records and even checking references. If such polygraph "banks" don't already exist, they surely will in not too many years.

Fourth, the polygrapher hired by an employer has a strong incentive to err on the side of safety. His eagerness to retain the trust (and business) of his client will naturally, though perhaps unconsciously, influence his interpretaton of any ambiguous test evidence. Most employers rely totally upon the polygrapher's recommendation, no questions asked. Perhaps in pre-employment testing, even more than in testing related to criminal investigation, the polygrapher's biases and attitudes are crucial.

Legal controls

The applicant or employee who is asked to take a polygraph test has very few legal protections.

Labor arbitrators have generally refused to uphold dismissals for refusing to take a polygraph test, or to admit polygraph evidence in cases of employees punished or dismissed for alleged criminal wrongdoing, especially where there is evidence of coercion or an absence of other evidence of guilt. Many labor unions oppose the polygraph test, and some have managed to negotiate contracts prohibiting its use. A few have rules penalizing members who agree to take tests.

Thirteen states have laws limiting or banning use of the polygraph for employment purposes. These are Alaska, California, Connecticut, Delaware, Hawaii, Maryland, Massachusetts, Minnesota, New Jersey, Oregon, Pennsylvania, Rhode Island, and Washington. Most of these impose penalties on employers who try to require either employees or applicants to take tests. Some do not permit employers even to "request" an applicant or employee to be tested. However, all but New Jersey and Oregon provide for important exemptions, usually either law enforcement personnel or government employees or both.

Such exceptions seem to suggest that some legislators still have a residual faith in the efficacy of the polygraph, and that their concern for the rights of those employed by government and law enforcement agencies is overridden by their solicitude for the importance of such employees' public mission. The exceptions leave a lot of people without protection. Some states also allow "voluntary" polygraph tests. So far, the laws have not been very strictly enforced, and the penalties prescribed for violation in most instances are not particularly onerous.

A different approach, one more to the liking of professional polygraphers, has been taken by some 15 states which require the licensing of polygraph examiners. The object here is to protect test subjects from incompetent practitioners rather than to restrict testing. The 1974 Senate Subcommittee report found most of the licensing requirements insufficient and criticized such laws in general for avoiding the real issues.

Several attempts have been made in Congress to enact legislation protecting federal employees, most recently in the 93rd Congress in a bill sponsored by Senator Sam Ervin. Congressman Edward Koch is making a new try in the 94th.

It seems unlikely that attempts to persuade employers to exercise self-restraint or adoption of half-hearted legislation riddled with exceptions can stem the growth of polygraph testing. Only a flat ban will do the job. Employers, public and private, must be forced to abandon the polygraph altogether and turn to other methods of investigation which will honor the right to privacy. As the Senate Constitutional Rights Subcommittee concluded:

Expediency is not a valid reason for pitting individuals against a degrading machine and process that pry into their inner thoughts. Limits, beyond which invasions of privacy will not be tolerated, must be established. The Congress should take legislative steps to prevent Federal agencies as well as the private sector from requiring, requesting, or persuading any employee or applicant for employment to take any polygraph test. Privacy is a fundamental right that must be protected by prohibitive legislation from such unwarranted invasions/TRH.

(Research for this article conducted by Laura Kantrowitz, Oberlin College, '76.)

SENATE—*Thursday, April 24, 1975*

(Legislative day of Monday, April 21, 1975)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. DALE BUMPERS, a Senator from the State of Arkansas.

PRAYER

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

"Our vows, our prayers, we now present
Before Thy throne of grace;
God of our fathers, be the God
Of their succeeding race.

"Through each perplexing path of life
Our wandering foot-steps guide.
Give us each day our daily bread
And raiment fit provide.

"Such blessings from Thy gracious hand
Our humble prayers implore,
And Thou shalt be our chosen God
And portion evermore."

—*Philip Doddridge.*

O Lord, as we serve Thee in this place may we be steadfast in our love of life, our devotion to freedom, our intolerance of evil, our hunger for wisdom and our pursuit of peace. And to Thy care and guidance we commend ourselves this day. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 24, 1975.

To the Senate:

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

JAMES O. EASTLAND,
President pro tempore.

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

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Wednesday, April 23, 1975, be approved.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

DISAPPROVAL OF PROPOSED DEFERRAL OF BUDGET AUTHORITY—TIME LIMITATION AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate proceeds to the consideration of Calendar No. 79, Senate Resolution 69, there be a time limitation of not to exceed 1 hour, the time to be equally divided between the distinguished Senator from Indiana (Mr. BAYH) and the minority leader or whomever he may designate.

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

LET US START AFRESH

Mr. MANSFIELD. Mr. President, I have not seen the speech which President Ford delivered last evening at Tulane University in New Orleans. I have, however, seen press reports of the speech and noted the headlines, stating that the President called for a "Great National Reconciliation." He said, further:

I ask tonight that we stop refighting the battles and recriminations of the past. I ask that we strive to become, in the finest American tradition, something more tomorrow than we are today.

Further on in his speech, he said:

The time has come to look forward to an agenda for the future, to unity, to binding up the nation's wounds and restoring it to health and optimistic self-confidence.

I want to express my full support of these Presidential statements and to join him in endorsing the need to stop refighting the battles and recriminations of the past. I am glad that the President made the kind of address he did at Tulane and, in the spirit of Abraham Lincoln, I join him in calling for "binding up the Nation's wounds."

It is easy for anyone who has been involved in the tragedy of Southeast Asia to say, "I told you so." That is what the Nation does not need at this time. What is needed—and this is in the spirit of the President's speech, as I interpret it—is to reassess our position at home and abroad. While we cannot forget the past, nor should we, we might learn from it so that in the future the same mistakes would not be made.

The President has taken the initiative as the Chief Executive of our Republic, and Congress can do no less than to heed his counsel. Debates over who lost whom or what will get us nowhere, but constructive debates about

what we must do today and tomorrow will be in the Nation's best interests. It will do us no good to look for loopholes which might give us some political satisfaction, temporarily, but will not help to bind up the Nation's wounds as we must if we are to restore our credibility and standing and to make this Nation what the Founders envisaged two centuries ago. With appreciation of each other's point of view, with a determination to work for the common good, we can make progress at this time, when an old era is ending and a new one is beginning. While we will, no doubt, have our differences from time to time, I pledge my support of the speech by the President at Tulane University and assure him that I will do everything in my power to be of assistance in the difficult days which lie ahead for all of us.

In the words of the President in his address to the joint session of Congress, "Let us start afresh."

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Ohio, as the acting minority leader, seek recognition?

Mr. TAFT. Not at this time, Mr. President.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Ohio is recognized for not to exceed 15 minutes.

SUPPLEMENTAL SECURITY INCOME AMENDMENTS OF 1975—S. 1514

Mr. TAFT. Mr. President, today I am introducing the Supplemental Security Income Amendments of 1975. Cosponsoring this measure with me are Senators BEALL, BROCK, BROOKE, DOMENICI, HATFIELD, HATHAWAY, HUMPHREY, JAVITS, MCGOVERN, and SCHWEIKER.

Prior to its inception last year, the SSI program was described as perhaps the greatest step forward in the provision of assistance to our Nation's elderly since the initiation of social security. For the first time, our aged, blind, and disabled citizens were to have a uniform income floor which would fulfill their minimum basic needs, despite their limited abilities in many cases to earn a living. The caprices, inadequacies, and inequities of 50 different State public assistance programs for these people were to disappear.

These concepts remain valid and the SSI program remains, potentially, a major step toward a more rational and responsible public assistance program. It has already been of considerable benefit to many Americans, generally in the group most in need of help, because they are unable to work.

Nevertheless, within weeks of the program's initiation it became apparent that all was not going well. Many of my constituents wrote to tell me that they and their associates had been denied benefits for reasons they could not understand. When I studied their specific complaints and the program's general operation, I found that they were right in many instances and respects. In my July 16, 1974, testimony before the Special Committee on Aging, I listed the program's shortcomings as follows:

Recipients must wait too long while their eligibility for SSI is determined, and they are assured of no assistance during this period. Recipients designated as presumptively disabled may receive help for the first 3 months of this period, but this designation has been made only in very limited circumstances—cases of paraplegics, double amputees, or those deaf or obviously blind;

Recipients are not guaranteed protection from the ravages of inflation, which is eroding even the modest benefits now provided;

There has been no provision for immediate help in hardship cases involving SSI recipients whose checks have been lost, stolen or otherwise not received;

Because of the bizarre operation of program rules, a recipient cannot live in an institution which regularly charges a fixed rate or furnishes care at a fixed rate exceeding the SSI benefit level, even though he may receive the limited help from charity which is necessary to do so, unless he forfeits the total SSI benefit;

Attempts by charities, relatives, friends or other sources to help support SSI recipients are rendered fruitless by the program's dollar for dollar penalty for maintenance and support;

Delivery of benefits is not coordinated with delivery of other government assistance to promote recipient convenience and to reduce hardship and ignorance of available help; and

Recipients remain eligible for food stamps only through interim legislation. A law which would cut off some of them in a discriminatory fashion is scheduled to become effective next June 30.

I call this provision particularly to the attention of the staffs of the legislative committees to which this proposal will go, because action by these committees on it would seem to be mandatory before that date.

Hearing rights and other legal rights are inadequate in some respects;

Some of the rules for determining a recipient's income for the purpose of calculating the benefit level are unnecessarily harsh; and

The provision of law which forbids payment of benefits to inmates of public institutions is having a disproportionately large effect upon my own constituents in Ohio.

Shortly thereafter I introduced legislation which addressed most of these problems. At the time, I indicated my hope that the legislation would serve as a starting point for and catalyst to others concerned about the future of SSI.

The response since that time has been considerable and has convinced me further of the need for modifications in the SSI program. In addition to the many Congressmen and Senators who have expressed to me their concern about the operation of the program, I have received letters and telephone calls from all over the country suggesting improvements in SSI. Some of the modifications from last year's bill in the bill I am introducing today resulted directly from those comments.

Some of the concerns I mentioned in my July 16, 1974, testimony have been addressed by new laws. The last bill signed by President Nixon mandates that SSI benefits will increase automatically to keep pace with cost-of-living increases, a provision which I regard as a major step forward. The provision put SSI recipients on a par in that regard with social security beneficiaries and eliminated an unconscionable situation in which social security cost-of-living increases were offset totally by SSI reductions.

I mention here my opposition to the President's proposed ceiling of 5 percent this year on SSI and social security cost-of-living benefit increases. In view of the Government's deficit situation the importance of controlling Government expenditures is obvious, but I do not feel that holding the needed support to some of our poorest citizens' otherwise fixed incomes below cost-of-living increases is a reasonable way to fight inflation. The policy seems particularly questionable immediately following a large tax cut designed to put more money in the hands of more fortunate citizens.

The same law which contains cost-of-living increase provisions also includes my provisions designed to save hundreds of thousands of SSI recipients from financial catastrophe during the weeks or months necessary to determine their eligibility for SSI. This legislation allows States and counties to be reimbursed out of the retroactive SSI payment due to a recipient upon the determination that he is eligible for SSI, for any assistance payments made to him during the waiting period. By assuring the States and counties that they will be reimbursed, the law should enable them to extend financial advances at the SSI benefit level on a widespread basis.

From the SSI recipient's standpoint, the result will be the same as if he were determined eligible for SSI immediately. Protections are included in the new law to insure that the recipient participates on a voluntary basis and is promptly paid any balance of SSI owed retroactively to him.

I believe that this new provision is of crucial importance because food bills, medical bills, and other necessary living expenses will not wait 2 to 5 months for a government determination. It should help the disabled in particular, whose determinations, tragically, are subject to the longest delays.

While it is too early to tell how well these provisions are working, I understand that the program I offered is now being used or implemented in 30 States. I am pleased that although Ohio did not enter the program for some time, perhaps partly because the program involves more administrative difficulties for Ohio's county-administered public assistance system than for centrally administered systems in other States, Ohio is now participating in the program.

The third major legislative improvement which has been enacted is a more restrictive version, introduced by Senator CHURCH, of one of the provisions in the bill I introduced last year. It states that in most circumstances, contributions by a charitable organization to an institutionalized person's support will not count as income for the purpose of determining SSI benefits. The practical effect is to allow individuals to live in institutions charging fixed rates exceeding the SSI benefit level without losing SSI eligibility, if the additional funds necessary are supplied by a charitable organization.

The other problems I mentioned last year, and others of a serious nature, still wait for solutions. The legislation I am

introducing today would deal with them in many respects.

The first priority of the SSI program must be to reach those in need. An estimated 6.2 million Americans are eligible this year for SSI. However, at this time only about 4 million Americans have been brought into the program.

The Social Security Administration, in conjunction with many private groups, conducted extensive "outreach" activities at the outset of the SSI program. As a result of these activities, many potential eligibles have been found and brought into the program. Obviously, however, much more work along these lines needs to be done. Furthermore, Outreach is a continuing task, as people age or become disabled or their income status changes.

The concern has been voiced to me that the Social Security Administration might terminate its outreach activities now that the SSI program is underway. Section 2 of the legislation I am introducing recognizes that Outreach should be a continuing function and requires the Social Security Administration to conduct the appropriate activities on a permanent basis. This provision is similar to a directive now contained in the Food Stamp Act.

There has been some concern that in its Outreach program, the Social Security Administration may have told some individuals with possible eligibility status not to bother applying to SSI, on the basis of a few words uttered over the telephone. While it would be a waste of everyone's time to encourage applications from those obviously ineligible, we must recognize responsibility to encourage an application when there appears to be any reasonable possibility of eligibility.

Despite the improvements brought about by the Church amendment I have already mentioned, treatment for SSI purposes of support and maintenance furnished in cash or in kind still has thrown or eventually could throw institutions' treatment of some would-be SSI recipients totally out of kilter. The benefit reductions resulting under present SSI rules produce some incredible results when applied to potential SSI recipients attempting to live in institutions with fixed charges higher than the SSI benefit level, with the financial assistance of friends or relatives.

For example, leaving aside the $20 per month disregard of income for simplicity's sake, if the institution's charge is $156, the SSI recipient pays $146 and the noncharitable source pays the difference. However, that $10 is counted as "unearned income," so that the next month the SSI benefit is reduced to $136 and the noncharitable source has to pay $20 instead of $10. The next month there would be $20 in unearned income and the SSI benefit would drop to $126. Thus, the expense of the contributor would increase to $30, which that contributor may or may not be willing or able to pay. The ultimate result of this process would be that the SSI benefit is reduced to zero and either the contributing source must support the SSI recipient entirely or the recipient leave the institution.

The effects of such benefit reductions, I understand, were limited in 1974 because they were not applied to those recipients who were converted from the old welfare program to SSI. The Church amendment also alleviated the problem to a great extent, by preventing this situation for persons supported by charities. However, some people still could be affected when annual redeterminations are made, in addition to those who were not converted or did not previously live in institutions and who have problems now. The situation must be remedied even if it affects only one person, because I am hard-pressed to think of any other program rule in the Government which operates in such a bizarre and counterproductive manner.

I understand that the Social Security Administration may attempt to attack this problem administratively in the near future, by allowing a maximum one-third reduction of SSI as a result of any contributions to an institutionalized person's support. I have encouraged efforts to find an administrative solution. Nevertheless, I still am introducing a legislative solution as an indication of my belief that immediate action is needed, because the legal authority for this administrative solution may be questionable and because the legislative alternative appears to be more equitable, as I shall explain.

Unlike "earned" wage or salary income, any "unearned" income of a potential SSI recipient has been deducted dollar for dollar from the potential SSI benefit once the income disregard level has been exceeded. Until recently this arrangement eliminated any possible role of significance for tax-exempt charities or other third parties, including relatives, in assisting SSI recipients. If a charity or other third party wished to increase the level of support of an SSI recipient by $1 per month and the $20 income disregard had already been utilized, it would have had to pay him an extra $147 per month to do so. Thus, it was fruitless to help SSI recipients unless the contributor alone could support them at a much higher level than SSI benefits.

While this cut-off of additional help for SSI recipients might have been more justifiable if SSI benefits alone provided a generous or even a clearly adequate level of support, the provision of $146 plus the $20 income disregard per month is simply not enough to justify a Federal policy that further contributions from private sources are generally to be barred, rather than encouraged.

Several months after I introduced last year's version of this bill, the Social Security Administration imposed administratively a maximum reduction of one-third the SSI benefits resulting from any contributions to persons not living in institutions. However, while this step and the Church amendment have reduced the magnitude of the problem, they have not eliminated it because the dollar-for-dollar reductions still apply to significant amounts and types of contributions. In addition, the legal authority for the administrative decision establishing the one-third maximum deduction may be questionable. The legislative solution I offer also appears to be more equitable than that solution.

In addition to the specific concerns I have reviewed, various complaints have come to my office involving wide variations among social security district offices in the interpretation of levels of both income in kind and resources. While individual judgments are involved and some variations will always exist, the Social Security Administration should provide the training and take other necessary steps to promote more equitable administration of these provisions.

Section 3 of the bill deals in several ways with the problems concerning the treatment for benefit determination purposes of maintenance furnished in cash or in kind.

It would deal directly with the benefit "spindown" problem for institutional residents, by stating that where the part of an SSI recipient's institutional charge in excess of the standard SSI benefit level is waived or paid by a third party—other than a charitable organization—any additional payment made necessary by the workings of the "unearned income" provision would not in turn count as unearned income and result in a further SSI benefit reduction.

Thus, in the example I mentioned earlier, if a relative or other noncharitable source contributed the extra $10, the SSI benefit would be reduced by $5—rather than $10 because of another amendment in section 3 which I shall describe—and the SSI benefit would drop to $141. However, even though the source's contribution would rise to $15, the SSI benefit would not drop further and, therefore, defeat the effort to support the SSI recipient.

To create an incentive for support of SSI recipients by private parties such as relatives, section 3 also would provide that SSI benefits would be reduced by 50 cents rather than the present dollar for each dollar of maintenance and support furnished in cash or in kind. Thus, unlike the maximum one-third reduction administrative solution already adopted, but like the proposed solution I explained to the spin-down problem, the extent to which SSI benefits are reduced would retain a direct relationship to the size of the private contribution and SSI benefits would stop at a reasonable level of private support. Unearned income would still be treated less favorably than wage and salary income, to which a $780 annual disregard applies before SSI benefits are reduced by 50 cents for each additional dollar.

Congress would have to consider whether this proposed change necessarily should be accompanied by a reduction from 33⅓ percent of the amount now statutorily required to be subtracted from benefits of SSI recipients living in others' households. I feel that there are arguments on both sides and my bill does not change this provision, but the matter should be studied further.

The bill also prevents the effort of federally tax-exempt charities based on need from being undermined ironically by Federal reductions in SSI benefits. To accomplish this and thus to help SSI beneficiaries supported by charities but not residing in institutions, it generally would prevent any charitable contributions to these individuals from resulting in reductions in SSI benefits.

Taken together, these changes in sec-

tion 3 would provide for sensible treatment both of SSI recipients living in institutions and of private contributions in support of SSI recipients.

Section 4 of the bill follows up upon my efforts to assure that those persons waiting to be determined eligible for SSI are assisted sufficiently. Section 4(a) deals specifically with the problem area of disability cases. Under present law, persons judged to be "presumptively disabled" may receive up to 3 months' SSI benefits. Because these benefits are not repayable even if the applicant is later found to be ineligible for SSI, determinations of presumptive eligibility certainly should be made cautiously. However, the Social Security Administration, at least for many months, went overboard and was so restrictive that it eliminated almost everyone.

The Social Security Administration was aware of this problem, but originally took the position that the legislative history of the SSI provision gave them no leeway to adopt a less restrictive policy. The legislation makes clear that they can and should do so, by requiring criteria designed to assure that individuals who are reasonably established to be suffering from conditions which normally constitute disability will be presumed disabled.

With the help of the law I authored last year, State and county public assistance systems may offer some persons emergency assistance even though they have been denied presumptive disability status. However, the need for the Federal Government to facilitate assistance to the disabled directly in this manner, despite the existence of much-improved State and local interim assistance efforts, is likely to be extremely significant. Thus the Social Security Administration's presumptive disability operations must remain under careful scrutiny and subject to alteration if necessary.

Since I drafted this provision last year, changes in the presumptive disability approval figures appear to verify that he standards used for presumptive disability determinations have become more reasonable. I applaud this progress. Nevertheless, because of the restrictive past committee report language and as a reminder of the importance of a responsive presumptive disability policy, I am introducing the legislative change. I do not expect to press for action on it if the administrative changes appear to be adequate.

The second provision of section 3 would allow the Federal government to offer its own interim assistance program for presumptively aged persons waiting for SSI eligibility determination. It changes the limit on repayable cash advances to presumptively eligible recipients from $100 to the actual amount of benefits which would be payable for the waiting period.

The new law to provide this type of assistance through State and county welfare systems originally had an expiration date of June 30, 1975, rather than the June 30, 1976 date which was enacted. While it is flattering that the House and Senate conferees thought enough of my approach that they more than doubled its life, I had included the 1975 date to insure that Congress would keep close watch on the new system and continue to evaluate whether this type of assistance could be provided more effectively through other means—in other words, through the Federal Government directly.

The provision I am including today would do just that, for the purpose of insuring further congressional reivew of the situation. It is limited by the qualification that persons must be presumptively eligible to receive help, which would prevent its application to new applicants to a degree which depends upon the administrative definition of presumptive eligibility. Thus, this provision could not totally replace the new law. Alternatively, however, it may be found useful in tandem with the new law to deal with situations such as long delays due solely to problems in a presumptively eligible individual's records, where there definitely should be no need to involve State and county welfare departments.

This provision should not be acted upon until the new interim assistance reimbursement law has worked a while longer and its workings are reviewed thoroughly. A report on the workings of the law is required from the Social Security Administration not later than May 1, 1976. I am hopeful that any report will provide evidence that the provision I am introducing today is unnecessary, but I will be ready to move on it if it appears to be needed.

I believe that section 5 of the bill could prove to be extremely important. It requires the Social Security Administration to take steps to coordinate the provision of SSI with the provision of other types of assistance for which SSI recipients are likely to be eligible, such as food stamps, medicaid, and State and local public assistance. This is directed to be done with a view to facilitating the filing of claims for and the actual delivery of assistance. The same directive would be given to administrators of the food stamp and medicaid programs.

When feasible, the Social Security Administration is directed to enter into arrangements with other individual assistance agencies so that claims for all types of assistance can be filed at the same office, or at offices near each other. This provision recognizes that the office-to-office runaround syndrome is likely to be particularly hard on elderly and disabled citizens with limited mobility. The Social Security Administration would be authorized to pay any related administrative expenses or other agencies where necessary, so that bickering over the assumption of administrative costs does not lessen the effectiveness of this provision.

One of the possibilities which should be investigated as section 5 is administered is the old practice of "public assistance withholding," under which welfare recipients could have their welfare checks reduced to pay for food stamps and the food stamps included in the same envelope as the welfare check. Because this practice was discontinued when SSI began, some Ohioans who physically could not arrange transportation to food stamp issuing offices were forced off food stamps. While the Federal concern about mailing negotiable instruments such as food stamps is legitimate, this arrangement apparently worked well in Ohio and the Social Security Administration should evaluate fully its possibilities.

Section 6 of the bill would deal with the problem of food stamp eligibility for SSI recipients. In late June 1974, Congress passed legislation which extended for 12 months the present law for determining their eligibility. On the Senate side on June 3 and 4, 1974, Senators CRANSTON, EAGLETON, RIBICOFF, and I all introduced similar extensions of present law. But while the 12-month extension was extremely important, permanent legislation is still needed because the onerous provisions of Public Law 93–86 are scheduled to become effective next June 30, now only about 2 months away. By mandating that only those whose December 1973 combined welfare and bonus value of food stamp levels exceed their present SSI benefit level would remain eligible for food stamps, these provisions would cut off SSI recipients' food stamps in a manner not necessarily based on income, create an administrative monstrosity in the food stamp program because of the recipient-by-recipient calculations required, and eliminate food stamps for many SSI recipients each time SSI benefits increase, even if these benefit increases are designed solely to keep pace with the cost of living.

The difficult problem of legislating permanent food stamp eligibility provisions for SSI recipients has evoked several different proposals from different sources. For several reasons, the concept of "cashing out" the food stamp program initially was attractive. Many SSI recipients consider food stamps demeaning because of their high degree of visibility, while for others, transportation problems or inability or unwillingness to go through the redtape limit use of the program. These factors contribute to a participation rate probably less than 30 percent, despite the blanket eligibility of SSI recipients for food stamps.

However, these problems are inherent in the food stamp program and do not pertain only to SSI recipients, although that group is probably affected disproportionately. Furthermore, a cashout only of SSI recipients would create situations in which they are ineligible for food stamps even though others with higher incomes remain eligible. Such a cashout would also create serious administrative difficulties in cases where the SSI recipient lives in a household with others who may be eligible for food stamps. These cases might even include many husband and wife situations.

These problems led me to conclude, reluctantly, that as long as there is a food stamp program there will be serious problems inherent in mandatory cashout only of SSI recipients. Thus, I am proposing instead that SSI be considered in the same fashion as any other income for purposes of determining food stamp eligibility. An exception would be made in the bill, however, to allow those SSI recipients who are depending on food stamps at the time of enactment and who receive them based solely on their SSI eligibility rather than their income to retain the automatic food stamp eligibility of their household. This arrangement would prevent perhaps one-fourth or more of the SSI recipients from losing

their eligibility for food stamps, while still establishing the principle that food stamp eligibility should be determined based solely on income, regardless of source. To avert administrative transitional problems, the income eligibility test for households containing SSI recipients—other than those covered by the bill's exception—would not be applied until October 1, 1975.

The bill also incorporates other necessary changes to the Food Stamp Act, proposed by the administration last year, which will affect some SSI recipients. These changes classify groups of unrelated individuals living together as economic units under the food stamp definition of "households" in accordance with a recent Supreme Court ruling, restore certain provisions which were in the Food Stamp Act at one time but have been deleted, and make clear that SSI recipients in the five cashout States, who are now categorically ineligible for food stamps, would become eligible for food stamps if their incomes warrant under the terms of the bill.

Section 6 of the bill would eliminate the provision requiring that an elderly couple must live apart for 6 months before each person is considered an "eligible individual" for the purpose of receiving SSI benefits. In the interest of saving bureaucrats the work of determining whether a couple has actually separated, present law simply requires that they be paid as if they were living together for this first 6 months that they maintain separate residences. Each person thus receives 25 percent less than the amount which would be available to an "eligible individual," even though each may have to bear the expenses of an individual household.

The legislation I introduced last year would have reduced the waiting period from 6 months to 2 months, rather than eliminating it entirely. Since then, from my additional conversations with those inside and outside of the Government and further research, I have become more convinced that the total elimination of the waiting period is not likely to result in an unjustifiable administrative burden or an appreciable increase in the fraudulent receipt of SSI benefits. The 6-month waiting period also may be constitutionally challengeable. In view of all these considerations, I feel that we would be justified in totally eliminating the 6-month period.

Section 7 modifies the inflexible statutory requirement that any disabled recipient who, in addition to any other infirmities, may also suffer from alcoholism or drug addiction, must have his SSI payments made through a representative payee. It amends that provision to allow for a waiver of this requirement when the SSI recipient is receiving rehabilitation treatment and when the chief medical or supervisory officer of the treatment facility certifies in writing that direct payment to the recipient would have therapeutic value to him or her and that there is substantial reason to believe that the recipient would not misuse the SSI payments. This change is necessary to assist rehabilitation facilities in achieving full rehabilitation of their patients.

I am aware that the requirement that all alcoholics and drug addicts be paid through representative payees has been a major administrative headache in some cities. While my amendment would ease this burden somewhat, to a large extent the administrative burden would remain. Particularly in view of the requirement that all alcoholics and drug addicts receiving SSI be undergoing treatment at approved facilities, as monitored by the Social Security Administration, and the provision which gives the administration the discretion to appoint a representative payee for any SSI beneficiary who appears to need this assistance, the appropriate committees of the Congress also should evaluate the possibility of repealing the representative payee requirement for alcoholics and drug addicts entirely.

The legislation, in section 9, would write into SSI law the same deadlines for action on approval of applications which were required under the welfare programs replaced by SSI. It does not seem unreasonable to require the Social Security Administration to meet the same deadlines that the States and counties learned to live with. This section also adds a requirement that decisions on presumptive eligibility for benefits on the basis of disability be made within 20 days of application. These deadlines apply, of course, from the time the application is completed and filed.

While no figures are available on the average waiting period for action on applications, the backlog of pending applications is the equivalent of about 31 days of new applications for the aged and 76 days for the disabled. These figures are an improvement over several months ago, but they are also an obvious indication that serious problems remain the application process.

The crisis in the social security disability appeals system, particularly as it is likely to apply to the SSI program, is addressed in section 10. The extensive work of Senator PELL and my own research on this problem helped convince me that the term "crisis" is merited. The average social security applicant who appeals a negative disability determination must go without benefits for more than 6 months while he awaits for a decision. The variation in this average waiting period between the social security region is even more shocking, because it indicates how much room there is for improvement. The average waiting period ranges from 93 days to 226 days in the different regions. In my own region, these financially strapped constituents must wait an average of 206 days before a decision.

Last year, more than half of these appeals were eventually decided in favor of the claimant. That figure is a good indication that generally, these are not frivolous appeals, although some appeals undoubtedly fit into this category.

To make matters worse, any prospect for improving this dismal disability appeals situation is crippled by the existence of a 110,000 case backlog. At last year's rate of determinations, this would be a case backlog of about 1½ years, even if no new cases were submitted. As a practical matter, the SSI disability appeals caseload is expected to increase next year from a very low level to over 60,000, while there is every reason to believe that disability appeals in the social security, medicare, and black lung programs will continue to be made at high levels.

It is obvious that this situation demands immediate corrective action.

There appear to be several reasons for this horrendous situation. One of the basic reasons is that the disability appeals system is simply not adequately staffed and equipped to handle the large caseload.

A major contributor to the problem has been the black lung program. The Social Security Administration, despite its opposition, was given continued responsibility for handling black lung disability appeals in the Black Lung Benefits Act of 1972. The same legislation liberalized the criteria for black lung benefit eligibility. I helped to author those changes and I believe that they make the black lung benefits program more responsive to the problem it addresses, but the side effect of the change was to require the reopening or reconsideration of about 200,000 black lung cases. This tremendous one-time burden on the appeals system continues, although it has now been reduced to the 30,000 range.

More tragically, the appeals situation has been worsened and is likely to be crippled further by an administrative dispute concerning the hiring of administrative law judges for the SSI program. Although the Department of Health, Education, and Welfare asked the Civil Service Commission to fill about 300 such positions in 1972, the Civil Service Commission refused to request administrative law judges for the SSI program. On what I believe to be dubious legal grounds and clearly contrary to the intent of Congress, the Commission concluded that SSI disability appeals cases should be adjudicated only by lower grade examiners rather than the type of administrative law judges who hear social security appeals cases.

Any technical problem in the law contributing to this situation should be remedied if necessary, because the Commission's position is totally unsound from a policy standpoint. It creates a situation in which the SSI appeals program appears to be given a consistently lower status than the social security disability insurance and medicare appeals programs. The SSI disability appeals ought to be considered at least as important as those under the social security or medicare programs, particularly since by definition these appeals generally involve the poorest people. Furthermore, the SSI cases may turn out to be the most difficult to adjudicate. They involve the same issue of whether a person is disabled, but they also involve the degree of a person's indigency rather than his work experience as in social security. The former is likely to be a more difficult issue to determine. SSI adjudicators also have more responsibility than adjudicators for the other programs under present law, because their findings of fact must be considered final by the courts.

