Immediately, there was a reaction. The President reacted and the Administrator of the Federal Energy Administration reacted. I saw no other reaction reported.

This nonplussed me for the simple reason that if there has been one struggle at hand over the last 9 months here in this country, it has been to hold the price down, to hold the tide back against inflation, to make certain that the rebates and reductions in taxes and stimuli provided by Congress and the President in March, April, and May not be taken away in September, October, and November by increases in the price of oil.

Congress, in the Senate, by a majority vote with respect to the override—while it was not two-thirds, it was a 61 majority vote override—of the President's veto of the continuation of the Emergency Petroleum Allocation Act, and by a 100-vote margin in the House of Representatives, which voted not only to continue present controls but to roll back the price of new oil and hold the line at $5.25 on old oil. While Congress is engaged in that task, obviously disagreed upon by the President, how in the Lord's name of commonsense can the President of the United States blame OPEC's action to raise oil prices on the Congress? The logic and the reason and the sense of that position entirely escapes me.

I shall never forget that earlier this summer, I had the pleasure, in the presence of several other Senators and some other members from the administration, to have dinner with Mr. Yamani, the petroleum minister of Saudi Arabia.

He said at that time what was going to happen. We generally got a feeling there was going to be some kind of increase come September 24. In the discussion the statement was made by Mr. Yamani, "What are you complaining about?" Mr. Yamani said, "Why all the excitement? You, the United States, are leading the increases. The only increases in oil prices this year have been by your own President and by your own domestic companies. What do you expect us to do when you yourself say that the price is not high enough and it ought to be higher?"

The week before last the distinguished Senator from Vermont (Senator LEAHY) who was at the breakfast with Prince Faisal, turned and asked Prince Faisal what effect the President's tariff would have on OPEC or the oil nations' deliberations with respect to increasing the prices. He just looked nonplussed at Senator LEAHY and said, "What do you mean? What do you think the effect is? It encourages us. If you are raising oil prices, why do you object to OPEC increases? Talk to your President."

So OPEC talks to the President and raise oil prices another 10 percent. What does the President say? His reaction was quoted in one word, "inflationary."

What does the energy czar, Mr. Zarb, say? His word, by quote, was "outrageous."

Now, Mr. President, President Ford wants domestic oil prices to increase, to go up on an average of 15 percent every 9 months for the next 39 months. Inflationary? Outrageous?

What does the President want on natural gas prices, which we are now discussing, every 9 months? Well, he does not even say wait 9 months. He says, "Immediately prices should go up between 400 and 600 percent, today if he had his way. Inflationary? Outrageous?

I just want to bring this point to the American public. It has been a one-sided news coverage since the word "go." It has been an uphill struggle by Congress and men of goodwill who have worked on this particular bill on natural gas. We have sat and listened to the witnesses together. We tried to prepare a solution earlier this year. But with all the holdups we have now moved toward considering this emergency bill. But, in Heaven's name, Mr. President do not blame the Congress of the United States, which is just fighting a rearguard action to weaken OPEC, to keep the price reasonable, and to roll back OPEC prices when you yourself, as President of the United States, are leading the way, to energy price increases and, incidentally, Mr. President, as the court has found, illegally leading the way by imposing a tariff on imported oil.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. 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. LONG. Mr. President, I believe it well that we keep in mind in the course of this debate that those who are going to do the consumer a great favor by way of holding down the price of energy, with all good intentions I am sure, are but those who, in the last analysis, are responsible for the fact that he is paying an altogether high price today, will pay an altogether too high price in the future, and has lost his independence.

Now, that all occurred, I am sure, with good intentions. It reminds me of that old saying that the road to hell is paved with good intentions.

There was a time when some of us contended, and we were accused of being provincial in our view at that time, as those things go, that this Nation would make a tremendous mistake if it sacrificed its energy independence. We contended that this Nation ought to use quotas, tariffs, whatever it took, to maintain an energy industry that would assure America it would be completely independent of foreign sources, and able to say grace over its own destiny.

In order to do that, we advocated, and eventually succeeded in enacting, the defense amendment to one of our trade acts, and that amendment said that the President would try to maintain the capacity of any industry deemed essential to defense to take care of our needs in an emergency.

Now, when one reads all the complicated language of that amendment, it is clear that the energy industry was definitely included in that language. It was intended that that industry should be able to do what was expected of it in good times and bad.

Unfortunately, those of us who believe that we ought to maintain energy independence were not able to prevail. There were some who felt they could buy that Arab oil cheaper, and they made speeches that rang the Senate rafters. They made speeches, lively and often, contending that they could buy that foreign oil cheaper. Some of us contended that we were subject to the kind of thing that has come to pass when this international oil cartel was formed. We saw the cartel forming. We tried to warn about it. They contended that cartels will not work, they cannot be made to work; that notwithstanding the fact that this cartel had everything going for it that it would take to make a cartel succeed indefinitely, except the fact that America was not at that time able to produce its own requirements.

So they succeeded over a period of time in achieving first one exception, next another exception; first one loophole, next another loophole in the oil or import control program. Others seeking special advantages over the program achieved much of the same thing. So that step by step imports were increased and eventually the program was destroyed.

In the course of all this these foreign imports were holding down the price of domestic oil. It was no longer profitable for the average producer to drill in this country, and during that time the number of oil producers in this country was reduced by half. Half of them went out of business for the simple reason that they could not make enough money producing it at the so-called world price or the price that was held down by the Arab oil to stay in business. In large measure they were producing out of inventory. A lot of companies were not drilling any more wells. They were just producing from the wells that had been drilled in the past.

As America's energy independence went down and down and down, this Nation sent its spokesmen to foreign bodies that cooperated with us, such as the Organization of European Cooperation and Development, the OECD, and it informed those people that the United

States no longer had any surplus capacity; our energy industry had been permitted to deteriorate to the point that if the Arabs imposed another blockade, as they did during the Suez crisis, that the United States could no longer be relied upon as the one that would see Europe through, and Europe was informed they ought to make their plans to try to save themselves because the United States would be unavailable to help them in the event they should have a repetition of what had happened twice already with those Arab oil blockades.

Those people have informed me that they predicted—and did so in a way that makes them look like statesmen today—that it would only be a matter of a few years and there would be another blockade and they would be at the mercy of the Arabs and America would not be able to help them.

It is too bad that they were unable to make that known to their own government, because those who sold America's independence for 3 cents a gallon proceeded to use their best efforts to make us more and more reliant upon foreign oil on the theory they could get it cheaper and these cartels could not, in the long run, be made to work.

Well, the Arabs have shown us they can make it work. If we had kept up our energy production, we would not be paying as much as we are now for the oil.

But those same forces, and I am sure in equally as much good conscience, also contended we would not have to pay more than 25 cents per thousand cubic foot of gas and they fought and protested every time the Federal Power Commission permitted an increase in the price of natural gas.

Natural gas at that price was selling on a Btu basis far below even the world market price for oil, but they used their best efforts in providing that industry with a tremendous disincentive to produce.

Gas based on current world market price, for example, would be worth about $2 per thousand cubic feet. It was only a few months and I heard strenuous protests when someone was permitted to sell gas in interstate commerce at about one-fourth of what that gas is worth on a Btu basis.

People who were in a position to produce gas had a tremendous disincentive which was provided by those who claimed to be the consumer's advocate and protector.

If they produced it and made it available in interstate commerce, they could not hope to get anything like what it was worth, so they choose to leave it in the ground, and produce it and sell it to their own neighbors.

Today, if one looks at what people are paying for oil, coal, or the other fuels, natural gas is a premium fuel that is being sold below what it would be worth in competition with others.

We still have these so-called consumer advocates who want to get the consumer something at a much cheaper price than what it would be worth if sold on a competitive basis.

So we have a bill, in the judgment of many of us and I am confident I am right about this, which will not really get anyone any gas. It will not bring on any more production, that we all agree. It would still continue the disincentive to drill for new gas.

About all that bill could hope to achieve is that it does have some provisions where it would try to take gas from those who had been willing to buy it on a competitive basis, bidding with their neighbors without the interstate market, take it from them and give it to someone who has not been willing to pay for it in the past—not that he was not willing to pay a price to buy it, but he was protected by these consumer advocates who were going to protect him by not letting him pay what it would take to buy the product.

Mr. President, I think people are still being confronted with the problem they had in the past. Their advocates for cheapness are confronted with the possibility of paying more or their consumers will do without.

If they want to do without, that is what they will continue to do, do without, under this bill.

But there is one unfair thing about it. They would take from those who had been willing to pay the price, take their gas away from them and give it to those on whose behalf they had chosen to do without.

Mr. President, it does not make much sense to this Senator that people should have their cake and eat it, too. If one wants to have his consumers do without, that ought to be their privilege, just to do without. If they elect the person, fine, do without. But if one wants to buy the produce, I think those consumers would be willing to pay what it would take to buy that product on a competitive basis.

I am sort of tired hearing these great speeches about the outrageous price people are paying for energy in this country. They are not paying an outrageous price to their own producers. We cannot produce energy in this country to compete with the production costs over there in Saudi Arabia. Their cost is only a fraction of what our cost is. We could not achieve energy independence on anything like doing business on that basis.

The cost of producing it here is a much higher price. We can achieve energy independence at the higher price, and that is the price that we are going to have to pay anyway, because these foreign producers will not sell it to us any cheaper.

If one is willing to pay for gas on a Btu basis, just on that heat equivalent, the same thing he pays for oil, he can achieve tremendous increase in the production of gas, such a tremendous increase in production that he need not take it away from the fellow who has been willing to pay for it in the past, on whose behalf he has made the decision that he should not be permitted to pay for it and that he should do without, he is not confronted with that decision.

All he really has to do is agree that he is willing to let his consumers pay the same price for gas that they are paying for energy already, which is about the Btu equivalent with regard to oil.

They are buying oil, if they cannot get gas, if they cannot get coal, all they really have to do is to pay about the same price that their money would buy them in those two alternative fuels, and they can buy a great deal of gas.

Not only that, they will bring on a tremendous amount of additional production of gas. So they do not really have to rob Peter to pay Paul in order to get the gas. All they really have to do is pay the person who is in the position to produce it what the product is really worth.

What is the alternative to this frustrating situation of trying to make someone sell something for a price below that which it is worth—a proposal that will not work?

It will not work for a very simple reason. The Congress can pass laws to say one cannot sell something for more than a certain amount of money, but it cannot make a man sell it. It cannot make a man produce something if he is not satisfied with the price he will receive for it.

But there is a way it can be had under the Constitution. The Government can expropriate it. It can take it. It has the right to just take a man's property, take the resources, use them for a national purpose and pay him what it is worth.

Now, to pay him what it is worth, that is not the price that can be fixed by an arbitrary Federal price control law. To pay a man what it is worth is something that would be decided by the courts in the last analysis under the due process clause in the Constitution.

The court would look to see what one pays for oil, what one pays for coal, what one pays for hydroelectric power, and looking to see what the other things are worth, what they will bring in a competitive market, the court would proceed to fix a price.

That price is really, in the last analysis, the same price the producers would be willing to produce and sell it for, just as much as they could find. They would be perfectly happy to produce and sell all the gas they can find as fast as they can produce it if one were to offer them $2 a thousand for that gas.

That is about what would have to be paid if the Government were to try to take it under the Federal Government's power of expropriation.

This is an odd-type price control law for which the advocates are contending. They would seek to put a price control on the product people are getting from the ground, which has been there for 50 million years, one price in Louisiana, another price in Texas, another price in Mississippi, another price in Oklahoma, another price in New Jersey, and another price in any other State of the Union. What kind of justice is that? If you are going to take someone's reserves why should not 1,000 cubic feet in Louisiana be worth just as much as 1,000 cubic feet of gas somewhere else? It does not make any sense. If we proceed on the theory that gas had been sold in a State at a certain price, we would go on a State-by-State basis to fix a price within those States.

In doing that, they would presume that

a man who refused to sell his gas for $1 could in fairness be required to sell the gas for $1 because somebody else had signed a contract to sell gas for $1. That is not a logical assumption at all. If a man declined to sell his gas at that price, he undoubtedly had his reasons for not doing so. There is no other logic to support that position.

It would seem to me, Mr. President, that if we are going to move toward any sort of energy independence, the time has come when those who would seek to take someone else's resources and use them for their advantage should be willing to pay the competitive price for those resources. If they do, at least in that one industry we will start moving toward energy independence. But it should not be a 6-month proposition. If we are going to let a person sell and we are going to invade Louisiana, Texas, and Oklahoma to get the gas that exists in those States, we ought to be willing to do at least something to help this Nation with its problem.

Mr. President, if they are going to ask that we take the others who have been willing to pay a price and deny them what they bought, to take it from them and give it to you, at least you ought to be willing to make some slight contribution to the overall good. What would that logical contribution be?

The logic of that would be that you would do something to help us get new supplies, to get more of something that is in short supply. Basically, all we would ask would be just that you agree, one, to pay what it is worth, and two, to be willing to let us produce more and sell that for what it is worth. If you would do that, we can do just a great deal more drilling. We would have a tremendous incentive to produce energy. In this one area we would move toward energy independence.

So far, Mr. President, the Congress has done nothing to move this Nation in an effective way, nothing that has actually paid off to the consumer to move us toward energy independence, except to vote a 55-mile speed limit on the highways. One could argue that the Congress ought to have the credit for at least voting to widen the right of way for the Alaskan pipeline from 50 feet to 100 feet, but I would point out that that has yet to yield us one barrel of oil on this end, and it will be years before it does yield us any oil. 1977 is when that is expected to be completed. Between now and 1977 there will be no relief to come from that. So if we are thinking in terms of anything that has been done that actually has helped the situation to this point, all that Congress can claim credit for is it went along with the President on the 55-mile-per-hour speed limit.

Congress has impeded the production of coal by passing strip mining bills that impose environmental standards so severe that the President felt compelled to veto those which, by his explanation, do more harm than good and result in less energy, not more. So we are stymied in coal.

We have enough coal to provide this Nation's requirements for 800 years at the rate we are using it now. If we quadrupled the rate at which we were using it, which we should, we would still have enough to provide our needs for 200 years.

Yet that has been stopped as the Congress did what it could to impose increased environmental demands on the industry rather than encourage the industry to move forward with that program. So Congress has been counterproductive in the coal area.

In the oil area we have heard these speeches ringing the rafters again, day in and day out, about the fantastic profits of the oil companies. They are not making any fantastic profits here in the United States, and that is the only place that is really important. The oil that exists in the North Sea is not doing us any good. Incidentally, they are not making fantastic profits there either.

We have heard this talk about the tremendous profits that they hope to make someday in Alaska. Well, they have not made any fantastic profits in Alaska. They will have a $10 billion investment in Alaska before they ever begin to get any cash flow from Alaska. They will have about $10 billion invested and nothing coming out.

But I have heard these speeches that ring the rafters, of all these tremendous profits that they hope to make someday in Alaska. I have seen many a person go broke hoping to make a profit someday. They will be $10 billion in the red before the cash flow ever turns around and begins to bring in some money rather than just cost them billions upon billions to explore up there.

Then I heard the speeches about the tremendous profits they are going to make on the Continental Shelf out in the Gulf of Mexico.

Well, they are $2.3 billion behind out there. So they will have to make another $2.3 billion profit that they have not made and pay the taxes on it, which probably means they will have to make $5 billion before they will ever get back the money they have in the Gulf of Mexico, assuming they do not invest anything more out there to try to find more oil. They are in the red. The bottom line is that they are $2.5 billion in the red in the Gulf of Mexico.

Thanks to the merciful Lord, they have been able to make a profit within the territorial limits of the old 48 States. That profit, leaving out Alaska, and averaged against the submerged lands in the Gulf, works out on the overall to be about 10 percent, which is pretty close to about what the average is for manufacturing.

What we ought to be doing, if we hope to ever achieve energy independence, is to encourage people to put their money in oil and gas instead of putting it in something else. We need the energy. We ought to be encouraging them to invest their money in developing coal instead of something else.

But that is not being done either. In fact, quite the opposite is being done. Bills are being introduced to make the industry divest itself of various segments of that industry. Bills are being introduced, and we are hearing speeches made, to suggest that we roll back the price that they get for their oil in the United States, to roll it back, even though the profits that the industry is making in the United States, after having lost its depletion allowance, are only about the same profits being made for the average of all manufacturing.

We hear advocates advocating that we should nationalize the industry. Above all, if they cannot nationalize it, they want to regulate it until the industry can hardly move in any respect whatever.

Why would one want to put his money into that, confronted with all the day-by-day oratory here, hate, venom, unfair accusations, that do not make a lot of sense but that sound good to anyone who does not know better? All the threats of having the industry taken over, even having the Government put in business competing with it—which, incidentally, a majority of the Senate voted for just a few months ago. Only a short time ago, the majority of the Senate voted that the Federal Government would go out and drill on Federal lands, where the new frontiers are, and the best prospects would be, before it ever lets private industry go out and drill those leases—go out and drill in competition with the very people who pay these large amounts of money to buy those leases.

So here is an industry overregulated, faced with large tax increases—their tax liability has been more than doubled in the crisis; rather than encourage them to make more money, we double their taxes by removing their depletion allowance, threaten them with Federal expropriation, put the Federal Government in competition with them, and threaten them with nationalization. And, while we are doing all that, we try to find some way to prevent them from making a profit wherever they might be making a profit.

Why do I say that? Well, at least they have a prospect of making some money by producing in the States that are in a position to export some energy. In those areas, they have an opportunity to produce and sell to their neighbors at a profit. But here is a bill to impose Federal price controls on the price at which they can sell their product to their own neighbors.

There is nobody from Louisiana asking for Federal price controls on the gas that, as a practical matter, we are not permitted to sell beyond our boundaries. There is nobody in Texas asking for a Federal rollback in prices or price controls on the gas that, as a practical matter, they are foreclosed from selling beyond the boundaries of that State. Nobody in Oklahoma is asking for anything like that. They are quite content to pay their friends and neighbors what it costs, in what appears to be a fair price bargain between the producer and the consumer, for gas in those States.