Most importantly, a continuation of the Commission's policy would create an additional devastating drag on the appeals system. Presently, title II administrative law judges cannot handle SSI

cases, while SSI hearings examiners cannot hear title II cases. In some regions, however, 50 percent or more of the appeals cases involve claims under both programs. In view of the overall state of the disability appeals system, a policy necessitating two adjudicators to hear each of these cases is simply unconscionable.

As a result of this dispute between HEW and the Civil Service Commission, no adjudicators for the SSI program were hired for some time. Now HEW has hired over 100 hearings examiners for SSI, but this inadequate number does not have authority only to adjudicate social security cases.

It is also argued that the structure of the disability appeals program itself contributes to the delays and backlog. Some scholars suggest that the appeals system could be simplified and appeals expedited considerably, without jeopardizing the appellant's constitutional rights. I understand that some procedural changes are being undertaken on an experimental basis. In addition, there is apparently a considerable unfulfilled need for supporting staff to assist the hearings examiners. These avenues and others for improving the situation certainly must be pursued.

Section 10 of the bill would attach the disability appeals problem in several ways. First, it would clear up the Civil Service Commission-HEW dispute so that an adequate corps of adjudicators can be hired. Subsection (a) of section 10, therefore, is a technical amendment which makes clear that administrative law judge can be hired to adjudicate SSI cases and that HEW also could appoint qualified adjudicators who do not meet the specific requirements of the Administrative Procedures Act to the extent necessary to fulfill the objectives of the SSI program. This exact language was proposed by the administration in 1973 and was later endorsed by the staff of the House Ways and Means Committee.

Possible improvements in this language could be considered to insure that all adjudicators appointed can hear both social security and SSI cases, and that SSI appellants will have exactly the same rights in the appeals process as social security disability insurance appellants. In recognition of the difficulties in obtaining administrative law judges and the qualified status for adjudication work of some other individuals, the possible further utilization of such other individuals is a subject worth exploring. I would be open to suggestions for any modifications consistent with these principles. However, I am proposing the Administration-Ways and Means Committee staff language to help achieve a prompt resolution of this problem.

The legislation would also require the Social Security Administration to submit within 60 days its plans and recommendations for eliminating the disability appeals backlog and improving processing times, without jeopardizing the appellants' rights. The plans and recommendations might include staffing recommendations, changes in the appeals process itself, or other ideas. Since this matter has been under discussion for some time and ought to be considered on an urgent basis, I feel that the 60-day deadline is reasonable.

Section 10(c) would provide that effective January 1, 1977, SSI benefits would commence automatically for any appellant who has waited 120 days without receiving a disability appeals decision. The leadtime is included in recognition that the present backlog and staff shortages cannot be remedied overnight. However, the present situation leads me to conclude that the Government needs this definite deadline and SSI applicants need this protection. Since some regions are averaging less than 100 days per appeal now, it seems reasonable to set the absolute deadline at 120 days.

In the case of a final denial of benefits issued some time after the 120 days, the SSI benefits would be stopped only prospectively. Language is included to make clear that delays caused by claimants would not count as part of the 120 days.

Unlike other disability appeals legislation which has been introduced, this bill provides for mandatory payments only for SSI appellants. This approach was taken because the focus of this bill is to improve the SSI program, SSI recipients are the poorest disability appellants, and no issue would be raised concerning the use of social security trust fund moneys for this purpose. However, Congress will have to consider whether to extend the same types of protections to other disability program appellants. Even if the legislation is enacted as I am introducing it, it is certainly my intent that the Social Security Administration strive for improvements in the entire disability appeals program and not concentrate just on SSI recipients as a result of this mandatory payment provision.

I feel that section 11 of the bill is important because it subjects SSI determinations made by the Social Security Administration to judicial review in the same manner, and to the same extent, as the corresponding determinations made by the administration under the social security program.

Section 12 of the bill clears up a minor problem in the definition of income for the purpose of calculating SSI benefits. It makes clear that grants, scholarships and fellowships received to pay for books, supplies, services and other expenses related solely to attendance in an educational institution may not be counted as income and thus deducted from the SSI benefit.

Section 13 of the bill is drawn largely from the work of Senator DOLE. It provides that disabled children under the age 13 shall be referred to the appropriate health, social service or educational agency according to their needs for assistance. Children between the ages of 13 and 18 would be referred to a vocational rehabilitation agency or the proper alternative agency as appropriate.

Present law requires all disabled individuals to be referred to vocational rehabilitation agencies when they enter the SSI program. It was apparently an oversight in the drafting of the legislation that no consideration was given with regard to the referral of children who are either ineligible or unsuited for vocational rehabilitation.

It is my understanding that because of the assistance being offered under the SSI program, many disabled children are now being brought to the attention of public officials for the first time. The proposed legislation would assure that we do not miss this new opportunity to refer these individuals, at an early age, to an appropriate State or local agency which can provide treatment or assistance for their particular disability.

I hope that this provision will not be controversial. By increasing the chances that disabled individuals will get adequate help at earlier stages of their illnesses, it may actually decrease the expenditures necessary over the years to support and treat them. Much more importantly, of course, its benefit in terms of fostering more effective treatment and improving the condition of handicapped children could be considerable.

The last section of my bill deals with a problem of particular importance to my Ohio constituents, although my research indicates that there may be many aged, blind, and disabled persons in other States who are affected by the same problem. As I mentioned in my testimony last year, the prohibition in present law of SSI payments to inmates of public institutions, unless the institutions meet medicaid standards, is certainly having a disproportionate effect upon Ohio.

In the first few months, there were many State-licensed but privately controlled institutions that had been under the impression that they were being classified as public, and they were receiving different signals from the district and national social security offices. Although this mixup apparently has been cleared up, there are still charges at the State level that the public institutions classification is being applied unnecessarily broadly.

Probably the most widespread effect of the provision in Ohio, however, is its elimination from SSI of about 1,500 residents of the 54 of Ohio's 66 county homes which presently do not meet medicaid standards. Many of these facilities are primarily residential, and I believe that serious questions can be raised about applying the public institutions prohibition to them. While the prohibition is logical when applied to inmates of institutions which it is the clear responsibility of State or local governments to provide, such as prisons, the rationale is less clear with respect to residential facilities, which do not have to be provided. The effect of the prohibition in such cases is to force governments which assume the extra burden of providing them either to turn away welfare level individuals most in need of their services or to meet medicaid requirements which they would not be forced to meet for the SSI purposes of their residents if they were privately operated.

While the best answer for public medical facilities is certainly to upgrade these facilities to medicaid standards, medicaid standards are not necessarily fitting or feasible for all primarily residential facilities. In many cases these facilities have been considered to provide an adequate residence and place of

general care for elderly people. In some areas, especially rural areas, the situation is further complicated by the lack of sufficient alternative facilities of this type.

The bill would deal with public institutions problems in two ways. First, it would state that any institution that was considered to be nonpublic for purposes of the prohibition on welfare payments to inmates of public institutions under prior law, as of the last day it was in effect—December 31, 1974—which has not changed its purposes, nature, or operation since that time, must still be considered a nonpublic institution for purposes of the SSI program. This provision would not apply to Ohio's county homes, but it would clear up remaining confusion about the possible classification of other institutions as public. It would also prevent the Social Security Administration from expanding this classification unreasonably.

For the reasons I have outlined, the legislation also allows SSI benefits to be paid to residents of public institutions which are principally residential and are not principally hospitals, sanitoriums, extended care facilities, nursing homes, intermediate care facilities, rehabilitation centers, correctional institutions, including prisons, schools, or training facilities.

I recognize, however, that there are many in Congress who will feel strongly that public institutions have a greater responsibility than private institutions to provide decent facilities, even if they are primarily residential. To be responsive to this concern and to protect the residents in these facilities, the bill also conditions payment of these benefits on the institution's conformance to generally applicable State and local requirements relating to safety and sanitation. If the Secretary of Health, Education, and Welfare finds that these requirements are inadequate, he may establish his own standards with regard to safety and sanitation which the facilities would be required to meet.

I have sought estimates of the cost of the entire bill. Although reliable specific estimates are not available, each provision was estimated to have either modest or negligible expense. The new expenses which are required seem essential, in my judgment, to make the program work equitably and effectively.

So many different concerns about SSI have been brought to my attention that this legislation is for from all-inclusive. I believe it deals with the most serious problems which Congress can agree to attack quickly by legislative action. It might be helpful, however, briefly to discuss some of the other serious concerns which have been mentioned to me.

Of course, the most basic SSI issue is the adequacy of the payment amounts. By every measure of the "poverty line" now available, the basic SSI grant amount is not enough to bring individuals to that level. Despite the large expense, we will have to consider further increases in the basic grant amounts over and above cost of living increases. Other legislation to accomplish this end already has been introduced.

Some citizens' letters have urged me to propose legislation which would extend automatic medicaid eligibility to all SSI recipients. Such legislation would effectively alter the congressional decision in 1972 to allow States to base medicaid eligibility either on SSI eligibility standards or 1972 medicaid eligibility standards if those standards are more restrictive.

This type of legislation would certainly harmonize and simplify the administration of the SSI and medicaid programs. Additional administrative ease would result both from common eligibility standards and from elimination of the mandatory "spend-down" program requirement for States using 1972 medicaid standards. This requirement, which mandates that those States include in their medicaid programs individuals who would be income eligible if their health care expenses were deducted from their incomes, has proved extremely complicated to administer. As a result of these changes, medicaid enrollment would be likely to increase considerably.

On the other hand, the mandatory spenddown provision probably insures that the majority of low-income persons most in need who otherwise would be excluded by the 1972 medicaid standards, those with high medical expenses, are eligible for medicaid. If the 1972 standards spenddown option were dropped and SSI eligibility became the sole criterion for medicaid eligibility, some indigent citizens wth extremely high medical expenses would become ineligible for medicaid. Furthermore, the State of Ohio estimated last year that such a change would cost $213 million in State funds over 2 years for Ohio alone, although that estimate sounds extremely high to me. In view of these facts, I feel that the medicaid eligibility issue should have a fuller review to determine whether a change would be desirable.

Some of the most popular SSI corrective legislation, with great emotional appeal, would require prompt replacement of SSI checks which have been lost, stolen, or not received. This is understandable because many recipients rely for their very sustenance on the prompt receipt of SSI and social security checks.

At my direction, my office has done considerable research on this problem. We found that SSI checks replacement requests are being filed at an annual rate of about 120,000. If these figures, based on scant data, are accurate, such requests would be involving about 3 percent of all SSI recipients each year.

The Social Security Administration does not consider any such requests until the check is at least 3 days late. Its first step in this consideration is to insure that the person actually is eligible for a check in that month of the amount being claimed. About one-fourth the requests are immediately eliminated because the person is found to be ineligible. A large number of other requests are eliminated promptly because the check was only slightly late and arrives in the mail.

After that initial screening, replacement checks for benefits due that month are mailed without further investigation and a stop-payment order is placed on the original check. This entire process takes from 7 to 10 days. However, if the check claimed is for a past month's benefits, the Social Security Administration and the Treasury take the extra step of investigating whether the original check has been cashed. In cases of this type, it takes 2 to 3 weeks for the recipient to obtain a replacement check.

These figures are Social Security Administration figures. I have been informed of situations in which the check replacement process has taken much longer.

We have even sparser data on the actual disposition of the original checks claimed missing, lost, or stolen. However, from the data it appears that very few of the checks in question were lost, stolen, or unissued. Apparently, about 75 to 80 percent of the problem checks are hung up in the postal system a week or more, but are eventually received by the beneficiary. This probably accounts for the high ratio of double payments to replacement checks issued, which the Social Security Administration estimates to be running as high as 35 to 40 percent.

An unresolved question is the level of government which should be responsible for providing the necessary help. Theoretically it seems logical to hold the Federal Government responsible in any case where the individual never actually received his check. In practice, however, these cases may be impossible to differentiate from cases of individuals who received their checks, but then lost these checks or had them stolen. If the latter cases are included, there may be another line-drawing problem between them and cases of persons who cashed their checks and then had the proceeds stolen.

That entire controversy highlights an area where I feel Government policy needs considerably more refinement. The original SSI legislation leaves the responsibility for all types of emergency and auxiliary assistance to the State and county welfare systems. However, the magnitude of these tasks and needs were underestimated considerably. It was felt that a computer spitting out a monthly check would fulfill SSI recipients' needs to a greater extent than has proved to be the case. Consequently, some advocate groups have urged that the Social Security Administration assume the responsibility for providing all emergency assistance needed by SSI recipients.

The proper unit of Government for serving emergency need is a major problem area which should be the subject of detailed congressional study. It has particular relevance to further major changes in the public assistance system, such as any comprehensive overhaul of the aid for dependent children program.

Considerable dissatisfaction has been voiced with regard to the Social Security Administration's treatment of resources in the SSI program. For example, in its testimony last year before the Senate Special Committee on Aging, the Ohio Commission on Aging stated that in Meigs County, Ohio, about 40 percent of the SSI-Alert referrals processed were denied benefits on the basis of a potential market value of land which the commission felt to be unsalable in many cases. Others have maintained that the limits on life insurance amounts are unsuitable in view of today's burial cost

levels and many of the elderly's outright refusal to sell any of their life insurance under any circumstances.

I generally feel that the advocates of statutory liberalizations in the resources determinations provisions have more work to do in support of their case, which must be balanced against the interests of other taxpayers. With respect to the housing provisions, present law gives the Social Security Administration considerable discretion. Any excess amount of housing or life insurance resources also can be counted against the general resource allowance—$1,500 for an individual and $2,250 for a couple. In the case of life insurance, my research indicates that the amounts excluded ought to be more than sufficient to cover burial costs. Of course, there is no way to evaluate in dollars and cents the emotional impact of this provision in those cases when it does force an elderly person to choose between retaining his life insurance and receiving SSI.

If the resource limits are to be liberalized statutorily, it would seem to make the most sense to increase the general resource allowance since excess resources in any other category can be offset against this allowance. Of course, improvements in the administrative interpretations continually should be sought.

Much of the SSI mail I have received requests a change in the so-called one-third reduction rule. This is the provision which states that in the case of an SSI recipient living in another's household, the SSI benefit shall be reduced automatically by one-third instead of being reduced by the amount of maintenance and support actually received. It recognizes the difficulties of trying to evaluate maintenance and support of persons in these living arrangements.

This provision has upset many of my constituents. In particular, some persons on SSI contribute amounts each month to the support and maintenance of the entire household, and thus are not receiving a "free ride." They are understandably indignant when their SSI benefits nevertheless are reduced.

I believe that the problem is quite difficult for two major reasons. First, the one-third reduction works in favor of most SSI recipients to whom it applies, because the maintenance and support per month they are receiving is greater than one-third of the SSI benefit amount. As I pointed out earlier, however, that situation might change if my proposal to disregard one-half of all support and maintenance furnished in cash or in kind becomes law. Second, in these situations the Social Security Administration would have a legitimate serious administrative problem determining the actual level of support and maintenance furnished. It would be very difficult to put a dollar value on all these contributions and to be certain exactly what net amount the SSI recipient contributed to the support of the household, if any.

I do not yet have a better solution to this problem than present law. I urge the administration and others to continue reviewing the provision's effects and to submit to us any recommendations for improvement which they may be able to develop.

Many other proposals of considerable importance have been brought to my attention since I introduced the legislation last year. Some of the most important include "indexing" of all income disregards so that SSI recipients receiving some outside income are not disadvantaged by inflation; provision of the cost-of-living increases more frequently than annually; and adoption of the "declaration method" of application processing, at least on an experimental basis, in the interest of cutting redtape for both the applicant and the Government. All of these suggestions deserve further evaluation by the Congress.

I believe that a smoothly working income maintenance program for our indigent aged, blind and disabled citizens is a paramount Government obligation. Making the system work as well as possible must be a high priority, because individuals wronged by it can be left utterly destitute.

As I have indicated, Congress has made some progress in this direction during the past year. The Social Security Administration also has been active, in the expansion of program rolls, liberalization of the definitions of unearned income and presumptive disability, reductions in the applications backlog and other areas.

Nevertheless, it is obvious that we have far more to do. That is why I am hopeful that the 94th Congress will act promptly on the improvements I am proposing. I am also hopeful that the legislation will continue to serve as a catalyst to suggestions for further improvements in the supplemental security income program.

I ask unanimous consent to have printed in the RECORD a rather comprehensive fact sheet on the Supplemental Security Income Amendments of 1975, very briefly reviewing the many problems that are attempted to be remedied by that bill. They are set out in some detail in the fact sheet.

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

FACT SHEET—SUPPLEMENTAL INCOME AMENDMENTS OF 1975

PROBLEM

1. *Program participation.*

Description—An estimated 2.2 million persons eligible for SSI are not yet receiving it.

Proposed Solution—Gives HEW the permanent and continuing responsibility to conduct "outreach" programs aimed at communicating with and enrolling potential eligibles. (Sec. 2)

2. *Treatment of contributions to a beneficiary's financial support.*

Description—If a relative or other noncharitable source supplies financial support to that institutionalized individual, that individual is dropped from SSI. In some circumstances, private financial support is deducted dollar for dollar from an individual's SSI payment. This discourages private support which could lift some of the financial burden off the government. It is particularly ironic when it undermines the work of the charities which the government has given tax exempt status.

Proposed Solution—Remedies the provisions now denying SSI payments to institutionalized persons supported by non-charitable sources. Provides a deduction from SSI of 50¢ rather than the present dollar for dollar of support contributed by non-charitable sources. Eliminates any deduction from SSI resulting from financial contributions by charitable organizations. (Sec. 3)

PROBLEM

3. *Financial support of SSI applicants determined "presumptively eligible" for benefits.*

Description—Although such persons eventually will be paid SSI benefits retroactively to the date of application, they have no assured financial assistance during the weeks or months they wait for a final determination. Persons determined "presumptively disabled" are eligible for 3 months' benefits during this period, but partly because of restrictive legislative history, during the first months of the program this determination was rarely made.

Proposed Solution—A law authored last year by Senator Taft allows state and county public assistance systems to be reimbursed from the retroactive SSI payment for emergency aid extended during this waiting period, if the applicant agrees. (P.L. 93-368, now being used or implemented in about 30 states). This law encourages the States and counties to offer such assistance. As a possible alternative, the bill allows HEW to extend emergency advances directly, up to the maximum amount of SSI benefits which would be due. Also explicitly remedies the restrictive legislative history on presumptive disability. (Sec. 4)

4. *Lack of coordination with other assistance programs.*

Description—SSI benefits are likely to be eligible for other assistance programs such as food stamps, medicaid, but each program involves additional red tape for applicants. The different program offices may be distant from each other, which is particularly hard on elderly and disabled citizens with limited mobility.

Proposed Solution—Directs SSI, medicaid and food stamp administrators to take all possible steps to coordinate the filing for and receipt of assistance, where possible by having facilities in the same office. To avoid inter-governmental disputes which would undermine this effort, authorizes HEW to pay any additional administrative costs it determines reasonable to achieve this goal. (Sec. 5)

I want particularly to commend the distinguished Governor of Ohio, Gov. James Rhodes, who has already ordered action in this direction insofar as Ohio is concerned. I understand that progress is being made.

5. *Food stamp cut-off.*

Description—On June 30, a law becomes effective which would cut off from food stamps at least about 25% of the SSI recipients now receiving them, in a manner not uniformly based on income. The law would also be an administrative nightmare for the food stamp program.

Proposed Solution—Provides that the eligibility of SSI recipients for food stamps would be determined on the same income basis as for everyone else, except that SSI recipients presently receiving food stamps would not be cut off by this new rule. (Sec. 6)

6. *Couples who have separated.*

Description—Any couple who has separated receives reduced payments as if still a couple for the first 6 months, although they no longer have reduced living expenses because of their combined household. Their payment as a couple is 25% lower than the combined payments they would receive if treated as two individuals.

Proposed Solution—Eliminates the 6-month waiting period. (Sec. 7)

7. *Alcoholics and drug addicts.*

Description—To receive payments as "disabled" under SSI, alcoholics and drug addicts must not only undergo rehabilitation treatment at an approved facility, but also receive payments through a third party. The third party payee requirement is contrary

to some individual rehabilitation programs emphasizing increased responsibility and in some cities, it has constituted an overwhelming administrative burden.

Proposed Solution—Allows the third party payee requirement for alcoholics and drug addicts to be waived, if the supervisory officer of the training program certifies that this would be of significant therapeutic value and that the funds would not be likely to be misused. (Sec. 8)

8. *Delayed applications.*

Description—SSI applicants sometimes must wait several months for a final determination, particularly if they wait to be disabled. The present backlog of pending applications is about 270,000.

Proposed solution—Sets time deadlines for decisions of 30 days for applications by the aged and 60 days for applications by the disabled, which are identical to the time limits the States had to meet under the old public assistance programs. Sets a time limit of 20 days for decisions on presumptive disability. (Sec. 9)

9. *Delayed disability appeals.*

Description.—An individual who appeals a negative disability determination must wait an average of 6 months, without the benefits in question, for an answer. Since over half of the social security disability appeals eventually are being resolved in favor of the claimants, generally these must not be frivolous appeals. The case backlog in the disability appeals system is the equivalent of about one and one-half years in appeals.

Proposed Solutions—Clarifies HEW's authority to hire an adequate type and number of adjudicators for the appeals system. Required HEW to report within sixty days its plans and recommendations for eliminatnig the disability appeals backlog and on speeding up determinations, without jeopardizing appellants' rights. Effective January 1, 1977, would require SSI benefit payments to be made to any SSI disability appellant who has not received a final determination in 120 days, unless he has delayed the proceedings. In the event of a negative determination after that date, benefits would be halted only prospectively. (Sec. 10)

10. *Judicial Rights.*

Description—SSI beneficiaries do not have the same judicial rights as Social Security recipients. For example, findings of fact by HEW are judicially reviewable under social security but not under SSI.

Proposed Solution—Gives SSI recipients the same rights to judicial review as Social Security recipients. (Sec. 11)

11. *Education Scholarships.*

Description—Some parts of education scholarships are now counted as "income" to the beneficiary and cause reductions in SSI payments. This is counterproductive since the scholarship is likely to help a person become more self-supporting and to reduce his long-run need for SSI.

Proposed Solution—Exempts from income all aspects of educational scholarships, except payments for living expenses to the extent they would have been incurred anyway. (Sec. 12)

12. *Referral of disabled children to social services agencies.*

Description—The SSI program has brought many disabled children to the attention of public authorities for the first time. These children could benefit enormously if they were referred immediately to appropriate social services, health or educational agencies. However, present law requires only that disabled persons be referred to vocational rehabilitation agencies, regardless of whether this would be appropriate for the individual.

Proposed Solution—Requires the referral of children under 13 to the appropriate social services, health or educational agencies. Allows children between ages 13 and 18 to be referred either to such agencies or vocational rehabilitational agencies as deemed appropriate. (Sec. 13)

13. *Individuals residing in public institutions.*

Description—Present law prevents any individual in a public institution not meeting medicaid standards from receiving SSI. This provision has excluded many persons (including many Ohioans in "group homes" for the disabled and 1500 Ohioans in county homes) who live in primarily residential facilities for which medicaid health care standards are not relevant. These people would receive SSI if they lived in an identical private facility.

Proposed Solution—Provides that institutions not classified as "public" at the time SSI began (January 1, 1974) for the purpose of exclusion from the old public assistance programs, which have not changed their nature since then, would remain "non-public" for SSI purposes. Provides that individuals in primarily residential public institutions can receive SSI, as long as the institution meets minimum safety and sanitary standards. (Sec. 14)

Mr. TAFT. Mr. President, that is a preliminary review of this bill. The bill covers many of the problems that have come up since the SSI program was put into operation. Unfortunately, the original SSI law has proved far from perfect in its application. Our goal and desire in this bill is to help make the program work the way Congress originally intended.

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

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

S. 1514

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 "Supplemental Security Income Amendments of 1975".

FACILITATION OF PARTICIPATION IN PROGRAM

SEC. 2. Section 1602 of the Social Security Act is amended—

(a) by inserting "(a)" immediately after "Sec. 1602.", and

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

"(b) The Secretary shall take affirmative action to assure that all potentially eligible individuals will be provided information regarding, and encouraged to make application for, the benefits provided under this title."

MODIFICATIONS IN DEFINITION OF INCOME AND EXCLUSIONS FROM INCOME

SEC. 3. (a) Section 1612(a)(2)(A) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (i) and inserting in lieu thereof a comma, and

(2) by inserting immediately before the semicolon at the end thereof the following: ", and (iii) in the case of an individual who resides in a residential institution which imposes, for the services provided by such institution to such individual, a charge which (for any month) is in excess of the dollar amounts applicable to such individual as specified in subsections (a) and (b) of section 1611, there shall not, if there is a waiver by such institution of the amount of such excess or if payment of such excess is made by another person, be counted (by reason of such waiver or such payment) as unearned income of such individual any amount which is greater than the amount of such excess: *Provided,* That this clause (iii) shall not be applicable to any support and maintenance with respect to which the provisions of clause (ii) are applicable".

(b) Section 1612(b)(3) of such Act is amended—

(1) by striking out "and" at the end of clause (A) thereof, and

(2) by inserting, immediately before the semicolon at the end of clause (B) thereof, the following: ", and (C) an amount equal to one-half of the unearned income of such individual (and such spouse, if any) received in the form of support and maintenance furnished in cash or kind (but not including any such income to which clause (i) of subsection (a)(2)(A) applies)".

(c) Section 1612(b)(6) of such Act is amended by inserting immediately before the semicolon at the end thereof, the following: ", or any assistance which is based on need and is furnished by any private agency or organization exempt from taxation under section 501(a) of the Internal Revenue Code of 1954 as an organization described in section 501(c)(3) or (4) of such Code (unless such assistance is furnished in fulfillment of an obligation described in subsection (a)(2)(A)(ii))".

CRITERIA FOR PRESUMPTION OF DISABILITY; CASH ADVANCES TO PRESUMED ELIGIBLES

SEC. 4. (a) Section 1631(a)(4) of the Social Security Act is amended by adding at the end thereof the following new sentence: "The Secretary shall establish (for purposes of carrying out the provisions of clause (B) of the preceding sentence) criteria for the determination of presumptive disability, which criteria shall be designed to assure that individuals who are reasonably established to be suffering from conditions which normally constitute disability will be presumed to be disabled."

(b) Section 1631(a)(4)(A) of such Act is amended by striking out "a cash advance against such benefits in an amount not exceeding $100" and inserting in lieu thereof "one or more cash advances against such benefits (except that the aggregate amount of such advances shall not be in excess of the aggregate amount of the monthly benefits which would be payable to him under this title, for the period for which he is presumptively eligible for such benefits, if he were determined eligible for such benefits)" been entitled to the maximum monthly benefit payable under this title to any person having the same status, with respect to having or not having an eligible spouse, as that of such individual)".

(c) Section 1631(a)(4)(B) of such Act is amended by striking out "a period not exceeding three months" and inserting in lieu thereof "the period".

ADMINISTRATION TO BE COORDINATED WITH THAT OF OTHER ASSISTANCE PROGRAMS

SEC. 5. (a) Section 1633 of the Social Security Act is amended—

(1) by inserting "(a)" immediately after "Sec. 1633.", and

(2) by adding at the end of such section the following new subsection:

"(b)(1) In administering the benefits provided under this title, the Secretary shall take measures designed to insure the participation of individuals who are recipients of such benefits in other public assistance programs providing assistance of a type for which such individuals are likely to be eligible. Such measures shall involve coordination of the administration of this title and the administration of such other programs in a manner which will facilitate the filing of claims for and receipt of such assistance by such individuals under such other programs.

"(2) In carrying out the provisions of paragraph (1), the Secretary shall, whenever feasible, enter into arrangements with agencies administering such programs whereby claims for assistance provided under such programs may be filed (A) at an office receiving claims for benefits under this title, or (B) if arrangements so to use such an office are not feasible, at another location in the immediate vicinity of such an office.

"(3) The Secretary is authorized to reimburse any public agency for any additional administrative expenses incurred by such agency by reason of an agreement or arrangement made between such agency and the Secretary for the purpose of implementing the provisions of this subsection."

(b) Title XIX of the Social Security Act is amended by adding at the end thereof the following new section:

"COORDINATION WITH OTHER ASSISTANCE PROGRAMS

"Sec. 1911. The Secretary, in administering the provisions of this Act, shall encourage and assist States which have State plans approved under this title, in administering the benefits provided thereunder, to take measures designed to insure the participation of individuals eligible for such benefits in other public assistance programs providing assistance of a type for which such individuals are likely to be eligible. Such measures shall involve the coordination of the administration of State plans approved under this title and the administration of such other programs, in a manner which will facilitate the filing of claims for and receipt of such assistance by such individuals under such other programs."

(c) Section 10 of the Food Stamp Act of 1964 (7 U.S.C. 2019) is amended by adding at the end thereof the following new subsection:

"(j) In the administration of the food stamp program, agencies administering such program shall take measures designed to insure the participation of individuals receiving food stamps in other public assistance programs providing assistance of a type for which such individuals are likely to be eligible. Such measures shall involve coordination of the administration of the food stamp program and the administration of such other programs, in a manner which will facilitate the filing of claims for and receipt of such assistance by such individuals under such other programs."

SEC. 6. (a) Effective October 1, 1975, section 3(e) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The term 'household' shall mean a group of individuals who are not residents of an institution or boarding house but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, (2) an elderly person who meets the requirements of section 10(h) of this Act, or (3) any narcotics addict or alcoholic who lives under the supervision of a private nonprofit organization or institution for the purpose of regular participation in a drug or alcoholic treatment and rehabilitation program. Residents of federally subsidized housing for the elderly built under either section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) or section 236 of the National Housing Act (12 U.S.C. 1715z-1) shall not be considered residents of an institution or boarding house for purposes of eligibility for food stamps under this Act.".

(b) Section 5 of said Act is further amended by adding the following new subsection:

"(e) On and after October 1, 1975, the eligibility for participation in the food stamp program of any household which contains a member with respect to whom supplemental security income benefits are being paid under title XVI of the Social Security Act shall be determined on the basis of the uniform national eligibility standards for non-public assistance households established by the Secretary pursuant to this section."

(c)(1) Section 8(a)(1) of Public Law 93-233 is amended by striking out "18-month period", where it appears in the matter preceding the colon and in the new sentence added by such section, and inserting in lieu thereof in each instance "21-month period".

(2) Subsections (a)(2), (b)(1), (b)(2), (b)(3), and (e) of section 8 of such public law are each amended by striking out "18-month period" and inserting in lieu thereof "21-month period".

(d) Notwithstanding any other provision of law, if, for the month in which the amendments made by subsections (a) and (b) are enacted, any household has been certified as eligible (solely because a member of such household is an individual with respect to whom supplemental security income benefits are being paid under title XVI of the Social Security Act) to receive food stamps under the Food Stamp Act of 1964, such household shall continue to be eligible for food stamps under the Food Stamp Act of 1964 for each month thereafter in a continuous period of months for which there is being paid to such member such supplemental security income benefits.

SPOUSES LIVING APART

SEC. 7. The first sentence of section 1614(b) of the Social Security Act is amended by striking out "and who has not been living apart from such other aged, blind, or disabled individual for more than six months", and inserting in lieu thereof "and who is not living apart from such other aged, blind, or disabled individual".

REPEAL OF REQUIREMENT OF THIRD-PARTY PAYEE IN CERTAIN CASES

SEC. 8. The second sentence of section 1631(a)(2) of the Social Security Act is amended by inserting before the period at the end thereof the following: "; except that this requirement shall not apply with respect to any individual or eligible spouse referred to in section 1611(e)(3)(A) if (and for as long as) the Secretary determines, upon the certification of the chief medical or supervisory officer of the institution or facility where such individual or spouse is undergoing treatment as required by such section, that the payment of benefits directly to such individual or spouse would be of significant therapeutic value to him or her and that there is substantial reason to believe that he or she would not misuse or improperly spend the funds involved".

REQUIREMENT OF EXPEDITIOUS ACTION ON APPLICATIONS FOR BENEFITS

SEC. 9. Section 1631(e)(1) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(C) Notwithstanding any other provision of this title, any application for benefits under this title shall be acted upon within 30 days after it is filed (or within 60 days after it is filed in the case of an individual applying for such benefits on the basis of disability and in such case, a decision on presumptive eligibility shall be made within 20 days)."

EXPEDITED DETERMINATIONS REGARDING DISABILITY APPEALS

SEC. 10. (a) Section 1631(d)(2) of the Social Security Act is amended to read as follows:

"(2) To the extent the Secretary finds it will promote the achievement of the objectives of this title, qualified persons may be appointed to conduct hearings under subsection (c) without meeting the requirements for hearing examiners appointed under section 3105 of title 5, United States Code."

(b) Not later than 60 days after the date of enactment of this Act, the Secretary of Health, Education, and Welfare shall submit to Congress a report containing his plans and recommendations for eliminating the backlog of cases awaiting a determination of such Secretary as to the entitlement of an individual to benefits pursuant to any provision of the Social Security Act or any other Act based upon the individual's disability status, and for minimizing the delays to which individuals awaiting such determinations are subjected. Such plans and recommendations may include, but are not limited to, detailed staff requirements and changes in the process for making such determinations.

(c) Section 1631(c) of the Social Security Act is amended—

(1) by inserting after "(2)" the following: "(A)"; and

(2) by inserting after subparagraph (2) the following:

"(B)(i) In the case of any hearing requested as provided in paragraph (1) after December 31, 1976, determination on the basis of such hearing, to the extent that the matter in disagreement involves the existence of a disability (within the meaning of section 1614(a)(3)), shall be made within 120 days (plus the number of days, if any, by which the proceedings leading to a determination are delayed because the individual requesting such hearing requests an extension, postponement, or continuance of such hearing or otherwise is responsible for such delay) after the individual requests the hearing as provided in paragraph (1).

"(ii) Any individual who has requested a hearing with respect to which the provisions of clause (i) are applicable, shall, if the Secretary fails to make a determination (as required by such clause) within the time prescribed therein, be deemed to be entitled to benefits under this title, in like manner and to the same extent as if the matter which was the subject of such hearing and to which the provisions of clause (i) are applicable had been determined by the Secretary in favor of such individual, for the period commencing on the day following the last day in such time period and ending on the day which precedes the day on which the Secretary makes a final determination on such matter."

JUDICIAL REVIEW

SEC. 11. Section 1631(c)(3) of the Social Security Act is amended by striking out "; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court".

EXCLUSION FROM INCOME OF CERTAIN EDUCATION EXPENSES PAID FOR BY GRANTS, FELLOWSHIPS, OR SCHOLARSHIPS

SEC. 12. Section 1612(b)(7) of the Social Security Act is amended by inserting immediately before the semicolon at the end thereof the following: ", for use in paying for books, supplies, and services needed in connection with attendance at such institution, or for use to defray other expenses reasonably attributable to attendance at such institution (but including, in the case of living expenses, only so much thereof as is in excess of the living expenses which would have been incurred by or with respect to such individual if he had not been attending such institution)".

REFERRAL FOR SERVICES

SEC. 13. Subsection (a) of section 1615 of the Social Security Act is amended to read as follows:

"(a) In the case of any blind or disabled individual who—

"(1) has not attained age 65, and

"(2) is receiving benefits (or with respect to whom benefits are paid) under this title, the Secretary shall make provision for referral—

"(3) in case such individual has attained age 18 (and, in appropriate cases, when the individual has not attained such age but has attained age 13), of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often then quarterly of such individual's blindness or disability and his need for and

utilization of the rehabilitation services made available to him under such plan, and

"(4) in case such individual has not attained age 13 (and, in appropriate cases, when the individual has attained such age but has not attained age 18), to the State or local agency which provides health, social, or educational services appropriate to the needs of such individual.".

RESIDENTS OF CERTAIN PUBLIC RESIDENTIAL FACILITIES

SEC. 14. (a) Section 1611(e)(1) of the Social Security Act is amended—

(1) in subparagraph (A) thereof, by striking out "subparagraph (B)" and inserting in lieu thereof "subparagraphs (B), (C), and (D)", and

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

"(C) The provisions of subparagraph (A) shall not be applicable to any individual who is a resident of an institution which is used principally as a residential facility and not principally as a hospital, sanatorium, extended care facility, nursing home, intermediate care facility, rehabilitation center, correctional institution, or school or training facility; except that the provisions of this subparagraph (C) shall not be applicable to any individual who resides in such an institution during any period for which such institution fails to meet generally applicable State and local requirements relating to safety and sanitation, or if the Secretary finds that such requirements are inadequate, such standards relating to safety and sanitation as the Secretary shall by regulations establish.

"(D) The provisions of subparagraph (A) shall not be applicable to any individual who is a resident of an institution if—

"(i) there was in effect, for the month of December 1973, a determination made under a State plan approved under title I, X, XIV, or XVI of this Act (as in effect in December 1973) that such institution was not a 'public institution', for purposes of requirements of such plan which restricted aid or assistance thereunder to individuals who were not in a public institution,

"(ii) under such plan, Federal financial participation was legally authorized with respect to aid or assistance furnished to residents of such institution during the month of December 1973, and

"(iii) such institution is and has continuously been used (during the period commencing January 1, 1974) for the same purposes for which it was used in the month of December 1973, and if during such period such institution has not been substantially changed (in terms of its nature, operation, and use) since December 1973."

EFFECTIVE DATES

SEC. 15. (a) The amendments made by sections 3 and 12 of this Act shall become effective on the first day of the calendar quarter following the calendar quarter in which this Act is enacted.

(b) The amendments made by sections 13 and 14 of this Act shall become effective on the first day of the month following the month in which this Act is enacted.

(c) The amendments and repeals made by sections 4, 7, and 8 of this Act shall become effective on the first day of the first month which begins at least thirty days after the date of enactment of this Act.

(d) The amendments made by section 9 of this Act shall apply with respect to applications filed on or after the date of enactment of this Act, and shall also apply (as though the applications involved were filed on such date) with respect to applications filed before the date of enactment of this Act but not acted upon as of such date.

(e) The amendment made by section 11 of this Act shall apply with respect to determinations made by the Secretary of Health, Education, and Welfare on and after the date of enactment of this Act.

(f) The amendments made by sections 2, 5, 6, and 10 of this Act shall take effect on the date of enactment of this Act.

APPOINTMENT BY THE VICE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. BUMPERS). The Chair, on behalf of the Vice President, pursuant to Public Law 61–435, appoints the Senator from Kansas (Mr. DOLE) to the National Forest Reservation Commission, in lieu of the Senator from Vermont, Mr. Aiken, retired.

Under the previous order, the Senator from Vermont (Mr. STAFFORD) is recognized for not to exceed 15 minutes.

THE ENERGY INDEPENDENCE AND CONSERVATION ACT OF 1975—S. 1515

Mr. STAFFORD. Mr. President, we have come to the point when it seems fair to say that most Americans agree we can no longer afford the high price of Arab oil or continue to run the risk of being dependent upon that source of supply.

Clearly, President Ford has recognized that truth. For that reason, he has submitted energy proposals designed to make us more self-sufficient regarding energy by reducing our consumption in several ways.

The President has provided an important service to the Nation by making his proposals and sticking to them in a way that cannot be ignored. I have told the President that he has provided the Nation and the Congress with important leadership in this regard.

I have also tried to convince the President that same of his proposals would penalize those who can least afford higher prices, and also that his policy regarding heating oil would force too many Americans who live in New England and in the upper Midwest to carry an unfair share of the burden. I also believe that portions of his program would aggravate, rather than ease, many of our economic ailments.

The President has been sympathetic to some of those suggestions, but not to all of them. And, he has called on Members of Congress who hold different views from his to come forward with their own proposals.

In response to that challenge, I introduce today the Energy Independence and Conservation Act of 1975.

The best way to reduce our imports of foreign oil is through a quota system. But I do not think it is realistic to expect our Nation to reduce consumption by 1 million barrels of oil per day by the end of 1975. Nor, do I think we should cut back so much that reduced oil supplies could add to our unemployment problem.

I propose a progressively restrictive quota system that would reduce our imports of oil by a half-million barrels per day by the end of 1975, and by a million barrels per day by the end of 1976. It is important that we announce those mandatory goals—and that we meet them.

At the same time, we must discriminate in the type of petroleum product we want to curtail. In this case, our major target must be gasoline. It is the product we are most wasteful of. It is the petroleum product whose consumption can be cut back with the least hardship to most Americans.

Any effort to impose a nationwide policy on heating oil is as impractical as trying to mandate that all Americans must wear the same kind of clothes. Our Nation is too large and too diverse—in weather and in lifestyle—for such a policy.

So, I propose a quota system to be accompanied by an allocation system that would direct supplies of limited petroleum products into States and regions on a fair basis to meet differing needs.

In addition, I propose a moderate, but increasing, new tax on gasoline that would increase the Federal gasoline tax by 5 cents per gallon per year for each of the next 3 years.

This tax increase would be accompanied by refunds to those who would otherwise suffer undue hardships, including those whose livelihoods depend upon gasoline. Receipts from the tax would also enable us to increase our investment in mass transportation, which remains our best method of achieving long-range reductions in the use of gasoline and oil.

The higher gasoline prices that would result from my proposals should inspire both consumers and manufacturers to turn to vehicles more efficient in the use of gasoline.

As an additional inducement to that end, I propose a new tax on the weight of automobiles, beginning with automobiles that weigh more than 3,000 pounds. The purpose of this tax is clear: It is an effort to encourage the production and use of automobiles that give improved economy, since the weight of the automobile is a major factor in gasoline mileage.

All of these proposals carry with them environmental benefits as well, without additional environmental costs. They would lead to reduced use of many of our natural resources; decreased consumption of gasoline, and less air pollution.

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

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

S. 1515

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 "Energy Independence and Conservation Act of 1975".

SEC. 2. GASOLINE EFFICIENCY TAX.

(a) IMPOSITION OF TAX.—Subpart A of part III of subchapter A of chapter 32 of the Internal Revenue Code of 1954 (relating to manufacturer's excise taxes) is amended by redesignating section 4084 as 4085 and by inserting after section 4083 the following new section:

"SEC. 4084. GASOLINE EFFICIENCY TAX.

"There is imposed on gasoline sold by the producer or importer thereof, in addition to the tax imposed under section 4081, a tax of—

"(1) 5 cents a gallon, with respect to gasoline sold after 30 days after the date of the enactment of the Energy Independence and Conservation Act of 1975 and before January 1, 1976,

"(2) 10 cents a gallon, with respect to gasoline sold after December 31, 1975, and before January 1, 1977,

"(3) 15 cents a gallon, with respect to gasoline sold after December 31, 1976, and

"(4) 17½ cents a gallon, with respect to gasoline sold after September 30, 1977, and before the date on which the President imposes an additional tax under paragraph (5).

(b) Conforming amendments.—

(1) Section 4082(d) of such Code (relating to definition of a wholesale distributor) is amended by inserting "or section 4084" after "section 4081" where it appears in paragraph (2).

(2) Section 4083 of such Code (relating to exemption of sales to producer) is amended by inserting "or section 4084" after "section 4081".

(3) Section 4101 of such Code (relating to registration) is amended by striking out "section 4081 or section 4091" and inserting in lieu thereof "section 4081, section 4084, or section 4091".

(4) Section 4221(d)(6)(C) of such Code (relating to certain tax-free sales) is amended by inserting "or section 4084" after "section 4081".

(5) Section 4226(a) of such Code, (relating to floor stocks taxes) is amended by adding at the end thereof the following new paragraph:

"(8) 1975–1977 tax on gasoline.—On gasoline subject to tax under section 4084 which, on the date specified under this paragraph, is held by a dealer for sale, there is imposed a floor stocks tax at the following rates—

"(A) 5 cents a gallon, with respect to gasoline held on the day which is 30 days after the date of enactment of the Energy Independence and Conservation Act of 1975,

"(B) 5 cents a gallon, with respect to gasoline held on January 1, 1976,

"(C) 5 cents a gallon, with respect to gasoline held on January 1, 1977,

"(D) 2½ cents a gallon, with respect to gasoline held on October 1, 1977, and

The tax imposed by this paragraph does not apply to gasoline in retail stocks held at the place where intended to be sold at retail, nor to gasoline held for sale by a producer or importer of gasoline."

SEC. 3. TAX CREDIT FOR GASOLINE EFFICIENCY TAX.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 45 as 45A and by inserting after section 41 the following new section:

"SEC. 45. GASOLINE EFFICIENCY TAX.

"(a) GENERAL RULE.—In the case of an eligible individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the amount of the gasoline efficiency tax imposed under section 4084 on gasoline purchased by the taxpayer during the taxable year, as determined under subsection (b).

"(b) AMOUNT OF CREDIT.—The taxpayer shall be allowed a credit under subsection (a) in an amount which is equal to the greater of—

"(1) the amount of the gasoline efficiency tax imposed under section 4084 on gasoline purchased by the taxpayer during the taxable year, or

"(2) $150.

"(c) DEFINITION.—For purposes of this section, the term 'eligible individual' means an individual—

"(1) who is residing in the United States and who is a citizen of the United States or an alien admitted for permanent residence under the Immigration and Nationality Act, and

"(2) who—

"(A) has an adjusted gross income for the taxable year with respect to which he seeks the credit allowed under subsection (a) which is less than one-half of the amount of the Urban Family Budget, as determined by the Bureau of Labor Statistics of the Department of Labor and reported to the Secretary or his delegate at the beginning of each calendar year, or

"(B) is a handicapped individual, as defined in section 7(6) of the Rehabilitation Act of 1973 (29 U.S.C. 706(6)).

"(d) Disallowance of Expenses as Deduction.—No deduction shall be allowed under section 162 (relating to trade or business expenses) for any amount of gasoline efficiency taxes paid during a taxable year which is not in excess of the amount of the credit allowed to the taxpayer under subsection (a) for the taxable year.

"(e) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as are necessary to carry out the provisions of this section."

(b) Refund of Gasoline Efficiency Tax Credit.—

(1) Section 6201(a)(4) of such Code (relating to assessment authority is amended—

(A) by inserting "or 42" immediately after "section 39" in the caption of such section, and

(B) by striking out "oil)," and inserting in lieu thereof "oil) or section 42 (relating to gasoline efficiency tax),".

(2) Section 6401(b) of such Code (relating to excessive credits) is amended—

(A) by inserting immediately after "lubricating oil)" the following: "42 (relating to gasoline efficiency tax),", and

(B) by striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 42".

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking out the item relating to section 42 and inserting in lieu thereof the following new items:

"Sec. 42. Gasoline efficiency tax.

"Sec. 43. Overpayments of tax.".

SEC. 4. MASS TRANSIT TRUST FUND.

(a) ESTABLISHMENT.—There is established on the books of the Treasury an account to be known as the Mass Transit Trust Fund. There are authorized to be appropriated to such fund amounts equal to one-half the amounts of the gasoline efficiency tax collected under section 4084 of the Internal Revenue Code of 1954.

(b) PURPOSE.—All amounts in the Mass Transit Trust Fund shall be made available to the Secretary of Transportation solely for the purpose of providing financial assistance authorized under the provisions of the Urban Mass Transportation Act of 1964.

SEC. 5. HEAVY AUTOMOBILE EXCISE TAX.

(a) IN GENERAL.—Part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954 (relating to motor vehicle manufacturer's excise tax) is amended by adding at the end thereof the following new section:

"SEC. 4064. HEAVY AUTOMOBILE TAX.

"(a) IMPOSITION OF TAX.—There is imposed on each new automobile manufactured, produced, or imported a tax in the amount determined under subsection (b). The tax imposed by this section shall be paid by the manufacturer, producer, or importer at such time and in such manner as the Secretary or his delegate shall prescribe by regulation.

"(b) AMOUNT OF TAX—The amount of tax referred to in subsection (a) is determined in accordance with the following table:

If the weight of the automobile (in pounds) is:	The excise tax is:
Not over 3,000	0
Over 3,000 but not over 3,500	$.50 for each pound over 3,000
Over 3,500 but not over 4,000	$250.00 plus 1.00 for each pound over 3,500
Over 4,000 but not over 4,500	$750.00 plus 1.50 for each pound over 4,000
Over 4,500	$1,500.00 plus 2.00 for each pound over 4,500

"(c) DEFINITION.—For purposes of this section, the term 'new automobile' means an internal combustion engine vehicle, other than a truck or bus, which is a highway motor vehicle as defined in section 4482(a)."

(b) CLERICAL AMENDMENT.—The table of sections for such part I is amended by adding at the end thereof the following new item:

"Sec. 4064. Heavy automobile tax.

(c) EFFECTIVE DATE.—The amendments made by this section apply with respect to new automobiles sold after June 30, 1975.

SEC. 6. REDUCTION IN FOREIGN OIL IMPORTS.

(a) On and after the first day of the first calendar month following the expiration of the ninety day period following the date of enactment of this title, no crude oil or refined petroleum products shall be imported into the United States except pursuant to a license issued by the Secretary of Commerce and in accordance with quota limitations established by this section. Such licenses shall be issued with a view to providing a transition for reduced imports of crude oil and refined petroleum products and to reducing the immediate impact on consumers and the economy.

(b)(1) The quantity of crude oil and refined petroleum products which may be imported into the United States during that portion of the calendar year 1975 during which the license requirements of subsection (a) are in effect shall not exceed a number of barrels equal to—

(A) a number which (i) bears the same ratio to twice the aggregate number of barrels of crude oil and the crude oil equivalency of refined petroleum products imported into the United States during the period commencing July 1, 1974, and ending December 31, 1974, as (ii) the number of days in such portion of the calendar year 1975 bears to 365, reduced by

(B) 500,000 barrels multiplied by the number of days in such portion.

(2) The quantity of crude oil and refined petroleum products which may be imported into the United States during the calendar year 1976 shall not exceed a number of barrels equal to—

(A) twice the aggregate number of barrels of crude and crude oil equivalency of refined petroleum products imported into the United States during the period commencing July 1, 1974, and ending December 31, 1974, reduced by

(B) 365,000,000 barrels.

(3) The quantity of crude oil and refined petroleum products which may be imported into the United States during the calendar year 1977 or any succeeding calendar year may not exceed a number of barrels of crude oil and the crude oil equivalency of refined petroleum products equal—

(A) to the number of barrels which could be imported during the preceding calendar year under this section reduced by

(B) 365,000,000 barrels.

(c) The Secretary of Commerce is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

(d) Any license issued under this section for the importation of a quantity of refined petroleum products shall also show the crude oil equivalency of such quantity.

(e) Notwithstanding the provisions of section 4(g)(1) of the Emergency Petroleum Allocation Act of 1973, or of any other law, the regulation promulgated and made effective under subsection (a) of section 4 of such Act, as amended from time to time in accordance with the provisions thereof, shall

not terminate except as the Congress may, by law, hereafter provide.

EMERGENCY HOUSING ACT OF 1975

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume the consideration of S. 1483, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 1483) to provide for greater homeownership opportunities, to stimulate housing production and employment in the housing industry, to provide for the promulgation of building energy conservation standards, and for other purposes.

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the following staff members be permitted privilege of the floor during debate on the pending bill: John Bennison and Carolyn Jordan of the Committee on Banking, Housing and Urban Affairs, and Nick Miller from Senator MAGNUSON's office.

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

Mr. MONDALE. Mr. President, I ask unanimous consent that Mr. Robert Barnett, of my staff, be granted floor privileges during consideration of the emergency mortgage relief amendment I am about to raise.

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

Mr. MONDALE. Mr. President, in a moment I shall call up my amendment to the pending measure, S. 1483. Before I do so I would like to congratulate the distinguished chairman of the committee (Mr. PROXMIRE) for his leadership in this indispensable congressional effort to bring emergency relief to the housing industry, to millions of American workers involved in housing, the dozens of industries related to the housing sector, and, of course, to the American homeowner.

Senator PROXMIRE's measure seeks to focus, at long last, on the problems which the housing industry faces because it is almost always the chief victim of the Federal Reserve Board's policy of restricting credit and increasing interest rates.

Whenever the Fed acts in this way, the housing industry, those dependent on it for their livelihood and those who need it for their own housing, suffers the most.

This measure, in my opinion, is an essential element in a humanitarian and decent approach toward the housing needs of Americans. It is thoughtful, it is progressive, it is much needed, and I am proud to be one of its earliest cosponsors..

My congratulations also go to the distinguished chairman of the Housing Subcommittee (Mr. SPARKMAN) and to the distinguished ranking member of that subcommittee (Mr. BROOKE), and to the distinguished ranking member of the full committee (Mr. TOWER).

It was my privilege to serve for some years on that committee, and I continue to be impressed by its work.

Their efforts to bring prompt attention to a pressing problem are to be commended. I was privileged to have the opportunity to testify at the subcommittee's hearings on emergency housing legislation. I congratulate the distinguished Senators for their work on this important legislation.

Mr. President, there is yet another crisis descending upon the American people. It threatens to take away the shelter of thousands of American families. It could mean heartbreak and tragedy for millions of Americans.

I am talking about the heartbreak of losing one's home through mortgage foreclosure, Mr. President. And, for literally thousands of American families, that heartbreak may become a cold reality over the next several months.

With unemployment at 8.7 percent, at least, and growing, with inflation at astronomic levels, with energy problems continuing to take their toll in both prices and jobs, many Americans are finding it increasingly difficult, and often impossible, to meet home mortgage payments. For these unfortunate citizens and their families, a major investment—quite possibly the largest investment of their lifetime—will vanish, and their shelter will be suddenly gone.

Let us look at the realities. More than 8 million Americans are without jobs.

As we all know, those are official BLS statistics which substantially underestimate the real unemployment in America.

Within a matter of weeks, their unemployment compensation benefits—supplemental or otherwise—will expire. Shortly the extra benefits provided by their union bargaining agreements will expire. Within a matter of weeks, there will be nothing to use to meet home mortgage payments. These families will literally be "out in the cold."

There are millions of elderly American homeowners who, because of the effects of inflation on fixed incomes, are finding it extremely difficult to meet the cost of home mortgage payments. Their fixed incomes are simply squeezed too far. Many face the prospect of losing their homes.

There are millions of young families who bought homes in recent years, at high prices, with mortgage interest rates which were astronomically high. Unemployment among this group is even higher than the national average, and their savings are frequently too small to permit them to meet mortgage payments over an extended period of unemployment. Once again, thousands of families "out in the cold."

Serious delinquencies on home mortgage payments tend to lag behind increases in unemployment by about 6 months. The sharp rise in unemployment began in the fall of 1974, when the number of unemployed increased by about 400,000 in September as the rate rose to 5.8 percent. In March, the rate was 8.7 percent. Estimates of 10 percent unemployment are not uncommon.

Thus, we can expect a dramatic rise in mortgage foreclosures in the spring and summer of this year. All available figures confirm this prediction.

Accurate figures on current mortgage foreclosures are difficult to find. Foreclosure figures that are available are out of date. Curiously—and I underline that word, "curiously"—at a time when we suspect that we are in the midst of a home foreclosure crisis, the Federal Home Loan Bank Board has apparently discontinued keeping many of the previously available figures. I do not know what the reason is. There may be some reason that is perfectly understandable. But I find it very strange that Government statistics that are as important as these should suddenly be unavailable.

We do know, however, that there has been a dramatic increase in seriously delinquent mortgage loans of insured savings and loans as a percentage of mortgage portfolios in dollar terms from 1 percent in January 1974 to 1.31 percent in January 1975.

When one looks to the nature of the unemployment we are experiencing, the picture becomes even bleaker. Unemployment rates for household heads rose from 3 to 5.8 percent between March 1974 and March 1975. For married men, the comparable rise was from 2.3 to 5.2 percent. Those unemployed for more than 15 weeks numbered almost 2 million in March of this year, an increase of more than 1 million from a year ago. If, as seems likely, these groups contain a substantial number of mortgagors, a foreclosure crisis is rapidly approaching.

Mr. President, I do not think this tells the whole story. There are many communities where there is massive unemployment because of dependence upon a particular industry that is in trouble, such as the auto industry. It is not just that you have many families out of work and unable to pay their mortgage payments, but also the lending institutions in those communities are in desperate shape. The whole community is in desperate shape.

Fortunately, Mr. President, this is one crisis we can anticipate. This is one crisis we can do something about. We can, and we must, be ready to cope with a mortgage foreclosure crisis.

Accordingly, Mr. President, I am proposing an amendment to S. 1483, which I now call up.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MONDALE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 30, line 23, insert the following:

TITLE V—EMERGENCY MORTGAGE RELIEF PAYMENTS

SEC. 501. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make repayable emergency mortgage relief payments on behalf of homeowners who are delinquent in their mortgage payments.

(b) Emergency mortgage relief payments shall not be approved with respect to any mortgage unless—

(1) the holder of the mortgage has noti-

fied the mortgagor in writing of its intention to foreclose:

(2) the mortgagor and holder of the mortgage have indicated in writing to the Secretary and to any agency or department of the Federal Government responsible for the regulation of the holder that circumstances (such as the volume of delinquent loans in its portfolio) make it probable that there will be a foreclosure and that the mortgager is in need of emergency mortgage relief authorized by this Act, except that such statement by the holder of the mortgage may be waived by the Secretary if in his judgment such waiver would further the purposes of this Act;

(3) payments under the mortgage have been delinquent for at least two months;

(4) the mortgagor has incurred a substantial reduction in income as a result of involuntary unemployment or underemployment due to adverse economic conditions and is financially unable to make the full mortgage payments;

(5) there is a reasonable prospect that the mortgagor will be able to make the adjustments necessary for a full resumption of mortgage payments; and

(6) the mortgaged property is the principal residence of the mortgagor.

(c) Mortgage relief payments on behalf of a homeowner may be in an amount up to the amount of the principal, interest, taxes, ground rents, hazard insurance, and mortgage insurance premiums due under the mortgage, but such payments shall not exceed the lesser of $300 per month or the amount determined to be reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment.

(d) Mortgage relief payments may be made by the Secretary for up to eighteen months, and may be extended once for up to eighteen additional months. The Secretary shall require the mortgagor to report any increase in income which will permit a reducting or termination of mortgage relief payments during this period.

(e) Mortgage relief payments made under this Act shall be repayable by the homeowner upon such terms and conditions as the Secretary shall prescribe, except that interest on such payments shall not exceed 8 per centum per annum. Interest shall not begin to accrue until after the last payment made by the Secretary in behalf of the homeowner. The Secretary may defer repayment of the mortgage relief payments until the disposition of the property or the completion of the period of amortization for the mortgage. The Secretary shall require such security for the repayment of mortgage relief payments as he deems appropriate and may secure such repayment by a lien on the mortgaged property. The Secretary may make such delegations and accept such certifications with respect to the processing of mortgage relief payments as he deems appropriate to facilitate the prompt and efficient implementation of the assistance program authorized by this Act.

AUTHORIZATION AND EXPIRATION DATE

SEC. 502. (a) There are authorized to be appropriated for purposes of this Act not to exceed $750,000,000. Any amounts so appropriated shall remain available until expended.

(b) Mortgage relief payments shall not be made after July 1, 1976, except with respect to mortgagors receiving the benefits of payments on such date.

REPORTS

SEC. 503. Within sixty days after enactment of this Act and within each sixty-day period thereafter prior to July 1, 1976, the Secretary shall make a report to the Congress on (1) the current rate of delinquencies and foreclosures in the housing market areas of the country which should be of immediate concern if the purpose of this Act is to be achieved; (2) the extent of, and prospect for continuance of, voluntary forebearance by mortgagees in such housing market areas; (3) actions being taken by governmental agencies to encourage forebearance by mortgagees in such housing market areas: (4) actions taken and actions likely to be taken with respect to making assistance under this Act available to alleviate hardships resulting from any serious rates of delinquencies and foreclosures; and (5) the current default status and projected default trends with respect to mortgages covering multifamily properties with special attention to mortgages insured under the various provisions of the National Housing Act and with recommendations on how such defaults and prospective defaults may be cured or avoided in a manner which, while giving weight to the financial interests of the Untied States, takes into full consideration the urgent needs of the many low- and moderate-income families that currently occupy such multifamily properties.

Mr. MONDALE. Mr. President, my amendment would make it possible for homeowners who lose their jobs or suffer reductions in income because of our current economic problems to retain their homes—to keep their shelter. The amendment authorizes the Secretary of the Department of Housing and Urban Development to make repayable, emergency mortgage relief payments on behalf of such homeowners in order to maintain the payments on their mortgages.

Mr. President, I have been advancing a proposal similar to this for almost 2 years. The substance of this amendment was originally contained in an amendment which I proposed to the Omnibus Housing Act during the 93d Congress and was contained in S. 3200, an independent bill which I introduced with the distinguished Senator from Massachusetts (Mr. BROOKE) and the distinguished Senator from Michigan (Mr. HART) during the last Congress. It was also embodied in H.R. 34, introduced in the House during the 93d Congress by Congressman LUD ASHLEY of Ohio.

This provision was also contained in S. 660, which I introduced with Senators BROOKE and HART during this Congress. It is similar to H.R. 34, introduced in the House by Congressman ASHLEY again this year, which passed the House by an overwhelming vote of 321 to 21 last week as H.R. 5398.

The amendment authorizes the Secretary to make repayable, emergency mortgage relief payments on behalf of homeowners who are delinquent in their mortgage payments.

Several conditions must be met. First, the mortgagee must have notified the mortgagor in writing of his intention to foreclose. Payments under the mortgage must have been delinquent for at least 2 months. And, the mortgagor and mortgagee must, subject to waiver, have given appropriate notice of circumstances which make foreclosure probable.

The homeowner must have incurred a substantial reduction in income as a result of involuntary unemployment or underemployment due to adverse economic conditions, and be financially unable to make full mortgage payments. There must be a reasonable prospect, however, that the mortgagor will be able to resume mortgage payments in the future.

The relevant property must be the mortgagor's principal residence.

Once the preconditions are met, the Secretary may make mortgage relief payments on behalf of a homeowner. The payments may be in amounts up to the amount of principal, interest, taxes, ground rents, hazard insurance, and mortgage insurance premiums due under the mortgage. The payments may not exceed the amount determined to be reasonably necessary to supplement the amount the homeowner is capable of contributing toward his mortgage payment or $300 monthly, whichever is lesser.

In other words, if a homeowner, having met all the conditions I have previously described, had mortgage payments of $200 a month, and no source of income through no fault of his own, those paymentes would be picked up. But if he can contribute $100 to the payment of his own mortgage, the Government would only pick up the difference of $100.

Relief may be provided for up to 18 months, and may be extended for up to another 18 months. Periodic reports on income variations are required. Repayment terms are to be prescribed by the Secretary. Interest begins to accrue after the final payment on behalf of the homeowner and may not exceed 8 percent. Payments may be deferred by the Secretary. Adequate security may be required, and processing burdens may be delegated.

A sum of $750,000,000 is authorized to be appropriated for the relief provided by my amendment over the next 3 years.