One would think that if someone wanted to buy the gas, he would be willing to compete with those people for it. But oh, no; the proposal is that whatever the average price was that was being paid at that time will be made the ceiling, and that you will try to buy it. It is going to be hard to buy on that basis, because those people there feel it is worth

a lot more than that. In many cases, they will be asked to sell something for a price which they have already turned down.

They certainly will not be encouraged to produce any, because those who have reason to think that if they will drill deeper in the locations where they now are, they might produce more gas, would be encouraged just to wait, with the attitude that if they just wait long enough, Congress will eventually see that this program is excessive and needless Federal regulation that does not get energy, but keeps us from getting energy, and that eventually they will see the light and let us sell our product for what it is worth. They will take the attitude that it has been down there for 50 million years; it can stay there a while longer until Congress is willing to let them sell it for what it is worth on a competitive basis. When that happens, they will be willing to sell, but they have not been offered that opportunity.

What they are offered here is another price control law, with someone coming in and trying to make them sell their gas for a price they have turned down already, by saying they cannot receive any more than the average price paid to those who would sell under contracts.

Many of those people who sold were under compulsion to sell. They did not have much choice about it. Some of them were in situations where they discovered gas, and they were having to pay rentals and royalties; even if they did not sell it, they were having to make payments in lieu of royalties because they could have sold it, but if they declined to make that deal they had to pay royalties and rentals to someone, because they could have sold it, had they thought they had better wait and try to get a better price.

So many of those people did not have much say-so about it; they were under compulsion. They were forced to sell because they had to pay these delay rentals and royalties just to stand still, and the pressure was such that they had to go ahead and sell the product for whatever they could get, rather than wait for someone to offer them what the equivalent would be on a Btu basis.

This bill would seek to compel a great number of those people to sell the product for a price that is below that which they have turned down already. In addition to that, it would seek to make their energy available to someone else for a lesser price than he is paying for what he is consuming already. In other words, if he is using coal or if he is using oil in the consuming States, it would take it from someone else and make it available to him, in many cases for a lesser price than he is paying now.

Mr. GLENN. Mr. President, will the Senator yield on that point?

Mr. LONG. I yield.

Mr. GLENN. I think the Senator has a misconception as to what this bill would provide. It would only apply where natural gas shortages are causing high unemployment and distress now. If those industries were capable of using coal or fuel oil, they would already be required to convert.

Quite apart from this consideration of whether gas is coming in from outside a particular State or not, I think 90 percent or more of the distinguished Senator's comments here have applied themselves to the long-term aspects of oil, and he speaks very eloquently to that. He has been involved in these questions and this legislation for many years.

I, too, want to concern myself with the long-term aspects of oil and gas policy. We have commitments to bring S. 692 to the floor immediately upon consideration of this Natural Gas Emergency Act.

The Senator from Louisiana has used terms such as "nationalize," and "charges and accusations," "expropriation," and "prevent profits." These are terms that I do not like to see applied to the short-term emergency natural gas act we are concerned with here. The Senator is very much aware that if we turned the whole industry loose, that if we said today the gas industry would be unregulated in any way, shape or form, FTC, FSA, pricing, or anything else, it still would not result in 1 cubic foot of new natural gas being available by the time cold weather sets in this winter. It would not help alleviate the cold weather we will face in Ohio, with a 65 percent curtailment cutback, on November 1. The cutbacks are effective on November 1 at 65 percent. So there is no drilling or no consideration of price increase that will do us any good in this short period of time.

Long term, I agree, these things can have an effect. They have been put off too long, and I agree with the Senator from Louisiana that for years past, when these things should have been considered, they were not.

But that does not help us over the hump we are on right now. The Senator has said we are proposing "to take away from." He has used that word several times; that we are "taking away" from those producing States.

That is simply not true. We are not robbing anyone else of gas. All we are trying to do is make more efficient use of this premium fuel. The bill we have sponsored is one that will get gas from three basic sources: New wells coming in would get priority in this area; new gas coming in that has not been used before; conversion of boiler fuel on electric plants where it is particularly wasteful, and only where those plants can be converted over to fuel oil or coal, and even then we say that those pipelines, buying the gas, are required to make those companies financially whole.

We do not want them to take a loss and assume all of the costs from other States. So we are saying that even these costs may be passed on to the user in a distressed area in one of the 14 States that will be in that status this winter.

As to maximum efficient rate production, I think that was one area to which the distinguished Senator referred. We feel that, where there is an impending economic crisis in this country and where we might find our economic recovery possibly crippled by the potential of another half-million unemployed an MER of production is justified. At a time when we are coming out of the doldrums of nearly 9 percent unemployment, the prospects of another surge of unemployment is disastrous. We must not let that happen.

What we are saying then is that energy must now be considered as something that is not always available, always there in greater quantities. We are saying now that the time has come when we really do have to worry about energy. I agree that had we taken up the long-term aspects of energy earlier, that would have encouraged more drilling everywhere.

Mr. LONG. Mr. President, let me claim my right for a moment because I want to respond to some of this, and I will be glad to yield to the Senator further then.

Mr. GLENN. Fine. I have a couple more points to respond to on what the Senator said.

Mr. LONG. I will respond and then proceed to the others.

In the first place, the Senator would claim a priority for certain of his consumers, mainly manufacturers, because he says that those people cannot use oil or cannot use coal.

If that is the basis upon which he is claiming that priority, what right does he have to expect to purchase that gas, especially when he is claiming a priority over the other guy who would like to buy it, and what equity does he have on his side that says he has to pay any less than he pays for the coal or oil that he says would not serve the purpose and is not adequate? In other words, if his claim to this is that oil or coal would not serve his purpose, then why should he be provided with this any cheaper than it cost to provide him with oil or coal? Why?

Mr. GLENN. No. 1, I do not think we have all the Btu equivalency information that we need. If the Senator wants to set up our energy resources on the basis of Btu equivalency, I think that is an attractive approach. We do not have the information on solar energy, geothermal energy, or other energy sources, sufficient to provide for a long-term energy pricing policy for the country.

Mr. LONG. All I am saying to the Senator is this: There is no court in this land that would permit someone taking a man's property and paying him for it less than it is worth.

If the courts of this country are going to have to say what it is worth if one expropriates a man's property, looking at that due process clause, they will undoubtedly consider what one would have to pay if he were buying oil, or if he were buying coal, or if he were buying an alternate fuel.

Mr. GLENN. Mr. President, will the Senator yield on that point for a moment on the free market price?

Mr. LONG. Yes.

Mr. GLENN. That is exactly what we are going to. We have seen the free market set the price intrastate. There may have been unfairnesses interstate. I do not know. But as to intrastate the price is precise. That is what we are paying.

Mr. LONG. I say to the Senator that by definition that is not a free market price. That is confined. If there were a surplus, let us say for sake of argument, that Louisiana is producing a surplus of

energy, producing more oil than they are using down there and producing more gas than they are using down there. The Senator would confine the price to what it is selling for in an area where it is a surplus. There is a scarcity. Why have those who buy in an area of scarcity limit themselves to the price where it is being sold where the product is in surplus?

If the Senator wants to talk about a free market price, he is talking about the whole market. He is not talking about what the price will be. If the Senator confines it just inside one county and says this person cannot sell his gas, if they have a lot of it, beyond this county, why obviously he could hold the price even lower than that. If the Senator is talking about what that would be on a competitive basis, if one wants to buy it intrastate, he ought to talk about what the market will be intrastate.

If the market were interstate, it is very clear that he would have to expect to pay about what that energy is worth on a Btu basis.

Mr. GLENN. If the Senator will yield, I think the history of this country is replete with repeated examples of when there have been shortages of one type or another, where prices have been controlled and where we have put the lid on prices for a period of time, so that we did not see one particular group of consumers or one particular part of the country receive unfair price hikes for short periods of time. We try to keep such a lid on here. That is all we are trying to accomplish with this. We are trying to let that free market—that set the intrastate price—be the price level during this emergency period.

I am committed, along with the Senator from Louisiana, to make sure that we do get to the long-term considerations. Thus, we are not talking about this same bill year after year.

Mr. LONG. I say to the Senator he is not talking about a free market. It is a farce. It is a farce and a fraud, on the face of it, when they are not permitted, as a practical matter, to sell beyond their own State.

Mr. GLENN. I agree with the Senator completely, that there is no free market as long as we let our energy needs be set by the OPEC nations. That is the level our domestic price have risen to. Would the Senator propose we let our natural gas prices go up to that same level? I cannot imagine anything more ridiculous than a foreign nation setting our natural gas prices in addition to crude oil prices.

Mr. LONG. I say to the Senator that we do not have to buy oil from the OPEC nations. We have the privilege of doing without. Up to now we have made the decision, as far as the producing States on gas are concerned, we are not going to buy their gas; we are going to exercise the privilege on behalf of our consumers of doing without.

That is all right with me. I do not think it makes a lot of sense.

Frankly, if Ohio does not want to use Louisiana gas, that is fine. In time, we will be able to attract enough interests in Louisiana to use all that gas ourselves.

As a matter of fact, 15 years from now we will be having to buy energy back from the States of this Nation because in Louisiana it will have been depleted to a point to where we would wish we kept it where it is.

But if the Senator wants to buy it, he ought to be willing to pay for what it is worth and what it would be worth on a competitive basis.

I say to the Senator, I am not advocating that he pay me $4 a thousand for gas, even though there are people who would pay that much for it right now. But I say, if he wants to limit the price he is going to pay, it ought to be at a minimum what he would pay and what he would buy if he could use coal or if he could use oil, but if he is going to pay the Arabs that high price he is paying for oil, which he could not have had to pay, by the way, if those from consumer States had been willing to maintain a domestic industry here, it makes all the more sense he ought to be willing to pay his own producers, if that is what it is going to take, to get the energy. It is going to take that. This industry has not been making any exorbitant profit. It is making in the United States about a 10-percent profit, which is about the same as being made for the average of manufacturing.

There was testimony before the Committee on Finance that to provide adequate incentive to increase production, and we need to attract hundreds of billions of dollars of investments in this industry to increase production to meet our needs, they ought to be making a 15-percent profit after taxes.

If the Senator were in a position to say, "Well, the industry is making exorbitant profits," that would be something else. But that is just not the situation for the domestic oil and gas industry. They are not making exorbitant profits in this country.

If the decision of this Nation is that it is going to pay for new oil a price that is equivalent to $200 a thousand for gas, then for those who cannot even use oil, who need gas, which they cannot get, one would think that at least they would be willing to pay the same price as what it would cost if they were going to use oil.

What is their case for taking someone's gas, which he is using to run a generating plant, and using it in their plant after they take it away from him, other than the fact that they are not in position to use oil and they think he can. It would seem to me at a minimum they should be willing to pay the same price as they would pay for the new oil.

Mr. GLENN. If the Senator will yield further, I think we have reached a time in the development of this Nation, if we may get a bit philosophical for a moment, where we cannot really look at merely one State. In the past we have had plenty of energy and shipped it interstate, thus we had one part of the Nation perhaps develop an industrial base based on energy supplied by another part of the country. That is the way we have developed. Now those nice, big, easily, available energy supplies are no longer as readily available as in the past. We cannot say that a particular form of energy belongs to one State or one part of the country, that everybody else can freeze, and that we are going to see hundreds of thousands of people unemployed this winter. It is unconscionable not to try to do something about such dismal prospects.

Here we have proposed going to the free market intrastate prices and consider the longer term aspects later. As to a free market right now, I agree that worth is in the eye of the beholder, and obviously prices are going to go up. But today our prices are determined by what OPEC wants, $11, $12, or $13 a barrel for their oil, and our domestic price goes up to that, and some suggest our natural gas is going to go up to these same levels. Our free market intrastate price has been far below that, and people are making a profit at that price. So it seems to me that the tack we have taken here is the one that can get us by through the winter while we get on with the long-term consideration, without halting our fragile economic recovery.

If we let prices go up to the $3 that Mr. Nassikas predicts in some areas, if we go uncontrolled on this, there could be a big enough economic impact when coupled with the OPEC increases over the past weekend, that we could be destroying our own economic recovery right here.

The State of Ohio produces gas—nothing like Louisiana—but I cannot believe any of us are going to stand by and hold hostage the short-term considerations in order to get long-term proposals that have been considered for years on the docket here. I want the long-term considerations, and I am committed to bringing them up immediately after this bill.

The Senator has brought up such things as the Btu basis and the free markets intrastate versus interstate, and we have talked about the convenience factor and about nationalizing and expropropriation. These are all things that in the five or six bills that are considered in the Senate, long term that are going to take quite a while to debate. I am sure the Senator will agree with that. It will take quite a while to settle long term debates. Meanwhile people lose jobs, plants shut down. I believe we cannot therefore debate the long term and short term measures at one time. Right now, we are at the point that cool weather in the Capital City is upon us. We have very few weeks to develop the emergency measures necessary—on this point the cosponsors and the administration are in agreement.

It is obvious, when we consider each of the items the Senator from Louisiana has brought up, the OPEC situation, the five or six bills involved, the amending and the floor process, that if we tie these things together, we are going to be in for a long fall here. More importantly it will be too late. We might just as well withdraw this bill and not mislead people into believing that they are going to get any help this winter. We will, instead, have several hundred thousand unem-

ployed and will cripple our economy during its recovery. I do not want that on my conscience.

I hope we can keep the long-term and short-term aspects separate and consider the short-term legislation first, and I will work with the Senator from Louisiana on getting the long-term aspects considered as fast as we can.

Mr. LONG. Mr. President, I have been in favor of solving this problem for a very long time, and I am in favor of solving it now. The first thing we should do to solve this problem is to start people drilling for gas where they can find it.

If you are talking about getting a lot of energy to meet the energy problem in a hurry, you will get more energy faster in this area than anywhere else. In this area there is more energy that can be made available to the people of this country, for a smaller investment of capital and quicker, with less environmental problems, than anywhere else.

Frankly, if we do not pass this bill, the pressure will continue to build up on those who have kept us from solving the problem, who have kept us from producing more oil, who have kept us from producing more coal, who have kept us from producing more gas. The pressure will continue to build up on them to go along with something that will move us toward solving this problem by producing more energy. If they are able to fix it up so that you cannot drill for gas, if they are able to get the other man's gas to solve that problem, they will continue to resist. I am not saying that the Senator from Ohio will do this, but those who agree with him and who come from that area of the Nation will continue to resist our efforts for incentives to producers to get us more energy.

Frankly, those who come from Ohio, Illinois, Michigan, and other States in that area, and those from New England, will continue to try to get the other man's gas at a cheap price and deny the producer the incentive he needs to go out and find a great deal of additional gas so that everybody can have all they want.

I want to move this Nation forward, not just to favor one fellow over the other, because I want to see us solve this problem; and I say we are denying the people the chance to have more energy if we pass the bill the way the Senator has introduced it. We need an incentive to go ahead and produce and make it available.

In the last analysis, the price of coal and the price of oil relate to one another. As long as the price of gas was being held down to a very low price, that was preventing the people from producing coal, and it is still preventing them from developing our coal reserves. If we let them have a price for gas that competes with oil, we will be providing them with an incentive to produce more.

The Senator appears to indicate that there is nothing to my statement that he would take away from gas from those who have it now. We all know that the Senator proposes in his bill that somebody who has a generating plant in one State would have to change over from a generating plant with gas to generating with oil. Then he would take that gas and pipe it through to the manufacturers in his State. He also has a provision in his bill to compensate those people who were losing their gas because it was being taken away from them.

I find some points that are objectionable about that. At least, I would have severe questions about them.

One point is that where one is using natural gas, he has a reliable supply, which is good for a long period of time. If he has a generating plant and has some oil available, he can use it over a short period of time. If he uses it very long, it tends to gum up a furnance that is designed to burn gas; but for a short period of time he can use fuel oil in an emergency. That is his backup supply.

If one puts that man's gas into a pipeline that goes to another State and then makes him convert to oil, he may have some oil on hand, but he has lost his backup. If the Arabs at that point should decide they are going to boycott us again and the oil is in short supply, he does not have the option of using that gas for the continuous supply. He has then lost his backup, in the event that the other product is not available to him, in order to make it available somewhere else. That is point No. 1.

Point No. 2: I have no doubt that during a 6-month period, those who are to be compensated will be compenated; but I also have no doubt that once a bill is passed which takes gas from producing States and puts it into States outside of their boundaries, once that gas has been committed to those interstate pipelines, the consumers in those States, having paid those people in producing States to use their gas one winter, are going to want to get rid of those people at the first opportunity.

Having taken gas from the producing States and converted over in 1 year, they will expect their representatives to insist on continuing that act and it will be continued the next year and the year after, if it should become law. But they will not be satisfied with just continuing. They will say, "Get those people off our backs; we want that gas cheap."

To be fair about it, those consumers in those areas have been badly spoiled. Those from producing States selling gas to them signed contracts which indicated that they were going to get a price for gas which would go up as the cost of living went up. It would go up as the cost of finding more energy would go up. They were denied the opportunity to sell that product for what it was worth. Under the Phillips decision, they were required to sell that product sometimes for a mere fraction of what the contract called for.

They have been badly burned in that situation. But those on the consuming end have been badly spoiled. They had every reason to expect that they would be paying a much higher price for the product than they are paying. So that, having seen that at one time, they were successful in getting the product for a lot less than the contract required, one can understand why it would be good politics to lead those people to believe that, in good time, they could again get it for a lot less than the contract required.

Those from producing States, of course, had every reason to be suspicious of that result. But the result is they are inclined to say, "Well, fool me once, shame on you; fool me twice, shame on me."