It is our estimate, and it is very rough, that the cost of this program would be something like $30 million a year. That is the outlay as we estimate it. But based on the Homeowners' Loan Corporation's experience, this will be repaid with interest. When the Homeowners' Loan Corporation expired in 1951 after having saved nearly 800,000 homes in America, it had a surplus of some $14 million that it returned to the Treasury. It was one of the most successful, least controversial, and effective programs of the whole depression era.

Thus, we have experience that is very valuable. We know it works. The American people accept it. Homeowners need it. It serves one of the most fundamental needs in American life; namely, helping protect homeowners from the lose of their most important investment and all that means to the family and to the communities in which they live.

Also, this is a program with a finite duration. No payments may be made after July 1, 1976, except to those homeowners already receiving assistance.

The Secretary is required by section 503 to make periodic reports to the Congress.

There is one final point I would like to make. This amendment is very similar to the measure introduced and sponsored by Congressman ASHLEY in the House last week. The amendment was adopted overwhelmingly. There are changes, however, which I think are essential.

First, the level of the maximum payment is raised from $250 per month to $300 per month. This level is more in line with average, monthly mortgage payments. Second, the payment period is 18, rather than 12, months. This duration seems more in line with the possi-

bility of a lengthy period of economic adversity.

There have been many economists who have been saying recently that the recession that we are suffering is starting to bottom out. At the same time, they all admit that we are bottoming out at a very low level and that they anticipate serious unemployment will continue for several months.

Third, my amendment makes clear that interest will not begin to accrue until after the last payment on behalf of a homeowner is made.

Although accurate estimates are extremely difficult because of the instability of our current economic situation, it is estimated that this amendment may save as many as 300,000 homes.

A final word is appropriate, Mr. President. By offering this amendment, I do not abandon my efforts to enact a provision, modeled after the depression-era Home Owners' Loan Corporation, which had the additional power to purchase and refinance mortgages. I continue to fully support the enactment of such legislation.

I feel, however, that it is imperative that we move swiftly—in the most narrow and acceptable form—to provide relief for thousands of threatened homeowners. I believe that S. 1483, with my amendment added, provides an opportunity to enact much-needed legislation in a form which will prove acceptable to the House and to the executive branch.

I urge prompt adoption of this amendment so that critical relief may be provided for thousands of American families.

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

Mr. MONDALE. I yield.

Mr. GRIFFIN. Mr. President, I feel strongly that we do need some legislation to provide relief against foreclosure for deserving homeowners during these difficult economic times. However, I want to support legislation that will become law.

I assume that the Senator from Minnesota, who is offering this amendment, realizes that foreclosure relief legislation similar to his amendment is already on the Senate calendar, having been reported from the Committee on Banking, Housing and Urban Affairs. I refer to S. 1457.

It seems clear to this Senator that if we really want to get that kind of legislation enacted into law, it should not be tacked on as a rider to the bill now before the Senate. Regardless of how we individually view the bill now before the Senate, we do know that it is very controversial, and that the President will probably veto it.

Of course, I would not attribute any political motives to the Senator from Minnesota. However, I must suggest that while the procedure he pursues may be good politics, it is not a very good way to get foreclosure relief legislation enacted into law.

Mr. MONDALE. I thank the Senator from Michigan. I appreciate his support for the concept of homeowners' mortgage relief. I took his comments to endorse essentially the principle of seeking some way of protecting Americans who might otherwise lose their principal residence due to mortgage foreclosure, through no fault of their own, because of the adverse economic conditions.

As the Senator from Michigan knows—and I think this will help to dispel any fears he has about the motivation with which I raise this amendment—I have been calling for this for 2 years and did so when most of my colleagues were not concentrating on what I saw—and the figures clearly reflected it—as a growing menace threatening the ability of millions of Americans to meet the mortgage payments necessary to keep their present residences.

Having said that, I also think there are many other parts of the housing industry's problems that need to be solved. Not only do I support the bill recommended by the Committee on Banking, Housing and Urban Affairs; I support it enthusiastically.

Dealing with mortgage foreclosure is dealing with only a small part of the problem. Mortgage foreclosure problems are, of course, disastrous to the families suffering foreclosures. That is the problem my amendment is designed to solve. Mortgage foreclosures are disastrous to the communities in which large numbers of workers are unemployed. But the fact is that the housing industry has been the whipping boy for many, many years, as the Senator from Michigan knows.

Every time the Federal Reserve Board believes we are in an inflationary period. They tighten credit, they increase interest rates. They use all the powerful tools of the Federal Reserve Board. The result, almost immediately, is to run the housing industry through the wringer.

Two years ago, I believe, the Nation was building at an average rate of 2.3 million housing starts a year. This was under what the 1968 Housing Act expected, but a pretty good rate of home construction. Now, I think, the rate is below 1 million and is dropping. So it is not just a question of trying to protect people from foreclosure as to the homes in which they now live. Of equal importance, as a matter of fact, affecting far more Americans, is the question of trying to get terms that will produce housing, bring the housing industry out of the depression, bring housing within the reach of more Americans through more reasonable interest rates, and make it possible for millions of Americans who cannot now afford decent housing to be able to do so.

That is why I enthusiastically support this bill. I believe that a part of the answer has to be the home mortgage foreclosure remedy, which is why I think it should be a part of this bill.

Mr. GRIFFIN. I must say, in all candor, that I do not think the Senator really has addressed himself to the concern I expressed. If he had reason to believe that the Senate leadership would not call up the mortgage foreclosure bill already on the calendar, perhaps he would be justified in offering his amendment to this very controversial bill. But I am confident that S. 1457 can be taken up separately.

It seems to me that he jeopardizes the opportuntiy to have foreclosure relief legislation enacted into law when he tacks it onto the bill before us now, a bill which the President is almost certain to veto.

Perhaps, some Senators will then be able to go around the country blaming President Ford, but that will not really help the people who lose their homes through foreclosure.

Mr. MONDALE. I do not think that the Senator from Michigan need lecture me about my interest in mortgage foreclosures. The record will show that in the past few years I have called repeatedly for this legislation. Every time I have done so, I have been told that it is not the right vehicle. Last year, when I raised the amendment, it was said that it was a wonderful idea, "But don't bring it up now; let us wait." I want this bill passed today.

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

Mr. MONDALE. I yield.

Mr. PROXMIRE. Mr. President, I am delighted to support the amendment by the distinguished Senator from Minnesota. It is a good amendment. It is an amendment that will strengthen this bill.

I say to the Senator from Michigan that we have been informed by people in the administration who are in a strong position to know that the foreclosure proposal might be veoted, also, and that there was just as strong sentiment—in fact, perhaps stronger sentiment—to veto S. 1457, the foreclosure bill, as there was to veto the emergency housing bill.

Mr. MONDALE. As I understand it, when I introduced the HOLC bill, S. 660, the administration announced its opposition to that proposal.

Mr. PROXMIRE. That is correct.

The Senator from Minnesota, as he has said, has been in favor of this proposal long before the rest of us were. He appeared before the Committee on Housing, Banking and Urban Affairs and testified with considerable force in favor of his proposal; and his proposal originally was written into the emergency housing bill.

The Senator from Minnesota has taken very helpful and constructive action in offering this amendment on the floor of the Senate. Heaven knows, we need it. As the Senator pointed out, we do not have the latest statistics or the up-to-date statistics on foreclosures. We do know, on the basis of our past experience, that when we have unemployment of the kind we have now, foreclosures follow, and follow rapidly. The data we have are 2 or 3 months behind the times. There is no question that when it comes on, particularly as the summer develops, if we do not take action of this kind, foreclosure is going to be very serious.

I point out to Members of the Senate that the amendment offered by the Senator from Minnesota is patterned quite closely after the House bill. That bill passed the House by a vote of 321 to 21, and I am sure that we can obtain quick agreement on this bill in conference.

I also support S. 1457 as reported by our committee. However, S. 1457 contains a controversial provision authorizing HUD to purchase mortgages in danger of default. New borrowing authority would be required. More pressure would be placed on the capital markets. I doubt that the House conferees or the administration would go along with this au-

thority to purchase mortgages. Under it, the Government could wind up owning a lot of bad paper dumped on it by mortgage lenders.

The virtue of Senator MONDALE's approach is that it provides assistance directly to the person who needs it—the homeowners. Monthly mortgage payments would be made on behalf of the homeowner, but the mortgage loan would still be retained by the lender. It thus keeps the responsibility on the lender.

Mr. President, I think that some elements of S. 1457 are attractive and desirable; but I think that, overall, in view of the experience we have had already with a similar proposal in the House, which has received that kind of approval, this is an excellent approach that the Senator from Minnesota offers us and that it does strengthen the bill. I hope we can adopt it as an amendment to the bill.

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

Mr. MONDALE. I yield.

Mr. TOWER. Mr. President, I ask unanimous consent that the pending business be temporarily set aside and that the Senate proceed to the immediate consideration of S. 1457.

Mr. MONDALE. Mr. President, reserving the right to object——

Mr. PROXMIRE. Mr. President, I object.

The PRESIDING OFFICER (Mr. MORGAN). Objection is heard.

Mr. TOWER. Now we have let the cat out of the bag, indeed.

Mr. MONDALE. I do not know what the Senator is talking about. I just reserved the right to object to find out what the Senator is talking about.

The PRESIDING OFFICER. The Senator from Wisconsin objected.

Mr. TOWER. I shall be glad to explain what my consent request is.

The amendment of the Senator from Minnesota is, in effect, the substance of S. 1457. I think it could be very readily and rapidly passed by the Senate. I was trying to expedite what the Senator from Minnesota seeks to do. Apparently, the Senator from Wisconsin does not want it to be expedited in that way.

Mr. PROXMIRE. Will the Senator yield?

Mr. TOWER. If we really have a concern——

Mr. PROXMIRE. Will the Senator yield?

Evidently not.

Mr. TOWER. If we really have a concern, as is evidenced by the Senator from Minnesota, we can proceed to the immediate consideration of S. 1457. We can dispose of it, I think, in a very short period of time, probably by voice vote, and have that bill on its way to conference and then to the President.

What is being done here is that this amendment is being attached to a bill that is almost certain to be vetoed and therefore, the people that we are trying to help will not get relief.

Mr. PROXMIRE. Mr. President, if the Senator will yield just briefly.

Mr. MONDALE. I yield to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Florida has been seeking the floor and is recognized.

Mr. PROXMIRE. As I understand, the Senator from Minnesota has the floor.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. TOWER. No, the Senator from Minnesota had the floor.

Mr. MONDALE. I yielded to the Senator from Texas. I yield to the Senator from Wisconsin, then I shall be glad to yield to the Senator from Florida.

Mr. PROXMIRE. As I say, I have the greatest admiration for the Senator from Texas. He is an extraordinary Senator, he is a great member of the Committee on Banking, he is a good friend; but he is not the leader of the U.S. Senate. He is not the majority leader or the minority leader, and when he stands up and asks that we set aside the bill that was called up by the leadership—not by this Senator or anybody but by the leadership—it seems to me it is proper for me as manager of the bill to object to that.

As I pointed out, the only argument that the Senator from Texas has for this is that S. 1457 is not controversial. I have it on authority, perhaps not on authority quite as good as the Senator from Texas has, but good authority that the White House may very well veto S. 1457. That measure is controversial, too. They do not like it. There are provisions in that bill they oppose very strongly. On that basis, it seems to me it is well to proceed on the basis that the leadership has decided is proper, as good as the Senator from Texas may think, or as good as the Senator from Texas has decided it is.

Mr. TOWER. Will the Senator from Minnesota yield?

Mr. MONDALE. Before yielding, I wish to make one point. I agree with the Senator from Wisconsin about the fantastic persuasive powers of the Senator from Texas. Knowing of this great interest in protecting the American homeowner and trying to produce more housing, I was wondering if, rather than using the veto threat as an argument to stop the Senate from doing what it should do, deal with the housing problem, it would not make more sense if the Senator from Texas would unleash his incredible persuasive powers upon the President of the United States to change his mind and, instead of vetoing a bill that the American people need, sign it so that we can have more housing, more jobs for the American people, prevent foreclosures, and do the job which I understand the Committee on Banking, Housing and Urban Affairs, in its wisdom, recommended be done.

Mr. TOWER. Will the Senator from Minnesota yield?

Mr. MONDALE. I am delighted to yield.

Mr. TOWER. I very much appreciate the references to my great persuasive powers. I cannot help but believe, however, that perhaps there was a little tongue-in-cheek in your remarks, because the Senator from Texas ordinarily is able to persuade only the Senator from Texas how he should vote. However, if, indeed, it is not proper for the Senator from Texas, who is a member of the minority party and who is not even the minority floor leader, to ask that the pending business be set aside and that we proceed to immediate consideration of S. 1457, I wish to suggest that the Senator from Minnesota and the Senator from Wisconsin use their fantastic persuasive powers to convince the majority leader of the Senate that this would be a proper course of procedure. I shall be willing to join them in trying to persuade the distinguished Senator from Montana that we should, indeed, set this aside and proceed to the consideration of S. 1457, which, I think can assure the Senators from Minnesota and Wisconsin, would be passed very quickly.

Mr. MONDALE. I not only think we should not set this measure aside, I think we should have passed it 2 years ago and gotten it on the way to the President. Maybe he can get some counselors who will tell him how bad the housing market is, how much employment is needed in the housing industry, how much Americans need housing for their families, how much interest rates price housing away from the average family. Maybe he will sign that bill so that we can finally do something except just talk and posture about housing.

Mr. SPARKMAN. Will the Senator yield to me?

Mr. MONDALE. I yield to the Senator from Alabama.

Mr. SPARKMAN. First, I want to give full credit to the Senator from Minnesota. He has been working along the line of S. 1457 for 3 years. I remember when he brought it up the last time, I did suggest that I did not believe it ought to be tacked on to that particular bill. But I have recognized all along that it was a helpful program that he was supporting.

I wish to say this with reference to S. 1457: It was taken up in the Committee on Banking. It was a part of the draft bill that was before the committee, and I had been urging this kind of program.

As a matter of fact, the Democratic Conference just recently, and the Senator from Montana (Mr. MANSFIELD) in his presentation, strongly urged a bill with reference to mortgage foreclosures. I told him at the time that we had it up before the Committee on Banking, and it was going to be reported the next day, and it was. We had no difficulty in the Committee on Banking. It was in the draft with the other housing legislation, and I asked that it be separated and made into a separate bill because I thought we could get quick action. The chairman of the committee agreed with me. There was no contest against separating it from the bill, making a separate bill out of it. It is here, and I must say that I regret very much seeing it made the hostage of some other action.

I support the bill, I supported the bill in the committee. But at the same time, I asked that this be taken out of that bill and made a separate measure. The chairman agreed with me that it was a good move to make and it would be able to get early action.

If it is kept separate, there is no reason why we cannot get quick action on this because the House has a bill, I believe, already at the desk that the House has passed. All we have to do is either to accept the House bill without amendment, or else send it back to them with amendment and ask for a conference. All of

that can be worked out very quickly and I am certain that we will have no difficulty.

With reference to the veto, I wish to say that it just happens that I have done some talking with the Secretary of Housing, and it is my understanding that she would probably want to propose some change in the language. I do not know; I presume that may be what the Senator from Texas has in mind. She agrees with the substance of the bill and wants merely some change in the language that I think we can agree to very easily and very quickly, and that bill would not be vetoed. I am not saying that she said that. That is the inference that I have drawn, that that bill would not be vetoed provided we could work out suitable language, as I am certain we can do.

I hope that whatever happens here, S. 1457 will not be removed from the calendar. I shall oppose that. I want it to stay on there; if the housing bill runs its course and does not succeed in getting through, I want to fall back on that bill, and I hope it will still be on the calendar for that purpose.

Mr. PROXMIRE. Mr. President, if the Senator will yield, I agree wholeheartedly with the Senator from Alabama. I think that is a proper course.

It is my understanding, too, that there were problems the administration had with S. 1457, and they wanted to wait a little while to work out the language on it. But I thought meanwhile we would have a good bill and serve our purpose if we accepted the amendment of the Senator from Minnesota.

Mr. SPARKMAN. Understand, I am not opposing his amendment at all.

Mr. PROXMIRE. Yes, I understand.

Mr. SPARKMAN. I give him credit for having started this a couple of years ago.

Mr. MONDALE. I thank the Senator from Alabama for his gracious comments. As I remarked earlier, I appreciate his courtesy and generosity throughout the deliberations on this proposal. He promised last year that there would be hearings on this bill. The fulfilled that promise. I was permitted to participate fully in the hearings on this question of mortgage relief. It was the Senate which started the movement along with Representative Ashley of Ohio. I think we are well on our way toward helping protect families against home mortgage foreclosure.

Mr. TOWER. Mr. President, while there are 11 Senators in the Chamber, will the Senator yield?

Mr. MONDALE. First, Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MONDALE. I yield to the Senator from Texas.

Mr. TOWER. Mr. President, I move that the pending business be temporarily set aside, and that the Senate proceed to the immediate consideration of S. 1457; and I ask for the yeas and nays on the motion.

Mr. PROXMIRE. Mr. President, is that motion in order?

Mr. MANSFIELD. Mr. President, I move to lay on the table the motion of the Senator from Texas, and I ask for the yeas and nays.

The PRESIDING OFFICER. A motion to proceed to the consideration of the matter is in order.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The yeas and nays have been requested on the motion to lay on the table. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. MORGAN). The question is on agreeing to the motion of the Senator from Montana (Mr. MANSFIELD) to lay on the table the motion of the Senator from Texas (Mr. TOWER). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Michigan (Mr. HART), the Senator from Hawaii (Mr. INOUYE), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Rhode Island (Mr. PASTORE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE), and the Senator from Rhode Island (Mr. PELL) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Massachusetts (Mr. BROOKE), the Senator from Nebraska, (Mr. CURTIS), the Senator from New Mexico (Mr. DOMENICI), the Senator from Oregon (Mr. HATFIELD), the Senator from North Carolina (Mr. HELMS), and the Senator from Kansas (Mr. PEARSON) are necessarily absent.

I also announce that the Senator from Maryland (Mr. MATHIAS) is absent on official business.

The result was announced—yeas 56, nays 29, as follows:

[Rollcall Vote No. 146 Leg.]

YEAS—56

Abourezk	Gravel	Mondale
Allen	Hart, Gary W.	Montoya
Bayh	Hartke	Morgan
Bentsen	Haskell	Moss
Bumpers	Hathaway	Muskie
Burdick	Hollings	Nelson
Byrd, Harry F., Jr.	Huddleston	Nunn
	Humphrey	Proxmire
Byrd, Robert C.	Jackson	Randolph
Cannon	Johnston	Ribicoff
Chiles	Kennedy	Schweiker
Church	Leahy	Sparkman
Clark	Long	Stafford
Cranston	Magnuson	Stennis
Culver	Mansfield	Stevenson
Eagleton	McClellan	Stone
Eastland	McGee	Symington
Ford	McGovern	Talmadge
Glenn	Metcalf	Williams

NAYS—29

Baker	Fannin	Laxalt
Bartlett	Fong	McClure
Beall	Garn	Packwood
Bellmon	Goldwater	Percy
Brock	Griffin	Roth
Buckley	Hansen	Scott, Hugh
Case	Hruska	Scott, William L.
Dole	Javits	
Stevens	Thurmond	Weicker
Taft	Tower	Young

NOT VOTING—14

Biden	Hatfield	Pastore
Brooke	Helms	Pearson
Curtis	Inouye	Pell
Domenici	Mathias	Tunney
Hart, Philip A.	McIntyre	

So Mr. MANSFIELD's motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I yield to the chairman of the Committee on Foreign Relations.

HUMANITARIAN ASSISTANCE PROGRAMS IN VIETNAM

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Chair lay before the Senate a message from the House of Representatives on H.R. 6096, a bill to authorize funds for humanitarian assistance and evacuation programs in Vietnam and to clarify restrictions on the availability of funds for the use of U.S. Armed Forces in Indochina, and for other purposes.

The PRESIDING OFFICER. (Mr. MORGAN). Is there objection to the request of the Senator from Alabama?

There being no objection, the Chair laid before the Senate H.R. 6096, a bill to authorize funds for humanitarian assistance and evacuation programs in Vietnam and to clarify restrictions on the availability of the funds for the use of the U.S. Armed Forces in Indochina, and for other purposes, which was read twice by its title.

The Senate proceeded to consider the bill.

Mr. SPARKMAN. Mr. President, I move to strike out all after the enacting clause and substitute the text of S. 1484 as passed by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama to strike out all after the enacting clause and to substitute the text of S. 1484 therefor.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 6096) was passed, as follows:

That this Act may be cited as the "Vietnam Contingency Act of 1975".

SEC. 2. There is established a Vietnam contingency fund for use during the fiscal year 1975 in the amount of $100,000,000 and there is authorized to be appropriated not to exceed such sum, to be used only for humanitarian and withdrawal purposes as the President determines is in the national interest with respect to dealing with the present emergency in South Vietnam. Such amount shall be available without regard to the provisions of section 36, 37(b) (third sentence), and 38 of the Foreign Assistance Act of 1974.

SEC. 3. (a) If the President determines that the use of United States Armed Forces

is necessary to withdraw citizens of the United States and their dependents from South Vietnam, the President may, in accordance with the provisions of subsection (b), use such Armed Forces in a number and manner essential to and directly connected with the protection of such United States citizens and their dependents while they are being withdrawn. In the event that such withdrawal cannot be accomplished without involving such Armed Forces in hostilities or in situations where imminent involvement in hostilities is clearly indicated by the circumstances, such withdrawal shall, if feasible, be accomplished in a single operation. Other than the minimum number of personnel determined by the President to be essential to carry on critical functions of the United States mission or to carry out such withdrawal, all such citizens who are employed by, or in the service of, the United States, and all such dependents, shall be withdrawn as rapidly as possible after the date of enactment of this Act.

(b) If the President uses the United States Armed Forces for the purposes stated in subsection (a) of this section, he shall submit a report on the use of those forces as required by section 4(a) of the War Powers Resolution (including the certification required under subsection (c) of this section) and shall comply with all other provisions of that resolution.

(c) In addition to the information required under section 4(a) of the War Powers Resolution, the President shall also certify pursuant to subsection (b) of that section that—

(1) there existed a direct and imminent threat to the lives of such citizens and their dependents; and

(2) every effort was made to terminate the threat to such citizens and their dependents by the use of diplomatic and any other means available other than use of the Armed Forces; and

(3) other than such essential personnel, such citizens and their dependents are being evacuated as rapidly as possible.

SEC. 4. In carrying out the withdrawal of such United States citizens and their dependents from South Vietnam pursuant to section 3 of this Act, the President is authorized to use the United States Armed Forces to assist in bringing out endangered foreign nationals if he determines and certifies in writing to the Congress pursuant to section 4(b) of the War Powers Resolution that—

(a) every effort has been made to terminate the threat to such foreign nationals by the use of diplomatic and any other means available other than the use of the Armed Forces; and

(b) a direct and imminent threat exists to the lives of such foreign nationals; and

(c) the number of such United States Armed Forces will not be required beyond those essential to and directly connected with the withdrawal of citizens of the United States and their dependents; and

(d) the duration of the use of such United States Armed Forces will not thereby be extended; and

(e) such withdrawal will be confined to areas where United States forces are present for the purpose of protecting citizens of the United States and their dependents while they are being withdrawn.

SEC. 5. The authority contained in this Act is intended to constitute specific statutory authorization within the meaning of section 8(a) of the War Powers Resolution but shall not be considered specific statutory authorization for purposes of section 5(c) of the War Powers Resolution, and as provided by such section 5(c) such forces shall be removed by the President if the Congress so directs by concurrent resolution.

SEC. 6. The provisions of section 3(a) of this Act may be construed to be in derogation of the prohibitions contained in section 839 of Public 93-437, section 741 of Public Law 93-238, section 30 of Public Law 93-189, section 806 of Public Law 93-155, section 13 of Public Law 93-126, section 108 of Public Law 93-52, and section 307 of Public Law 93-50, only to the extent necessary to give effect to the provisions of section 3(a).

SEC. 7. (a) It is traditional for the American people to be generous and compassionate in helping the victims of foreign conflicts and disasters. In keeping with that tradition it shall be the policy of the United States to provide humanitarian assistance to help relieve the suffering of refugees and other needy people who are victims of the conflicts in South Vietnam and Cambodia. To insure that the assistance is provided to such persons throughout both countries and through channels acceptable to all parties, the assistance authorized by this Act is to be provided under the direction and control of the United Nations or under the auspices of voluntary relief agencies.

(b) (1) Notwithstanding any other provision of law, in addition to amounts made available under section 2 of this Act, and in addition to those amounts otherwise available for assistance to South Vietnam and Cambodia, there are authorized to be appropriated to the President for the fiscal year 1975, to remain available until expended, $150,000,000 for the purpose of providing humanitarian assistance to refugees and other needy people who are victims of the conflicts in South Vietnam and Cambodia.

(2) Funds made available under this section shall be furnished under the direction and control of the United Nations or its specialized agencies or under the auspices of other international organizations, international agreements, or voluntary relief agencies: *Provided*, That distribution or provision of any services, commodities, goods, materials, or other relief supplies made available pursuant to this section shall be made only under the direct supervision and control of representatives of such international organizations or voluntary relief agencies.

(3) Not less than ninety days after the date of enactment of this Act and not later than the end of each ninety-day period thereafter, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report describing fully and completely—

(A) the amount of each type of economic assistance provided under this Act;

(B) the expected recipients of such assistance;

(C) the names of all organizations and agencies involved in the distribution of such assistance; and

(D) the means with which such distribution is carried out.

(c) Notwithstanding any other provision of law, any assistance under title I or title II of the Agricultural Trade Development and Assistance Act of 1954 which was scheduled for delivery to Cambodia on or before the date of enactment of this Act shall be delivered to Cambodia through multilateral, international channels, in accordance with section 35(a)(7) of the Foreign Assistance Act of 1974: *Provided*, That such assistance is requested by the Government of Cambodia.

SEC. 8. (a) The President shall transmit each day to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report setting forth fully and completely—

(1) the number of citizens of the United States and their dependents who left Vietnam the previous day, including the number of Embassy personnel and private contract personnel among such persons;

(2) the number of such persons remaining in South Vietnam; and

(3) the number of Vietnamese nationals who left South Vietnam the previous day, with the assistance of the United States.

(b) Such reports shall be transmitted until such date as the Speaker of the House of Representatives and such committee may direct. The information may be submitted on a confidential basis if the President deems it advisable.

SEC. 9. Not more than forty-eight hours after the date of enactment of this Act, the President shall transmit to the Speaker of the House of Representatives and the chairmen and ranking minority members of the Committees on Foreign Relations, Judiciary, and Armed Services of the Senate a report describing his general plan for the withdrawal from Vietnam of the persons described in sections 3 and 4 of this Act.

SEC. 10. As the situation in Vietnam has deteriorated, there has been a sharp increase in the number of deserters from the United States military who has turned themselves in wanting to be evacuated from Vietnam to the United States. It is the sense of the Congress that although these men turned their backs on the United States in its hour of need, basic humanitarian instincts dictate that we not turn ours. However, it is also the sense of the Congress upon return to the United States these men be promptly turned over to the proper authorities for prosecution in accordance with law.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Senate insist on its amendment and request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SPARKMAN, Mr. CHURCH, Mr. HUMPHREY, Mr. CLARK, Mr. CASE, Mr. JAVITS, and Mr. HUGH SCOTT conferees on the part of the Senate.

EMERGENCY HOUSING ACT OF 1975

The Senate continued with the consideration of the bill (S. 1483) to provide for greater homeownership opportunities, to stimulate housing production and employment in the housing industry, to provide for the promulgation of building energy conservation standards, and for other purposes.

Mr. MANSFIELD. Mr. President, if the Senator will allow me, I would like to yield briefly to the Senator from Utah (Mr. GARN).

Mr. GARN. Mr. President, I ask unanimous consent that a member of my staff, Dan Wall, be granted the privilege of the floor during the debate on S. 1483 and the votes thereon.

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

Mr. MANSFIELD. Mr. President, I think the Senator from Minnesota has——

Mr. MONDALE. Mr. President, I yield for a unanimous-consent request.

Mr. EAGLETON. Mr. President, I ask unanimous consent that——

The PRESIDING OFFICER. The Senate will be in order and will the Senators take their seats, please?

Mr. EAGLETON. Mr. President, I ask unanimous consent that Mr. Jack Lewis and Gene Godley be granted privilege of the floor during the pendency of this matter.

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

Mr. MONDALE. Mr. President, I yield briefly to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Mr.

John Brooks, of my staff, be granted privilege of the floor during consideration of this legislation.

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

Mr. MONDALE. Mr. President, I yield to the Senator from Florida.

Mr. STONE. Mr. President, first, I ask unanimous consent that a member of my staff, Bill Persley, be granted privilege of the floor during the discussion on this bill.

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

Mr. STONE. Mr. President, I call up my amendment in the second degree to the Senator from Minnesota's amendment.

The PRESIDING OFFICER. Does the Senator from Minnesota yield for that purpose?

Mr. MONDALE. Yes, I yield.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 2, to Section 501(b)(6) after the word "mortgagor," add the following new sentence:

"The mortgaged property may include, but is not limited to, property owned in fee simple, condominium units, mobile homes, boats, or multi-unit dwellings."

Mr. STONE. Mr. President, I intend to offer the substance of this amendment to S. 1457 when and if that bill is called up, but, meanwhile, I ask that that amendment be adopted as part of the Mondale amendment.

The amendment would make absolutely clear, as I think it is the intention of the proposer of the basic amendment to make it clear, that the protection extended to homeowners who are unemployed will extend as well to owners of homes such as mobile homes, condominium units, boats where boats are the principal place of residence, or such as other multiunit dwellings where they are owned and lived in as the principal place of residence.

May I say that I am joined in the substance of this amendment as to the other bill—amendment No. 363—which will be called up later, by Senator BAYH, Senator BIDEN, Senator BROCK, Senator MORGAN, Senator STEVENS, Senator TAFT, Senator THURMOND, Senator CRANSTON, and Senator CHILES.

I believe that this is a good amendment and will assist the basic amendment. I ask that it be accepted by the proposer of the amendment.

Mr. MONDALE. I thank the Senator from Florida. I think this is an excellent amendment.

It makes specific what I always intended. By so doing, it removes any doubt about the applicability of mortgage relief contemplated by this legislation for the owners of principal residences regardless of the kind of residence.

In fact, a distinguished Minnesotan, Mr. Robert Nickoloff, of Hibbing, Minn., urged me early in the development of this legislation to insure broad applicability. The Senate owes Mr. Nickoloff its gratitude for his important role in the development of this provision.

We always tend to think of housing in terms of a detached home on a lot. Increasingly, however, Americans are living in units different from that model. Mobile homes, I think, now house well over 10 percent of the American families. It could be much higher than that, but it is at least that.

Increasingly, States provide laws that authorize condominium treatment where one owns, as one would own his own home, an apartment in a large apartment building.

Mr. STONE. The Senator is correct and the latest Census figures found show that 94 percent of mobile home families have an annual income of less than $15,000. In fact, 76 percent of such families have incomes of less than $10,000. Precisely the group that the Senator's amendment is aimed at providing this needed assistance to.

Mr. TOWER. I believe the amendment of the Senator from Florida is a very constructive amendment and should be adopted. I would urge the Senator from Minnesota to ask unanimous consent that his own amendment be modified to include the amendment of the Senator from Florida. I believe that could be done with expedition.

Mr. MONDALE. I will do that. I will first yield to the Senator from Wisconsin.

Mr. PROXMIRE. I want to congratulate the Senator from Florida on this amendment and the Senator from Minnesota for accepting it. It is the most logical kind of approach. After all, those people who are most likely to lose their shelters, their residences, are people of low income. Last year, some 500,000 housing units were mobile homes, about one-third or close to one-third of all the housing units that were constructed.

Obviously, under these circumstances, if we did not provide foreclosure protection for these people, we would be failing to do the job we should do. So I congratulate the Senator from Florida for this amendment. It is an excellent amendment and I am delighted to support it.

Mr. STONE. I thank the Senator.

Mr. BROCK. Mr. President, I rise in support of the amendment offered by my distinguished colleague from Florida (Mr. STONE) to make clear that mobile homes are covered under the emergency relief provisions of S. 1457.

Mobile homes have risen to a position of dominance in the low-cost housing field. They are virtually the only source of homeownership now available to those who cannot afford a typical new site-built home. Some 95 percent of all new single-family homes sold for $25,000 or less are mobile homes.

The primary purchasers of mobile homes are lower-income Americans who are hit hardest by a recession and unemployment. Many find that they simply are not able to keep up their payments on their mobile home when they are laid off. Statistics show that repossessions during the last part of 1974 may have been as high as 36 percent of industry shipments. It would be grossly unfair to fail to include in the emergency bill these hardworking Americans who are facing catastrophic unemployment.

Another factor to consider is the economic impact the recession is having upon the mobile home industry itself. In my State of Tennessee, as well as throughout the Southeast, the industry is made up of small business firms that manufacture and sell the mobile homes. Unlike the large automobile manufacturers and dealers, these small businessmen are unable to weather the storm. The key problem now facing the industry is unemployment.

I urge all of the Members of this body to join me in support of the Stone amendment to bring relief to the hard-pressed mobile homeowner and small businessman.

Mr. MONDALE. Mr. President, I ask unanimous consent that my amendment be modified to incorporate the Senate amendment.

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

(Later in the day the following proceedings occurred:)

Mr. STONE. Mr. President, I ask unanimous consent that the RECORD be corrected to show that my amendment to the bill just passed properly reads as follows:

To Section 501(b)(6) after the word "mortgagor," add the following new sentence:

"The mortgaged property shall include, but is not limited to, property owned in fee simple, condominium units, mobile homes, boats, or multi-unit dwelling."

The correction is that instead of including the word "may," the amendment was supposed to include the word "shall" after the words "mortgaged property."

This has been cleared on both sides of the aisle.

The PRESIDING OFFICER. Will the Senator from Florida send his amendment to the desk? The amendment will be so modified.

Mr. MONDALE. Mr. President, though I do not think there is any controversy attached to this, I would ask unanimous consent that my amendment in section 501, subsection (b)(1), be modified to read as follows:

The holder of the mortgage has indicated its intention to foreclose—

Substituting that phrase for the language in my amendment which says:

Notified the mortgagor in writing of its intention to foreclose.

This is a technical change recommended by the staff of the Banking, Currency and Urban Affairs Committee to reflect more realistically the practice in mortgage foreclosures in the private, conventional mortgage market. I would hope there would be no objection.

Mr. GARN. No objection.

The PRESIDING OFFICER. Will the Senator send his modification to the desk?

Mr. MONDALE. I ask uanimous consent that my amendment be so modified.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

Without objection, it will be so modified.

Mr. PROXMIRE. I wish to ask the Senator from Minnesota a question.

There is one provision in S. 1457 which is particularly useful and missing from the Mondale amendment. That is notification. I point out to the Senator from Minnesota that S. 1457 requires the De-

partment of Housing and Urban Development to notify the borrower of his rights. One of the great weaknesses we have in this country is that we have laws that protect people but they do not know about them. They are not in a position to use them. After all, very few people who own homes are lawyers or in the real estate business. It seems to me that this kind of a modification would be very constructive and useful.

I call the attention of the Senator from Minnesota to page 3, line 9 through page 4, line 10, which embrace that particular provision. I think if the Senator from Minnesota would consider modifying his amendment to include that, we would have an excellent combination of the best that is in both proposals.

Mr. MONDALE. I agree completely with the Senator from Wisconsin.

While the Senator from Alabama is not here, and I would like to discuss it with him personally, I have discussed it with the staff director of the Subcommittee on Housing. There apparently is no objection on their part to our including this strengthening feature.

Mr. President, I would ask unanimous consent that all of section 4 of S. 1457 be included in my amendment as a separate section 502.

The PRESIDING OFFICER. Is there objection?

Mr. GARN. No objection.

Mr. MONDALE. And that the other sections be renumbered accordingly.

Mr. BROCK. Mr. President, reserving the right to object, I am wondering if we are not getting fairly complicated.

Is there anything at the desk to indicate how the amendment would read, having been modified?

Mr. MONDALE. Yes, but I would be glad to give the Senator time to look at the modification. It is section 4 of S. 1457, which appears on page 3 of that bill under the title of "Notification."

I would simply add that "Notification" section in my amendment, after section 501, by providing a new section 502 and asking that the other sections be appropriately renumbered.

Mr. PROXMIRE. If the Senator will yield, I might tell the Senator from Tennessee that in the Banking, Housing and Urban Affairs Committee we have had hearings on this. We discussed this. We acted on this particular bill, including that section which is being added to the Mondale amendment. So it is something that did have deliberation. There was no opposition on either side of the aisle in the committee. I think I can assure the Senator that it is a provision that has been considered, that is sound, and that is appropriate for the foreclosure amendment the Senator from Minnesota is offering.

Mr. BROCK. I appreciate that. I have trouble finding where it is going to be placed. There is already a section 502 in the Senator's proposed amendment. I wonder if he could not proceed to discuss the full amendment for just a couple of minutes before we proceed with the unanimous-consent request.

The PRESIDING OFFICER. The unanimous-consent request will be held in abeyance.

Mr. MONDALE. Mr. President, I would ask the counsel for the Committee on Banking, Housing and Urban Affairs' Subcommittee on Housing to draft a formal amendment which the Senator from Tennessee could review.

Mr. President, I ask unanimous consent to yield to the Senator from New Mexico for the purpose of offering an amendment, with the understanding that I be recognized following disposition of that amendment.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered.

AMENDMENT NO. 368

Mr. MONTOYA. Mr. President, I call up my amendment No. 368 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. MONTOYA) proposes an amendment No. 368.

Mr. MONTOYA. Mr. President, I ask unanimous consent that the further reading of the amendment be dispensed with.

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

At the end of the bill, add the following:

SEC. . The fourth sentence of section 5(c) of the United States Housing Act of 1937 is amended—

(1) by inserting "(1)" after "except that"; and

(2) by inserting before the period at the end thereof a comma and the following: "and (2) after the date of enactment of the Emergency Housing Act of 1975, none of the funds made available under this sentence shall be used to fulfill any outstanding commitments entered into prior to such date under any memoranda of understanding among the Department of Housing and Urban Development, Interior, and Health, Education, and Welfare".

Mr. MONTOYA. Mr. President, I have consulted with the staff of the Committee on Banking, Housing and Urban Affairs and I have consulted with its chairman, Mr. PROXMIRE. This amendment is designed to clarify the congressional intent of an amendment that was inserted in the Housing Act of 1974. It is merely a clarifying amendment. It does not involve any new authorization at all.

I called up my amendment to S. 1483, the U.S. Housing Act of 1937, as amended, because of what I believe is a gross misinterpretation of the Indian housing set-aside provision contained in title II, section 5(c) of the Housing and Community Development Act of 1974.

This set-aside was, I believe, a landmark in Indian housing efforts because it recognized in law the importance of continuing for Indians the traditional public housing programs, which include the Indian mutual help program. I am not at all convinced that the section 8 leased housing program is the answer to the many housing problems of poor people anywhere, but I know, as does the Department of Housing and Urban Development, that it is no answer for Indian people living on reservations or former Indian lands. Leased housing will not work where there are no financial institutions to serve and contract the leasing program and where legal status of lands is unclear.

The 1974 set-aside accomplished several things:

First. It provided a minimum amount of HUD contract authority for Indians for each of 2 fiscal years, 1975 and 1976, for a total of $30 million.

Second. It prohibited the use of this authority for section 8 leasing.

Third. It extended the set-aside to all federally and State recognized tribes, bands, pueblos, groups or communities of Indians or Alaska Natives.

Fourth. It established a more flexible operating subsidy formula to prevent the situation in which Indians are denied housing, because they live in a very high cost area, such as Alaska, and because they are too poor.

The Department of Housing and Urban Development opposed this set-aside provision, stating to Indians that it would recommend veto of the entire act if the provision was included. That threat was not fulfilled, but HUD is now trying to subvert the intent of the provision by misinterpreting it:

First. At a HUD Indian housing conference last November, a new allocation of 6,000 Indian units was announced, but for funding in fiscal year 1976. Current contract authority, $15 million in fiscal year 1975 will be used, according to HUD officials to finance units allocated several years before in a 30,000-unit commitment HUD made to Indians for fiscal years 1970–74.

Mr. President, I ask unanimous consent to have printed in the RECORD a copy of that HUD promise in a Memo of Understanding issued in 1969, and also a copy of a HUD news release from Sheldon Lubar, former Assistant Secretary for Housing Production and Mortgage Credit.

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

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., March 17, 1969.

MEMORANDUM OF UNDERSTANDING

PROVISION OF SANITATION FACILITIES FOR INDIAN HOUSING

Public Law 86–121 (the Indian Sanitation Facilities Act), enacted in 1959, authorizes the provision of assistance by the Indian Health Service, Department of Health, Education, and Welfare in the construction of water supplies, waste disposal facilities and other sanitation facilities for Indian houses and communities. Construction of Indian housing, however, is supported by the Departments of Housing and Urban Development and Interior. As a result of the separation of responsibilities for these related activities, problems have arisen in providing sanitation facilities proportionate to the number of housing units being constructed. To ensure the provision of adequate sanitation facilities for new and rehabilitated housing for Indians and Alaska natives for fiscal year 1970, the Department of Housing and Urban Development, the Department of Health, Education, and Welfare, and the Department of the Interior agree to the conditions set forth in this memorandum.

I. Division of Responsibilities

In a January 16, 1969, letter to the Secretary of HEW establishing the final allowance for the 1970 President's budget, the Budget Bureau stated:

"The estimate for the Indian Health Sanitation Program is based on the agreement that the costs of wells and septic tanks, where applicable, will be included as part of the development cost of low-rent housing. Continued close coordination between the

Department of Interior and the Department of Housing and Urban Development will be necessary to assure apropriate scheduling of the provision of housing and supporting facilities."

As a result of this policy decision, the Department of Housing and Urban Development will provide individual water and waste facilities (wells, septic tanks, etc.) for new Indian houses constructed through the Housing Assistance Administration which do not have access to community sanitation systems.

The Department of Health, Education, and Welfare will continue to provide water distribution and sewage disposal systems for communities of new homes, and sanitation facilities for rehabilitated houses which lack adequate facilities.

II. Level of Effort for FY 1970

As part of efforts to alleviate funding problems associated with the provision of sanitation facilities for Indian housing in fiscal 1969, an interagency task force consisting of Department representatives from HEW, HUD, and Interior was formed to provide top level coordination and guidance for housing and sanitation facilities construction programs. This task force developed a projection that 8,000 housing units can be constructed and renovated during each of fiscal years 1970–1974. The needs for water and waste facilities during this period will be based on this projection, subject to revisions to meet changing conditions. For fiscal 1970, 8,000 Indian housing units will be constructed and renovated as follows:

1. Housing and Urban Development—6,000 units of new housing;

2. Bureau of Indian Affairs—1,000 units of new or improved housing;

3. Tribal groups—1,000 units of new housing.

The 1970 budget for HEW requests $13,130,000 to provide sanitation facilities for 7,100 units of new or improved housing. Individual water and waste facilities for the remaining 900 units of new housing will be provided by HUD at a cost of $2 million. These figures are the best estimates available at this time and are subject to Congressional action on appropriation requests.

III. Revision

This memorandum of understanding may be revised when deemed appropriate by the participating parties.

HUD News

Sheldon Lubar, Assistant Secretary for Housing Production and Mortgage Credit of the Department of Housing and Urban Development, today announced that up to 7,500 units of housing for Indians will be obligated for 1975.

These follow the 4,900 units designated for FY 1974, which are part of the 30,000 units agreed upon in 1968 by HUD and the Departments of Health, Education and Welfare and Interior.

"Our Department is deeply concerned," said Mr. Lubar, who is also Commissioner of the Federal Housing Administration, "with the development of a comprehensive housing program that will establish priority objectives for native Americans.

"Years of experience have demonstrated that the most meaningful effort to improve the housing conditions of Indian families has been taken by HUD under the public housing program. We will provide subsidies under our revised leasing program when possible, and in other instances, continue the subsidies through the mutual Self-help or Turnkey III homeownership program."

In addition to providing funding and technical assistance to Indian Housing Authorities, HUD will continue to develop a more viable program of homeownership education service to be used especially on Indian territories.

HUD is also working with the Department of Labor on a joint venture for a building trades apprenticeship training program that will qualify Indians to work on HUD-assisted housing on Indian lands.

The 7,500 units for FY 1975 will be distributed on the basis of approvable applications submitted by Indian Housing Authorities.

Additional separate funding for Indian housing is also available through Farmers Home Administration programs of the Department of Agriculture, and to a lesser degree, through the Housing Improvement Program of Interior's Bureau of Indian Affairs.

Mr. MONTOYA. Mr. President, the Lubar release shows HUD's awareness of its promise to complete the 30,000 units with prior year or other contract authority and to obligate 7,500 new units in fiscal year 1975 with the set-aside authority.

Basically, what HUD is doing is using contract authority intended for a new commitment to Indian housing, to finance a commitment that HUD failed to fulfill with funds that were already available. Both the Housing and Community Development Act of 1974 and the appropriations bill for fiscal year 1974 provide ample contract authority for the financing of bona fide public housing commitments made prior to fiscal year 1975. For instance, when new authorities are combined, transferred and finally isolated, section 5(c) of the Housing and Community Development Act of 1974 alone provides new contract authority totaling approximately $1.225 billion per year, of which at least $150 million per year is to be used for low-income housing. In the bill before us today, there is a provision authored by the distinguished Senator from Massachusetts, Mr. BROOKE, of which I am cosponsor, to increase the fiscal year 1975 and 1976 authorization by $300 million for low-income housing. There is money to fund prior housing commitments.

The purpose of today's amendment to the Housing and Community Development Act of 1974 is to establish without question the intent of the Indian set-aside provision which is to finance a new commitment to Indian housing. Upon introducing the set-aside, I was informed that $15 million in contract authority would finance 7,500 units. HUD claims, and I am willing to accept this, that only 6,000 units per year are possible with that amount. Thus, with the amendment, HUD should finance in fiscal year 1975 and 1976 12,000 new units of Indian housing. Additionally, fiscal year 1974 authority that is still available should be used to fulfill the balance of the 30,000-unit commitment established by the Department of Housing and Urban Development, the Department of the Interior, and the Department of Health, Education, and Welfare memorandum of understanding referenced in the amendment. Although HUD's records and statements make it hard to tell, I believe the balance totals approximately 10,773 units. It is my understanding from former Secretary Lynn, in his reply of January 29, 1975 to 10 Senators who expressed to him their deep concern on this matter, that these funds are still available.

Mr. President, I ask unanimous consent to have this correspondence printed in the RECORD.

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

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C. December 13, 1974.

Hon. JAMES T. LYNN,
Secretary, Department of Housing and Urban Development, Washington, D.C.

DEAR SECRETARY LYNN: Among the many provisions of the omnibus housing legislation enacted this year in P.L. 93–383 was the set-aside of traditional public housing contract authority for Indian use only. This provision, Title II, Section 5(c), was introduced in the Senate in order to continue the production commitment made to Indians in 1969 by the Department of Housing and Urban Development, and to continue it with programs that can actually serve Indian people living on tribal and other Indian lands.

When this provision was introduced, it was expected that it would contribute to the construction of 7,500 units annually for fiscal years 1975 and 1976. That is, in addition to the 30,000 unit commitment made in 1969, the provision was expected to build some 15,000 additional low-income units that are so desperately needed by Indian people. We, the undersigned, are now concerned that the intent of this provision will not be carried out. We have attempted to analyze recent Indian housing production figures of your HPMC staff, and your recent statements to Indian housing personnel in Scottsdale, and have concluded that only 1,100 units will be produced in fiscal years 1975 and 1976 instead of the 15,000 units that were intended by the legislation.

These are the facts as we see them: According to a 6 November 1974 memorandum from Morris Shroeder to Sheldon Lubar, there were 6,558 units allocated to tribal housing authorities before the end of FY 74 that were not put under ACC. These units will, according to that memorandum, "exhaust the FY 75 funding set-aside." Is it your intention to use the FY 75 Indian contract authority for units that are already in the pipeline?

Furthermore, at the recent HUD Indian conference in Scottsdale, you stated that in FY 75 6,000 units would be allocated to the field. However, these units would not be put under ACC until FY 76 because, you stated: "it takes 18 months" from time of allocation to ACC. It is our view that this lead-in time is unduly long, that the law intended for $15 million in contract authority to be spent in each of the fiscal years 1975 and 1976 for new commitments, and that 6,000 units do not constitute any new commitment. When FY 74 ended, not only were there 6,558 Indian units in the pipeline, but there were an additional 4,900 units of the original 30,000 unit commitment that had not been allocated. If these are the units to be allocated in FY 75 for ACC in the following year, then Indian people will be receiving only 1,100 units of the new commitment legislated by Congress.

At another point during your Scottsdale appearance, you were asked if the units allocated in FY 74 could have been funded with FY 74 funds, specifically a portion of the $140 million appropriated by Congress last October, 1973, in P.L. 93–117. Your response was that they could have. We wonder why they were not.

Congress increased the contract authority for public housing by $260 million when it enacted P.L. 93–383. These funds were intended to help HUD meet prior commitments. There can be little question that the 1969 promise made to Indians of 30,000 units by the close of FY 74 constitutes a "prior" commitment that should be honored.

P.L. 93–383 provides HUD with authority to finance the construction of approximately 15,000 more units of Indian housing over a two year period. We are extremely interested in how you intend to implement this legis-

lative mandate; your timetable for allocating units; and what steps are being taken to insure that processing will be speeded up so that more Indian people will be housed. Congress and the Administration share the goal of eliminating the bad housing conditions of Indian people. The tools are available, but it is up to you to implement them expeditiously.

Very truly yours,

Lee Metcalf, Floyd K. Haskell, James Abourezk, Joseph M. Montoya, Frank E. Moss, Mike Mansfield, Henry M. Jackson, Ted Stevens, William D. Hathaway, Pete V. Domenici, *U.S. Senators.*

Mr. MONTOYA. Mr. President, the need for more units of Indian housing is great. On March 8 of last year in remarks about the state of housing for Indians, I discussed the dearth of progress made by HUD in providing decent homes for penuric Indians.

Mr. President, I ask unanimous consent to have a copy of my statement of March 8 printed in the RECORD.

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

[From the Congressional Record, Mar. 8, 1974]

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974—AMENDMENT

Indian "self-determination" is a major goal of the Congress and the Administration. It implies the assumption of full self-government by Indian tribes in the management of their political, economic, and social affairs, but it also assures the continuation of federal trust responsibility. Self-determination is, unfortunately, an elusive creature to people who suffer poor health and whose environment is a continual reminder of their impoverishment. I question how "free" is an individual whose home is a shack—or a tent or car body—whose polluted drinking water must be carried several miles, and whose access to a doctor is obstructed by impassible roads.

If self-determination is our nation's goal for Indians, then concomitant with that goal must be the elimination of the impoverished environment which so many Indian people endure. My purpose today is to address the particular issue of Indian housing, and to inform you of what I believe is a retreat by the federal government from its avowed commitment to provide decent housing for Indian people. In 1971, the General Accounting Office published its report, "Slow Progress in Eliminating Substandard Indian Housing"; it is my concern that neither the Congress, nor the Administration, allow an epilogue to that report be written and entitled, "No Progress . . .".

As the Senate is aware, Indian housing is the worst in the country, and we believe a special effort is needed to assure the Indian people a decent place to live. Of the 92,000 existing units on Indian land, 56,000 are substandard. Of these, 32,000 are so dilapidated that they cannot be renovated but must be replaced. An additional 15,000 units are needed for families who have no home of their own and now live two or more families to a unit or who live in tents or in car bodies.

As you also know, Federal housing assistance to Indians is particularly important because Indians have almost no access to private housing resources. Lending institutions and home builders do not exist on Indian lands, nor will they involve themselves with Indian housing programs because of the special status of Indian land which denies these institutions the security they require.

New Mexico, which is home to a tenth of the nation's Indian population, and to more than 13 percent of the national Indian rural population, is illustrative of the severity of the Indian housing problems. On the Pueblos, which are tourist attractions to thousands of visitors, and in the rural, isolated lands of the Apaches, substandard housing accounts for 62 percent of all housing units, by BIA's own estimation.

As in all rural areas, the presence of extremely bad housing is coupled with a high incidence of poverty. You are probably aware that half the nation's poor people live in rural areas. Indeed, the 1970 Census shows that 19 percent of all rural families are impoverished. But Indian poverty is even more dramatic. We find that 47 percent of all rural Indians have incomes that fall below the poverty level.

These poverty statistics assume great importance when we begin to consider how Indians can improve their housing conditions. There is no question that decent, safe, and sanitary housing is costly, and that most Indians cannot affort it. In most cases, Indians need either partially or totally subsidized housing. Yet such housing exists only in limited supply on Indian reservations. HUD data to December 31, 1972, show that 12,094 units of low-rent, mutual help, and Turnkey III housing units were completed by tribal housing authorities since 1961, or about 1,000 units per year—not even enough to keep up with population growth.

Though these programs are small, particularly in comparison to need, their numbers far exceed the production records of the more shallow subsidy programs of HUD–FHA and the Farmers Home Administration. For example, in HUD's Region IX, which serves the Indian population in all the southwestern states, including my home state of New Mexico, HUD insured projects totalled only 183 units in eight years. In that same region, Farmers Home Administration had only 100 Indian loans in force as of March, 1972.

The only major and formal commitment to providing decent housing to Indians on reservations was made in April, 1969, but this commitment was more an outcome of the budget planning process than a serious reflection of housing needs or goals. In a Memorandum of Understanding between HUD, the Bureau of Indian Affairs, and the Indian Health Service (HEW), each agency's responsibilities were outlined in an attempt to overcome the lack of coordination that resulted in families occupying new housing units that lacked plumbing or access roads. HUD would provide housing financing under the public housing programs, BIA would provide access roads, and the Indian Health Service would provide water and sewer facilities. To secure the agreement, HUD committed itself to the construction of 6,000 Indian housing units annually for five fiscal years ending June 30, 1974.

Five years have nearly passed, and the total 30,000 unit commitment is not fulfilled. When fiscal year 1974 ends, there will be a balance of at least 4,700 Indian units with no contract authorization. Even though HUD Secretary James Lynn has publicly stated his intention to fund those units in FY 75, the Administration budget is silent on the matter.

The 1969 commitment to Indians must not be allowed to die. Furthermore, since those 4,700 units will only replace a tenth of the 47,000 new units that BIA said were needed more than nine months ago, Congress must also provide in its housing legislation, authorization for the continuation of those programs which serve Indian housing needs. These are, primarily, the low-rent, mutual help homeownership, and Turnkey III homeownership programs.

The Administration's notion of a revised Section 23 leased housing program and housing allowance demonstration for all poor people living in bad housing would be a tragic mistake in Indian areas, since these areas contain no stock of standard housing for lease, nor do they contain the financial institutions and building enterprises required if private development is to function. I have grave concerns about the applicability of the Administration's proposals to most rural areas, and Indian areas particularly. It is surprising to me that after ten years of working in Indian areas, the Department of Housing and Urban Development would offer a nation-wide program for all low-income persons that the Agency knows cannot house Indians. Yet the FY 75 HUD budget offers no alternatives to Indians. It appears to me that, HUD, the only Agency with programs and funds to address the severe Indian housing problem, has implicitly called an end to its participation in that effort.

Mr. President, we are in the process of debate on S. 3066, the Housing and Community Development Act of 1974. Senator Sparkman and members of the Committee are to be commended for their efforts in producing legislation that incorporates basic housing reform, and yet retains the federal commitment to low- and moderate-income families. The legislation clearly reflects Senator Sparkman's continuing dedication to federal involvement in housing development, particularly for lower-income American families and elderly. It is my concern, however, that in the area of Indian housing, the Administration may veer from the goals established by this body.

The amendment sets aside, for the exclusive use of our Indian people, $15 million of the $795 million authorized for FY 75 and $15 million of the $720 million authorized for FY 76 for annual contributions for low-income housing projects. This set aside will allow for the construction of approximate 7,500 units of Indian housing per year.

We sponsors of Amendment 1003 are attempting to guarantee the informal commitment which the Department of Housing and Urban Development made in 1969 and to extend that commitment for the two year life of this authorization. The construction of these units has been and will continue to be essential to reduce the staggering back log of 47,000 units of needed Indian housing. We are also attempting, through this amendment, to assure the construction of the 1,500 units needed annually to house an increasing Indian population and to replace deteriorating existing units.

Housing set-asides are essential to the continuation of Indian housing efforts, but there are other issues that must also be addressed. Among those are the multi-agency responsibility for Indian housing which causes long delays and confusion, the lack of clear guidelines for the development of mutual help housing, the adequacy of urban oriented public housing development and management guidelines to the rural Indian setting, and the lack of mortgage financing for Indians whose incomes exceed public housing guidelines.

We believe that the programs funded by Chapter II of the bill—especially the low rent, mutual help and Turnkey III programs, are those which have been of greatest benefit to the Indian people. Subsidy programs such as those operated by the Farmers Home Administration and provided for in Chapter V of the bill, simply do not work on Indian Reservations. The amount of assistance provided is too small to be of help to low-income Indians, and the regulations which control these programs work to prevent Indian participation.

Indians involved in housing have addressed these problems to the Department of Housing and Urban Development by letter, telephone, and innumerable personal visits. Last July, HUD promised Indians that a manual for the mutual help program would be written, incorporating Indian suggestions, and would be ready for Indian review in October. It is now March, and there is no manual.

And in January of this year, Dr. Gloria E. A. Toote, HUD Assistant Secretary for Equal Opportunity, agreed to hold a nationwide Indian housing conference within 60 days. An organizing committee was appointed, but has never been asked to meet. Telegrams and letters of support for the

conference from Indians and Congress remain unanswered.

There is no question that Indians need thousands of units of new housing, and that their ability to pay is limited, thus forcing them to rely on the public housing programs. These programs need continued funding, and they need some revisions that will make them operate better for Indians. There may even be a need for a specific Indian housing program, separate from all other housing efforts. But before such a program is designed, or revisions made in the old programs, we should hear what Indians from all over the country have to say.

Mr. MONTOYA. Mr. President, all over the country, low-income housing needs are critical. In Boston and in rural Massachusetts, there are thousands of needy families who require low-income housing assistance. My figures indicate there are nearly 90,000 families in Massachusetts whose incomes leave them below the poverty level, and nearly 10 percent of the housing in the Bay State is substandard. Throughout the Northeast, the South and on the plains, poor families are living in drafty, damp, rotting rooms with no plumbing. In the Southwest, in the Western States and along the Pacific coast, low-income housing needs are extreme.

Mr. President, with the exception of migrant farm workers, I do not think any one group of people is so in need, so abused, or so deserving of immediate low-income housing help as are the Indians.

New Mexico, home to one-tenth of America's Indian population, is appallingly in need of some of the units the Senate and the House believed were mandated by the Indian set-aside last August. In my State today, 78 percent of the 71,582 Indians live in substandard housing.

The Bureau of Indian Affairs in its "Consolidated Fiscal Year 1973 Area Housing Inventory" stated that:

61 percent of the existing units on Indian land are sub-standard.

58 percent of the substandard units are beyond repair; translated, this means

There are 92,000 existing units, of which 56,000 are substandard (32,000 of these are beyond repair.)

47,000 new units needed.

24,000 units need renovation.

I come to the Senate today to remind my colleagues that the intent of Congress in amending section 5(c) of the United States Housing Act of 1937, as amended, to set aside $30 million in contract authority for low-income Indian housing was to provide only 15,000 new units of public housing for Indians. Both Houses endorsed my amendment in the conference on S. 3066 last August 15th. HUD is simply not complying with congressional intent in the statute.

Finally, I would like to take issue with one other HUD misinterpretation of the Indian set-aside.

On January 29, 1975, Mr. Lynn asserted that the Housing and Community Development Act of 1974 established a "ratio of Indian to non-Indian housing."

Mr. President, I ask unanimous consent that the letter of January 29 I just referred to be printed in the RECORD.

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

THE SECRETARY OF HOUSING
AND URBAN DEVELOPMENT,
Washington, D.C., January 29, 1975.

Hon. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: This is in response to your letter of December 13, 1974, which discusses the number of Indian housing units to be funded for fiscal years 1975 and 1976 under the United States Housing Act of 1937, as amended by the Housing and Community Development Act of 1974. Like you, I am concerned that sufficient numbers of decent, safe and sanitary housing be provided for all Americans, including Indians. In that connection, I think it's important that we keep a stream of units allocated to our field offices against which the Indian Housing Authorities can submit applications. We provided those authorizations in fiscal years 1974 and 1975 and certainly that principle will be taken into account in our fiscal year 1976 allocations.

At the outset, I think it may be helpful to clarify the use of some of the terms—at least as between "commitment," "allocation," "authorization," and "annual contributions contracts (ACC)." We receive the "authorization" from the Congress, "allocate" those units to our field offices and, after applications are received and approved, enter into an "ACC" with the entity that submitted the application.

Typically, it has taken about 18 months from the time we allocate the units until the ACC is signed and construction can begin. We agree the processing time is too long and we are making every effort to shorten it. However, the time necessary to complete the essential processing steps is only partly under HUD's control. In addition to problems encountered in the processing of public housing applications generally, the production of Indian housing is complicated by many special problems, including difficulties arising from the legal status of Indian trust lands, and problems arising from the necessity of coordinating HUD processing with processing of the Indian Health Service and the Bureau of Indian Affairs, which are integral members of the group of Federal agencies responsible for delivering the final product. The number of units that can be processed to ACC in fiscal years 1975 and 1976 by the Indian housing authorities is also limited by the current administrative capabilities of individual Indian housing authorities.

In that regard, we are engaged in a joint study with the Bureau of Indian Affairs to determine the relative housing needs among the Indian tribes—not only their physical needs, but their planning capacity and other software needs as well. Many of them do not yet have the capacity to determine and project their housing needs and how to satisfy them. We hope to have that information before the allocations are made in FY 1976.

You ask whether it is HUD's intention to use FY 1975 contract authority for units already in the pipeline. In a related question you ask why units allocated in FY 1974 were not funded with FY 1974 funds. The answer to the first question is "yes," because the statute is clear that the set-aside applies to all Indian housing placed under annual contributions contracts on or after July 1, 1974. The units allocated in FY 1974 could not have been funded with FY 1974 funds because the processing could not be completed to allow the contracts to be entered into prior to July 1, 1974. Consequently, the FY 1974 contract authority was carried forward for commitments in FY 1975 and thereafter. These monies are completely fundible and there is no way to identify which monies are from previous years.

Specifically, Section 5(c) of the USH Act requires, in part, that the Secretary:

". . . enter into contracts for annual contributions, out of the aggregate amount of contracts for annual contributions authorized under this section to be entered into on or after July 1, 1974, aggregating at least $15,000,000 per annum . . . to assist in cost of . . . [Indian housing]."