Now, they have been through that, having their gas committed where they are supposed to get a price and then, in due course, finding out that they did not get it at all. I think, Mr. President, they would be very reluctant, having been through that scenario, to think that, were they to be compensated for the gas taken from them, that compensation was going to continue beyond 6 months. The act would be continued and those in consuming States would find it politically compulsive, if nothing else, if we pass this amendment, to say, "Oh, no, we will not compensate you in the future. We will compensate you for what we've been getting——"

Mr. GLENN. Will the Senator yield?

Mr. BEALL. Will the Senator yield?

Mr. LONG. I yield to the distinguished Senator from Maryland.

Mr. BEALL. I wanted to ask the Senator a question, because I am from a consuming State and I have been unsuccessful in getting an adequate supply of natural gas for our State, particularly those industries which will face a real problem because of the inadequacy of natural gas supply. As I read the Hollings-Glenn measure, the FPC is going to be required to set an average price. Coming from a consuming State, perhaps the Senator could explain it to me. As I understand what will happen under the average pricing arrangement, it would be that the Commission would say to the producers in the intrastate market. "This is the average price that has been charged in contracts over a certain period of time and, therefore, this is the price you are going to be able to get——"

Mr. PEARSON. In the month of August.

Mr. BEALL [continuing]. "For your gas that you are going to be able to sell temporarily to people who want to make up a shortage."

The thing that troubles me about the average price, in addition to other things about the FPC moving into the intrastate market, is that that means that probably about half of the producers are not going to be able to get what they think their product needs or what they deserve for their product. Is that the Senator's understanding? And therefore, rather than get more gas, we are liable to get less production.

Mr. LONG. Senator, this bill will not bring on any more production. I think we can all agree on that. In other words, if a person has gas—let us take a typical situation. Here is a person who has gas. He has a big gas field. He is producing and selling from it. In Louisiana and Texas and Oklahoma, where most of this gas is going to be found and produced, that gas is on what is known as salt dome structure. Millions of years ago, a salt dome pushed up in a subterranean area and by pushing up, it caused a number of faults and formations of the Earth and caused this liquid and this gas to find its way up and become trapped in those salt dome structures.

The best place to look for gas is right beneath where you are producing it now. Now, the way those leases have been drawn for the last 50 years, as far back as there has been an oil and gas industry, is that as long as that producer is producing petrochemicals at the level where he has discovered it, he is required to drill offset wells at that same horizon. But he is not required to drill any deeper.

As long as we have a frustrating situation such as we have right now, the best prospect to find more gas is right beneath what is there. Yet there is every economic disincentive to drill down and find it, for a very simple reason. He has been committed or at least he has been forced to sell it for a price which is totally inadequate. He does not want to have his new gas committed to that unfair, unreasonable, totally inadequate price, so he is just not going to drill down any deeper until this fiasco is finally resolved. The result is that he will just sit there on it and leave it there until he is permitted to sell it on a competitive basis.

Mr. PEARSON. Will the Senator yield on that point?

Mr. LONG. Yes.

Mr. PEARSON. They may be able to get more gas out of 2310. This bill provides that there shall be maximum efficient production.

To get that, the bill also says that the State agencies in every State will identify the fields and then identify as to maximum efficient production, and if they do not do it in 45 days, the bill provides that the Secretary of the Interior in Washington, can go out and make that judgment.

In addition to that, there is a provision that says that if we could produce or if a man has gas for sale and he does not produce it or does not sell it, then he cannot ever, thereafter, sell it for any amount over the ceiling price in this particular bill.

Mr. LONG. All that is going to do for them is put them into court.

Mr. PEARSON. There is a judicial review limitation here that the Senator ought to look at, too.

Mr. LONG. I knew that. I knew that anybody who would try anything as ridiculous as this provision in the bill had to put something in there to try to keep the courts out of it, because it is so unreasonable, so unfair, that they must not allow anybody to get justice before a court. I can understand that they would try to put a provision in there that would deny access to the courts.

I have news for my friends. There is no way they can confiscate somebody's property without the courts getting into it. They may have some young people down there on the committee staff who have different ideas. But they ought to consult their own friends, their friends in the American Civil Liberties Union. They will find they cannot do something like that without going to court, because when we start taking someone's property, he is protected by the due process clause of the American Constitution.

While they can prevent him from selling what he has, they have no power to make him sell it for a price that is set by them. If he chooses just not to sell, they cannot make him sell.

I ask the distinguished Senator if he has had any advice contrary to that?

Mr. GLENN. If the Senator will permit a comment, I think the provision in the bill is that there could not be a stay by the courts while litigation is in progress. In other words, we could see all of this being tied up in the courts this winter and there not being a chance of getting any gas into the interstate pipelines. We did not want to see that happen.

Litigation could continue on this if a particular producer felt that he had been unfairly dealt with in the area of pricing, for instance, or how FPC had set this up as to which regions had been included in what pricing mechanism here. If they felt unduly put upon by that, they could take it to court. But during the interim period, there could not be a stay on the gas coming into the pipeline system that had been provided for at that price. The courts would still be involved.

Mr. LONG. Would the Senator mind explaining to me, is he proceeding under the theory that a court can make a man sell his product against his will?

Mr. GLENN. No, not that we can force a man to sell his product against his will.

Mr. LONG. Well, then, the Senator's bill will be a very frustrating experience if it should ever find its way onto the statute books. Some of us thought about this bill and we looked at the version that he came out here with. We said, well, if that one goes in, we know that that will not get him any gas. All that will get him is some lawsuits and they will be in court from now until the bill expires and eventually they will learn more about the law than they know now.

We knew that the earlier version, while it had some faults and it had been perfected to try to overcome some of the defects of those who thought along that line before, we fully anticipated that those who had produced that measure would put a provision in here to deny one his rights in court, because obviously, what they are seeking to do here would put them in court and they would not accomplish anything.

It is our considered opinion that with what we have here, we will not get any gas, anyway, even if we do deny the courts the right to give a person a day before that judicial body, because we do not have any power to make a person give up his product and if we want to take it—which, of course, can be done. Within the Constitution, we can take it. But if we want to take it, the court is going to make us pay what it is worth.

Mr. GLENN. Will the Senator yield on the amount of gas?

Mr. LONG. Yes, I yield.

Mr. GLENN. Both FPC and FEA have come up with the estimate of the amount they feel can be released within this bill. They feel that with a 1.3 trillion shortfall this year, we can make up possibly a third of it. That is the best we can do with this bill or any other bill, as they see it. Even if we took all the unlimited pricing off, if we went to unlimited pricing—let me quote from the hearings.

Mr. LONG. Hold on for just 1 minute. Let us talk about that. The Senator is talking about the fact that there is only a certain amount of gas that can be made available this winter.

Mr. GLENN. And they feel it will be, and if we pass this bill they feel it will happen.

Mr. LONG. But here is what is wrong with the Senator's bill. The Senator's bill will continue the disincentives that exist now of inducing people drilling to produce more. All you have to do is work toward decontrol. Let people sell their product on a free market basis, and I am not talking about the Senator's definition of a competitive market where it is just confined within one State. Let them sell their product on a free interstate market, and you can get all the gas the producers can produce or, in the alternative, let them sell their gas for what oil is worth on a Btu basis, and you can get all the gas those people can produce.

But this idea of trying to make him sell it to you below what you would expect to pay for oil, what you would expect to pay for coal, below what you would expect to pay for any other fuel, make them sell you a premium fuel below the price you would expect to pay for these other fuels, you are in for a frustrating experience because you cannot make these people sign those contracts and you cannot make them sell it. You can forbid them to sell to somebody else by this law. Yes. You can pass a law preventing them or denying them the right to sell it or you can even pass a law forbidding them to have that right in court. But there are certain rights you cannot take away from them because the Constitution protects them. One of them is that if you go after that gas, the only way I know you can get it is to expropriate it. Then you are going to have to pay them what it is worth, which is what apparently this bill is designed to prevent.

Mr. GLENN. Mr. President, will the Senator yield for a short comment?

Mr. LONG. Yes.

Mr. GLENN. As to what the decontrol of natural gas prices would do this winter, when we had our hearings on September 15, Mr. Zarb was before us, and Senator HOLLINGS asked, and I quote:

> FEA states that decontrol of natural gas prices would not add to the supply this winter.
>
> Mr. ZARB. No question about that.

Mr. LONG. Hold on for just 1 minute. I yielded on my time. Hold for a minute. I want to comment on that. The reason why it would not get you more gas this winter is that they cannot drill a gas well that quickly. It takes about 3 months to drill a well, and if it is deep, it takes a while to take on a location.

Mr. GLENN. Agreed.

Mr. LONG. Now, Senator HOLLINGS has been making that statement for 2 years. You could have remedied the whole natural gas shortage during the time Sen-

ator HOLLINGS and Senator STEVENSON have been talking about this.

Mr. GLENN. Senator, it did not happen on my watch.

Mr. LONG. But you could not get gas in the winter or in 30 days or 45 days. You can get gas if you give us a year, and we will get a great deal of gas if we are permitted to sell the gas for what it is worth. Give us 2 years and we will get a tremendous amount if you would be doing what you ought to be doing, providing people with the right to sell it on the basis where it competes with the other fuels.

Why, might I ask, if the Senator thinks that oil should be permitted to sell for what it is selling for right now—I mean the new oil—should not this new gas the Senator is hoping to produce be selling at the same price?

Mr. GLENN. I am not sure I follow.

Mr. LONG. Well, you have been paying——

Mr. GLENN. We do not have a free market price in oil.

Mr. LONG. You have been paying to producers in this country—I do not know whether you voted for it or not, but we have been paying a price that amounts to about $11 a barrel for oil. Now why should they not be permitted to sell it at the same price, this new gas for the same price, as the selling of the new oil?

Mr. GLENN. On the Btu equivalency, you mean?

Mr. LONG. Yes.

Mr. GLENN. Or what?

I do not know what those Btu equivalencies are exactly or the price on them exactly, but I think those are some of the things that should be considered in the long-term deregulation aspect.

Mr. LONG. It ought to be considered right here. We are trying to fix a price.

Mr. GLENN. We are just putting a cap on what the present market price has been to date.

Mr. LONG. Yes, and it has very little logic or sense to it. It certainly has no relevance to the interstate State market, and if you are trying to fix a price so that there is one price for Louisiana and another price for Oklahoma, if you are going to fix a price—mind you, you would fix a price for the man who elected not to sell based on the price of the guy who elected to sell, which is an entirely different situation.

If you are going to fix a price on anything other than just something arbitrary, what better logic could you suggest than that the price should be fixed based on what the heat equivalent of it is? For example, I am told that about 6,000 cubic feet of gas have a Btu equivalent of one barrel of oil. Why should not the price be fixed—if the basis upon which you are claiming that this gas is needed—that you cannot use the oil, why should it not be fixed on the value of the oil?

Mr. GLENN. I think if we are going to base our energy prices on Btu or horsepower equivalency or whatever, then that is one consideration to be taken up. The point is well taken, and maybe coal and geothermal and solar and nuclear all should be considered along with oil and gas. We have to also consider a convenience factor that some fuels are far more convenient and are amenable to certain priority uses—more so than other fuels. But there are obviously not considerations that we are going to iron out here within the next 2 or 3 weeks, which is the critical time period. Yet the Senator mentioned the fact that these things ought to have been considered 2 or 3 years ago. All I can say in my defense is it did not happen on my watch. I got here in January, and I am trying to take a very bad situation now, one that has reached catastrophic proportions, and trying to do something about it while we work out these same considerations the Senator is concerned about. I am with him in trying to work out these things, whether it is coal or geothermal, horsepower or electrical equivalency basis, as the way we should proceed. I do not know. I am willing to consider all these things. But, I do know if we take all these things up now we are not going to get any bill that is going to help us out this winter, and that is what I am concerned about.

We have an impending possibility of 100,000 being unemployed in Ohio, and that can have a major impact on our economic recovery. All I want to do is to get us through this emergency period while we are considering the long-term aspects.

Mr. LONG. The reason we have the problem is that Senators who come from the Senator's part of the country have not been willing through the years to let the consumers pay what it would take to buy the gas.

Mr. GLENN. I cannot answer for the sins of my compatriots that come from my part of the country. I can only say what we are trying to do right here now.

Mr. LONG. I regret to say that the Senator's bill would continue that same unfortunate situation.

All I am saying is that at a minimum, with regard to this particular item, they ought to be willing to pay what they are paying, whether they like it or not. They may not like it, but they are paying for new oil what they are buying from their own producers, some of whom are right there in the State of Ohio, and what they are buying from the Arabs, what they are buying from new oil producers all over this country. They are paying a price for oil, new oil, that at a minimum should be the equivalent of any ceiling that is placed on gas.

I am not here to say that one should not be able to purchase it cheaper than that. I would be willing to vote to let them purchase it cheaper than that, but I am not willing to vote for a ceiling on what a person can purchase at because I think it is extremely unfair to put it below the price of what you are paying for the competing fuel.

Now, Mr. President, in due course, some of us will be contending that we ought to move this energy, this natural gas, toward fuller production; that anything short of that, particularly what is in this bill, is counterproductive. It will still continue the same disincentives.

MILITARY CONSTRUCTION AUTHORIZATION—CONFERENCE REPORT

The Senate continued with the consideration of S. 1247, a bill to authorize certain construction at military installations, and for other purposes.

The PRESIDING OFFICER. The hour of 4 o'clock having arrived, the Senate will now proceed to vote on the conference report on S. 1247.

The question is on agreeing to the conference report.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from New Hampshire (Mr. DURKIN), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. GARY W. HART), the Senator from Maine (Mr. HATHAWAY), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Wyoming (Mr. MCGEE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Rhode Island (Mr. PELL), the Senator from Illinois (Mr. STEVENSON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Vermont (Mr. LEAHY) and the Senator from New Jersey (Mr. WILLIAMS) are absent on official business.

I also announce that the Senator from Michigan (Mr. PHILIP A. HART) is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Rhode Island (Mr. PELL) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), the Senator from Wyoming (Mr. HANSEN), the Senator from New York (Mr. JAVITS), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), and the Senator from Delaware (Mr. ROTH) are necessarily absent.

The result was announced—yeas 72, nays 1, as follows:

[Rollcall Vote No. 425 Leg.]

YEAS—72

Allen	Clark	Haskell
Bartlett	Culver	Hatfield
Bayh	Curtis	Helms
Beall	Dole	Hollings
Bellmon	Domenici	Hruska
Biden	Eagleton	Huddleston
Brooke	Fannin	Inouye
Buckley	Fong	Jackson
Bumpers	Ford	Kennedy
Burdick	Garn	Long
Byrd, Harry F., Jr.	Glenn	Magnuson
	Goldwater	Mansfield
Cannon	Gravel	McClellan
Case	Griffin	McGovern
Chiles	Hartke	McIntyre

Metcalf	Proxmire	Stevens
Mondale	Randolph	Stone
Montoya	Ribicoff	Symington
Morgan	Schweiker	Taft
Moss	Scott, Hugh	Talmadge
Muskie	Scott, William L.	Thurmond
Nelson	Sparkman	Tower
Nunn	Stafford	Weicker
Packwood	Stennis	Young
Pearson		

NAYS—1

Abourezk

NOT VOTING—27

Baker	Hart, Gary W.	McClure
Bentsen	Hart, Philip A.	McGee
Brock	Hathaway	Pastore
Byrd, Robert C.	Humphrey	Pell
Church	Javits	Percy
Cranston	Johnston	Roth
Durkin	Laxalt	Stevenson
Eastland	Leahy	Tunney
Hansen	Mathias	Williams

So the conference report was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. GRIFFIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10 a.m. tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

NOTICE TO MEMBERS OF COMMITTEE ON APPROPRIATIONS

Mr. MANSFIELD. For the information of the Senate, all members of the Committee on Appropriations are requested to be in room 127 so that we can be able to achieve a quorum.

Mr. SPARKMAN. Will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from Alabama.

JAPAN-UNITED STATES FRIENDSHIP ACT

Mr. SPARKMAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 824.

The PRESIDING OFFICER (Mr. DOLE) laid before the Senate the amendment of the House of Representatives to the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, as follows:

Strike out all after the enacting clause and insert: That this Act may be cited as the "Japan-United States Friendship Act".

STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. (a) The Congress hereby finds that—

(1) the post-World War II evolution of the relationship between Japan and the United States to peace-time friendship and partnership is one of the most significant developments of the post-war period;

(2) the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo on June 17, 1971, is a major achievement and symbol of the new relationship between the United States and Japan;

(3) the Government of the United States in 1962, by setting aside a special fund for educational and cultural exchange with Japan from moneys paid to the United States in compensation for United States assistance during the occupation of Japan, showed clear evidence of the importance it places on strengthening intercultural communication between the two nations; and

(4) the continuation of close United States-Japan friendship and cooperation will make a vital contribution to the prospects for peace, prosperity, and security in Asia and the world.

(b) It is therefore the purpose of this Act to provide for the use of money paid to the United States in compensation for post-World War II assistance to Japan and of an amount equal to a part of the sums to be paid by Japan to the United States in connection with the reversion of Okinawa to Japanese administration to aid education and culture at the highest level in order to enhance reciprocal people-to-people understanding and to support the close friendship and mutuality of interests between the United States and Japan.

ESTABLISHMENT OF THE FUND; EXPENDITURES

SEC. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the Japan-United States Friendship Trust Fund (hereafter referred to as the "Fund").

(b) Amounts in the Fund shall be used for the promotion of scholarly, cultural, and artistic activities between Japan and the United States, including —

(1) support for studies, including language studies, in institutions of higher education or scholarly research in Japan and the United States, designed to foster mutual understanding between Japan and the United States;

(2) support for major collections of Japanese books and publications in appropriate libraries located throughout the United States and similar support for collections of American books and publications in appropriate libraries located throughout Japan;

(3) support for programs in the arts in association with appropriate institutions in Japan and the United States;

(4) support for fellowships and scholarships at the graduate and faculty levels in Japan and the United States in accord with the purposes of this Act;

(5) support for visiting professors and lecturers at colleges and universities in Japan and the United States; and

(6) support for other Japan-United States cultural and educational activities consistent with the purposes of this Act.