Thus, the statute does not provide for an additional allocation this fiscal year. The provision established a set-aside for FY 1975 and FY 1976 that may be satisfied out of all available contract authority (including the FY 1974 contract authority carried forward) by entering into annual contributions contracts on or after July 1, 1974. Therefore, entering into annual contributions contracts for Indian housing in the amount of $15,000,000 in FY 1975 and $15,000,000 in FY 1976 satisfies the statute.

Further, it would be unrealistic to allocate more units for Indian housing this year because the Indian Housing Authorities could not prepare and submit allocations for any more units than are already allocated and we could not process them.

The number of units for Indian and non-Indian housing that can be produced with the contract authority provided by Congress has been reduced substantially because of inflation. Entering into ACCs for more than 6,568 units in 1975, and 6,000 units in 1976 would require a greater amount of annual contributions authority than the statutory $15,000,000 per year. We cannot use more than that amount without cutting into the authorization available for non-Indian housing, which has been similarly affected by inflation. By using $15,000,000 of contract authority each year for Indian housing, HUD is maintaining the ratio of Indian to non-Indian housing expressed in the 1974 law, and is meeting our prior commitments to both the Indian and non-Indian parts of the country.

Even though the allocations made prior to and during the current year will result in satisfying the statutes' requirements for ACCs in FY 1975 and FY 1976, please be assured that we don't look upon this as our only obligation. These commitments will by no means finish the job of helping Indians get better housing. As you so aptly pointed out in your letter to me, the Congress and the Administration share the goal of improving the housing conditions of the Indian people. With the tools you have given us, we intend to give our best efforts toward carrying out that goal.

Sincerely,

JAMES T. LYNN.

Mr. MONTOYA. Mr. President, this is preposterous. What the statute did was establish a minimum level of contract authority for Indians. There is no other way to read the statute. Further, there is no reason at all that Indian housing authorities couldn't apply for far more than the $15 million in contract authority earmarked for them, either for additional public housing or even for available carryover authority. Although they would be competing with non-Indian and urban Local Housing Authorities, the strength of their needs should be reason enough for HUD to consider their applications. Indian people feel very strongly about the integrity and fulfillment of this housing set-aside provision.

Therefore, I urge my colleagues to support the amendment I am introducing with Senators MANSFIELD, METCALF, and ABOUREZK, to clarify the intent of the provision and prevent its further abuse by the administering agency.

Mr. PROXMIRE. Mr. President, I have had a chance to go over this amendment. I have had the staff of the Committee on Banking, Housing and Urban Affairs study the amendment. We are satisfied that it is a useful amendment. The Senator from New Mexico has described it

properly. It is a clarifying amendment. I believe it is one that we can take onto the bill which will strengthen it.

Mr. MONTOYA. I thank the Senator from Wisconsin.

The PRESIDING OFFICER. Will the Senator state his request again?

Mr. PROXMIRE. Mr. President, if the Senator will yield, it seems to me that the situation was that the Mondale amendment was pending. It was necessary to get unanimous consent to lay that aside temporarily and then to take up the Montoya amendment. Has that been done?

Mr. MONTOYA. I have no further explanation of the amendment. If there are no further questions, I would ask for action on the amendment at the present time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

Mr. JAVITS. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. MONDALE. I yield for that purpose.

Mr. JAVITS. Mr. President, I ask unanimous consent that Charles Warren, a member of my staff, may have the privilege of the floor.

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

Mr. MONDALE. Mr. President, I renew my request that my amendment be modified to provide a new section 502, which incorporates section 4 of S. 1457 into my amendment. I further ask unanimous consent that the succeeding sections be renumbered accordingly.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The amendment is so modified.

The modified amendment is as follows:

TITLE V—EMERGENCY MORTGAGE RELIEF PAYMENTS

SEC. 501. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make repayable emergency mortgage relief payments on behalf of homeowners who are delinquent in their mortgage payments.

(b) Emergency mortgage relief payments shall not be approved with respect to any mortgage unless—

(1) the holder of the mortgage has indicated its intention to foreclose.

(2) the mortgagor and holder of the mortgage have indicated in writing to the Secretary and to any agency or department of the Federal Government responsible for the regulation of the holder that circumstances (such as the volume of delinquent loans in its portfolio) make it probable that there will be a foreclosure and that the mortgager is in need of emergency mortgage relief authorized by this Act, except that such statement by the holder of the mortgage may be waived by the Secretary if in his judgment such waiver would further the purposes of this Act;

(3) payments under the mortgage have been delinquent for at least two months;

(4) the mortgagor has incurred a substantial reduction in income as a result of involuntary unemployment or underemployment due to adverse economic conditions and is financially unable to make the full mortgage payments;

(5) there is a reasonable prospect that the mortgagor will be able to make the adjustments necessary for a full resumption of mortgage payments; and

(6) the mortgaged property is the principal residence of the mortgagor. The mortgaged property may include, but is not limited to, property owned in fee simple, condominium units, mobile homes, boats, or multi-unit dwellings.

(c) Mortgage relief payments on behalf of a homeowner may be in an amount up to the amount of the principal, interest, taxes, ground rents, hazard insurance, and mortgage insurance premiums due under the mortgage, but such payments shall not exceed the lesser of $300 per month or the amount determined to be reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment.

(d) Mortgage relief payments may be made by the Secretary for up to eighteen months, and may be extended once for up to eighteen additional months. The Secretary shall require the mortgagor to report any increase in income which will permit a reduction or termination of mortgage relief payments during this period.

(e) Mortgage relief payments made under this Act shall be repayable by the homeowner upon such terms and conditions as the Secretary shall prescribe, except that interest on such payments shall not exceed 8 per centum per annum.

Interest shall not begin to accrue until after the last payment made by the Secretary in behalf of the homeowner.

The Secretary may defer repayment of the mortgage relief payments until the disposition of the property or the completion of the period of amortization for the mortgage. The Secretary shall require such security for the repayment of mortgage relief payments as he deems appropriate and may secure such repayment by a lien on the mortgaged property. The Secretary may make such delegations and accept such certifications with respect to the processing of mortgage relief payments as he deems appropriate to facilitate the prompt and efficient implementation of the assistance program authorized by this Act.

NOTIFICATION

SEC. 502. (c) Until two years from date of enactment of this Act, each Federal supervisory agency, with respect to financial institutions subject to its jurisdiction, and the Secretary, with respect to other approved mortgagees, shall (1) take appropriate action, not inconsistent with laws relating to the safety or soundness of such institutions or mortgagees, as the case may be, to waive or relax limitations pertaining to the operations of such institutions or mortgagees with respect to mortgage delinquencies in order to cause or encourage forebearance in residential mortgage loan foreclosures, and (2) request each such institution or mortgagee to notify that Federal supervisory agency, the Secretary, and the mortgagor at least 30 days prior to instituting foreclosure proceedings in connection with any mortgage loan. As used in this subsection the term "Federal supervisory agency" means the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration.

(b) Upon receipt of any notification under subsection (a), and if the authority under section 3 is being exercised, the Secretary shall take appropriate steps to notify the mortgagor of the availability of assistance under this Act and of the procedures to be followed by any mortgagor who is seeking such assistance.

AUTHORIZATION AND EXPIRATION DATE

SEC. 503. (a) There are authorized to be appropriated for purposes of this Act not to exceed $750,000,000. Any amounts so appropriated shall remain available until expended.

(b) Mortgage relief payments shall not be made after July 1, 1976, except with respect to mortgagors receiving the benefits of payments on such date.

REPORTS

SEC. 504. Within sixty days after enactment of this Act and within each sixty-day period thereafter prior to July 1, 1976, the Secretary shall make a report to the Congress on (1) the current rate of delinquencies and foreclosures in the housing market areas of the country which should be of immediate concern if the purpose of this Act is to be achieved; (2) the extent of, and prospect for continuance of, voluntary forebearance by mortgages in such housing market areas; (3) actions being taken by governmental agencies to encourage forebearance by mortgagees in such housing market areas; (4) actions taken and actions likely to be taken with respect to making assistance under this Act available to alleviate hardships resulting from any serious rates of delinquencies and foreclosures; and (5) the current default status and projected default trends with respect to mortgages covering multifamily properties with special attention to mortgages insured under the various provisions of the National Housing Act and with recommendations on how such defaults and prospective defaults may be cured or avoided in a manner which, while giving weight to the financial interests of the United States, takes into full consideration the urgent needs of the many law- and moderate-income families that currently occupy such multifamily properties.

Mr. MONDALE. Mr. President, I ask unanimous consent that the names of Senators HUMPHREY, RANDOLPH, GRAVEL, and STONE be added as cosponsors of my amendment.

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

Mr. MONDALE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONDALE. The yeas and nays have been ordered on this amendment. Is that correct?

The PRESIDING OFFICER. They have been ordered.

Mr. MONDALE. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota, as modified. The yeas and nays have been ordered.

Mr. GARN. 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. TOWER. 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. TOWER. Mr. President, I intend to vote for the amendment of the Senator from Minnesota, because I agree with it in substance, and I think it should be done.

I regret, however, that those who are so anxious to see this measure become law would not vote to take it up immediately as a separate bill. We are all mature people here, and I think we understand that the bill in its present form is going to be vetoed by the President, and I think there is every likelihood that that veto will be sustained. But I want to make the RECORD clear that the Members on this side of the aisle tried to take

up S. 1457, a bill that could have been passed very quickly, and a bill that I think could have been perfected to the extent that it would not have been vetoed. Had this been done, we could have had expeditious action on this very meritorious legislation.

So let the RECORD show that the Senator from Texas did try to expedite the passage of this measure in a way that would avoid a veto.

I fear that what the Senator from Minnesota seeks to do is going to be postponed for some time, until this bill is finally disposed of, through conference, through the veto procedure, and through an attempt to override. Then, I suppose we will consider S. 1457. It is, in a way, fiddling while Rome burns. I regret that the Senate did not see fit to take up S. 1457 separately and dispose of it, so that this relief could be available to those who need it most.

Mr. PROXMIRE. Mr. President, nobody knows whether or not this measure is going to be vetoed. The fact is that the emergency housing measure now before the Senate passed the House by a vote of 2½ to 1. It passed in the committee by a vote of 10 to 3. This foreclosure measure passed the House by a vote of 15 to 1. I think there is an awareness on the part of the public and Congress that we have to act to help homebuilders, the people in the construction trades; that we have to act to help those who need housing and need it desperately in this country.

This is a bill that will have a favorable effect on the budget deficit. It will reduce the deficit. There is no question about that. It is also clear that this bill is not inflationary. There is 18 percent unemployment in the construction trade. There is great unemployment in lumber and in cement and in the other areas that will be stimulated. Most of the activity will be in the private sector, as will most of the expenditure—about 95 percent.

If ever a bill was made to order for the present time, it is this bill. I hope that the President will see this and understand it. If he does not, I think there is a very strong possibility that Congress may well pass it over his veto.

I also add that this is emergency legislation and heaven knows, it should be emergency legislation. We need it now. We should not postpone this and lay it aside, debate it longer. We should pass this, if possible, today, go to conference this week if we can, and enact a conference report, I hope next week, and get on with it.

Mr. RANDOLPH. Will the able Senator yield to me?

Mr. PROXMIRE. I am happy to yield to my good friend from West Virginia.

Mr. RANDOLPH. I rise only to reinforce my comments during the debate on this measure. The Senator from Wisconsin (Mr. PROXMIRE) has correctly stated that unemployment in the building trades industry amounts to almost 20 percent, whereas the unemployment picture in the country, bad to be sure, is approximately 8.7 percent. There are many cities of the country where the construction unemployment reaches 35, 40, and even 50 percent. This is across America. It is not just in isolated instances.

Our country is facing its deepest depression in 40 years. The unemployment rate is still climbing. More than 8 million willing Americans are looking for work. The industry that has been hit the hardest by the combined forces of inflation, tight money and recession is the home building industry. The seasonally adjusted rate of unemployment among construction workers is more than double the national average.

The National Association of Home Builders reports the unemployment rate among homebuilding construction workers is a staggering 40 percent. Hundreds of builders and housing-related firms have been forced out of business.

Each of us is agonizingly familiar with these and other statistics. We know that a reordering of our our national priorities and public spending policies must be a primary objective if America is to solve its housing problems. Our Nation continues to fall behind its goal, embodied in the Housing Act of 1968, of producing 2.6 million housing units per year. Meanwhile, the poor remain trapped in urban and rural ghettos. The elderly on fixed income struggle with maintenance costs and disastrous property taxes. Young couples find it impossible to secure loans or meet settlement costs. Heavily-mortgaged families boxed in by rising property taxes and utility bills seek escape through loan default.

In the first three-quarters of 1974, the foreclosure rate was four-tenths of 1 percent. According to the Mortgage Bankers Association, the rate among 1-to-4 family homes is an alarming 4.23 percent. Since there are more than 20 million homeowners in this category, present foreclosures on these smaller homes runs to almost 85,000 a year.

If we are going to get our economy moving, we must stimulate and invigorate the housing industry. In this richest of all nations, one of our great unmet social needs is more and better housing. There are vast unemployed resources in the building industry, so we need not fear that more homebuilding will fuel inflation. Putting people back to work in building and buying homes creates needed jobs in the private sector.

Less than a month ago the President signed into law the Tax Reduction Act of 1975. It contains an unprecedented 5 percent tax credit on purchase of a new residence that is good news to realtors and developers who have unsold homes that qualify under the relatively narrow construction-time restrictions. It will help, moreover, work down the estimated backlog of 600,000 new and unoccupied units whose existence impedes new construction.

These and other significant legislative changes—all accomplished within the short space of 3 months by the 94th Congress—should go a long way toward reversing our overall economic decline.

I hope this measure to stimulate the housing industry and the opportunity for homeownership passes, together with the pending amendment to prevent mortgage foreclosures. I hope the President will sign it.

Mr. MONDALE. Mr. President, just before we vote, I wish to respond very briefly to the traditional arguments we hear every time we try to help people around here: Veto. I say to those who have raised it, we would appreciate their help in going to the President and urging him not to veto a bill which is essential to a depression-ridden housing industry which has the highest unemployment of any sector in America, an industry which produces perhaps the most important single commodity in America today, living quarters for the family.

I hope that someone who has fought for housing as many years as the Senator from Texas has will turn his most impressive persuasive powers, not upon the Senate to try to prevent it from taking action that the American people need, but, instead, seek to persuade the President that he is wrong.

I do not think he should feel pessimistic about the chances. This President is a very flexible person. For several months, he demanded higher taxes and deep budget cuts. Then, within just a few weeks, he said, "Forget the higher taxes, let us reduce them. Forget the cuts in the budget, let us have more programs."

Just a few weeks ago, he said that we should pass all kinds of money for military aid for Vietnam. The next poll that came out. He said. "The war is over." Maybe, with a little bit of luck and a little time and with the persuasive powers of the Senator from Texas and others, we can get the President to do what he should do to help this country deal with its housing problems.

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

Mr. KENNEDY. Mr. President, I strongly endorse the adoption of the Mondale amendment which would attach S. 1457 to the bill now before us.

With the inclusion of this amendment, the most onerous impact on homeowners of the current recession will have been averted.

I cosponsored S. 660 whose major objectives are included in this amendment. It will avert widesperad foreclosures as unemployed homeowners find themselves unable to meet the monthly mortgage payment.

Estimates are that as many as several hundred thousand homeowners will find themselves faced with foreclosure and would lose their homes in the absence of any Federal action.

For that reason, I believe it is essential that we adopt this amendment. By providing for advance payments over a 2-year period to hard-pressed homeowners, and by permitting the Government National Mortgage Association to refinance mortgages, we can remove the downward swing of the foreclosures sword that is now hanging over the heads of hundreds of thousands of American homeowners.

I strongly urge the adoption of this amendment.

Mr. DOMENICI. Mr. President, I wish to go on record today as supporting the amendment proposed by the distinguished Senator from Minnesota (Mr. MONDALE). This provision authorizes temporary mortgage relief loans to those home and mobile homeowners who because of unemployment are facing foreclosures.

Unemployment in the United States has reached such a point that 1 worker

in 12 was out of work. We have verified testimony that periods of high unemployment have been accompanied by high levels of mortgage loan delinquents and sharp increases in the number of mortgage loans foreclosed. An increase in the rate of foreclosures also has been reported, and it is estimated that several hundred thousand American homeowners who are unemployed may lose their homes during the coming months unless an emergency program is established to assist them.

Mr. President, I am, however, opposed to the original provisions of S. 1483, because through such legislation we are creating an artificial market which has continually proven counterproductive to the long-range needs of the housing sector. We cannot continue to initiate scattered programs that are only designed for a particular segment of the public or industry. This bill may well be a good faith approach, but it is not necessary or desirable at this time.

Mr. TOWER. I shall not detain the Senate, Mr. President, because I think we should vote on this measure. There are many ways I could respond to my distinguished friend from Minnesota and before the conclusion of action on this bill, I shall certainly do so.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Hawaii (Mr. INOUYE), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Massachusetts (Mr. BROOKE), the Senator from Oregon (Mr. HATFIELD), and the Senator from Kansas (Mr. PEARSON) are necessarily absent.

I also announce that the Senator from Maryland (Mr. MATHIAS) is absent on official business.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD), and the Senator from Maryland (Mr. MATHIAS) would each vote "yea."

The result was announced—yeas 89, nays 1, as follows:

[Rollcall Vote No. 147 Leg.]

YEAS—89

Abourezk	Cannon	Garn
Allen	Case	Glenn
Baker	Chiles	Goldwater
Bartlett	Church	Gravel
Bayh	Clark	Griffin
Beall	Cranston	Hansen
Bellmon	Culver	Hart, Gary W.
Bentsen	Curtis	Hart, Philip A.
Brock	Dole	Hartke
Buckley	Domenici	Haskell
Bumpers	Eagleton	Hathaway
Burdick	Eastland	Helms
Byrd, Harry F., Jr.	Fannin	Hollings
	Fong	Hruska
Byrd, Robert C.	Ford	Huddleston
Humphrey	Montoya	Sparkman
Jackson	Morgan	Stafford
Javits	Moss	Stennis
Johnston	Nelson	Stevens
Kennedy	Nunn	Stevenson
Laxalt	Packwood	Stone
Leahy	Pastore	Symington
Long	Percy	Taft
Magnuson	Proxmire	Talmadge
Mansfield	Randolph	Thurmond
McClellan	Ribicoff	Tower
McClure	Roth	Weicker
McGee	Schweiker	Williams
McGovern	Scott, Hugh	Young
Metcalf	Scott, William L.	
Mondale		

NAYS—1

Muskie

NOT VOTING—9

Biden	Inouye	Pearson
Brooke	Mathias	Pell
Hatfield	McIntyre	Tunney

So Mr. MONDALE's amendment, as modified, was agreed to.

Mr. MONDALE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EAGLETON. I move to lay that motion on the table.

The PRESIDING OFFICER (Mr STEVENSON). The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

TIME LIMITATION AGREEMENT

Mr. MANSFIELD. If I may have the attention of Senators, I would like to ask unanimous consent that there be the following time limitations on the pending business: 2 hours on the bill, 1 hour on the Javits amendment, divided between the manager of the bill and the sponsor of the amendment; and 1 hour on the Eagleton amendment on the same basis; all other amendments 30 minutes, with the time equally divided between the sponsor of the amendment and the manager of the bill; 15 minutes for amendments, motions, and the like, and that the usual procedure be followed.

The PRESIDING OFFICER. Is there objection?

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. Yes.

Mr. TOWER. If the usual form is followed, would that bar nongermane amendments?

Mr. MANSFIELD. That is correct.

Mr. TOWER. Except for those that are pending.

Mr. PROXMIRE. Except for the Eagleton amendment.

Mr. EAGLETON. Except for the Eagleton amendment.

ORDER FOR CONSIDERATION OF SENATE RESOLUTION 69 AND S. 917

Mr. MANSFIELD. If the Senator will yield further, Mr. President, I ask unanimous consent when the pending business is disposed of that the Senate then turn to the consideration of Calendar No. 79, Senate Resolution 69; and, on the basis of conditions as they seem to be shaping up, following Calendar No. 79, I would advise the Senate that Calendar No. 56, S. 917, would be the next order of business.

I ask unanimous consent that that legislation be considered in that order and, at the appropriate time, it be laid before the Senate automatically.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. EAGLETON. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from West Virginia for such purposes as he may desire.

TIME LIMITATION AGREEMENT—S. 917

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator for yielding. I ask unanimous consent that, with reference to S. 917, Calendar No. 56, a bill to amend the Interstate Commerce Act to authorize the Interstate Commerce Commission to grant temporary operating authority to a carrier by railroad pending final determination by the Commission, that the majority leader has programed for today, there be a time limit of 1 hour, to be equally divided and controlled by the Senator from Indiana (Mr. HARTKE) and the distinguished minority leader or his designee; that there be a time limit of 30 minutes on any amendment, a time limit of 10 minutes on any debatable motions or appeals, and 10 minutes on any points of order if the Chair entertains discussion by the Senate or submits such to the Senate, and that the agreement be in the usual form.

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

Mr. GRIFFIN. Mr. President, reserving the right to object, is this the budget deferral bill?

Mr. ROBERT C. BYRD. No. This is third in the sequence of bills the distinguished majority leader outlined today. This has to do with authorizing the Interstate Commerce Commission to grant temporary operating authority to a carrier.

Mr. GRIFFIN. Was it included in the request that amendments should be germane?

Mr. ROBERT C. BYRD. Yes, when I stated that the agreement be in the usual form. I thank the Chair.

The text of the unanimous consent agreement is as follows:

Ordered, That on Monday, April 28, 1975, when the Senate proceeds to the consideration of S. 917 (Order No. 56), a bill to amend the Interstate Commerce Act to authorize the Interstate Commerce Commission to grant temporary operating authority to a carrier by railroad pending final determination by the Commission, debate on any amendment shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any debatable motion, appeal, or point of order that is submitted or on which the Chair entertains debate shall be limited to 10 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided,* That in the event the manager of the bill is in favor of any such amendment, motion, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the

Senator from Indiana (Mr. Hartke) and the Senator from Pennsylvania (Mr. Scott), or his designee: *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

(April 24, 1975).

EMERGENCY HOUSING ACT OF 1975

The Senate continued with the consideration of the bill (S. 1483) to provide for greater homeownership opportunities, to stimulate housing production and employment in the housing industry, to provide for the promulgation of building energy conservation standards, and for other purposes.

Mr. EAGLETON. Mr. President, I yield to the Senator from New Jersey for a unanimous consent request.

Mr. WILLIAMS. I appreciate that.

I ask unanimous consent that a member of my staff, Brian Frosh, be permitted the privileges of the floor during the debate on this bill.

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

Mr. EAGLETON. Mr. President, I yield to the Senator from Kentucky.

Mr. FORD. Mr. President, I ask unanimous consent that John Wells be granted the privileges of the floor during the debate.

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

Mr. DOMENICI. Mr. President, I ask unanimous consent that Frank Gorham of my staff be granted privilege of the floor for the remainder of the debate on this bill.

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

Mr. EAGLETON. Mr. President, I have an amendment at the desk and I ask for its consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the bill insert the following new section:

Sec. —. (a) Section 2 (a)(4), section 3 (a)(5), section 102 (b), and section 202 (b) of the Flood Disaster Protection Act of 1973 are repealed.

(b) Section 2 (b) of such Act is amended—

(1) by inserting "and" after the semicolon at the end of clause (2);

(2) by striking out "; and" at the end of clause (3) and inserting in lieu thereof a period; and

(3) by striking out clause (4).

(c) Section 205 (b) of such Act is amended by striking out ", and each Federal instrumentality responsible for the supervision, approval, regulation, or insuring of banks, savings and loan associations, or similar institutions,".

(d) Section 3 (a)(4) of such Act is amended by striking out the semicolon at the end thereof and adding the following: ", and assistance provided under that Act for natural disasters other than floods; and".

(e) Section 1305 (c) of the National Flood Insurance Act of 1968 is amended by adding at the end thereof the following flush sentence:

"In addition, notwithstanding the provisions of section 1315, the Secretary shall make flood insurance available for property located in any other State or area (or subdivision thereof), at the same rate or rates as are applicable to similar property located in a State or area (or subdivision thereof) which is subject to the preceding sentence, if the owner of such property located in such other State or area (or subdivision thereof) agrees to meet such land use and control measures or to construct such a flood protection system as the Secretary may prescribe."

(f) Section 102 of the Flood Disaster Protection Act of 1973 is amended by adding at the end thereof the following:

"(d) For the purpose of this section, an area will not be deemed to be an 'area in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968' as a result of the participation in the flood insurance program by any owner of property located in that area pursuant to the last sentence of section 1305 (c) of the National Flood Insurance Act of 1968."

(g) Section 202 of such Act is amended by adding at the end thereof the following new subsection:

"(c) The provisions of this section shall not apply to any financial assistance or loan applied for by any person who is or will be participating in the national flood insurance program pursuant to the last sentence of section 1305 (c) of the National Flood Insurance Act of 1968, notwithstanding the nonparticipation of the community in the area in which that person's property is located."

Mr. EAGLETON. Mr. President, the amendment pending at the desk is similar to amendment No. 39 to H.R. 4485, but it is applicable as well to this bill, and I desire that it be considered at this time.

Mr. President, while we have some Senators on the floor, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. EAGLETON. I thank the Senator.

Mr. President, I ask unanimous consent that the following Senators be added as cosponsors to the pending amendment: Senators McINTYRE, SYMINGTON, THURMOND, McGOVERN, STEVENS, BAYH, DOLE, KENNEDY, HARTKE, ABOUREZK, EASTLAND, and CHILES.

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

Mr. EAGLETON. Mr. President, seldom in the history of the Senate has an amendment had such an interesting array of cosponsors as I have just articulated, running across the full spectrum of both political parties and a multitude of philosophies.

The purpose of this amendment is to correct some of the worst inequities of the flood insurance program while preserving the goal of encouraging prudent management of floodplain areas. The amendment would make the following changes:

First. It would make insurance available to individuals who are willing to comply with HUD land use standards on their own property but regardless of what the community may do.

Second. It would repeal that provision of the act which prohibits commercial bank credit in flood designated areas which do not adopt the HUD land use standards.

Third. It would limit the prohibition against disaster relief assistance to flood disaster assistance only.

Mr. President, the power to require communities to adopt Federal land use standards in their floodplain areas was conferred upon the Secretary of Housing and Urban Development by a series of amendments to the Flood Insurance Protection Act which were adopted in the closing days of the 1973 session. I am certain that few in the Congress fully understood or appreciated the impact of those changes.

Briefly, the 1973 amendments directed that the following sanctions be applied against any community with a flood problem which fails to adopt HUD land use standards in its floodplain by July 1, 1975, which is but a few months away, or 1 year after its designation by the Secretary:

First. Loss of all forms of Federal assistance for construction or improvements in the flood designated areas.

Second. Loss of similar assistance from any bank, credit union, or savings and loan association which is insured or regulated by a Federal agency, as virtually all of them are, of course.

Third. Loss of all but emergency forms of disaster assistance in the designated flood areas even if the disaster in question is a fire or tornado.

To date, areas in some 15,700 communities across the country have been designated flood-prone but, as of March 1, 1975, only 6,087 or 38 percent of those designated have agreed to adopt the required HUD land use and building standards. The remaining 9,614 communities will be liable to the severe sanctions described above.

Mr. President, that was the information we had from HUD at the time that this particular speech was being mimeographed. We have even more up-to-date information as of April 15, 1975, from HUD, and the figures are even worse than those I have discussed.

This letter from HUD to me dated April 15, 1975, states that there are 22,000 flood prone communities in the United States, and of those only 5,776 have qualified. That would make it about 25 percent participation, so the picture is even more grim than I thought at the time this speech was first being prepared.

There are many reasons why so many communities have stayed out of this program, not the least of which is the failure of the Federal Insurance Administration to provide adequate information on the scope and nature of the flood problem. Without this information, communities cannot adopt adequate land use measures or even effectively contest their designation as "flood-prone."

In a report dated March 7, 1975, the General Accounting Office found that fewer than 4,000 of the estimated 21,600 communities with flood problems had been given sufficient data to deal intelligently with the alleged hazard. The report noted:

> Localities cannot effectively regulate land use to reduce flood losses without adequate information on the scope and nature of the flood hazard and technical advice on how to use the information. . . . It is obvious that at the present rate, it will be many years before all communities with flood hazards will receive the information needed.

After noting that the Flood Disaster Protection Act of 1973 directs Federal agencies involved in the identification and delineation of flood hazards to give this information function the highest practicable priority, the GAO report concludes:

Even though the need has been identified and responsibilities assigned to federal agencies, we found that, except for TVA, they had made limited progress in meeting their responsibilities primarily because of limited resources.

Mr. President, until that specific information is provided, communities have no way of assessing the economic and social costs of the HUD zoning requirements or the costs of relocating businesses and homes and of rebuilding utility services and water and sewer systems, as they are required to do after a flood.

There are other reasons why communities may be unwilling to participate in the insurance program. For one, the flood hazard identified by HUD may be so minimal in terms of potential property loss that it is not worth the cost of the premiums let alone the burden of the building and land use restrictions that go along with the program.

The fact is the 100-year floodplain is a theoretical concept. Many of the communities which have been designated flood-prone because they lie within the 100-year line drawn by the Secretary of HUD may never have had a flood in their recorded history. But that is not enough to exempt them from the program. Nor does it make a difference that a community, while experiencing an occasional flood, may never have received a dollar in Federal flood assistance or suffered any significant property damages. When I asked the Department of HUD if that circumstance would be grounds for exemption, the answer was a categorical "no."

Other communities have little choice about where they build. Local geography dictates the matter. Short of agreeing to vacate large areas of their town after a flood, they have no feasible or practicable way of meeting the HUD standards.

In my home State of Missouri, there are legal obstacles to participation. Unincorporated communities do not have the authority to adopt zoning and building standards. They must win approval in a countywide referendum vote and given the widespread opposition to Federal land use programs, few have succeeded.

The flood insurance program was created in 1968 for two basic purposes. First, to give individuals a better way of indemnifying themselves against flood losses than was provided by the old low-interest disaster loans and grants; and second, to encourage communities to make wiser use of their floodplain areas.

As a condition of receiving this federally subsidized insurance, communities had to agree to adopt certain zoning and building codes in their flood-prone areas which were designed to limit future flood losses and to avoid continued Federal payments to rebuild the area.

That made sense. It was reasonable also to carry the program a step further by providing that any community which did not agree to participate in the insurance program would not be eligible for future Federal construction aid in the flood-designated areas including flood disaster aid.

But the 1973 amendments to this act did not stop there. They went well beyond any direct Federal investment in these areas to provide that communities shall do what the Department of HUD considers to be in their own best interests or else.

That "or else" amounts to a denial of all commercial construction credit in the flood-designated areas and loss of most forms of disaster-related help, regardless of the kind of disaster. In short, any community which does not adopt the HUD land use standards will find it virtually impossible to develop or maintain the areas involved or to rebuild after a disaster. Just as surely as if a Federal bulldozer had cleared the banks of every river, lake, and coastal plain of this country, the application of these sanctions will do their work.

Mr. President, however desirable the goal of flood plain management might be, I submit that attempting to use the banking laws of this country to enforce it exceeds the proper role of the Federal Government.

No one can make the case that Federal tax dollars are in any way threatened because a bank may decide to make a loan on property which happens to be located within a theoretical 100-year floodplain. The FDIC has never lost a dime on such a risk. This part of the act is clearly punitive and is being used as a means of dragooning communities against their will and perception of their best interests to adopt HUD land use standards.

The same may be said of the sanction denying disaster relief assistance to a community which has failed to adopt these standards, even if the disaster involved is a tornado, earthquake or fire. I ask, Mr. President, what has flood insurance got to do with tornado damage?