(c) Amounts in the Fund may also be used to pay administrative expenses of the Japan-United States Friendship Commission, established by section 4 of this Act, as directed by that Commission.

(d) There is authorized to be appropriated to the Fund, for fiscal year 1976, an amount equal to 5 per centum of the funds to be paid to the United States pursuant to the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo, June 17, 1971.

(e)(1) There is authorized to be appropriated to the Fund, for fiscal year 1976, in addition to the amount authorized to be appropriated by subsection (d) of this section, those funds available in United States accounts in Japan and transferred by the Government of Japan to the United States pursuant to the United States request made under article V of the agreement between the United States of America and Japan regarding the settlement of Postwar Economic Assistance to Japan, signed in Tokyo, January 9, 1962, and the exchange of notes of the same date (13 U.S.T. 1957; T.I.A.S. 5154) (the G.A.R.I.O.A. Account), including interest accruing to the G.A.R.I.O.A. Account.

(2) The amount authorized to be appropriated by paragraph (1) of this subsection shall not include any amount required by law to be applied to United States participation in the International Ocean Exposition to be held in Okinawa, Japan.

(3) Any unappropriated portion of the amount authorized to be appropriated by subsection (d) of this section and paragraph (1) of this subsection for fiscal year 1976 may be appropriated in any subsequent fiscal year.

THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

SEC. 4. (a) There is established a commission to be known as the Japan-United States Friendship Commission (hereafter referred to as the "Commission"). The Commission shall be composed of—

(1) the members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation;

(2) one Member of the House of Representatives, to be appointed by the Speaker of the House of Representatives, who shall have no vote;

(3) one Member of the Senate, to be appointed by the President pro tempore of the Senate, who shall have no vote;

(4) the Chairman of the National Endowment for the Arts, who shall have no vote; and

(5) the Chairman of the National Endowment for the Humanities, who shall have no vote.

(b) Members of the Commission who are not full-time officers or employees of the United States and who are not Members of Congress shall, while serving on business of the Commission, be entitled to receive compensation at rates fixed by the President, but not exceeding the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, all members of the Commission may be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(c) The Chairman of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall be the Chairman of the Commission. A majority of the members of the Commission shall constitute a quorum. The Commission shall meet at least twice in each year.

FUNCTIONS OF THE COMMISSION

SEC. 5. (a) The Commission is authorized to—

(1) develop and carry out programs at public or private institutions for the promotion of scholarly, cultural, and artistic activities in Japan and the United States consistent with the provisions of section 3(b) of this Act; and

(2) make grants to carry out such programs.

(b) The Commission shall submit to the President and to the Congress an annual report of its activities under this Act together with such recommendations as the Commission determines appropriate.

ADMINISTRATIVE PROVISIONS

SEC. 6. In order to carry out its functions under this Act, the Commission is authorized to—

(1) prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(2) receive money and property donated, bequeathed, or devised, without condition or restriction other than that it be used for the purposes of this Act; and to use, sell, or otherwise dispose of such property (including transfer to the Fund) for the purpose of carrying out the purposes of this Act, and any such donation shall be exempt form any Federal income, State, or gift tax;

(3) in the discretion of the Commission, receive (and use, sell, or otherwise dispose of, in accordance with paragraph (2)) money and other property donated, bequeathed, or devised to the Commission with a condition or restriction, including a condition that the Commission use other funds of the Commission for the purposes of the gift, and any such donation shall be exempt from any Federal income, State, or gift tax;

(4) direct the Secretary of the Treasury to make expenditure of the income of the Fund and not to exceed 5 per centum annually of the principal of the Fund to carry out the purposes of this Act, including the payment of Commission expenses if needed, except that any amounts expended from amounts appropriated to the Fund under section 3(e)(1) of this Act shall be expended in Japan;

(5) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the rate specified at the time of such service for grade GS-18, in section 5332 of title 5, United States Code;

(6) accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(7) enter into contracts, grants, or other arrangements, or modifications thereof, notwithstanding any provisions of law relating to competitive bidding; and

(8) obtain from the Secretary of State, on a reimbursable basis, such administrative support services and personnel as the Commission deems necessary.

MANAGEMENT OF THE FUND

SEC. 7. (a) The Fund shall consist of—

(1) amounts appropriated under sections 3(d) and (e)(1) of this Act;

(2) any other amounts received by the Fund by way of gifts and donations; and

(3) interest and proceeds credited to it under subsection (b) of this section.

(b) It shall be the duty of the Secretary of the Treasury (hereafter referred to as the "Secretary") to invest such portion of the Fund as is not, in the judgment of the Commission, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes, the obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States issued during the preceding two years then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Secretary determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(c) Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(e) In accordance with section 6(4) of this Act, the Secretary shall pay out of the Fund such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this Act; except that amounts in the Fund, other than amounts which have been appropriated, shall be subject to the appropriation process.

Mr. SPARKMAN. Mr. President, I move that the Senate disagree to the amendment of the House to S. 824 and request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SPARKMAN, Mr. MANSFIELD, Mr. CHURCH, Mr. CASE, and Mr. JAVITS conferees on the part of the Senate.

SENATE RESOLUTION 270—PROCLAMATION DESIGNATING SEPTEMBER 30 TO OCTOBER 13, 1975, AS JAPAN-UNITED STATES FRIENDSHIP DAYS

Mr. FONG. Mr. President, I send to the desk a Senate resolution and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DOLE). The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 270) to request the President to issue a proclamation designating September 30 to October 13, 1975, as "Japan-United States Friendship Days."

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. FONG. Mr. President, I am today submitting a Senate resolution requesting the President to issue a proclamation designating September 30 to October 13, 1975, as "Japan-United States Friendship Days," and calling upon the people of the United States and interested groups and organizations to observe the above days with appropriate ceremonies and activities.

The "Japan-United States Friendship Days" proclamation is designed to coincide with the historical visit to the United States of Their Majesties the Emperor and Empress of Japan.

The unprecedented visit to the United States will mark not only the first time that Their Majesties will have visited our country, but also only the second time in Japanese history that a reigning Emperor has traveled abroad. The significance and importance of this event can be better understood if we recall that their visit will be the first state visit to the United States by a reigning Emperor of Japan in the more than 120-year history of American-Japanese relations.

From bitter adversaries during the Second World War, we have become close allies in our struggle for peace and economic development in Asia and the rest of the world. As a result, the upcoming visit of Their Majesties the Emperor and Empress of Japan has an important symbolic significance in reaffirming the bonds of mutual understanding, respect, and friendship that are the foundations upon which the United States-Japan relationship is built.

I firmly believe that this historic visit could not have come at a more propitious and opportune time, especially following the end of our struggle in Indochina and the beginning of a reassessment of our policy toward the countries in Asia and the Pacific region.

There is no doubt in my mind that our close relationship with Japan—including our Mutual Security Treaty—is the cornerstone of United States foreign policy in that area of the world. Without Japan as a mutual partner in our Pacific-Asian security arrangements, the United States would find its security interests in that important area of the world in a very difficult position.

Without Japan, we would be without the largest economic power in the free world after the United States; we would be without a people who are endowed with extraordinary energy, productivity, and inventiveness; and we would be without a friend and ally whose gross national product surpasses that of all the rest of Asia combined.

Mr. President, aside from extending a warm welcome to the Emporer and Empress of Japan, the principle reason for the introduction of this Senate resolution is to help make the American people more aware of the special and important relationship that exists between the United States and Japan.

For historically understandable reasons, U.S. foreign policy and the American people have tended to focus attention on our cultural forebearers in Western Europe. Even during the Second World War the Pacific theater was viewed and treated by the allied forces as being of distinctly secondary importance. As a result, this subconscious Euro-centric bias continues to affect both official and public attention and energies in our country.

Such a distorted and unbalanced perspective of reality, Mr. President, becomes extremely critical at a time when the importance of our national interests in the Pacific and Asia are pressing upon the heels of our traditional European interests.

I need not remind my colleagues that the only two major wars since the end of the Second World War in which the United States has been involved were fought in Asia.

In addition, our trading relationships with Asia now practically equal those with the European community. As a matter of fact, our single largest overseas trading partner is not Great Britain, France, or Germany, but Japan.

Rising from the ashes of defeat and near total destruction after the Second

World War, Japan is now a thriving political democracy and a key factor in the international economic system which provides the basis for economic progress and political stability in Asia and the Pacific. Her rapid rise from the devastation of war into a cooperative and mutually beneficial partner of the United States is unprecedented in East-West relations.

It sometimes seems, Mr. President, that as a Nation we suffer from a tendency to neglect our friends, to pursue highly elusive and uncertain strategic interests at the expense of less dramatic but far more substantial and available practical interests, and to allow our basic perspectives and sense of relative values to be determined more by the excitement of what is new and innovative than by more sober judgments of what is durable and dependable.

The United States and Japan, the two greatest economic powers of the free world, facing each other across the vast Pacific Ocean, represent all of the heterogeneous features of the West and East—politically, economically, ethnically, culturally, and in other ways. If the leaders and citizens of these representatives of the Eastern and Western worlds can continue in their friendship, we will enhance the prospects for peace, prosperity, and progress.

Therefore, in the interest of peace, prosperity, and stability in the Asian-Pacific region and in order to bring about East-West reconciliation, the United States and Japan must continue to work closely together to develop real mutual understanding, trust, cooperation, and friendship.

The visit of the Emperor and Empress of Japan will, hopefully, serve as a catalyst to develop a greater interest and desire among the American people to learn more about Japan and the Japanese people to learn more about the United States. It should help to foster a greater era in Japanese-American relations.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 270) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 270

To request the President to issue a proclamation designating September 30 to October 13, 1975, as "Japan-United States Friendship Days"

Whereas Their Majesties the Emperor and Empress of Japan will be visiting the United States of America from September 30 to October 13, 1975; and

Whereas the visit will be the first state visit to the United States of America by a reigning Emperor of Japan; and

Whereas we warmly welcome Their Majesties to our country; and

Whereas the visit of Their Majesties will contribute immeasurably to mutual understanding and respect between the United States of America and Japan; and

Whereas the continued development and strengthening of the relationship between the United States of America and Japan are in the best interests of world peace and prosperity; and

Whereas Japan is a valuable and staunch ally of the United States of America; and

Whereas the state visit of the Emperor and Empress of Japan openly symbolizes the close ties of friendship, good will, and common goals to which the Japanese and American people are dedicated; Now, therefore, be it

Resolved, That the President is requested to issue a proclamation designating September 30 to October 13, 1975, as "Japan-United States Friendship Days," and calling upon the people of the United States and interested groups and organizations to observe such days with appropriate ceremonies and activities.

PRIVILEGE OF THE FLOOR—S. 2310

Mr. WEICKER. Mr. President, I ask unanimous consent that during the debate on S. 2310 Mary McAuliffe and Geoffrey Baker of my staff be permitted the privilege of the floor.

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

Mr. BEALL. Mr. President, I ask unanimous consent that during the debate on S. 2310, and all bills related to the same problem, that Phil Grill of my staff be allowed the privilege of the floor.

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

NATURAL GAS EMERGENCY ACT OF 1975

Mr. BARTLETT. Mr. President, is the pending business S. 2310?

The PRESIDING OFFICER. The Senate will now resume the consideration of S. 2310, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats.

The Senator from Oklahoma is recognized.

Mr. BARTLETT. Mr. President, I would like the attention of the Senator from Ohio, and I would like to ask him a question or two about the legislation of which he is a cosponsor.

On page 3, in the definitions, it describes or defines the term "new natural gas."

Mr. GLENN. Will the Senator repeat where that is located, please?

Mr. BARTLETT. On page 3, subsection (8) of section 3.

My question is, What happens to the gas under expiring contracts?

First I will ask about interstate gas. In other words, as an interstate gas contract expires, then how is the price determined from that point on? As I read the definition, it does not directly say what the price would be.

Mr. GLENN. If the contract is under interstate commerce rules, and it expires, you would have to continue in interstate commerce and not be able to terminate the service in that regard. Does that answer the question?

Mr. BARTLETT. That answers the question. Just so I understand it correctly, then, as a contract for gas which is now——

Mr. GLENN. If the contract expires, it is not considered new natural gas.

Mr. BARTLETT. I see. So the interpretation would be that the contract would then have to continue, or the gas would have to be sold, even without a contract, at the controlled price by the FPC under existing rules?

Mr. GLENN. The Senator is correct.

Mr. BARTLETT. All right. I would like to ask the distinguished Senator the same question as it would relate to intrastate gas, and point out that it says in line 12—let me read the whole subsection (8):

The term "new natural gas" means natural gas which was not, prior to September 9, 1975, committed by contract to interstate or intrastate commerce and any natural gas committed by contract to intrastate commerce which contract, on or after September 9, 1975, terminates and is not renewed.

What does "renewed" mean? Does that mean that in an intrastate contract, the contract could be renegotiated? Would it be considered, gas under an expiring interstate contract, be considered as new gas, or would it be considered as gas that could be renegotiated under certain conditions, and if so, what would those be?

Mr. GLENN. When a contract expires and is not renewed, that has been considered new gas.

Mr. BARTLETT. So if the contract is not renewed, then that would be new gas whose price would be set on an average basis of the prices in August; is that correct?

Mr. GLENN. If an intrastate contract is either renewed or renegotiated, it would not be considered new gas.

Mr. BARTLETT. Would the Senator restate that?

Mr. GLENN. It could be renegotiated without being considered to be new gas.

Mr. BARTLETT. Would the Senator restate that, please, for me?

Mr. GLENN. If an intrastate contract expires and is either extended, in other words renewed, or renegotiated, this would not be considered new gas in that renegotiation process. It would not be forced out into the interstate pipeline; it could be renegotiated without being considered new gas.

Mr. BARTLETT. It could be renegotiated in the intrastate market at the free market price, or the average?

Mr. GLENN. No; at the intrastate market price. We have no control over that.

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

Mr. BARTLETT. I yield.

Mr. PEARSON. Is that correct? It is my understanding that the price limitation is on all purchases, whether they are interstate or intrastate priority purchases.

Mr. GLENN. No; the contract, when renewed, would go at the intrastate free market price.

Mr. PEARSON. I am talking about the definition of new gas. It is my understanding that the ceiling price is the——

Mr. GLENN. On new gas the Senator is correct.

Mr. PEARSON. On new gas.

Mr. GLENN. But the distinction, the definition is that new gas would not be intrastate gas where the contract had been renegotiated or extended.

Mr. PEARSON. The gas the Senator is talking about does not become new gas and is not subject to the new gas ceiling price?

Mr. GLENN. The Senator is correct.

Mr. McCLURE. If the Senator will answer one other question, how will the provisions of S. 2310 result in a maximum effort for increased supplies of natural gas?

Mr. GLENN. I am sorry; would the Senator repeat that, please?

Mr. BARTLETT. How will the pricing provisions of S. 2310 result in a maximum effort toward increased supplies of natural gas?

Mr. GLENN. We have three different areas that will put new gas into the interstate pipeline system as a result of this and out of the 1.3 billion shortfall seen this year. First, FPC and FEA feel the charges would lead to the maximum rate of production, No. 1; second, from the conversion to oil or other fuel being used, basically in utility plants, where those plants can be converted over to coal or fuel oil, mainly coal. I might add that it was brought out in some of the earlier colloquy here this afternoon that in these conversions, many of the plants just a few years ago had their boilers running on fuel oil, and they still have the tanks, piping, and pumps in place. It is pretty much a matter of changing the burners and that is the major part of the conversion.

Third, we give priority to new wells being drilled now; as they come on stream, at the interstate free market price, we would maintain a right of first refusal to interstate lines serving depressed areas.

So those are three areas that gas would flow into the interstate pipeline system from.

Mr. BARTLETT. I would like to discuss a part of this with the Senator, if I might. As I understand the provisions of the bill, this would continue the FPC pricing for offshore gas; is that correct? As I understand the provision.

Mr. GLENN. Yes.

Mr. BARTLETT. And it is my understanding that a very large percentage of the available potential gas lies offshore.

Mr. GLENN. Not for this winter. Not for the emergency period this winter.

Mr. BARTLETT. Well, I think the Senator recognizes that this bill, although it has a time on it, could have that time extended, as has happened as far as many other emergency bills that have passed are concerned, such as the recent extension of the price controls.

So I think we need to look at this bill, not only with an eye toward the short term, but also the long term, because these might be the only provisions we would have.

Mr. GLENN. Mr. President, will the Senator yield for a short comment on that?

Mr. BARTLETT. Yes.

Mr. GLENN. S. 2310 was not designed to in any way, shape or form to take care of long-term aspects of natural gas. I am aware of the concerns that the long-term aspects will get lost in the shuffle here if we concentrate on the emergency bill. Pursuant to that concern, I went to the majority leader (Mr. MANSFIELD), and the minority leader (Mr. HUGH SCOTT), and we have a commitment to bring up the long-termd aspects of natural gas immediately behind this. That is what we pushed for. We are trying to keep amendments off this. We feel that unless we can get something through in 2 or 3 weeks this issue will, in effect, be dead for the year. We must move soon if we are to have any impact on the winter, on helping to prevent some of the unemployment and the tragedy that faces us in the near future.

So we are trying to keep these things apart. I know it keeps coming up that this does have an impact on long-term considerations. But we have not designed it for that. We are trying to keep it separate from that. We are trying to avert a tragedy and attempting to get some gas diverted that will prevent what we see as an impending catastrophe this winter. That is all it is intended to do.

Mr. BARTLETT. I say to the good Senator from Ohio that to neglect the reserves from offshore in consideration of our problems of gas we are neglecting a great potential of reserves. Again I do not think there is any assurance, in spite of the majority leader's promise—and I certainly trust him implicitly—to bring additional legislation for the long term, that it will pass.