The application of this sanction on top of the denial of all Federal construction aid could condemn many communities which for good reasons have not taken part in the insurance program to oblivion. I do not believe Congress ever intended the banking laws to be used as a bludgeon in this way.

I support programs to encourage sound flood plain management but there are limits beyond which the inequities and hardships created outweigh any possible benefits. I believe we have such a situation in the flood insurance program and my amendment is an effort to restore balance to our policies.

Perhaps the greatest inequity of this program is the requirement that a community must adopt HUD land use standards before any individual within the community is able to purchase flood insurance and escape the sanctions.

I have had numerous letters from constituents in flood-designated areas who are anxious to have flood insurance protection but are unable to convince the governing jurisdiction to adopt the standards. In Lincoln County, Mo., for example, residents of the flood plain area have three times gone to the county in a referendum to obtain authority to meet HUD land use requirements. Three times they were beaten at the polls by margins as great as 2 to 1.

The residents want the flood plain insurance. They voted for the proposition, but they were outvoted overwhelmingly by as much as 2-to-1 margins.

It is these homeowners and businessmen who alone are liable to the sanctions of losing all forms of Federal and commercial credit on their property. These penalties are levied not against those in the communities who opposed adoption of the HUD standards but against the very individuals who most strongly supported the program.

The concept of holding an individual responsible and liable for the failures of his community is questionable policy under any circumstance. But where it involves the lifetime investments of homeowners and small businessmen, it is a base injustice that demands correction.

Even while conceding that some inequities can occur, the Department of HUD opposes this part of the amendment. It argues this is the only way to force communities to practice "wise" and "prudent" flood plain management. It is not enough, according to HUD, to gain compliance from owners of existing homes and businesses. We must also assure that presently undeveloped areas of the flood plain are not subject to intensive building in the future and that can only be done by local adoption of HUD's land use restrictions.

Mr. President, I do not share HUD's sense of values in this matter. I do not believe the objectives of any land management program, however desirable, should be allowed to trample the rights of individuals. But neither do I accept the notion that opening the program up to individuals would detract from our goals. To the contrary, I believe it will enhance the program.

In the first place, my amendment would retain that sanction which denies all forms of Federal construction aid and flood disaster assistance to communities which fail to adopt comprehensive floodplain management programs.

Mr. President, I wish to emphasize that. That is retained in the law. We do not touch that.

That is a powerful sanction and, by itself, should be adequate to bring about widespread compliance.

I will concede that in some circumstances a commercial lending institution may be willing to finance a development within the 100-year flood plain even though the community has not adopted HUD land use standards. If there is any serious—and I underscore "serious"—as opposed to a theoretical, risk of flood, however, I am certain that most banks would decline on sound business judgment to make a loan. Surely we can trust in the business judgments of such institutions.

The Federal Government has not had to require by law that properties mortgaged by banks be covered by fire insurance. The banks know the risk of fire and on their own require such insurance be taken. If there is a serious flood risk to a particular property, and flood insurance is available on that property as it would be under my amendment, I am certain that the bank would insist that it be purchased as a condition of any

loan. Private institutions and local governments are not so lacking in judgment that they require the threat of Federal sanctions to do the "prudent" thing.

Mr. President, a second point needs to be made here. One could easily get the idea from HUD literature that "wise and prudent land use" is the only goal of the flood insurance program. That is not so.

At least as important is the goal of providing flood victims with a better way of indemnifying themselves against property losses than was available under the now-abandoned low-interest loan and grant program. The 1975 amendments set out as one of the purposes the following:

It is in the public interest for persons already living in flood-prone areas to have both an opportunity to purchase flood insurance and access to more adequate limits of coverage, so that they will be indemnified for their losses in the event of future flood disasters.

That is a legitimate purpose of this law, Mr. President. I fully concur with it. What my amendment would do would be to buttress that already stated legislative purpose, namely, to make it available for people to purchase flood insurance who live in flood-prone areas.

In the passage of these amendments, that objective was of primary concern. The administration opposed the continuation of 1 percent disaster loans coupled with $5,000 grants and vetoed Congress' effort to extend that program. While there was really very little choice about the matter at that point, Congress did agree finally to substitute expanded flood insurance protection as the primary Federal means of aiding flood victims.

In accomplishing that objective, the existing program is an unquestioned failure. Despite the fact the program has been in existence since 1968, HUD estimates that fewer than 1 percent of those living in flood-prone areas have actually purchased the insurance. My amendment would certainly improve on that dismal record.

Mr. President, I want to correct some of the misunderstanding about my amendment created by some groups who feel it is designed to gut the insurance program. That is a gross distortion of fact.

The Eagleton amendment would in no way remove the requirement that a community or an individual comply with HUD land use and building standards as a condition of buying subsidized flood insurance or receiving any form of Federal construction assistance including flood disaster relief payments.

This is so central and so important to this debate, Mr. President, that I want to repeat what I have just said: My amendment in no way removes the requirement that a community or an individual comply with HUD land use and building standards as a condition of buying subsidized flood insurance or receiving any form of Federal construction assistance including flood disaster payments.

Those sanctions of the present act would remain as they are—a reasonable quid pro quo for the Federal assistance involved.

The Eagleton amendment, however, would change the program in two ways:

First. It would allow individuals who agree to comply with HUD standards to purchase insurance regardless of what the community as a whole may do. This is in keeping with one of the principal purposes of the act which is to provide "for persons already living in flood-prone areas to have both an opportunity to purchase flood insurance and access to more adequate amounts of coverage." Again, I would emphasize that under my amendment an individual would have to agree to comply with HUD land use standards before he could purchase subsidized flood insurance.

Second. The amendment would eliminate those sanctions which are entirely punitive and bear no direct relationship to the investment or risk of Federal tax dollars. Specifically, the amendment would remove the prohibition against commercial bank credit, and the denial of nonflood disaster relief assistance, that being tornado, earthquake, et cetera.

Mr. President, I realize that the flood insurance program is a complex one but I think the issues raised by my amendments are simple and fundamental. The first question is whether the Federal Government is going to hold an individual responsible and liable for the failures of his community even though that individual is willing and making every effort to cooperate. The second issue is whether the Federal Government should be authorized to apply life and death sanctions against a community which has decided that its interests are best served by not participating in Federal land use. Is there any proper role for the Federal Government in such a local matter beyond protection of a direct Federal tax investment?

If the sanctions under this program are allowed to go into effect on July 1, without change, I believe we will have created a precedent for Federal involvement in local decisions that has no practical limit.

Mr. President, I reserve the remainder of my time.

Mr. PROXMIRE. Mr. President, I commend the distinguished Senator from Missouri for bringing up his amendment and discussing it.

I think all of us know what a very painful and difficult situation we have in almost all our States. We have flood-prone areas in Wisconsin and in almost all the 50 States. We know what a tragedy it is when people's homes are flooded and what a burden it is on the Federal Government, an enormous burden.

This is such a complicated issue, that it is one that I hope we will proceed with as deliberately as possible and have an opportunity for the Committee on Banking, Housing and Urban Affairs—specifically, the Housing Subcommittee of the committee, which has before it the bill which the Senator from Missouri introduced—to hold hearings on the bill, develop a record on the bill, and then come before the Senate with whatever changes the committee may recommend, and then have the Senate work its will.

The amendment of the Senator from Missouri is difficult for this Senator, because in my State, for example, at an area of the Mississippi River near La Crosse, we have floods regularly, and down a little further along the Mississippi, 50 or 60 miles, near Prairie du Chien, there are floods. I have gone out there a number of times and talked with the people whose homes have been flooded, and it is really a tragic, tearful kind of situation. I have great sympathy for them.

Yet, when we recognize that if people are going to build in those areas, they are going to suffer these disasters, it presents a problem. Until a few years ago, they just had to fend for themselves and suffer, but lately the Federal Government has come along more and more with protection and insurance and with expenditures from the Federal Government to take care of them.

Looked at from the standpoint of perhaps 95 percent or 98 percent of the people who do not live in those areas, we can see how they object to that. They object to having homes built in areas we know are going to be flooded. There is no question that about every 5 years in some cases, 10 years in other cases, or 50 years in some cases, there is going to be a flood, and the Federal Government has to come along with an expensive program.

One can imagine how the general taxpayer who does not live in these areas resents having homes built there. The distinguished Senator from New Jersey (Mr. WILLIAMS) is the author of a bill which I thought is most thoughtful and is getting some good results.

This is why this afternoon I must oppose the Eagleton amendment. As I understand, it calls for Federal flood plain management of special flood hazard areas, regulating individuals who wish to purchase flood insurance under the program.

The proposed amendment strongly suggests that direct Federal land use, rather than the present program flood plain management standards, is its intended purpose. This intention contrasts with the current mechanism of Federal standard, State involvement, and local regulation and compliance, and presents issues raised in discussions of both National Land Use and National Building Code proposals.

I view the imposition of direct Federal land use regulation on the individual citizen as an ill-advised incursion into the proper role of local governments to provide prudent flood plain management for their citizens. Indeed, under the national flood insurance program, as it is presently constituted, it is the local government that regulates its flood plain and enforces the flood plain management measures adopted locally in exchange for the availability of federally subsidized flood insurance. The amendment as I understand it—perhaps I am wrong—would strip local government of this important function and substitute, in its stead, Federal land use regulation of individually owned properties. I am unalterably opposed to such Federal encroachment.

Federal land use regulation of the individual will not be effective, for these reasons:

First. In the case of new construction, it is the developer or builder who would be required to submit to Federal flood plain management in return for subsidized flood insurance purchased to protect him from loss to structures in the course of construction. All too many builders and developers, experience has taught us, prefer to build at low elevations in high flood hazard areas, disdaining the benefits of flood insurance, full knowing that the ultimate flood loss

will be borne by the unsuspecting home buyer who purchases without knowledge of the exposure to flood risk. Even should the home buyer wish to purchase flood insurance after or at the time of settlement he would have to pay high actuarial rates—unless subsidized rates are intended by the amendment, which would be a fiscally dangerous matter from the taxpayer's point of view—for the coverage commensurate with the risk to which the developer has exposed the property; thus, the home buyer suffers in terms of the high premiums made necessary by the builder's disregard of the flood hazard.

If the home buyer does not purchase the coverage and suffers a disastrous flood, one of two things is likely to happen if the amendment becomes law:

No. 1, if there is a Presidential disaster declaration or other Federal disaster relief available, the national body of taxpayers will pick up the check for the irresponsible construction; or

No. 2, if no disaster relief is available and the homeowner cannot afford to make the premises habitable again, he will walk away from it, leaving the mortgagee, whose interests would have been protected under the mortgagee clause of the flood insurance policy, to pick up the check for the irresponsible construction.

Second. On the other hand, if we were to posit good faith and sound business judgment on the part of the developers and builders—and in all fairness, we should recognize that the majority of them are well motivated—we would expect that builders and developers would purchase flood insurance coverage for their subdivisions to provide themselves with insurance indemnity should the buildings under the course of construction be damaged or even wiped out by a flood before sale to the ultimate consumer. One would think a bank, in return for advances under a building loan, would see this, like a prudent leader's requirement for fire insurance, to be a desirable end. In addition, the home buyer would be able to continue the insurance at an affordable rate because the developer properly constructed and elevated the home. This chain of events—the responsible builder, the financial institution's mortgage portfolio insulated from financial harm caused indirectly by catastrophic flood loss, the protected home buyer—has a familiar ring to it in that it mirrors, albeit with a flawed image, the sanctions, incentives, and protection presently afforded by the flood insurance program. The amendment, however, will not work because, under it, assuming builders are responsible to the need for flood insurance, the Federal Government will require a huge, costly building permit issuance facility, and on-site inspection system, and a flood plain management monitoring mechanism—at the individual owner, builder, and developer level—to do what over 7,000 local community governments are doing right now under the present law. So, at the expense of local rule, we gain nothing by the enactment of this amendment.

On reflection, the amendment, if enacted, would probably result in a flood insurance program beset by the worst of both worlds: Many developers, to the detriment of the consumers and the lending institutions, will ignore prudent construction practices and the need to elevate buildings in high flood hazard areas and, yet, the Federal Government will be required to create and implement a massive and costly building department whose tentacles would reach down through local government and, on an ad hoc basis—an impossible task from an administrative point of view, into the backyards of individual citizens.

Third. There is another matter of serious concern which would affect the efforts of an individual property owner seeking to provide prudent flood plain management for his individual lot. Many times the individual's next door neighbor would be a developer who might overlook the flood risks which would be increased, downstream from his development, thus creating a new flood hazard for the homeowner who sought to comply with the flood plain management "incentives" provided by this amendment. We submit that this chaotic effect would be a direct result of taking the flood plain management regulation and oversight away from the local governments.

Fourth. To do away with local flood plain management, which through the local building permit and code system brings about safer use of our flood plains before and during the course of new construction, in favor of some undefined promise of prudent land use, at the individual level, after the building has been improperly constructed, simply does not make sense. This proposal is a throwback to the time when imprudent construction in flood-prone areas went on unchecked—and when all of the Nation's taxpayers had to foot the bill for those who purchased property so constructed in such areas. The flood insurance program was thoughtfully constructed by Congress to, hopefully, reduce, over the long term, the tax burden of disaster relief through the purchase of flood insurance by those most in need of the coverage.

For example, it is anticipated that by the year 2000, without the present flood insurance program, about $3.2 billion of economic loss due to flooding will have occurred, assuming the present disaster relief law, which provides for loans at 5 percent interest. With the flood insurance program in effect, which assures local flood plain management of new structures within the flood plains, it is estimated that only $1.3 billion of economic loss will have occurred by the year 2000—a considerable saving to the taxpayer of almost $2 billion.

In closing, I would like to say that the whole point of the 1973 act is to encourage flood-prone community participation with local land use measures and the purchase of flood insurance so that the national goal of mitigating taxpayer-funded disaster relief through the dual mechanism of flood insurance and local community flood plain management, which is insurance loss prevention on a very high order, would be realized. The amendment goes against the grain of everything the Congress sought to do in this program and it should not be adopted. I think that from the objective of local control, from the standpoint of prudent management, the amendment should not be adopted. We should give this law, which is doing so well, an opportunity to work.

Mr. President, I yield to the distinguished Senator from Texas.

Mr. TOWER. Mr. President, I am in considerable agreement with the thrust of what the Senator from Missouri is trying to do.

We have had some enormous problems in the coastal cities of my State, and I think that perhaps the current law and regulations pursuant thereto are perhaps too rigid and too arbitrary and that much could be done to correct it. I know that, in some cases, HUD compels communities to act on the basis of obsolete data—maps are drawn from information that is quite often several years old. Perhaps some of the problems could be cured administratively.

In any case, I hope we can treat this as separate legislation, look at it carefully, and see if we can perfect existing law by incorporating some of the objectives of the Senator from Missouri.

It seems to me that prudence would dictate that we should hold hearings on this matter, and we should hold them at the earliest possible moment, because the Senator from Missouri is responding to genuine and legitimate concerns of people in flood prone areas.

I hope the distinguished chairman of the committee will give assurances that we will turn our attention to this matter at an early date.

Mr. PROXMIRE. Yes, indeed. I am very happy to give those assurances. I agree that we should hold hearings and hold them promptly.

I do think it would be a tragedy, however, if there were any notion that we are going to act in such a way as to prevent those sanctions from going into effect in July, because this program is proceeding very well and the program simply cannot proceed, it will not make progress, if we permit exemptions from these particular sanctions.

Mr. WILLIAMS. Will the Senator yield for a moment?

Mr. PROXMIRE. I am happy to yield to the Senator from New Jersey, who, incidentally, has been the author of this legislation and has done a great job in providing constructive and helpful and humanitarian relief in a fiscally responsible way.

Mr. WILLIAMS. I thank my colleague for that.

I join my colleagues in their understanding and certain sympathy for the situations described by the Senator from Missouri that have promoted his amendment that is being offered here.

I say, however, that by and large, this flood insurance program is being accepted and is working well in the communities across the country. There are 7,000 communities that have received the Department's identification of hazard areas and have come into the program—7,000 communities. I am told that 200 each week are coming in now and are coming under the provisions and the coverage of the law, a significant number. As a matter of fact, the figures that I have suggest that there are relatively few, relative to those that have come

under it, that have not and whose deadline of July 1 is approaching.

There is one significant factor that I do not believe has been mentioned. That is that those areas that have not been identified, the communities that have not received the hazard identification or did not receive it by July of 1974, are not required to do their comprehensive work until a year from the date they receive that identification. So many communities are not faced with a July 1, 1975, date.

It impresses me that there are some community problems that may get awfully difficult for the homeowner where the local governing unit just walks away from its responsibility and does not get its community qualified. This is a problem. Within that group are those communities that do not walk away, but have complicated overlapping governmental jurisdiction and they have not been able to get it all together to bring their particular community into qualification.

It will be helpful to me to ask this question. The Senator from Missouri mentioned his home State of Missouri, Lincoln County, I believe, and the problems arising there.

Mr. EAGLETON. That is correct.

Mr. WILLIAMS. I see that in the documents supplied by the Department, one community—and there is page after page of Missouri communities that have qualified. I notice that one community is listed. It is the city of Winfield in Lincoln County. I wondered if that is outside of the governmental problem that I believe the Senator from Missouri indicated existed in Lincoln County.

Mr. EAGLETON. That one particular town is an incorporated community and did comply. Many others are unincorporated areas and they are at the mercy of a countywide referendum which has been rejected, as I say, three different times by margins of 2 to 1.

Mr. WILLIAMS. This is the sort of thing, I say to my most able and cooperative chairman, that I believe if we go to hearings, we could make a contribution on, to make sure that there is sufficient time for these complicated local community situations to be recognized, to be given the time to straighten their own governmental needs out so that they can qualify. I am sure that there are ways that we can improve this program as we have been urged to by the Senator from Missouri and appropriately, we can improve the program without, in any way, defeating its forward thrust that is working so well for most of the country.

Mr. EAGLETON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Missouri has 1 minute.

Mr. PROXMIRE. If the Senator needs more time, I will yield him some time on the bill.

Mr. EAGLETON. Was there not an hour to the amendment and a half hour on each side?

The PRESIDING OFFICER. The Senator is correct.

Mr. EAGLETON. And I have used 29 minutes?

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. The Senator graciously yielded time to other Senators. I think that is the problem. I yield him time out of the bill.

Mr. EAGLETON. I thank the distinguished Senator. I had no idea I had used 29 out of 30 minutes.

Mr. President, I am pleased with the statement of sympathy and understanding expressed by the Senator from New Jersey.

The PRESIDING OFFICER. All of the time of the Senator from Missouri has expired.

Mr. PROXMIRE. Mr. President, I yield the Senator 15 minutes off the bill.

Mr. EAGLETON. I thank the distinguished Senator.

Mr. President, I am pleased with the statements of sympathy and understanding and compassion that have been expressed by my good friend from New Jersey (Mr. WILLIAMS).

Mr. PROXMIRE. Mr. President, will it be possible to yield time out of the time of the opposition to the amendment?

The PRESIDING OFFICER. The Senator may do that.

Mr. PROXMIRE. How much time do I have?

The PRESIDING OFFICER. The Senator from Wisconsin has 19 minutes.

Mr. PROXMIRE. I yield the Senator 15 minutes out of the amendment rather than out of the bill.

Mr. EAGLETON. I thank the Senator very much.

On my third try, I am pleased at the expression of sympathy by the distinguished Senator from New Jersey (Mr. WILLIAMS), and the distinguished chairman of the committee (Mr. PROXMIRE), and my distinguished colleague (Mr. TOWER). But that is all they offer, sympathy. What do they do for the fellow who comes up against it on July 1, 1975, when this program becomes operative? I am not just talking about one little city in Lincoln County, Mo. I am talking literally about 15,000 communities.

I have to disagree with my friend from New Jersey when he says this program is working well. I just quoted from a letter from HUD of April 1975, which says there are 22,000 flood-prone communities in the United States, Mr. President. Out of those, only 5,776 have complied, about one-fourth of 22,000 communities.

I have a book that is roughly 1 inch thick and it is a State-by-State analysis of the number of communities that have qualified and the number of communities that have not qualified. In Wisconsin, there are nine single-typed pages of communities that have not qualified. In New Jersey, the home State of Senator Williams, there are about a dozen pages listing the communities that have not qualified. In Texas there are about 20 pages of communities that have not qualified.

I note the presence of my distinguished friend from Utah. There are several pages on Utah of communities that have not qualified. These communities come under the gun beginning July 1 of this year.

Let me illustrate specifically what I mean by reading into the RECORD just one of the many letters I have received on this, Mr. President. This is a letter addressed to me dated January 6, 1975, signed by about nine residents of Lincoln County.

DEAR SENATOR: We are running out of time down here on the river. People in the unincorporated area of Lincoln County can't get flood insurance because the whole county won't adopt the required planning and zoning ordinances. We are now faced with a July 1 shutoff of all credit in the area that will make it impossible to buy or sell property and will wreck more damage than twelve feet of water. We have seen what has happened in certain areas of St. Louis that have been blacklisted from credit and we don't want to see it here.

What can we do? We are too small a minority to force the whole county to change its will, and the state legislature has refused to consider empowering the county judges to zone only part of a county.

We are now sitting ducks. Without flood insurance another big flood disaster will wipe us out. And without access to credit what the river doesn't take we will gradually lose anyway.

Then the letter goes on to point out their plight.

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

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

FOLEY, MO., *January 6, 1975.*

Hon. THOMAS EAGLETON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: We are running out of time down here on the river. People in the unincorporated area of Lincoln County can't get flood insurance because the whole country won't adopt the required planning and zoning ordinances. We are now faced with a July 1 shutoff of all credit in the area that will make it impossible to buy or sell property and will wreck more damage than twelve feet of water. We have seen what has happened in certain areas of St. Louis that have been blacklisted from credit and we don't want to see it here.

What can we do? We are to small a minority to force the whole county to change its will, and the state legislature has refused to consider empowering the county judges to zone only part of a county.

We are now sitting ducks. Without flood insurance another big flood disaster will wipe us out. And without access to credit what the river doesn't take we will gradually lose anyway.

We do not feel the government ever intended this to happen. Many of us saw the SBA disaster relief program as a vote of confidence in the area. Why would the government have helped us rebuild our homes if it did not have confidence in the area? Why would we have been allowed to return unless the SBA felt sure its loans would be protected by flood insurance?

The Flood Disaster Protection Act of 1973 says specially "it is in the pubic interest for persons aready in the flood-prone areas to have an opportunity to purchase flood insurance." Surely it is not in the public interest to arbitrarily exclude those in the unincorporated areas, who for the most part stand the greatest flood hazard.

We understand the need to regulate future development in the flood area and are willing to cooperate but have no practical way to do so. We can't carry the rest of Lincoln County in a vote on zoning, as was shown by last November's election.

Any suggestions you can give us will be appreciated. What sort of political action can we reasonably try to get? If political action is not practical, how can we get a court action started to enforce the intent of the Flood Disaster Protection Act? If you can help us get started in the right direction,

we will organize and fight for our rights. River rats arise!

Sincerely yours,

Judy Gilbert, Conrad Burkhardt, Ray and Dorothy Bagby, Carl and Virginia Grubitz, Gene Brown, Fred and Ann Schipper, Frank Valardey, Ivan Coco, Richard L. Gilbert.

Mr. EAGLETON. Here is the practical situation, Mr. President, that a homeowner faces. We have a letter to this effect; I ask unanimous consent that it be printed in the RECORD.

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

CAPE GIRARDEAU, MO., *April 30, 1974.*

Sen. THOMAS F. EAGLETON,
New Senate Office Building,
Washington, D.C.

HONORABLE SENATOR EAGLETON: Our newspaper reports that you and Senator Symington are making a survey of Missouri counties and cities which have flood-prone areas. You find that there are many questions and concerns. I want to encourage you to push the flood insurance program so that some of us who want it can have it regardless of what the county does.

One good argument in favor of government insurance for flood-prone areas, at least one like ours that cannot be protected by levees along a river, is that this area was flooded because the government, other agencies, and individuals, have continually built levees and dykes along the river higher and higher, thus the water is confined more and more into narrower river channels, so that a place like this along a creek, although over a mile from the river, may get more and more water backed up onto it. If the flood water last spring had been allowed to spread out naturally, our place would not have been under water.

Our county committee seems to be very slow to do anything to institute the insurance program. I hope you can introduce the insurance program regardless of what the county does.

I would like to be kept informed of progress made on this program. I wish to be protected by this government insurance as quickly as possible.

Sincerely,

A. THEODORE MUELLER.

Other details and facts regarding my concern:

I am now past 70 years of age—just retired this past spring from teaching at Southeast Missouri State University. We bought this place 6 years ago, so you know we will have to consider selling the place within a few years.

Our home is more than a mile outside the city limits, in a north-easterly direction, along a creek in which water from the Mississippi River backs up. Last spring when the flood waters came, we had a levee around our home, but it broke and we had 16 inches of water in the house.

You can imagine now that one of my large concerns is: What will I be able to sell this place for, now that it has been flooded once? I bought it at a good price after feeling that it was out of danger of floods. Also, a related concern is: What bank or loan company would want to finance the loan on a place like this, if I don't have flood insurance, even if I might find a buyer?

You can be sure I checked relative to flooding prior to the purchase of this home and found from neighbors (one now in his 70's, has lived here all his life) that flood water had never been high enough to reach his home. Who would have guessed that I should have checked the records as far back as 130 years to find that this area might have been flooded? Our acreage is not subject to flooding from heavy rains or flash floods, so it is actually not "flood prone."

Mr. EAGLETON. We have the situation of a retiree who is 70 years of age. He has a home that is worth about $40,000, or that he thought was worth $40,000. He wants to sell that house and move to Florida, as many retirees do. He cannot get flood insurance on his house. There is no one who will buy the house, because under the prohibitions of this statute, no money, come July 1, can be loaned by Federal banks, savings and loan institutions, or what have you to finance a home such as this that does not have flood insurance.

He would like to buy flood insurance. He wants to pay for it. He will pay whatever premium the Government requires. He is on bended knee seeking this insurance. Yet he cannot obtain it. And come July 1, his $40,000 house is worth zilch; it is worth nothing, because there is no one he can sell it to. If he moves to Florida, he will have to leave it as an abandoned house.

Mr. President, this is an actual case. This situation is real, and we are talking about more than just a few isolated instances. It covers page after page of documentation that we have received from HUD.

These people have real problems. They are caught in a vicious bind between wanting to purchase insurance and not being able to do so.

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

Mr. EAGLETON. I yield.

Mr. PROXMIRE. I think we disagree somewhat on the figures. As I understand it—and I would like to be corrected by the Senator from Missouri if I am wrong—there are not 22,000 flood-prone communities all of which have to be in by July 1. As I understand it, there are 7,400 now under the program.

Mr. EAGLETON. That is correct.

Mr. PROXMIRE. But as of today, according to information given us this morning, there are 3,100 additional which have to come into the program by July 1. They are coming in now at a rate of about 400 a week, or 1,700 a month.

As Senators understand, when we get close to a deadline like this, compliance with a program develops rapidly. I have a chart which shows that the compliance was slight to begin with, and then shot up rapidly.

If we pass the Eagleton amendment, it will do two things. First, the incentive will be lost for communities to come into the program, and second, we will penalize the majority of the communities that have gone to the trouble and expense of compliance.

We have a program that is beginning to make sense from a fiscal standpoint, and also to save people from the tragedy of having their homes destroyed by floods.

Mr. EAGLETON. Mr. President, the great majority of communities have to comply by July 1. There are other trigger dates, such as August 1 and September 1, but there are 22,000 communities that have to comply within the next several months, and only 7,400 have complied to date. That is why I dispute the Senator's conclusions.

Mr. PROXMIRE. There seems to be a difference of opinion on the facts. What they say is that there are 7,400 now under the program, that there are only 3,100 that have to comply in addition, that have not yet complied, by July 1, and that they are coming in now at a rate of about 400 a week. It has been stepped up very rapidly in the last couple of months.

Mr. EAGLETON. Mr. President, in the interest of time, in response to the Senator from Wisconsin, I ask unanimous consent to have printed in the RECORD the full text of the letter of April 15, 1975, addressed to me from the Department of Health, Education, and Welfare.

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

FEDERAL INSURANCE ADMINISTRATION,
Washington, D.C., April 15, 1975.

Hon. THOMAS F. EAGLETON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR EAGLETON: This is in response to your letter of March 27, 1975, requesting information regarding the National Flood Insurance Program.

For your convenience, we shall restate the questions in the order in which they were raised followed by the corresponding response.

QUESTION. 1. How many communities as of this date have been designated flood-prone and eligible for federal flood insurance?

ANSWER. Cumulative data supplied to the Federal Insurance Administration (FIA) from Federal, State, and area sources of information has indicated thus far that there are approximately 22,000 flood-prone communities in the United States that have one or more areas of special flood hazard. As of March 31, 1975, the FIA had identified the special flood hazard areas of 14,947 of these communities through the publication of flood maps.

A total of 5,776 of the communities—for which FIA had published maps identifying local areas of special flood hazard—had qualified for the National Flood Insurance Program as of March 31. As of that date, an additional 844 communities had taken the initiative and qualified for the program prior to the publication by FIA of Flood Hazard Boundary Maps identifying these communities' areas of special flood hazard. However, by the end of this calendar year, FIA will have published maps identifying the special flood hazard areas in most of these communities as well.

It should be underscored that any community may apply for participating in the National Flood Insurance Program, regardless of whether or not FIA has published a map identifying the community's areas of special flood hazard.

QUESTION 2. How many individual residences and businesses within these communities would be affected?

ANSWER. We estimate that 10% of the Nation's residential and commercial structures are located in areas identified or to be identified by FIA as having special flood hazards.

Information we have received from communities participating in the National Flood Insurance Program is supportive of the 1966 flood insurance feasibility study which estimated that approximately 10% of the Nation's commercial and residential structures are located in the Nation's flood plains.

QUESTION 3. How many communities as of this date are participating in the flood insurance program? How many of those under emergency provisions of the Act and how many are permanently participating?

ANSWER. As of March 31, 1975, 6,620 communities had qualified for the insurance benefits available under the National Flood Insurance Program. 6,085 of the communi-

ties that have qualified for flood insurance availability are participating under the Emergency Program; 535 are participating under the Regular Program.

QUESTION 4. How many individual residences and businesses are included among those communities now participating either under the emergency or permanent provisions of the Act?

ANSWER. Approximately 8,800,000 one to four family dwellings, approximately 1,700,000 small businesses, and nearly 2,100,000 "other" structures including commercial and multi-family buildings are located in 5,866 of the communities participating in the National Flood Insurance Program.*

Of these totals, 4,700,000 one-to-four family dwellings, 650,000 small businesses, and 1,200,000 "other" structures (commercial and multi-family buildings) have been estimated to be situated in flood hazard areas.

QUESTION 5. How many of those communities not now in the program have received HUD flood maps? Is receipt of a flood map a prerequisite for obtaining insurance eligibility?

ANSWER. Of the Nation's flood prone communities, which have received maps from the FIA identifying local areas of special flood hazard, 9,171 were not participating in the flood insurance programs of March 31, 1975.

As previously explained, a community need not await publication of a Flood Hazard Boundary Map by FIA in order to apply for participation in the program and become eligible for the program's flood insurance benefits. Receipt of such a map is not a prerequisite in order for a community to become eligible for the availability of flood insurance.

Question 6. How many of those communities not now in the program are liable to the penalties of the Act of July 1, 1975 and, roughly, on what dates will the remainder be liable to penalties?