Mr. GLENN. If the Senator will yield for a question, Is he considering the offshore gas in terms of this winter?

Mr. BARTLETT. The Senator from Oklahoma looks at the problem as an integrated problem of short-term, mid-term, and long-term. I think for us to focus on any one aspect of this, without considering the total package, we are going to be very shortsighted and very short of the target, because I think we need to look at the total problem. What we do in any of these areas is going to add to the solution.

For example, offshore the amount of drilling exploration has practically stopped. I think the Senator from Ohio knows very well that much of our reserves exist offshore that are quite well known. The reason that they are not developed, as the Senator knows, is that the price is so low that a person engaged in developing oil and gas offshore will concentrate on any oil development that he may have, because the price is about four times as much.

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

Mr. BARTLETT. Yes.

Mr. GLENN. For the short term, I will admit and agree with the Senator 100 percent that nothing we propose in this bill will get the Outer Continental Shelf drilling. That will not affect what we are trying to do with this bill. I agree those things have to be considered.

Mr. BARTLETT. Let me say briefly on this point, and then I will make another point for the Senator, that offshore there exist sizable reserves, in my opinion, awaiting development and only waiting on price. The responses offshore could very well be equal to or perhaps more than onshore, because the onshore development has been in a free market. So all of the gas that is feasible to look for and particularly to develop and produce is being done so at a free market price; whereas the gas offshore has been so restricted that the wells that have found gas are not being followed up and developing and producing this gas. It is just there waiting in many cases to be developed at a free market price or at a free market uncontrolled price.

So what I am saying is, even for the short term, that this bill misses a great opportunity in not addressing itself to the offshore gas. I do not think the Senator from Ohio can make a case to show with his bill for new gas after September—whatever the date is—the 9th, or whatever it is, the opportunity for finding more gas onshore is greater than it is offshore. I think it would be very difficult to develop that thesis, because I do not know of a similar situation onshore, where, because of price, there has been a lack of incentive for development, but it is obvious that it exists offshore.

Mr. GLENN. I would agree 100 percent with the Senator's comments on offshore oil. I indicated we are primarily concerned with gas here now. But I think there is a tremendous potential offshore. I think it is unknown, and I do not think it is defined yet. I think the drilling in the esatern part of the Gulf is indicative of some of the problems that the distinguished Senator from Oklahoma and I have talked about before in committee. There is the problem of capital being expended just for paying for leases and then a dry hole resulting when they go out, and the uncertainties of all of this, as has happened in the eastern part of the Gulf.

Offshore may be a tremendous bonanza one of these days, or may result in more dry holes. We do not know. It is an unknown that we do have to get into when considering long-term policies.

I agree with him 100 percent on that. The bill, however, does not address itself to that, because we cannot get out and drill those wells in time to do us any good this winter.

In the hearings we held in the Committee on Commerce on September 15 of this year, Senator HOLLINGS, in a statement when Mr. Zarb was a witness, stated:

> Senator HOLLINGS. FEA states that decontrol of natural gas prices would not add to the supply this winter.
>
> Mr. ZARB. No question about that.

I agree with that. So any pricing change we would make or any change in rates, or anything else that was going to help us long term would not do us any good this winter. I agree with the Senator completely that we need changes for the long term that will encourage drilling for both oil and gas, particularly gas. But we are not going to get wells down—even if we decontrolled today and gave them a signal to go—and onstream to do any good for this winter.

That is the objective of this bill. This bill is to do something about the impend-

ing economic catastrophe we have facing us this winter. It is an emergency bill. It self-destructs next summer.

Mr. BARTLETT. I am sure the Senator, even though he is quoting Mr. Zarb, recognizes that Mr. Zarb is not in support of this bill. But I mention that and I disagree with the Senator here, and I hope that he will rethink what he just said.

In addition to what I have already mentioned offshore, I think the Senator will agree with me that there are wells drilled in the offshore area that have not been profitable to develop at the present price of 52 cents a thousand. Is it not true that there are a considerable number of wells that could be connected to the interstate market and available in the East, if the price were such to make this economically feasible? So, therefore, what I am really suggesting to the Senator is that there would be a significant impact immediately by a free market price in the offshore area to have immediate connections of already known and discovered gas, gas that has been drilled and tested but not in sufficient quantities to be economically feasible at 52 cents. So does it not make sense, even though I do not agree with the pricing mechanism in this bill, but assuming that it would be considerably higher than 52 cents, to have it apply to offshore gas where we would immediately have connections for this gas available to the interstate market to which it is dedicated?

Mr. GLENN. Assuming that new gas will not be drilled between now and this winter to come on stream offshore, am I understanding the Senator from Oklahoma to say that offshore drilling has been completed and is setting there waiting to be used? Are producers just sitting there waiting to capitalize on a higher price for the gas and that is the reason that we are short on gas? Are they withholding gas from the market at the present time? Is that what I understand?

Mr. BARTLETT. What I am saying is that at the present price there is gas that is not marketable, that the producer cannot develop the full area, that a pipeline company, or he himself is not willing to pay the price of a line to lay to a few wells. There is not going to be further development, so he is not interested in laying pipelines to those wells at the present price. One of the things with gas, I tell the Senator from Ohio, that tends to restrict gas drilling and development to the larger independents or the larger producers is that, unlike oil—and I am speaking oil onshore and offshore—you cannot truck it. You cannot barge it in as you can oil. You cannot do this with gas. So you have to have a pipeline connection.

In drilling a new field, a pipeline company will require so much production, so much proven reserve, before it is willing to make the expenditure of laying a line to that production.

The amount of reserves naturally depends on the cost of laying the line. It is expensive offshore development work, and is expensive for the pipeline company. He has to know that he has sufficient developed reserves coming up in the future in order to make this investment.

So what I am saying is that by neglecting the offshore oil in the bill, the Senator is turning his back on a great deal of gas that would be ready this year.

Second, in case this bill is passed and 692 is not passed, or—to put it another way—there is no long-term bill passed, then could we not have the same problem a year from now, when the Senator would be saying, "We'll extend this bill," and it does not provide for anything but the short term of the emergency? But then have we not missed a great opportunity by not developing additional reserves for a year hence?

Mr. GLENN. I will take up the second question first.

So far as S. 692 is concerned, obviously, I cannot stand here today and guarantee the Senator from Oklahoma that it will be passed and in what form it might be passed. I do know that, along with S. 692, there are a number of theories and ideas of what the pricing mechanism should be for the future, whether it is a Btu equivalency, a fraction of OPEC, or a mixture.

These things are all going to take some time to sort out, some time to debate, and some time to get passed and enacted. That is time we cannot afford. That is why we are making every effort to keep the long-term and the short-term aspects of this matter apart.

Mr. BARTLETT. If the Senator will yield for a quick comment, are we not, by the nature of this bill, just taking a gamble that there is not going to be a long-term bill?

Mr. GLENN. We always take a gamble on any bill that is in the future. I cannot guarantee passage of this emergency bill, even though I am working very hard for it. But I am committed 100 percent, along with the distinguished floor manager of the bill and the leadership on both sides of the aisle to bring up those long-term aspects next, after this emergency bill. I want to see that brought up and settled just as much as does the Senator from Oklahoma.

Let me comment on another matter. The Senator from Oklahoma mentioned that wells might be drilled out there that are capped in, that they might need some incentive to get pipelines out to them or to make a collection of gas from a number of different wells.

When we talked about this earlier with the people from FEA and FPC, I was under the impression that there was very little capped-in gas of that type offshore. If the Senator from Oklahoma has any information as to large quantities of gas that are so involved offshore, I would appreciate any information that he has, because it was my impression, in putting this bill together, that that was not a significant factor at all. I know that the major expenses involved with drilling offshore are with respect to the rig and getting it out there and setting it up. With all the complexities of drilling OCS gas and oil, I think that just getting the pipeline in at the end of it, would be a comparatively minor part of this operation.

I do not have specific figures to back up what I have just said, but I would think that the major part of the expense, if capped out wells are there, already would have been incurred and that getting it to shore would be a comparatively small item.

Mr. BARTLETT. The laying of the line could be a large item or a small item, depending on how far offshore and the size of the line. But the big question mark that the pipeline has in such a venture is to know what size line to lay. How much committed reserves will be had? If they cannot find that out, they are not going to want to lay too small a line that might even pay out but would require a duplicate line later on.

The point is that the free market tends to maximize the drilling effort. It tends to provide the producer and the pipeline company with the knowledge that there are not going to be artificial restrictions on the market. So he is willing to gamble on a supply-demand price.

Mr. GLENN. Does the Senator from Oklahoma have any information regarding estimates as to the total amount of gas that might be available from the sources he has been discussing here?

Mr. BARTLETT. No. However, I can see that the price might go up four times if the price went from 52 cents to a free, uncontrolled price and then that was adjusted on Btu—in other words, putting it on the oil equipment. Or, even if you put it on a gas equivalent, it would be at least a three times increase. Obviously, this is going to make possible economically a lot of gas that otherwise would not be available. It is bound to.

Mr. GLENN. It was our understanding from FEA earlier that any substantial amounts of offshore gas would have to come from new drilling, and that obviously would not be good for this winter.

Mr. BARTLETT. I think that new drilling would bring on much more, but also, some wells would be ready to hook up.

The Senator from Ohio mentioned earlier, in answer to my question, that the gas that is now in interstate commerce, under contract, would remain in interstate commerce if the contract expired.

Mr. GLENN. Will the Senator restate the question?

Mr. BARTLETT. With respect to the gas that is in interstate commerce now and under the FPC jurisdiction—if the contract for that gas would expire, it would continue under FPC control at the FPC control prices.

The Senator is aware of the fact that the older the gas is, quite often, generally, the price is much lower, so that the price out in the Oklahoma panhandle area is very low. Some of those prices are 7 cents, 8 cents, and 18 cents a thousand.

It seems to me that one of the very glaring weaknesses of this bill is that it continues the kind of pricing mechanism that forces the producer to sell his goods, his gas, off his shelf, at far less than replacement prices. This is what has resulted in the horrible supply picture that we have in this country for the interstate market.

The FPC has based prices on what they call vintage—the older it is, the lower the price. Yet, that producer does not have the opportunity to replace that gas, because the gas he would find today, because of greatly increased costs of drilling and development, would be much higher.

So it seems to me that the Senator is guaranteeing that the amount of drilling for the interstate market, as defined in this bill, still would be constricted considerably. Is that not the case?

Mr. GLENN. We do not anticipate drilling as a result of this bill, because it would be impossible to get wells down in time to do any good this winter, and that has to be considered in the longer-term aspects.

Mr. BARTLETT. Would not the Senator be interested in those operators who use pressure on the reservoir to increase their production or who might be in a position to work over wells and because of a restricted price would be handicapped in that, compared to the situation that would exist in an uncontrolled market—or even in a market in which a producer of old gas, in interstate commerce, could have that gas considered as new gas upon the expiration of the contract?

Mr. GLENN. Under existing law, if they can show those higher costs in their production, they can petition for and receive higher rates. That is under existing law. We did not try to get in the whole FPC pricing structure of that kind of incentive in this bill.

Mr. BARTLETT. I say to the Senator from Ohio that if he is not going to get into the problems that the FPC has had, then he is continuing the same approach that they have followed for years, which has resulted in the tremendous shortage.

Mr. GLENN. I only reply to the distinguished Senator from Oklahoma that we have plowed this ground over and over again this afternoon. We are not trying to set long-term pricing. We are trying to get by an emergency for this winter because curtailments threaten major unemployment in this country, up to half a million jobs, an estimated, 40,000 to 60,000 in my home State of Ohio, which will be one of the most heavily impacted States as far as unemployment goes. It can knock our economic recovery in the head.

While I agree that we have come to grips with the long-term pricing aspects of natural gas and oil, capital formation to drill that is something that is not going to occur during the debate here in the next week or so on the Senate floor. That is the reason we are trying to keep those things separate, so we can get a short-term emergency bill through that will not let the prices go sky-high this winter.

I do not look at this as much for keeping a cap on as I do releasing a great deal of the old gas at a whole new price structure here. I think that, in the long term, I agree fully with the Senator from Oklahoma, the Senator from Louisiana, and all the rest of the Senators who are so concerned about the long-term aspects of this. This bill addresses itself just to the short-term aspects of what happens this winter and preventing an economic disaster in this country.

Mr. BARTLETT. I say to the distinguished Senator from Ohio that the Oklahoma Natural Gas Co. is in the process of negotiating with North Carolina, which is perhaps the State that has the largest unemployment of any of the States which are short of gas, for about 100 million cubic feet of gas per day, which will be an amount of gas to handle a city of about 200,000, if it were averaged in the mix of domestic and business and industrial use of gas, on a voluntary basis, at the free market price on the 6 weeks' time period permitted by the FPC. But this bill, if it becomes law and does not have a long-range provision, then, I think, becomes very unfair and injurious to those States which are now enjoying the free market price of intrastate gas.

Mr. GLENN. We do not cut that back.

Mr. BARTLETT. It seems to me that the Senator uses an averaging of prices based on what happened in August of this year, and that in that averaging, as the other averages that have been used by the FPC in the past, there is going to be some high-cost gas that would need a higher price than the average that will be available that would then not be competitive and would not be produced.

Mr. GLENN. I respond to the Senator from Oklahoma by saying that this is not State-wide pricing as an area. It is production area by production area, which we all agree, I am sure, would be much more equitable. That way, no one is penalized by this being very cheap gas or very high-priced gas, say, from one end of Texas to another, which is 800 or 900 miles across. We can find considerable disparity from one field to another. We realize that, so we are making the pricing on an area of producing field so that that price will be an average, within a few cents of each other, and might vary quite widely from one area to another or one State to another.

Mr. BARTLETT. When the Senator says within a few cents of each other, that is the present price of gas, or would be very close. Why does the Senator want to have a control on it if it is going to be that close to the present market? I do not think it would be, but just taking his argument as he is giving it, if the price and the average he is talking about is going to approximate the free market price, why have a free market price?

Mr. GLENN. We go for the free market price with this bill now. It is the free market intrastate price, the free market that has been operating there. Mr. Nassikas has testified before us that he can see certain areas where, if we did not have this kind of lid on it in an emergency period, he could see prices going up to $3 a thousand cubic feet. I agree that where there is a great rush of end users down there trying to buy gas, if the pipelines are in there trying to buy gas, if everybody is in competition like the 1849 gold rush, then a bidding war will result. We cannot see, in a time of budding economic recovery, why we should just let the prices go sky high and back down again.

I should think that the producing States would not mind this type of limitation, and I can tell the Senator why, very rapidly. The intrastate use of gas is going to be driven up as the new contracts become available within a particular State. I think we need to remember that they are going to be affected by this, too. I should not think that the producing States would want this kind of aberration, where their own contracts for gas within the borders of their own State would be subject to these wild fluctuations up and down. That is unfair to industry in the producing States.

We felt it was more fair for everyone, for the producing States and the industrial end or user ends of the pipelines, and consuming States—both—to keep a lid on the existing free market intrastate price while we are committed to working out the longer-term aspect of this that I want to work with the Senator on.

Mr. BARTLETT. Well, the Senator mentioned fluctuations up and down. I do not think there are going to be any fluctuations down in the price of gas.

Mr. GLENN. Unfortunately, I think that is correct.

Mr. BARTLETT. I think the price was low for so long, and it is a historic case of price control resulting in shortages, that it is going to be a situation of the price going up. But I think it is very interesting, and is the case in Oklahoma, that over the last several years, I think approximately 10, the price has increased—this is the price paid by residential consumers on their utility bill—4.7 percent per year. At the same time, in Oklahoma, the price of new natural gas has risen from 50 cents to $1.50. So the price that is paid at the wellhead has gone up 300 percent. Yet, because of the roll-in factor of the new contracts, which do terminate and are, obviously, open for negotiation and renegotiation at their expiration, still, the consumer of natural gas had paid a price increase annually of only 4.7 percent.

Also, I advise the Senator from Ohio that from 1969 to 1974, the intrastate reserves have increased by over 25 percent, while the interstate reserves have declined by more than one-third.

One of the things that bothers me, and the Senator was talking about how he thought the producing States would like this bill—incidentally, I think the Senator is aware that the producing States are also big consuming States. As small as we are in population—we are about in the middle of the population band of the 50 States; I think we rank 26th—we are the 7th largest consumer of natural gas. But the producing States have a real worry of having their system—which has worked. The intrastate free market has worked and developed reserves. We have more reserves now than a few years ago; we gained considerably last year. To have a control system which will produce less gas—I think the citizens of our State are very much interested in helping out those States which are short today, such as Ohio and South Carolina and North Carolina and others, even though there has not been strong support for a decontrolled price which would bring on insufficient supplies.

But what I think would be very unfair for the citizens of Oklahoma and Louisiana and Texas would be to have this kind of a bill, which is an emergency bill, supposedly for the short term, that would not take care of the long-term situation.

The extra gas in Oklahoma which is now being made available on a voluntary basis for North Carolina and will be for other States, I think, it is very important that this be done. But, at the same time, I do not think it is fair for our State and other producing States that have the gas that is available because the citizens of those States have been willing to pay the present market price, to have that gas taken away from their industries or taken away from under the boilers and placed, and made available, for others. This is, in my opinion, their gas. It is gas they paid for.

It is one thing to do it on a voluntary basis, and to make this available, continuing a free market system for the State. But it is another thing to ask us to change the system into a controlled market with the FPC controlling the price, give up the system that really works, and then have all the States go down to the same low level of shortage. Then whom are we going to call on for emergency gas? We will not have a State that will have it.

Mr. LONG. Well, basically does this not work out to be a bill calculated to prevent the free enterprise system from working? Shortages bring on production in a free enterprise system. Shortages bring on fast increases in production because shortages cause prices to go up. When prices go up people do two things. One, they consume less; two, they produce a great deal more.

Look what happened in sugar. We had a shortage; the price went up. Now, the price was unconscionably high, but it has brought on an enormous increase in the production of sugar, so that within a year the price of sugar is down.

Not only did people change their pattern to use less sugar, but everybody planted more sugar so that now there is increased production and less consumption.

Now that would work here. If the price were permitted to go up so would production. That is what these people seek to avoid.

They seek to say that the producers cannot get any more than they can get from their own neighbors right now to prevent the free enterprise system from working.

The Senator knows, I believe, what I know, and that is you could probably get everybody who has any gas to drill for it and produce it if you said, "Well, he could get the price that would be the Btu equivalent of what world market oil is selling for, which is the price you are paying for the new oil now."

If you would do just that much and say that, "All right, during the period while things are settling down or during a 6-month period you would have a $2 lid, but after that sell on a free market basis," the probabilities are that the competitive effect would keep it around there.

Most people in my State tell me they do not think you are going to have to pay $2 to buy gas because producers are looking for long-term contracts and they will sell long-term contracts for less than $2. It might wind up being a floor rather than a ceiling. So if people want a ceiling, and they want to be halfway fair about it, they might find that actually they have in the long run disadvantaged themselves to put it at $2. But, no doubt about it, you could get all the production you want at $2.

The Senator has talked about unemployment. We ought to be doing a lot more than just trying to save the jobs for those people up there in Ohio who, by virtue of unwise regulation, find their jobs in jeopardy. We ought to be putting to work about 3 or 4 million people in producing more energy and making better use of what we have. We ought to say that all the restraints that prevent people from drilling for more gas will be removed, and we ought to be doing it right in this bill. At least the President has recommended a bill that moves us in that direction, has he not?

Mr. BARTLETT. He has.

Mr. LONG. And the only real difference is that the Senator wants to impose the counterproductive hand of the Federal Power Commission to prevent a program for working where the President is recommending one that would work.

I would be willing to accommodate those who want some kind of control by saying, "All right, let us tie it to the price of the new oil," and if people felt secure they could get that price they would be drilling in a hurry.

I bring the Senator news from Louisiana. I was just there. Those who are producing the steel and the rigs for drilling tell me they are not getting the orders they should be getting for new rigs to drill for oil and gas. The reason is that the uncertainty created by the regulation we are talking about, by the talk about the rollback of the price in oil, by the talk about nationalizing the industry, all that sort of thing scares people. It frightens businessmen, with the result that the contracts that are being let to drill for new wells are only being let well-for-well; even where they have, where a company had, a whole field that needs to be developed with offsets, and where they, we would hope, would let contracts to drill a series of wells, they are letting them one by one.

If that is the best contract a driller can get, the Senator probably knows that field is not going to buy a new drilling rig if he does not have a contract for more than one well. He will use the rig he has and then look for another contract.

The limiting factor on production right now is, to a considerable degree, the number of adequate rigs available to do the job.

The companies are not being provided with the incentive to put on order the additional rigs we ought to be buying now.

But where we have the best potential of finding a lot of gas, that is, by drilling right beneath what you have right now on the salt dome structures, under the Glenn bill we would still have the disincentives that we have now, that people would feel the gas that has been down there for 50 million years will be worth more money later on, and as long as they are going to make you sell it under Federal Power regulations and deny you the right to sell it on a free market competitive basis, they would prefer to just leave it there until Congress can clear up that fiasco.

Now, might I ask the Senator's reaction to this assertion that a producer is being offered a free market competitive price when he is offered the opportunity to sell his gas for the intrastate price in a State where there may be a surplus of gas for that State's needs. Does that sound like a free market price to the Senator?

Mr. BARTLETT. No, sir; it does not.

Mr. LONG. Does it sound like a free market price to say that he will be offered the opportunity to sell his gas for the same price he has already turned down? Does that sound like a free market price to the Senator?

Mr. BARTLETT. I think the Senator makes a good point.

Mr. LONG. It seems to me if Senators want price control at a minimum they ought to be willing to settle for the same price they are already paying for coal and for oil.

If their argument is, as I have heard them make it here, that the reason they should be given a priority in obtaining this gas, which is being used by someone else, is that they are unable to use oil or coal and, therefore, must have gas, what kind of sense does it make to say that with that logic as a justification for obtaining the priority they should have it cheaper than it would cost to buy the oil or the coal?

Mr. BARTLETT. Well, the Senator makes a lot of very good points, and I think it just stands to reason that if the people in those States which are short of gas want to have a quick increase in the reserves available to them, have their lines start to fill up so they are not paying part of the increase in price just to amortize that portion of the line that is not being used, that we are going to have to have an uncontrolled free market throughout this country. If we do this we are going to maximize the effort to have sufficient reserves as quickly as we can. No one knows exactly how long that is going to take. But I think that we do know, to have the maximum all-out efforts means a free market, uncontrolled market. All the rest of this business of putting controls on and averaging prices, and so on, is going to slow down the drilling.

The provision that would not permit an expired interstate contract to be renegotiated at a free market price is going to mean that particular producer is going to be continuing to sell and in some cases at a very ridiculously low price for a product off the shelf and far under the price it takes for him to replace it.

I talked with some producers out in the western part of our State that are receiving under interstate Federal Power Commission contracts 7 cents, 17 cents, 18 cents a thousand.

I think the Senator from Ohio and the Senator from South Carolina would

not like it very much if they were treated that way on the selling price of their house that they might sell someday here in Washington at such time as they decide to leave Washington. I do not think any of us would want that, because in the case of this 7-cent gas, it is many, many, many times under the going market, and it is very unfair in my opinion to do this.

Mr. President, S. 2310 is a nonsolution to our country's natural gas shortage. In fact, it is a blueprint for even greater shortages in the future. If it becomes law, passage of comprehensive legislation through both Houses of Congress would be indefinitely delayed. Thus, notwithstanding the unworkable and counterproductive provisions of this so-called emergency bill, new natural gas supplies will not be forthcoming and the American people will be denied a desperately needed solution to a very serious problem. Congress will have again copped out and the gas consumer and the American worker will pay the price.

There is nothing in S. 2310 which will cause more natural gas to be found and produced. There are, however, many provisions in the bill which will cause less exploration and development of gas supplies than there is right now.

First, the bill establishes a price ceiling on the intrastate gas market. This price ceiling is to be based on an average of new gas contract prices during the month of August 1975. Thus, because this price is an average, any gas which costs more than the average, and obviously some exists, will remain undiscovered. Even Congress cannot force producers to drill for gas which they believe cannot be produced profitably.

Other provisions in the bill like the one—section 4(c)—which says that no gas can be sold at a price higher than the ceiling price—even if it costs more—and the one—section 4(g)—which says that if gas is discovered and is not sold it can never be sold at a price above the ceiling price are actually disincentives for producers to even risk drilling at all. If I were a producer, and this bill became law, I would stop drilling except in those circumstances where drilling is required to prevent loss of my lease.

This is for onshore. Offshore, the FPC's national rate is the maximum permitted. We have already seen what this kind of pricing technique does to the gas exploratory and development effort. The following table illustrates what has happened to the offshore exploration and development efforts as the result of a controlled interstate market offshore and an uncontrolled intrastate market onshore.

	Total U.S. gas exploratory footage (million feet)	Offshore gas exploratory footage (million feet)	Offshore as percentage of total
1970	3.7	.26	7.1
1971	3.3	.41	12.4
1972	4.6	.14	3.0
1973	6.2	.17	2.8
1974	7.7	.11	1.4

	Total U.S. gas development footage (million feet)	Offshore gas development footage	Offshore as percentage of total
1970	19.2	1.6	8.5
1971	19.3	1.7	9.1
1972	22.2	1.5	6.8
1973	29.4	2.3	8.0
1974	31.3	1.6	5.2

All figures taken from latest publications of "Gas Supply Indicators" by the FPC Office of Economics, issued August 9, 1975.

As can be seen from these figures the percent of gas exploratory footage offshore has decreased from 7.1 percent in 1970 to 1.4 percent in 1974. Development drilling shows a similar trend. Offshore was 8.5 percent of the total in 1970 and 5.2 percent in 1974.

More insight can be gained by looking at the amount of drilling. From 1970 to 1974, total U.S. exploratory gas footage increased from 3.7 million feet to 7.7 million feet or 208 percent, while offshore footage decreased 42 percent. Total development footage increased 163 percent, while offshore development drilling remained constant.

How the sponsors expect to reverse this trend with the pricing provisions of S. 2310, I do not know. But it is truly a sad situation, because offshore not only has the greatest potential for significant new gas discoveries but also is a more expensive area in which to operate.

There are now abundant gas supplies in the intrastate markets because consumers and industry in the producing States have been willing to pay free market prices for natural gas in order to assure the supply. Not only does this bill attempt to take gas supplies from the intrastate markets but it also attempts to take the system, the free market, which allowed those supplies to be developed in the first place.

In this regard, I should like to quote from a recent letter to the President of the United States from the Governor of the State of Oklahoma, David L. Boren, which I believe properly describes the producing States' attitude toward S. 2310:

> The present bill, S. 2310, is a completely self-defeating one. It will do nothing to create any new production. In addition, it fails to realize that we can't simply shut-off the natural gas in Oklahoma, and states like Oklahoma, because there is not the capability of an immediate transfer to other fuels. Such an action would be disastrous to us, and will hurt the entire country in the long run. As Governor of Oklahoma I will not stand idly by and allow this to happen. In my opinion there are grave constitutional questions about the counter-productive nature of this act. Congress should be under no illusion. We would use every resource available to us to prevent it from happening.

Although the provisions which would permit production in excess of MER have been deleted from the amended version of this bill, they give some insight into the real motives behind S. 2310. I would, therefore, like to briefly discuss them.

Imagine Congress enacting legislation which actually would result in the production of less oil and natural gas in future years in order to get a little more gas into interstate pipelines now. Does anyone suppose natural gas shortages will go away in the next several years? I hope not, because they will not. Many years will be required to increase supplies enough to work out of the problem. Yet the original version of S. 2310 proposed to make future shortages even worse so that existing problems will not be so bad.

This is a real example of public policy with the expressed intent of making our children pay for the mistakes of today. I am pleased, of course, that the sponsors of S. 2310 saw the light and chose to remove the temporary emegency production rate provisions. However, the same comments apply to the pricing provisions. Our children will pay dearly because we would refuse to price the natural gas used today sufficiently high to permit producers to find and develop enough gas for tomorrow. Until this Congress recognizes the folly of price controls and deregulates natural gas, this country will not have enough gas to meet its needs in the future.

The bill abounds with provisions that are impossible administratively and for this reason alone, it will not accomplish the objectives held out for it. The FPC cannot possibly, either within 15 days or before winter, accomplish all the tasks set out for it in this bill; plus all the tasks it is normally supposed to perform. For example, how will it be possible to collect the data on the intrastate contracts let during August 1975 when most producers in the intrastate markets are nonjurisdictional?

How will the FPC determine within 15 days and with any reliability the alternate fuel capability of the consumers behind the various curtailed interstate pipelines? Certainly there will not be sufficient time to obtain record evidence or for judicial review. The determinations which must be made by the EPA, the FEA, and the FPC in order to implement the boiler fuel section again cannot be done in time to affect interstate gas supplies.

Senate bill 2310 is a disaster, a disaster for the gas producer, a disaster for States like Oklahoma, Texas, and Louisiana, but most important, a disaster for the American natural gas consumer and worker. I have attempted here to bring out some of the negative, adverse aspects of this bill. There are many more. I hope my colleagues will seriously consider the details of this legislation. It will not work, and our constituents, when they are out of work and cold, will truly question the quality of our representation if it becomes law.

There has never been a better case for the elimination of price controls than the natural gas situation. The uncontrolled intrastate markets have adequate supplies and the controlled interstate markets do not. Do we bring the successful pricing procedure down to the level

of the unsuccessful one and assure everyone of natural gas shortages? Or do we do the opposite. It is time for statesmanship by all of us. I hope we take the latter course. The economic future of our Nation rests on it.

Mr. President, I wish to thank very much the Senator from Louisiana and also my good friend from Ohio for the dialog we had.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the distinguished Senator from Indiana (Mr. HARTKE) be added as a cosponsor to S. 2310 and the amendment now under consideration.

The PRESIDING OFFICER (Mr. FORD). Without objection, it so ordered.

SENATOR RANDOLPH URGES ENACTMENT OF EMERGENCY LEGISLATION TO COPE WITH SEVERE NATURAL GAS SHORTAGES THIS WINTER

Mr. RANDOLPH. Mr. President, the United States is blessed with abundant energy resources. What is lacking is a common commitment by Government, by industry, and by all American citizens toward the single national goal of greater energy self-sufficiency.

Too much time is being wasted in search of a scapegoat for our country's energy problem. For lack of a definitive national energy policy, we all suffer.

Since 1969 and particularly since 1971, a major shortage of natural gas has emerged. In large part this has been to the unreasonable prices established by the Federal Power Commission for interstate natural gas.

In addition to retarding the exploration and development of new conventional natural gas supplies, the policies of the Federal Power Commission have served as a major disincentive to the commercial development of coal gasification. In my judgment, the FPC's unreasonable pricing policies are the principal reason why the United States does not now have a commercial coal gasification industry in the United States.

Five years ago in 1970 the primary, immediate task confronting government policy makers and industry was acceleration of exploration and development activities for oil and natural gas. Even then supplementary sources of natural gas were deemed necessary after 1980. The most promising are synthetics, LNG—liquefied natural gas—imports, Canadian imports, and Alaskan supplies.

The formidable task of redressing the imbalance may easily require another decade.

On February 5, 1975, Federal Power Commission Secretary Kenneth F. Plumb wrote me stating that—

> The United States is currently facing a period of shortage in the supply of available natural gas. Major pipeline companies have not only been forced to stop accepting new service contracts, but have also found it necessary to curtail the supply of gas to their existing customers.
>
> The impact of the natural gas shortage upon industrial users has not been confined to the State of West Virginia. Industrial customers . . in the States of Louisiana, Mississippi, Alabama, Florida and Texas . . . are being curtailed . . . heavy curtailment of lower-priority users has resulted in some cases in severe industrial disruption in the States of New York and Pennsylvania. The impact of the natural gas shortage on a particular area will largely depend on what natural gas pipelines serve it and on the availability and price of alternate fuel supplies.

Curtailments of natural gas, which began about 4 years ago, have increased to the point where interstate pipeline deliveries according to the American Gas Association are curtailed nationally by an average of 11 percent.

This is equivalent to 1 million barrels of oil per day which most likely will be replaced by oil imports; it also is equivalent to about 40 percent of the total electric power generated today in the United States. These curtailments of natural gas are contributing significantly to our country's present energy dilemma.

In our State of West Virginia natural gas supplies 21 percent of our energy needs. Over 69 percent of the homes use natural gas. Last year's actual curtailments were 8.1 percent of normal usage.

Many industries dependent on natural gas in West Virginia have experienced severe curtailments, the largest in the State's history. Important among these are the steel and glass industries, which could not economically change over in a short time to alternate fuel sources. They were forced to lay off workers during the winter months. Further curtailments seem highly probable as set forth in the same letter from Federal Power Commission Secretary Plumb:

> Impact of a curtailment of natural gas service upon an industrial user will depend upon whether the user has operational alternate fuel facilities and upon the availability of alternate fuel sources in the area.

Yes, I repeat, there will be a loss of jobs, unless adequate supplies of gas can be called forth.

This winter curtailments are predicted to reach 11.3 percent—20 billion cubic feet. This will amount to at least a 60-percent curtailment on industrial customers beginning this November.

The resultant adverse consequences on the economy and employment in West Virginia nad Appalachia are obvious. In addition, there are the significant secondary impacts on other industries which depend on manufacturers within this region for materials and supplies.

Hardest hit will be the industrial sector: stone, clay, and glass products; chemical and allied products; and primary metals. If alternative fuels are not available a 20-percent reduction in West Virginia's natural gas supplies could displace 8,300 workers in the State in manufacturing and related industries.

In Indiana, natural gas supplies 24 percent of that State's energy needs. Last year's actual curtailment was 25 percent of its normal usage. In 1975 it is predicted to reach 32 percent or 251 billion cubic feet.

Hardest hit in Indiana will be the industrial sector: stone, clay, and glass products; and primary metals industries. If alternative fuels were not available a 20-percent reduction in Indiana's natural gas supplies could displace 99,000 workers out of a labor force of 1,715,000 workers in the State excluding agriculture and Government.

By comparison, in Illinois natural gas represents 34 percent of all energy used and 75 percent of the homes rely on natural gas. Last year's actual curtailments were 21 percent of normal usage. In 1975 these are predicted to reach 26.6 percent or 410 billion cubic feet. Should alternative fuels not be available a 20-percent curtailment could potentially displace 173,000 workers out of a labor force of 3,698,000.

In North Carolina, there will be a total cutoff—100-percent curtailment—of industrial users.

The House Government Operations Committee has recommended serious consideration be given to declaring a state of emergency in advance of this winter. Particular concern is for six States: West Virginia, Pennsylvania, Ohio, Kentucky, New York, and New Jersey.

Nationwide the deepening natural gas shortage this winter is expected to be 30 percent greater than last winter. Moreover, there is no indication that the current downward trend in natural gas supplies will change for the better in the near future.

Considering the seriousness of emerging natural gas shortages for our country and the American people, it is necessary that the Congress enact emergency relief measures which will assist in mitigating this deepening crisis. Before us is S. 2310, the Natural Gas Emergency Act of 1975, introduced by Senators HOLLINGS, GLENN, and TALMADGE. Also on the Senate Calendar is S. 2330, the Natural Gas Emergency Standby Act of 1975, proposed by the administration.

On disposition of this emergency measure the Senate is scheduled to consider S. 692, and pending amendments, designed to discover new natural gas supplies to meet the future natural gas requirements of a strong industrial America.

Mr. TAFT. Mr. President, natural gas is today the dominant domestic energy source—it represents over 40 percent of the energy produced in this country. It supplies over 50 percent of the fuel requirements of the Nation's industries. Yet past regulation of natural gas prices has encouraged its consumption and discouraged exploration and further production. This puts us on the brink of an energy disaster nationally, and especially in my home State of Ohio.

It has been estimated that up to 60,000 jobs could be lost in Ohio because of this winter's gas shortage. Sales of natural gas have been restricted in Ohio since 1972, and curtailments began in 1974. This winter, Columbia Gas, the major supplier for Ohio, will curtail customers an average of 28 percent, with some customers facing 65 percent curtailments and heavy financial losses.

On a statewide basis, Ohio has 2,561,400 residential natural gas consumers. Over 198,000 commercial establishments depend upon natural gas, as well as 6,800 industrial facilities. Because of Ohio's dependence on natural gas, and the curtailments, it has been listed as on the 15 which will be hardest hit during the coming winter. We have many industries which are major consumers of natural gas such as primary metal, stone, clay, and glass producing companies. Total

cost of doing nothing about the deregulation legislation and the natural gas shortage will cost Ohio about $109 million above and beyond the use of natural gas. This would be the cost of converting to fuel oil for all our needs, if this were possible. Of course, not all industries are able to convert, and there will be substantial job losses in these instances.

The downward trend in exploration of new natural gas will be felt for several years, even if the prices are deregulated today. The effects on the economy from job loss, curtailed production, new homeowners who cannot get gas and must use oil or electric power, will be more serious in the long run than the increase in gas prices that can be expected with deregulation.

First. Get the Government out of business;

Second. Encourage production;

Third. Cost of deregulation not that great; and

Fourth. Need a long-term solution.

At almost every meeting I have attended with constituents lately, the same message has come across: Get the Government out of business. The Government regulatory agencies are under constant criticism because of their redtape bureaucracy, infringement on people's rights and privacy, and the additional financial burdens many regulations cause to small businesses and large ones alike.

We have seen the reluctance of private industry to embark in production of energy in many now unconventional ways, because they are not economically feasible at this time. It would make no sense for a company to produce a product which costs millions of dollars but was too expensive for the public to buy. The solar cell concept is one of the expensive methods that might someday be refined enough to be mass produced and popularly priced. The exploration of Devonian shale, a concept especially popular in Ohio, has also been deemed uneconomical by experts in business and Government. The production of gas from Devonian shale is a worthy process that needs more research and development to bring its price to an affordable level for residential and industrial consumers. I have cosponsored legislation to provide more R. & D. funds for this method.

The natural gas production began to decline as reserves were depleted and extraction became more expensive and difficult. Federal Power Commission regulation of interstate gas prices stifled production and encouraged consumption of scarce natural gas. Now we have to pay for the fat years of cheap energy, not only with higher prices, but with job losses and economic strain until renewed exploration can replace these dwindled reserves.

Deregulated natural gas prices are not expected to rise as high as oil prices per Btu. There is no question that partial natural gas deregulation will impose substantial costs on consumers, but these costs will be tempered by several factors. First, the wellhead price on natural gas makes up less than 20 percent of its final price to consumers. Second, since natural gas under fixed contracts would remain at present prices, the impact would be spread out perhaps over a decade. Thus, the most recent FEA study indicated that the average cost of such deregulation would be between $13 and $18 on an annual residential bill in 1977.

One important point the Congress must consider is that the natural gas shortage is a long-term problem which requires a long-range solution, not a stop-gas measure that may cause the crisis to resurge each winter. The answer that we choose now will be affected by other economic forces during this period of national financial recovery. A temporary solution would be self-defeating of a long-term deregulation policy which I believe is inevitable. We already have seen the weakness of the 6-month extensions of the Emergency Petroleum Allocation Act. We must not let the serious problem of the natural gas shortage fall into such an uncertainty as well. The Congress should accept its responsibility for once and hammer out a long-term workable solution, instead of soft-pedaling temporary answers that are not truly effective.

At this point in the RECORD, I ask unanimous consent to have printed remarks made to me in a meeting with representatives of the Sandusky, Ohio, Chamber of Commerce. This statement, I think, reflects the feelings of many Americans in Ohio and in other areas severely affected by the gas shortage. It was given by Mr. Ralph H. McCollister, president of the Vulcan Materials Co. of Sandusky.

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

VULCAN MATERIALS CO.,
Sandusky, Ohio, September 23, 1975.

DISCUSSION WITH OHIO CONGRESSIONAL DELEGATION BY GROUP OF BUSINESSMEN FROM SANDUSKY, OHIO

Gentlemen: You have just heard Mr. Murphy relate who we are and how this group developed to bring us here today. We would like to point out that we are not here just to discuss the local Sandusky, Ohio, problem or to confine our interest to natural gas alone. We believe that there are too many interrelationships in this total energy problem. We are confident that you have heard and know quite a lot about the overall energy problem, so we will be brief. But we do want to briefly discuss the broader problem and recommend a few actions.

We are confused about many things we read in the paper and many actions that you, the Congress, and our Government are taking. There are a few facts that seem irrefutable to us. Let me briefly review them.

1. The Congress regulated natural gas about 21 years ago. The result was to make the premium fuel—natural gas—the cheapest, with oil and coal higher priced. Consumers (both individuals and industry) switched from coal and oil to gas, and so today we are essentially out of gas. Why did it happen? Simply because a law made a premium fuel cheap and thereby caused irresponsible and wasteful use of gas.

In 1974 all natural gas found in the United States amounted to an energy equivalent of 7.1 quadrillion Btu's. We consumed or used 26.0 quadrillion Btu's of gas. We used over three times as much as we discovered. The known reserves today amount to only 8.8 years at today's usage level.

We are confused when we keep hearing comments from many that there is no shortage.

2. We are being told by many to switch from gas to oil. Last year we found throughout the United States an oil energy equivalent of 17.0 quadrillion Btu's. We used 36.0 quadrillion Btu's. We found less than one half as much as we used, and the known United States reserves today are only 5.1 years at today's usage level. Considerable switching from gas to oil is occurring in this country, but we have even less oil than gas. We are only getting by because we import oil. Nearly 40% of our oil needs are imported. Each time anyone switches to oil, we are causing increased imports at the highest energy cost with increased dependence on foreign countries. We are just postponing a problem and making it bigger. This really confuses us.

3. We have more coal in the United States than all the rest of the world combined. There is more energy in our coal than in all of the oil in all of the Arab countries combined. Yet we get less than 20% of our energy from coal. We produce less than we did 30 years ago. The American Electric Power Company built the John Amos Coal Plant on a huge coal field in West Virginia. It is the largest coal-burning plant in the world. EPA required low sulfur coal. It now gets Montana and Wyoming coal sent by train to St. Louis then by barge to West Virginia. The West Virginia coal is sent by barge in the opposite direction to seaports for shipment to Japan and Europe. Transporting the coal both ways uses our very scarce oil. A recent ad by the American Electric Power Company, which is attached, highlights this problem.

We are confused that there are still so many government roadblocks to increased usage of coal two years after the Arab embargo.

4. The biggest near-term future source of energy is nuclear. Yet it takes 11 years from the start of planning to get a nuclear plant into operation in the United States—mainly because of government roadblocks. In Europe and Japan it can be done in 4½ years. Today, two years after the Arab embargo, we are projecting less energy from nuclear sources by the year 2000 than we did prior to the embargo. We are confused by this fact.

5. The Government is actively talking about starting FOGCO (Federal Oil and Gas Company). Private industry in the United States has a fantastic record for generations in the United States of beating any other business system, non-profit organizations, or the Government as far as efficiency, innovations, and effectiveness in all areas of business are concerned.

A recent study of the Department of Health, Education, and Welfare in the area of medical insurance plans showed that private profit-making industry was far more efficient than non-profit health organizations or the Government insurance plans.

The article quoted many government and educational leaders as being surprised. This mystifies us when the record shows that this has been happening over and over again. This week, a study of the Municipal Light Plant in Cleveland, a government-owned and run industry, showed it to be $5 million in the red this year; has had three years of deficits, all due to "inefficient management, a padded work force, and poor maintenance." On the other hand, our farmers use 4% of the work force and 4% of the fixed capital investment, whereas Russia uses 31% of their work force and 25% of their capital investment to produce less grain than we do.

Mr. Muskie recently said, "We live in a mixed economy where private enterprise and market forces are supposed to do the job, but if they fumble the ball the Federal Government will intervene." We would be happy with Mr. Muskie's idea if the reciprocal would also work, that is, if the Government fumbles the ball private industry would take over.

We are confused as to the basis for the push for Government to get into the private business sector.

The above five facts seem clear to us. We know that solutions are complex. We are convinced that environmental needs complicate this problem. We must make progress in the environmental areas, but not at rapid, irresponsible rates. We know that costs of energy are going to go up, but we believe responsible action will cause much less increase than the alternative of regulation. We believe this was well stated by Mr. Zarb in his article in the September 10 issue of The Wall Street Journal, entitled "The Seven Truths of Energy."

We also recognize that some risks have to be taken. Back in 1889 Thomas Edison wrote an article for the Scientific American in which he said, "My personal desire would be to prohibit entirely the use of alternating currents. They are unnecessary as they are dangerous. I can therefore see no justification for the introduction of a system which has no element of permanency and every element of danger to life and property."

In summary, we recommend the following five things:

1. Deregulate natural gas and let normal market conditions operate.

2. Deregulate oil and let normal market conditions operate. Leave profits with the companies to invest in oil and gas exploration and development.

3. Promote massive increases in the production and use of coal by removing roadblocks. A big part of this includes a more realistic look at environmental needs.

4. Promote energy from nuclear sources by removing roadblocks.

5. Keep the Government out of the private sector—such as FOGCO—and allow private industry to do the job.

But probably more important than all of these is the fact that we need decisions. For two years you, the Congress, have left us wondering what is going to happen. No real energy policy and direction has left us in great confusion, waiting to make decisions. We need to know what you are going to do.

RALPH H. MCCOLLISTER,
President, Metals Division,
Vulcan Materials Co.

Mr. TAFT. We have been urged to take immediate action on short term emergency acts to provide relief from the natural gas shortage this winter, once again delaying action on a long-term energy bill. If the Senate had taken action in June when S. 692, the long-term bill, was reported from the Commerce Committee, a bill may have been considered by the House by now and have been enacted. As it is now, no action has even been taken on the so-called emergency measures that were introduced almost 3 weeks ago.

The Senate has held many hearings on this matter, and although it has many technicalities, further delays will only exacerbate the shortage.

I doubt that any emergency measure that we pass in the Senate now could be enacted and administered in time to alleviate any shortages this winter. This is not to mention the additional time that judicial reviews will take, and I believe that they may be forthcoming, if the bill, S. 2310, is passed. The East Ohio Gas Co. in my State has told my staff that they have written this winter off. Next winter will be worse, and they are now hoping for some relief by that time.

S. 2310, the legislation we are considering, proposes a short term solution to this problem.

It would set average area ceiling prices on intrastate gas. These would be subject to court suits because of Federal intervention in instrastate commerce, and would not provide sufficient return to prevent competition for purchases. The lawsuits would very likely impede the use of intrastate gas which is vital if we are to overcome the shortage this year.

The area ceiling prices proposed would be too low. There is not that much surplus gas to supply all the curtailed companies on interstate pipelines. Therefore, they would have to compete with present purchasers for gas. Producers would probably prefer to sell to their traditional intrastate customers, even at the ceiling price, rather than commit their gas to the interstate market.

The short term solution requires gas production at the maximum efficient rate or higher. Pushing a well to this rate can cause damage to a well, and of course will cause it to run dry sooner and in the long run, to produce less gas.

The administrative structure of this legislation is a nightmare. First, it requires the Federal Power Commission to establish the average of August area ceiling prices within 15 days. Some of this information is not yet available for the month of August. Some areas did not have any sales during that month. The time frame allotted for this price setting is too short, and the FPC Chairman, John Nassikas, has said so in his testimony before the Senate Committee. In addition, at the conclusion of the "emergency" period, what would be the status of the contracts and prices on the intrastate market?

The bill provides for participation of the FPC, the FEA, the Department of Interior, the USDA, the Environmental Protection Agency, State EPA's, and other state agencies. The idea of all these separate jurisdictions participating on one 9-month program does not seem effective or feasible. The bill is ambitions, but unrealistic in view of past experiences and the true emergency which now exists.

I believe the preferable approach would be for the Senate to act now on a combination of 180-day deregulation proposal and long-term deregulation together. This would be far easier to administer, has been tested in prior times. It would make permanent the solution, so that we would not be faced with the present situation year after year. The Congress must take positive and forceful action now, if we are to win the confidence of the American people, and avoid further economic disruption and confusion that further curtailments and job losses will bring.

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate convenes tomorrow and after the two leaders are recognized that there be a period of not to exceed 20 minutes for the transaction of routine morning business and that the time limitation of 3 minutes attach thereto.

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

Mr. MANSFIELD. Mr. President, at the conclusion of the morning hour, the Senate will then return to Calendar No. 355, S. 2310, and that will once again be the pending business.

RECESS TO 10 A.M. TOMORROW

Mr. MANSFIELD. 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 recess until 10 a.m. tomorrow.

The motion was agreed to; and at 5:13 p.m., the Senate recessed until tomorrow, Tuesday, September 30, 1975, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate September 29, 1975:

IN THE COAST GUARD

The following Regular officers of the U.S. Coast Guard for promotion to the grade of captain:

Charles F. Hahn	Barry C. Roberts
Eugene L. Davis	David P. Bosomworth
Robert R. Houvener	George H. Garbe
Richard N. Abrahams	Bruce L. Sonomon
Kenneth D. Albritton	Willia F. Merlin
Kenneth D. Urfer	Thomas F. Schaefer
James A. Atkinson	Donald P. Taub
Harold B. Summey	Richard D. Olsen
Donald O. Cunningham	Don S. Bellis
	Lynn N. Hein
Robert A. Biller	Arthur H. Wagner
Robert J. Ketchel	Leroy C. Melberg
Thomas W. Kilpatrick	William M. Flanders
Walter W. White	John G. Stanley
William M. Devlin	William B. Mohin
Michael Abarbanell	Earle L. Sullivan, Jr.
William F. Roland	Kirk R. Kellogg
Stanley J. Walden	George L. Rettie
John J. Cadigan	Richard I. Ryback1
Basil D. Harrington	Laurence C. Kindbom
Richard E. Sardeson	Joseph H. Wubbold
George F. Viveiros, Jr.	William J. Brogdon, Jr.
Kenneth M. Palfrey, Jr.	Charles E. Moorhead
Clifton R. Smith	John W. Kime
Norman B. Lynch	

The following reserve officer of the U.S. Coast Guard to be a permanent commissioned officer in the Regular Coast Guard in the grade of lieutenant commander:

John E. Williams

The following named officer to be a permanent commissioned officer in the Coast Guard in the grade of lieutenant having been found fit for duty while on the temporary disability list:

Gerald A. Parr

IN THE AIR FORCE

The following persons for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, Title 10, United States Code, with a view to designation under the provisions of section 8067, Title 10, United States Code, to perform the duties indicated, and with dates of

rank to be determined by the Secretary of the Air Force:

To be captain (Chaplain)

Beckley, James W., xxx-xx-xxxx
Boone, Joseph F., xxx-xx-xxxx
Crosby, Robert H., xxx-xx-xxxx
Farris, Claude B., xxx-xx-xxxx
Guetersloh, Ralph A., xxx-xx-xxxx
Haffly, Joseph R., xxx-xx-xxxx
Hall, James P., xxx-xx-xxxx
Headley, Richard A., xxx-xx-xxxx
Jemerson, Robert L., xxx-xx-xxxx
Knorr, Tom J., xxx-xx-xxxx
Knowles, Richard K., xxx-xx-xxxx
Manning, Joseph H., xxx-xx-xxxx
Nee, Eugene O., xxx-xx-xxxx
Osmond, Russell L., xxx-xx-xxxx
Parent, Edward J., xxx-xx-xxxx
Perez, Benjamin, xxx-xx-xxxx
Price, James E., xxx-xx-xxxx
Rhyne, Jerry L., xxx-xx-xxxx
Roquemore, Jimmy A., xxx-xx-xxxx
Sassman, William A., xxx-xx-xxxx
Tripp, Robert J., xxx-xx-xxxx

To be first lieutenant (Chaplain)

Mosier, Leslie H., xxx-xx-xxxx
Zirzow, Wayne H., xxx-xx-xxxx

To be major (Judge Advocate)

Matlock, Joseph D., xxx-xx-xxxx

To be captain (Judge Advocate)

Abrehamson, Thomas A., xxx-xx-xxxx
Baynham, Thomas J., Jr., xxx-xx-xxxx
Black, Paul L., xxx-xx-xxxx
Brannon, William A., xxx-xx-xxxx
Bruinooge, Jon P., xxx-xx-xxxx
Caldwell, Bryan M., xxx-xx-xxxx
Capio, Ralph J., xxx-xx-xxxx
Cervizzi, Richard G., xxx-xx-xxxx
Clarke, Leonard S., xxx-xx-xxxx
Durham, Bryant L., xxx-xx-xxxx
Economidy, John M., xxx-xx-xxxx
Ernst, Alan C., xxx-xx-xxxx
Frampton, James H., xxx-xx-xxxx
Graham, Roger D., xxx-xx-xxxx
Humphreys, Warren P., xxx-xx-xxxx
Kean, Barret E., xxx-xx-xxxx
Lemar, Bruce R., xxx-xx-xxxx
McAvoy, Roger J., xxx-xx-xxxx
McNamara, Roger T., xxx-xx-xxxx
Mounts, Robert T., xxx-xx-xxxx
Niehaus William S., xxx-xx-xxxx
Nieto, Johnny L., xxx-xx-xxxx
Query, Bryan L., xxx-xx-xxxx
Simutis, Frank J., xxx-xx-xxxx
Wasko, Adrian J., xxx-xx-xxxx
Waugh, David K., Jr., xxx-xx-xxxx
Whittington, Michael C., xxx-xx-xxxx
Woods, William R., xxx-xx-xxxx

To be first lieutenant (Judge Advocate)

Barnick, Terry R., xxx-xx-xxxx
Bateman, David A., xxx-xx-xxxx
Beeson, Richard D., xxx-xx-xxxx
Boswell, William P., xxx-xx-xxxx
Case, Michael W., xxx-xx-xxxx
Edgin, Gordon R., xxx-xx-xxxx
Forkner, Larry E., xxx-xx-xxxx
Fuscher, Steven R., xxx-xx-xxxx
Guilbeau, Lyle J. S., xxx-xx-xxxx
Harris, James R., xxx-xx-xxxx
Krchma, Stephen P., xxx-xx-xxxx
Lowenberg, Timothy J., xxx-xx-xxxx
Luke, Peter H., xxx-xx-xxxx
Lynch, Joseph G., xxx-xx-xxxx
Mahan, Charles W., xxx-xx-xxxx
Meador, Paul M., xxx-xx-xxxx
Oconnell, Barry G., xxx-xx-xxxx
Patch, Thurmond W., xxx-xx-xxxx
Reed, Robert E., xxx-xx-xxxx
Regan, Gilbert J., xxx-xx-xxxx
Rigsby, Allen W., Jr., xxx-xx-xxxx
Rowland, Jay R., xxx-xx-xxxx
Schulze, Herbert R., xxx-xx-xxxx
Secrest, James K., II, xxx-xx-xxxx
Slone, Randolph C., xxx-xx-xxxx
Smiley, St..nley R., xxx-xx-xxxx
Steighner, Donald J., xxx-xx-xxxx
Stone, Donald G., xxx-xx-xxxx
Thompson, Thomas J., xxx-xx-xxxx
Walluk, Anthony W., Jr., xxx-xx-xxxx
Wilder, Harlan G., xxx-xx-xxxx
Wright, Roger E., xxx-xx-xxxx
Yoder, Dennis S., xxx-xx-xxxx

To be major (Medical Corps)

Booker, James A., Jr., xxx-xx-xxxx
Halverson, James L., xxx-xx-xxxx
Hart, Kenneth R., xxx-xx-xxxx
Miller, James B., xxx-xx-xxxx
Schaberl, Karl N., xxx-xx-xxxx
Spence, Michael B., xxx-xx-xxxx
Yrizarryyunque, Jose M., xxx-xx-xxxx

To be captain (Medical Corps)

Adams, John A., xxx-xx-xxxx
Alexander, James A., xxx-xx-xxxx
Alexander, Johnny B., xxx-xx-xxxx
Anglin, Larry W., xxx-xx-xxxx
Anthracite, Raymond F., xxx-xx-xxxx
Archer, Stanley B., xxx-xx-xxxx
Balzer, Larry D., xxx-xx-xxxx
Baskin, Harold F., xxx-xx-xxxx
Bedingfield, John R., Jr., xxx-xx-xxxx
Beineke, Daniel D., xxx-xx-xxxx
Benning, Thomas R., xxx-xx-xxxx
Berezoski, Robert N., xxx-xx-xxxx
Berman, Richard A., xxx-xx-xxxx
Berry, Michael A., xxx-xx-xxxx
Bilka, Tassilo J., xxx-xx-xxxx
Bills, Gary L., xxx-xx-xxxx
Bishop, Marvin E., xxx-xx-xxxx
Bloom, Bernard H., xxx-xx-xxxx
Bloom, John D., xxx-xx-xxxx
Boeren, John J., III, xxx-xx-xxxx
Bohnenkamp, Ronald P., xxx-xx-xxxx
Boswell, Richard N., xxx-xx-xxxx
Bouda, David W., xxx-xx-xxxx
Brady, Charles E., III, xxx-xx-xxxx
Bressinck, Renie E., xxx-xx-xxxx
Brewington, Kenneth C., xxx-xx-xxxx
Broadwell, Russell M., xxx-xx-xxxx
Brothers, Lyman R., III, xxx-xx-xxxx
Brown, Cary D., xxx-xx-xxxx
Brown, Frederick W., III, xxx-xx-xxxx
Burch, Francis X., xxx-xx-xxxx
Burch, John E., Jr., xxx-xx-xxxx
Burkett, Dennis B., xxx-xx-xxxx
Burton, Harold G., xxx-xx-xxxx
Campbell, William W., Jr., xxx-xx-xxxx
Carson, James H., Jr., xxx-xx-xxxx
Carte, Michael W., xxx-xx-xxxx
Carter, Gary D., xxx-xx-xxxx
Charlesworth, Ernest N., xxx-xx-xxxx
Chilton, Robert J., xxx-xx-xxxx
Christman, James E., xxx-xx-xxxx
Clark, Kenneth H., xxx-xx-xxxx
Clark, Max A., xxx-xx-xxxx
Cobb, Albert H., Jr., xxx-xx-xxxx
Coburn, Ernest L., Jr., xxx-xx-xxxx
Cofoid, Paul B., xxx-xx-xxxx
Collier, Harold W., xxx-xx-xxxx
Collier, James R., xxx-xx-xxxx
Collins, Terry L., xxx-xx-xxxx
Conklin, James J., xxx-xx-xxxx
Cordell, Gerald D., xxx-xx-xxxx
Corwin, James A., xxx-xx-xxxx
Couch, Ellis P., xxx-xx-xxxx
Coudon, Wilson L., xxx-xx-xxxx
Coutts, Glenn L., xxx-xx-xxxx
Crawford, Raymond S., III, xxx-xx-xxxx
Crute, James A., xxx-xx-xxxx
Culver, William G., xxx-xx-xxxx
Cwazka, Walter F., xxx-xx-xxxx
Dail, Eric M., xxx-xx-xxxx
Daley, Alexander F., Jr., xxx-xx-xxxx
Dallas, John G., xxx-xx-xxxx
Davey, Joseph J., xxx-xx-xxxx
Davis, Walter D., xxx-xx-xxxx
Davis, William M., xxx-xx-xxxx
Derick, Dale E., xxx-xx-xxxx
Desadier, Bennett B., xxx-xx-xxxx
Dickson, Richard C., xxx-xx-xxxx
Dillon, William L., xxx-xx-xxxx
Divers, Walter A., Jr., xxx-xx-xxxx
Dobbs, Larry C., xxx-xx-xxxx
Dorfman, Steven G., xxx-xx-xxxx
Dozier, Kenneth C., xxx-xx-xxxx
Dressler, William C., xxx-xx-xxxx
Duncan, Roy D., xxx-xx-xxxx
Dye, David G., xxx-xx-xxxx
Erner, Gerald D., xxx-xx-xxxx
Evans, Richard M., xxx-xx-xxxx
Feddsky, Allan L., xxx-xx-xxxx
Feldtman, Robert W., xxx-xx-xxxx
Ferguson, Peter E., xxx-xx-xxxx
Fiden, William J., Jr., xxx-xx-xxxx
Fisher, George H., xxx-xx-xxxx
Fisk, David E., xxx-xx-xxxx
Floyd, John L., Jr., xxx-xx-xxxx
Foshee, William S., xxx-xx-xxxx
Foster, Delbert R., xxx-xx-xxxx
Freeman, John L., Jr., xxx-xx-xxxx
Fricke, Frederick J., Jr., xxx-xx-xxxx
Frischer, Robert, xxx-xx-xxxx
Fry, Michael B., xxx-xx-xxxx
Fuller, Philip S. B., xxx-xx-xxxx
Gano, Stephen E., xxx-xx-xxxx
Garcia, Raymond L., xxx-xx-xxxx
Gebhart, Ronald J., xxx-xx-xxxx
Gehring, Gordan G., xxx-xx-xxxx
Gelsey, Jon E., xxx-xx-xxxx
Gertsch, Ronald L., xxx-xx-xxxx
Gibb, Paul D., xxx-xx-xxxx
Gibney, Matthew J., III, xxx-xx-xxxx
Girard, Charles M., xxx-xx-xxxx
Girod, Marvin G., xxx-xx-xxxx
Gold, Steven J., xxx-xx-xxxx
Green, Larry K., xxx-xx-xxxx
Green, Rufus, Jr., xxx-xx-xxxx
Greene, Jerry W., xxx-xx-xxxx
Gremillion, David H., xxx-xx-xxxx
Griffin, John J., xxx-xx-xxxx
Guise, Charles W., xxx-xx-xxxx
Hafermann, David R., xxx-xx-xxxx
Hall, Ronald R., xxx-xx-xxxx
Hampton, John R., III, xxx-xx-xxxx
Hand, Stanley I., Jr., xxx-xx-xxxx
Harper, William F., xxx-xx-xxxx
Harrell, Timothy C., xxx-xx-xxxx
Harrington, John A., xxx-xx-xxxx
Harris, Melvin E., xxx-xx-xxxx
Harris, Walter D., xxx-xx-xxxx
Harrison, John T., III, xxx-xx-xxxx
Hassler, Randy D., xxx-xx-xxxx
Heckler, Frederick R., xxx-xx-xxxx
Hensley, Michael F., xxx-xx-xxxx
Herpin, Daniel A., xxx-xx-xxxx
Hickman, James R., Jr., xxx-xx-xxxx
Hilliard, George D., xxx-xx-xxxx
Hilsman, Thomas A., xxx-xx-xxxx
Hoffman, Gerald E., xxx-xx-xxxx
Holt, Gilbert A., Jr., xxx-xx-xxxx
Holt, Richard L., xxx-xx-xxxx
Hoogwerf, Byron J., xxx-xx-xxxx
Houston, Richard W., xxx-xx-xxxx
Howiler, William E., Jr., xxx-xx-xxxx
Isernamaral, Jesus H., xxx-xx-xxxx
Jackson, Bruce G., xxx-xx-xxxx
Jacobs, Robert L., Jr., xxx-xx-xxxx
James, Richard E., xxx-xx-xxxx
Jasin, Walter J., Jr., xxx-xx-xxxx
Jernigan, John F., xxx-xx-xxxx
Johnson, Benny D., xxx-xx-xxxx
Johnson, Frank L., xxx-xx-xxxx
Johnson, Randle C., xxx-xx-xxxx
Johnson, Sherman B., xxx-xx-xxxx
Johnson, Thomas A., xxx-xx-xxxx
Jones, Al E., xxx-xx-xxxx
Jones, Dennis S., xxx-xx-xxxx
Jordan, Robert W., xxx-xx-xxxx
Kee, Jimmy W., xxx-xx-xxxx
Keller, Harrison B., xxx-xx-xxxx
King, Edwin M., xxx-xx-xxxx
Kinnison, Michael G., xxx-xx-xxxx
Kippel, Eugene J., xxx-xx-xxxx
Koop, Lamonte P., xxx-xx-xxxx
Koppes, Gerald M., xxx-xx-xxxx
Krege, John W., xxx-xx-xxxx
Kruger, Paul S., xxx-xx-xxxx
Kunkel, Alan R., xxx-xx-xxxx
Lachina, Frank M., xxx-xx-xxxx
Landsbaum, Charles J., xxx-xx-xxxx
Lasalle, Andre J., xxx-xx-xxxx
Lauer, Dean H., xxx-xx-xxxx
Learned, David K., xxx-xx-xxxx
Lee, Dennis R., xxx-xx-xxxx
Lehman, Craig A., xxx-xx-xxxx
Leone, Frank S., xxx-xx-xxxx
Lindley, Ancil L., III, xxx-xx-xxxx
Long, Charles G., xxx-xx-xxxx

Love, Lawrence L., xxx-xx-xxxx
Lugger, Jerry, xxx-xx-xxxx
Lundquist, Jon E., xxx-xx-xxxx
Mack, John W., Jr., xxx-xx-xxxx
Mack, Leo W., Jr., xxx-xx-xxxx
Maden, Larry G., xxx-xx-xxxx
Magill, Hubert L., xxx-xx-xxxx
Makarewycz, Bohdan A., xxx-xx-xxxx
Maresh, James E., xxx-xx-xxxx
Marks, James G., Jr., xxx-xx-xxxx
Marsh, Royden W., xxx-xx-xxxx
Martin, Earl F., xxx-xx-xxxx
Mazer, Elliot E., xxx-xx-xxxx
McClean, Charles K., xxx-xx-xxxx
McClusky, Oliver E., xxx-xx-xxxx
McKissick, William R., xxx-xx-xxxx
McLaughlin, Gary W., xxx-xx-xxxx
Meier, Walter L., xxx-xx-xxxx
Meyer, George W., xxx-xx-xxxx
Mikds, John J., xxx-xx-xxxx
Miller, Bruce D., xxx-xx-xxxx
Miller, Charles J., xxx-xx-xxxx
Miller, Christopher R., xxx-xx-xxxx
Miller, John D., xxx-xx-xxxx
Miller, Warren N., xxx-xx-xxxx
Mitchell, Louis A., xxx-xx-xxxx
Molinaro, John R., xxx-xx-xxxx
Montgomery, Walter R., xxx-xx-xxxx
Moon, Michael R., xxx-xx-xxxx
Moore, George W., xxx-xx-xxxx
Moulton, John P., xxx-xx-xxxx
Moysafnko, Valery, xxx-xx-xxxx
Mueller, Gary L., xxx-xx-xxxx
Muller, Stephen P., xxx-xx-xxxx
Mullins, James D., xxx-xx-xxxx
Murphy, Denis M., xxx-xx-xxxx
Murray, James M., xxx-xx-xxxx
Nelson, Eric C., xxx-xx-xxxx
Nelson, Richard A., xxx-xx-xxxx
Nuemann, James F., xxx-xx-xxxx
Newland, Earl F., xxx-xx-xxxx
Niewodowski, Michael A., xxx-xx-xxxx
Null, Donald M., Jr., xxx-xx-xxxx
Oberg, Lance G., xxx-xx-xxxx
O'Connor, Patrick S., xxx-xx-xxxx
Orrison, William G., xxx-xx-xxxx
Osterholzer, Heinz O., xxx-xx-xxxx
Otero, Lewis, xxx-xx-xxxx
Oyer, Frederick R., xxx-xx-xxxx
Paullus, Wayne S., Jr., xxx-xx-xxxx
Pearsall, Eldridge H., xxx-xx-xxxx
Pedro, Steven D., xxx-xx-xxxx
Perez, Rafael A., xxx-xx-xxxx
Perezfigaredo, Rafael A., xxx-xx-xxxx
Perry, Clarence P., Jr., xxx-xx-xxxx
Perschau, Richard A., xxx-xx-xxxx
Philipp, Joseph T., xxx-xx-xxxx
Pickett, James D., xxx-xx-xxxx
Player, David M., xxx-xx-xxxx
Potts, David W., xxx-xx-xxxx
Randall, Eugene H., xxx-xx-xxxx
Reddell, David L., II, xxx-xx-xxxx
Reeves, Jerry D., xxx-xx-xxxx
Ressmann, Ronald J., xxx-xx-xxxx
Richards, James F., xxx-xx-xxxx
Rist, Toivo E., xxx-xx-xxxx
Ritter, Howard L., Jr., xxx-xx-xxxx
Robison, George R., xxx-xx-xxxx
Rogers, James H., Jr., xxx-xx-xxxx
Rogers, Donald A., xxx-xx-xxxx
Rogers, William D., Jr., xxx-xx-xxxx
Rojas, Jose E., xxx-xx-xxxx
Roman, Carlos R., xxx-xx-xxxx
Ross, Michael D., xxx-xx-xxxx
Rossof, Arthur H., xxx-xx-xxxx
Ruefer, Fred M., xxx-xx-xxxx
Ryan, Michael N., xxx-xx-xxxx
Sago, Alvin L., xxx-xx-xxxx
Sanderson, Marvin B., xxx-xx-xxxx
Sanwick, Steven M., xxx-xx-xxxx
Scheur, John E., xxx-xx-xxxx
Schwartz, Burton W., xxx-xx-xxxx
Selinkoff, Paul M., xxx-xx-xxxx
Sepiol, James L., xxx-xx-xxxx
Shapiro, Donald M., xxx-xx-xxxx
Shepard, Martin J., xxx-xx-xxxx
Sill, William F., xxx-xx-xxxx
Sinclair, Allen J., xxx-xx-xxxx
Skiwski, Jacob, xxx-xx-xxxx
Smiley, William H., xxx-xx-xxxx
Smith, Gary L., xxx-xx-xxxx
Smith, James M., xxx-xx-xxxx
Smith, James M., xxx-xx-xxxx
Smith, Joseph A., xxx-xx-xxxx
Smith, Michael T., xxx-xx-xxxx
Smith, Wayne E., xxx-xx-xxxx
Spann, Charles G., xxx-xx-xxxx
Spielvogel, Richard L., xxx-xx-xxxx
Spitzer, Richard G., xxx-xx-xxxx
Stanley, Rick D., xxx-xx-xxxx
Steele, Norman P., Jr., xxx-xx-xxxx
Stevens, Edwin A., xxx-xx-xxxx
Stocker, John T., xxx-xx-xxxx
Stroble, Charles P., xxx-xx-xxxx
Stronach, Neil, xxx-xx-xxxx
Stump, Alfred L., xxx-xx-xxxx
Sturgeon, Carl L., Jr., xxx-xx-xxxx
Sullivan, Richard J., xxx-xx-xxxx
Sykes, James D., xxx-xx-xxxx
Teears, Robert J., xxx-xx-xxxx
Toon, Lee, xxx-xx-xxxx
Tremblay, Normand F., xxx-xx-xxxx
Trevind, Saul G., xxx-xx-xxxx
Trujillo, Joel, xxx-xx-xxxx
Turkington, James T., xxx-xx-xxxx
Van Buskirk, Ronald, xxx-xx-xxxx
Vandersarl, Jules V., xxx-xx-xxxx
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