ANSWER. As of March 31, 1975, 4,110 of the 8,641 communities identified by FIA prior to July 1, 1974, as having one or more areas of special flood hazard, had not yet qualified for the National Flood Insurance Program; consequently, the prohibition against Federal financial assistance pursuant to Section 202 of the Flood Disaster Protection Act of 1973 will apply to the special flood hazard areas of each of these communities which are not participating in the program by July 1, 1975.

365 of these 4,110 communities not participating in the program as of March 31, 1975, are required by New York State law to qualify for the National Flood Insurance Program by July 1, 1975 or else the State shall assure compliance with the program's safety criteria through the administration of a flood plain management program on the community's behalf. Hence, all New York communities notified of their special flood hazard areas before July 1, 1974, will have complied by July 1, 1975 and only 3,745 communities, nationwide, of a total of 8,641 communities in fact face the prohibition against Federal or federally related financial assistance for the identified areas of special flood hazard on July 1, 1975, should they not be participating in the program. In this connection, we refer you to answer no. 13.

In addition, the following chart sets forth the schedule, after July 1, 1975, on a monthly basis, by which identified flood-prone communities should qualify for the program:

Additional identified communities, and dates by which they should qualify

320	July 31, 1975
240	August 31, 1975
390	September 30, 1975
210	October 31, 1975
750	November 30, 1975
600	December 31, 1975

QUESTION 7. Briefly explain the different benefits available to a community under the emergency provisions of the Act and the permanent provisions of the Act?

ANSWER. When a community qualifies for the Emergency phase of the National Flood Insurance Program, up to $35,000 of flood insurance coverage becomes available for single-family homes regardless of the degree of exposure to flood hazards, at an annual subsidized premium rate of .25 per $100 worth of coverage, and up to $100,000 of coverage also becomes available for multi-family and nonresidential structures at subsidized premium rates of .25 and .40 respectively per 100 worth of coverage. In addition, up to $10,000 of coverage for the contents of single-family dwellings and $100,000 of coverage for the contents of multi-family dwellings is available at .35 per $100 worth of coverage. For the contents of nonresidential structures, the available limit of coverage under the Emergency Program is $100,000 at a subsidized premium rate of .75 per $100.

After a community has been converted to the Regular Program, limits of flood insurance coverage are double those available under the Emergency Program. Additional flood insurance coverage for existing buildings, as well as full coverage for new construction, is available at actuarial premium rates reflecting the degree of flood hazard to which individual properties are exposed.

In order to make these full limits of flood insurance coverage available, a flood insurance rate study for each community is initiated, the end product of the study being the preparation of the community's Flood Insurance Rate Map (FIRM). This map reflects flood elevations in the community's special flood hazard areas so that new construction in these areas may be more properly safeguarded against flood hazards, through local ordinances, and actuarial premium rates reflecting the degree of flood hazard to which individual properties are exposed may be computed.

Actuarial premium rates for new construction serve as a further incentive to safe building practices in the areas of special flood hazard. Thus, these premium rates in conjunction with the local administration of the program's minimum safety criteria assure that however a community decides to use its flood plains that any future construction in such areas will be built in recognition of identifiable flood hazards. Such a practice will ultimately increase the overall value of the entire community by permitting the community to derive the utmost service from and assure the safest uses of its areas of special flood hazard.

QUESTION 8. How many appeals contesting designation of a community as flood-prone or contesting specifics of the HUD flood map has the Agency received?

ANSWER. Of the 14,412 communities whose special flood hazard areas had been identified by FIA through the issuance of Flood Hazard Boundary Maps, as of March 31, we have received 1,572 requests for a reevaluation of our findings. In an effort to accommodate your request for data as expeditiously as possible, we used, as a sample that included data from each State, 1,062 of the community "appeal" letters most readily accessible in our records. An examination of each of these letters permitted us to determine with precision the number of "appeals"—209—concerning a community's flood-prone designation i.e., the fact that FIA had even issued the community a Flood Hazard Boundary Map, and the number of "appeals"—853—challenging merely the accuracy of FIA's delineation of the special flood hazard areas as they appear on a community's map(s).

In addition, we had received, as of March 31, requests from 410 individual property owners to determine whether their property had been inadvertently included in one of the special flood hazard areas delineated on FIA's maps and whether the flood insurance purchase requirements do in fact apply to the property in question.

QUESTION 9. How many of these appeals have been acted upon favorably, how many acted upon unfavorably, how many are still pending?

ANSWER. The 1,572 community map "appeals" were consolidated into 1,428 requests, since 144 such map "appeals" derived from within the same communities. Of this total, forwarded to our contractors for review, FIA has rescinded as of March 31, 150 community maps. 821 "appeals" are still pending. For 11 "appeals", no map revision was found to be warranted. 437 community maps have been revised to delineate more accurately these communities' special flood hazard areas. In addition, we have forwarded preliminary or "draft" map revisions to 159 communities for their comments before our publication of the revisions.

Of the individuals having submitted requests with respect to individual properties, the properties of 273 individuals have been found to be outside of the special flood hazard areas. 11 such appeals were denied and 20 others were withdrawn by the property owners themselves. 106 such appeals are still pending.

QUESTION 10. Among those communities which have adopted required HUD building and zoning standards, what percentage of individual residences and businesses have actually purchased insurance?

ANSWER. The percentage of both residential and commercial buildings, whose exposure to flood hazards has been covered, is 1%. This figure was taken from the data available, as of December 31, 1974, from a sample of 1,601 communities. This data base includes representative areas used for the sample and accurately reflects the national overview.

In addition to the foregoing, we wish to explain briefly the relationship between FIA's minimum safety criteria and a community's authority to administer the program's standards.

The Flood Disaster Protection Act of 1973 does not require zoning ordinances or building codes of local communities. FIA has established minimum safety criteria for the program's flood plain management regulations in light of the Congressional intent to reduce or avoid future flood losses. In many cases, a local community's enabling authority granted by the State to enforce zoning ordinances and building codes is the most convenient method of adopting and administering the program's minimum safety criteria. However, such tools are not per se required. Local communities still retain the creativity and flexibility to achieve the program's objectives through whatever legal instruments have been granted by the State to control local land use.

QUESTION 11. Does the Agency make a distinction among designated communities based on degree of expected damage in the event a flood occurs? For example, would the fact that a community, while experiencing an occasional flood, has never received a dollar in federal flood assistance or suffered any significant damages, be grounds for exempting it from the flood insurance program?

ANSWER. No, Congress in enacting Section 201 of the Flood Disaster Protection Act of 1973, charged the Secretary of HUD with the responsibility of identifying nationwide all of the flood plain areas having special flood hazards. Such areas of "special flood hazard" have been defined under Section 1909.1 of the program's regulations in accordance

*(These figures were compiled from data submitted by the officials of local communities in applying for participation in the National Flood Insurance Program. Our statistical base was incomplete, however, simply because not every community submitted such figures with its application even though this information is requested as part of the community's application package.)

with testimony heard prior to enactment of the 1973 Act which established the so-called "100-year flood" as (1) the flood frequency level to be protected against by means of the program's flood plain management criteria, and (2) the flood frequency standard to be used for the identification of flood-prone areas. Thus, FIA employs a uniform standard as the basis for tentatively identifying the Nation's areas of special flood hazard; only the boundaries of such areas will vary from community to community depending upon the extent of inundation by the flood that has a one percent chance of occurence in any given year.

However, a refined engineering study to be performed for each community participating in the program further refines the community's Flood Hazard Boundary Map by reflecting water surface elevations within the special flood hazard areas so that future construction in these areas may be safeguarded against flood hazards in light of the best available information and through local commitment to flood plain management. From this study, premium rates reflecting the degree of exposure of individual properties to severe flood hazard may also be calculated.

In this regard, the mandate of Congress to identify *all* of the Nation's areas of special flood hazard is quite explicit and not to be limited to areas for which Federal disaster assistance had previously been made available.

In addition, the availability of Federal disaster assistance to the victims of natural calamities is a relatively recent development in our history and is contingent upon a number of variables one of which is the extent of internal economic resources enabling a State to absorb losses resulting from a natural disaster.

If Congress had established receipt of previous disaster assistance for flood losses as the only condition for our identifying a community's special flood hazard areas, then many communities would not be alerted to the hazards they presently face from flooding, especially since Federal disaster assistance has only been made available on a comprehensive scale since 1950.

It should also be noted that many newer communities do not have any records of flooding much less accurate records. In addition, the expansion of communities in recent years has aggravated, in many areas, the flooding situation which was heretofore almost nonexistent. Hence, historical records for flood occurrence are inadequate to alert many communities to the local flood hazard.

QUESTION. 12. Other than some additional administrative costs, what other risks to taxpayers' funds would be involved in making flood insurance available to individuals who are willing to comply with relevant construction standards, regardless of what the community as a whole may elect to do?

ANSWER. Prudent flood plain management is intended by the Congress as the *quid pro quo* for the availability of the Federal subsidy for flood insurance. Thus, the economic justification for the extensive public subsidies which support the Emergency phase of the program will be the long range benefits resulting from sustained flood plain management which will protect new construction from the potential damages of future flooding and eventually make the program self-supporting.

To be effective, such prudent management, locally, of a community's special flood hazard areas must be comprehensive and applicable to every new structure built in such areas; otherwise, the efforts of the individual homeowner to protect his property might well be undermined by developers whose building activities would aggravate the local flood hazard thereby thwarting individual flood mitigation efforts.

We submit that to make flood insurance available to individuals in non-participating communities in exchange for the regulation of the individual's property of Federal land use measures, without the community's commitment to flood plain management, cannot work because the concept ignores the fact that it is the developer or builder who constructs buildings, not the individual. Our experience has taught us, unfortunately, that far too many developers purchase flood-prone land, build their subdivisions at low elevations, then transfer title to a potential flood loss to an unsuspecting buyer. At this point, the structure is completed and it is too late to monitor land use for the individual, except, ironically, with respect to a substantial re-construction following a catastrophic flood loss. The only time Federal land use could be implemented in such a way as to protect the individual from purchasing a structure constructed without regard to the flood hazard would be in the case (rare) of a builder seeking flood insurance to protect the property(s) in the course of construction. This implies he will elevate properly in return for a low premium and entails a massive Federal building department to review, monitor and implement a building code for flood-prone areas on a case-by-case basis—an unadministrable task at the Federal level and, again ironically, a task presently being performed at the local level right now by almost 7,000 participating communities. Your proposal would involve the Federal Government to a far greater degree than the Congress ever intended in enacting either the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973. Not only would such a procedure circumvent local authority but also provide no genuine protection to the taxpayer who would continue to subsidize the flood insurance coverage for property owners whose interests would not be adequately safeguarded against the building practices of those who would disregard the local flood hazard and actually aggravate the peril.

QUESTION 13. What reasons can the Agency advance to explain the low participation rate in this program?

ANSWER. The low percentage of structures whose exposure to flood hazards is actually covered by flood insurance may be explained by the following factors:

1. people do not voluntarily purchase flood insurance to protect their property;

2. the flood insurance purchase requirements are only applicable under certain circumstances and have been in effect only since March 2, 1974.

3. individuals are only required to purchase such insurance as a condition for Federal financial assistance or federally-related mortgages executed on and after March 2, 1974 and secured by improved real estate located in the special flood hazard areas of communities participating in the program;

4. current economic conditions have resulted in a constricted mortgage market and a virtual standstill in the construction industry.

Consequently, with fewer projects being built and fewer mortgage transactions being executed, the flood insurance purchase requirements are applicable only to a limited number of buildings. The figures contained in the answer to no. 10 reflect these factors. However, when the construction industry and mortgage market shall again enjoy more favorable commerce, the coverage by flood insurance of structures exposed to flood hazards will be proportionately higher.

Furthermore, in an effort to alert individual property owners of the benefits available under the National Flood Insurance Program, and assist communities in qualifying for the program by their respective deadlines, we have underway a national public information campaign aimed at getting these cities, incorporated villages and counties into the program on time. In addition, FIA is sending each of these communities a series of notices—90, 60, and 30 days in advance of the date by which they should have qualified for the program—reminding them of the need to become eligible and offering them the assistance of our field and central office staff.

In this connection, we submit that the rate of community participation in the program thus far is not in fact "low." On the contrary, over 50% of the flood-prone communities whose special flood hazard areas were identified before July 1, 1974, by FIA through the publication of maps had qualified for the program by March 31. (Your attention is specifically invited to answer no. 6.)

In addition, the volume of applications submitted by communities to our Office of Operations has increased from approximately 400—the monthly average in the past—to over 800 within the past four weeks. We can safely project also that the rate at which communities submit applications on a monthly basis will accelerate even further as the statutory deadlines approach thus enabling us to make flood insurance available to an overwhelming majority of the Nation's flood-prone communities by the prescribed dates. We anticipate that the few remaining communities will have qualified shortly thereafter and the approval of Federal or federally related financing for buildings in the identified areas of special flood hazards of these communities may be resumed on the respective dates of qualification.

We hope the foregoing is responsive to your inquiry. If we can be of further assistance, please let us know.

Sincerely,

J. ROBERT HUNTER,
Acting Federal Insurance Administrator.

Mr. ALLEN. Mr. President, will the Senator yield for a question?

Mr. PROXMIRE. Mr. President, on my time I yield to the Senator from Alabama.

Mr. ALLEN. Mr. President, I would like to ask the floor manager of the bill, the distinguished Senator from Wisconsin, a question having to do with flood insurance.

We have a situation in my home town, as a matter of fact, where, under the flood insurance program, it was necessary for the city government, in order to obtain flood insurance for areas above a stipulated flood line, to pass an ordinance which would zone the areas below that flood line against further building in that area. Is the Senator familiar with that situation?

Mr. PROXMIRE. Yes, that happens in a number of communities.

Mr. ALLEN. That would seem to place a hardship on the areas below this historic flood line. The Senator from Alabama would like to know if the Eagleton amendment would in any way prevent these inhibitions from going into effect.

Mr. PROXMIRE. May I say to the Senator from Alabama that there is nothing in the present law that prohibits buildings. It simply requires that they meet certain standards.

Mr. ALLEN. I understand that, but if a building is permitted below that line, then the city is not able to get flood insurance on the areas above that line, nor are they able to get Federal grants for public buildings.

Mr. PROXMIRE. Let me say to the Senator from Alabama that he raises a real problem, a legitimate question. This is the kind of thing that we should go into in hearings. We have had no hearings on this proposal. The Senator from Missouri did introduce this legislation. It is pending before the Housing Subcommit-

tee. We intend to hold hearings, and hold them promptly, to get into the kind of thing the Senator from Alabama raises.

Mr. ALLEN. Will the Senator from Wisconsin assure the Senator from Alabama that this matter will be heard promptly?

Mr. PROXMIRE. Yes. It will come before the subcommittee chaired by the Senator's colleague (Mr. SPARKMAN).

Mr. EAGLETON. Mr. President, I say to the distinguished Senator from Alabama that my amendment would be of direct relief to his hometown of Gadsden. That is just one of the thousands of communities that come under the gun on July 1, just a few weeks from now. It would permit a homeowner or a small businessman who wants to buy flood insurance and wants to comply with all of the restrictions to do so. My amendment would allow him to buy flood insurance and comply with the restrictions.

Come July 1, many homes and small businesses will be virtually worthless. There will be no one to sell them to. There is no bank or savings and loan institution that will lend them money on it. The law prohibits the lending of money on them.

I think that is criminal, Mr. President. It comes close to taking property without due process of law, to say to someone who wants to buy insurance and comply with all the restrictions, "Sorry, buddy, it is worthless; if you want to move to Florida or Hawaii, or if you die, that home is worthless, because no one can lend any money on it."

Mr. ALLEN. I see the Senator's point. I do not believe it touches the situation where a city has been restricted from zoning areas below a historic floodline for any building of any sort, a requirement of banning by the city of any building below that area in order to get insurance above the historic floodline.

Mr. EAGLETON. Mr. President, by way of consolation, I can only say that just as everyone has sympathized with me, I sympathize with the Senator from Alabama. We do not cover that situation by this amendment. I think it should be covered.

Mr. ALLEN. I thank the Senator.

Mr. PROXMIRE. Mr. President, let me say to the Senator from Missouri that there is no question but that there are communities that will be adversely affected, as there are under all comprehensive remedies of this kind.

We have been assured by the administration that they will negotiate, under those circumstances, as sympathetically as they possibly can. A second remedy, of course, is that we do expect to have hearings, and have them promptly, on the Eagleton bill. The Senator from Missouri has made a very strong case for that this afternoon.

I am sure there is merit in the Senator's position. But anything that affects this many communities and is this complicated should have a hearings record, so that the Senate could act intelligently and with more deliberation.

Mr. EAGLETON. May I ask my distinguished friend would he consider—and the ranking Republican on the committee would he consider—a 1-year delay of the guillotine coming down on the heads of those homeowners so that, I agree, we could have good, extensive, and thorough hearings, go into all of the complexities with which I dealt in my presentation, the problem of the distinguished Senator from Alabama, and give us some time? There is no feasible way, I say to my distinguished colleague, that hearings could be held between now and July 1 and pass both bodies of Congress and become law and be of any relief to thousands of homeowners and small businessmen to become effective.

I will ask him specifically could he give us a year's postponement so that these hearings could be held and a solid record built?

Mr. PROXMIRE. May I say to the Senator from Missouri I think a year would be too long. Our problem, you see, is that delay would destroy the momentum we feel we have built up in this program.

I say, we have 7,400 communities that have not qualified and coming in at a very rapid rate. There is every indication if we do not delay this program that is going to be effective on July 1 as far as 95 percent of the communities are concerned, and only a couple of hundred communities are likely to be lagging at the time of enforcement and, furthermore, delay would not only slow the present movement, but indicate possible continued inaction on enforcement in communities that have qualified.

Mr. BUMPERS. Mr. President, will the Senator yield for an observation? I would like to add my plea to the plea of the distinguished Senator from Missouri and say this: I think he has made a compelling argument. We have 223 communities in my State that will be forced to comply with the Flood Control Act, and only 60 so far have come into compliance, and some more will undoubtedly and many more will not. Some will not because of their own lethargy and inaction, and others will not because they simply cannot comply by July 1.

I would strongly plead with the manager of the bill to extend it for not less than 6 months to a year, if the distinguished Senator was willingto cut his bill back, say, to a year, because I have the distinct feeling—as a matter of fact, I feel certain—that unless the managers of the bill agree to this amendment, this bill is probably going to be defeated.

The PRESIDING OFFICER (GARY W. HART). The 15 minutes of the Senator from Wisconsin have expired.

Mr. PROXMIRE. I yield myself 5 minutes more.

Mr. BUMPERS. I apologize, I did not intend to use up the Senator's time.

I just want to add my plea to that of the distinguished Senator from Missouri. If we do not have 6 months—I hope at least a minimum of a year—for this bill to be effective, the damage is going to be very bad.

Mr. PROXMIRE. May I say to the Senator from Arkansas and to the Senator from Missouri I think this is a situation where they have a very substantial argument. I would like to appeal to them to permit the committee to hold hearings promptly and to determine whether or not we should delay the program for 6 months, possibly longer. But, I think, 6 months would enable us to do the job, that that would be one consideration.

I would not want to make any commitment. Of course, I only speak as one member of the committee, but I would be very sympathetic to some kind of compromise of that kind although, as I say, I am also aware, as I think we all are, of the fact that it is only the deadline and the sanctions that have achieved compliance. There has to be pain here in order to get this job done, and we have to exert this kind of discipline if we are going to do it.

But I would certainly consider that and consider it sympathetically in hearings that we hold promptly.

Mr. BUMPERS. I strongly supported the initial act, and resisted many projects in my own State because of the cycles that always took place. We channelize, the flood plain recedes and people build further, and then the rain comes along, and there is a hue and cry to channelize.

I remember when I was Governor of my State, the Governor of Ohio took a very dramatic step in saying that he would not approve any Corps of Engineers projects in his State until the entire State was zoned according to the flood plains that then existed. I admired him very much for that. I never took quite that strong a step, but I sympathized with it, and I resisted many Corps of Engineer projects because of their assignments.

Because of the inaction of their city council or their county government people are penalized not only by not being able to sell their homes, but, of course, as you know, this goes to both earthquake and tornado relief. If a city in Arkansas which had not zoned in accordance with the mandate of the Flood Control Act had a tornado or an earthquake, which is totally irrelevant to the purpose of the Flood Control Act, they would not come under the bill and without the distinguished Senator from Missouri's amendment be eligible for Federal relief.

Mr. PROXMIRE. May I say to the Senator from Arkansas that the delay would be one very strong consideration, one possibility, one option.

Another would be the possibility of a step-by-step case-by-case waiver authority on the part of the administrator.

That may not be satisfactory, but that is the kind of consideration, I think, that the committee should give to this situation, and I do hope that rather than act today on the Eagleton amendment and, perhaps, enact it into law in the next couple of weeks, that we have an opportunity to have hearings very promptly in the committee on this and act on a record and bring it to the floor promptly.

Mr. EAGLETON. Mr. President, will the Senator from Wisconsin yield me an additional 5 minutes?

Mr. PROXMIRE. Yes, indeed.

Mr. EAGLETON. First, I ask unanimous consent that the yeas and the nays on my amendment be vitiated.

The PRESIDING OFFICER. If the amendment is withdrawn, the yeas and nays would be vitiated.

Mr. EAGLETON. I then ask unanimous consent to withdraw my amendment.

The PRESIDING OFFICER. Is there

objection? The Chair hears none, and it is so ordered.

Mr. EAGLETON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

At the appropriate place in the bill insert the following new section:

SEC. . Section 202 of the Flood Disaster Protection Act of 1973 is amended by striking out "July 1, 1975" each place it appears and inserting in lieu thereof "January 1, 1976."

Mr. EAGLETON. Mr. President, this amendment is very simple. It would call for a 6-month extension of the guillotine deadline that is rapidly approaching many homeowners in Arkansas, Missouri, indeed in all of the 50 States.

It would give the Banking, Housing and Urban Affairs Committee, chaired by my distinguished colleague from Wisconsin, time to hold the hearings he has indicated he wishes to hold, an opportunity to report a bill, if he deems one needs to be reported, and to give some temporary relief to many innocent well-meaning people who are going to really lose their homes and lose their businesses in practical effect come July unless they are given some relief.

Mr. PROXMIRE. May I say to the Senator from Missouri I am very, very reluctant to accept that amendment. But, under the circumstances, in view of the fact that there are a number of communities—I think probably hundreds of communities—that would be adversely affected, and he has limited his amendment, as I understand it, to 6 months——

Mr. EAGLETON. Six months.

Mr. PROXMIRE. Under those circumstances, if the distinguished ranking minority member is willing, I would be willing to accept the amendment.

Mr. TOWER. If the Senator will yield to me, Mr. President, I am prepared on behalf of the minority to accept the amendment of the Senator from Missouri, but I think that, however, this does not vitiate the fact that we should hold oversight hearings.

Mr. PROXMIRE. That would be one of the purposes for accepting it so that we could hold hearings promptly on the Eagleton bill, and we intend to do that.

Mr. EAGLETON. I thank the Senator from Texas. He is eminently correct. The 6-month extension is in order to hold the kind of hearings that should, in all wisdom, be held.

Mr. McINTYRE. Mr. President, I wish to express my support for Senator EAGLETON'S efforts to ease some of the sanction provisions of the Federal flood insurance amendments passed last year.

Federal flood insurance legislation is another example of overzealous actions by the Federal Government. We have seen the chaos and outrage brought about by the Occupational Safety and Health Act. The flood insurance program presently structured is rapidly heading in the same direction.

The Federal Government has for many years offered subsidized flood insurance. This program was never successful, not necessarily because it was voluntary, but because it was never explained, understood, or adequately publicized. A voluntary program will certainly not enjoy large participation if few people know about it. This was the fault of the Federal Government, not local communities.

Congress perhaps overreacted, partly due to the frightening damage brought about by the floods of Hurricane Agnes, and partly out of frustration over the failure of the voluntary program. The mandatory program presently in operation not only encourages participation, but coerces it. The legislation as presently written includes provisions which may constitute the taking of an individual's property by rendering it worthless or unmortgageable without flood insurance. This is too much.

My distinguished colleague, the junior Senator from Missouri (Mr. EAGLETON) is proposing two amendments—one of a substantive nature and one which would allow more time for cities and towns to judge the merits of the flood insurance program and make a reasoned judgment on entering.

I have spoken with many citizens in New Hampshire regarding the flood insurance program. Concern has been expressed about the need to protect property from flood damage, but the meritorious purpose of the program may be overshadowed and thwarted by the difficulties communities are having in understanding the mechanics of the program. I have received numerous questions on how the program works, as well as who must apply and why. The maps provided to each town often have grievous errors. Half of one of the largest lakes in New Hampshire was left out of the map sent to one town—apparently due to carelessness. Communities do not know how to amend these maps or if this amendment process can be accomplished by the time the sanctions are due to begin on July 1 of this year. Deep resentment has been expressed over the severe sanctions, particularly those involving the denial of commercial mortgage money and the forced land use and zoning regulations imposed by the Federal Government on local communities. Under the present law, all individuals would be jeopardized if a town chose not to join the insurance program.

I strongly support a sound flood insurance program—one which offers adequate coverage and which cities and towns want to participate in. Senator EAGLETON'S efforts would, in effect, encourage greater participation by offering a more reasonable flood insurance program. His proposal would also give cities and towns more time to understand this complex program. Local communities could then enter the plan not because they have their backs to the wall but because they want to protect themselves from the disastrous and often tragic ravages of floods.

Mr. DOLE. Mr. President, I am giving my support to this amendment offered by the distinguished Senator from my neighboring State of Missouri (Mr. EAGLETON), because I believe it will provide for a more reasonable and practical administration of the Flood Disaster Protection Act of 1973.

The Department of Housing and Urban Development has identified thousands of communities across the Nation which contain so-called flood-prone areas within their boundaries. In my own State of Kansas, 284 communities have been so identified; by definition, this designation indicates that those areas have a chance of being flooded at least once every 100 years.

PRESENT LAW

The National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973 established a national insurance program as a means of protection against flood damage for those residents living within the identified hazard areas. This form of protection is relatively inexpensive and is now available to many who might otherwise be unable to obtain adequate flood insurance from commercial dealers.

Yet, to date, participation in the national flood insurance program has been pitifully inadequate. By law, communities as a whole must agree to participate before local residents are eligible for this Federal protection. But nationwide, only 38 percent of identified communities have enrolled in the insurance program.

In Kansas, only 21 percent—61 out of 284 communities—had joined the program as of the end of March 1975. Serious problems exist in administration of the act, and the statistics prove the point. What could otherwise be a useful and productive program is now floundering in the deficiencies of its own provisions.

PENALTY DATE APPROACHING

Even more critical is the fact that those designated communities and their residents which have not enrolled by July 1 of this year, or within 1 year of their official notification, will be subject to strict penalties. Individuals without flood insurance who live in the hazard areas will immediately become ineligible for FHA or VA mortgages, loans from the Small Business Administration, or loans from federally regulated banks and savings and loan institutions.

What this means, simply, is that it will be impossible for any such homeowners or businessmen to obtain a loan for structural expansion improvement, or for a mortgage on the property. This penalty takes effect regardless of the fact that the resident may be ineligible to purchase Federal insurance, because the community as a whole has not enrolled in the program.

The community, in turn, may be unable to participate for various reasons, and required land-use regulations may be impractical or unacceptable in terms of local circumstances. I have even heard from many Kansas community leaders who find it difficult or impractical for the area as a whole to comply, because of economic and social costs involved.

Many Kansas citizens living within identified flood prone areas have also expressed their dissatisfaction and frustration over discovering that their property has been given a label of inferiority which can make it virtually worthless for future improvement or sale, if insurance is not purchased. Some of these persons have never seen a flood in their area, nor will they likely see one during their lifetime.

CORRECTIVE CHANGES NEEDED

This amendment, of which I am a cosponsor, will eliminate some of these

problems through corrective changes in the national flood insurance program. It will do this by specifically repealing that provision of the act which prohibits commercial bank credit in flood designated areas.

It will also make flood insurance available to all affected residents who wish to comply with HUD land-use regulations regardless of what the rest of the community may choose to do. And it will, in addition, insure that nonparticipating communities are not penalized by loss of Federal disaster relief assistance for tornadoes, earthquakes, or other disasters not related to floods.

These changes will not defeat the purposes nor hamper the administration of the national flood insurance program. A community or individual resident will still be ineligible for Federal construction assistance and flood disaster relief unless flood insurance is purchased.

Since the July 1 deadline is drawing near, it is particularly important that Congress take steps at this time to correct those provisions of the National Flood Insurance Act which would place harsh and unfair penalties upon those who cannot practically join the program or who do not wish to do so. For that reason, I urge my colleagues to join me in adopting this modified proposal.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. EAGLETON. I yield back my time.

Mr. PROXMIRE. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was agreed to.

Mr. STEVENSON. Mr. President, I have an amendment at the desk which I call up.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

At the end of the bill, insert the following: "Section 405. Section 518(b)(1) of the National Housing Act, as amended, is further amended by striking the words "one year" therein and inserting in lieu thereof the words "nineteen months".

Mr. President, this amendment extends the period for homeowners to claim compensation for the repair of structural or other serious defects which FHA should have but failed to discover in the course of its mortgage insurance inspection.

Last April, Congress passed legislation authorizing such compensation and giving homeowners a full 12 months to make their claims, but HUD took 7 months to issue implementing regulations and homeowners are now left with only 5 months to make their claims.

The full year which Congress intended for homeowners to make their claims has been frustrated by delay in the implementation of this law.

This amendment, Mr. President, is intended simply to fulfill the original intention of the Congress by giving such homeowners 1 year to make their applications for reimbursement for structural defects.

The PRESIDING OFFICER. Will the Senator suspend until the Senate is in order, please.

The Senator from Illinois.

Mr. STEVENSON. Mr. President, this, too, like the amendment offered by the Senator from Missouri, is intended to extend an application for filing deadline. I have discussed it with the distinguished manager of the bill and I am hopeful that he and the distinguished Senator from Texas will see fit to accept the amendment.

Mr. PROXMIRE. May I say to my good friend from Illinois that I think this is a sensible and desirable amendment.

Congress enacted the Stevenson amendment provision into law with the understanding there would be a full year to enable the law to work. It has taken HUD 7 months in order to draft the regulation. Therefore, the effect of the legislation would only be for 5 months.

All the Senator from Illinois is asking in this proposal, as I understand it, is to make it an effective 12 months.

That makes sense to me. I think it is logical. For that reason, I am happy to support the amendment.

Mr. TOWER. Will the Senator yield?

Mr. STEVENSON. Yes.

Mr. TOWER. On behalf of the minority, we are happy to accept the amendment.

Mr. STEVENSON. I thank the Senator from Texas.

The PRESIDING OFFICER. Do all Senators yield back their time?

Mr. STEVENSON. I am prepared to yield back the remainder of my time.

Mr. PROXMIRE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

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

Mr. TOWER. Mr. President, I ask unanimous consent that the time consumed be charged to neither side.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. 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. JAVITS. Mr. President, I send an amendment to the desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 7, lines 13 and 16, insert the following language after the word "insurer" "or public benefit corporation created by the State which acts as an insurer."

The PRESIDING OFFICER. The Chair inquires of the Senator from New York as to whether or not this is the amendment on which there is an hour limitation?

Mr. JAVITS. No, this is not. This is an amendment under the normal procedure on this unanimous consent.

The PRESIDING OFFICER. Therefore, it will be 15 minutes to a side.

Mr. JAVITS. Mr. President, I hope very much that the managers of the bill may be able to accept this amendment because it carries out the fundamental thrust of the bill, but deals with a particular local situation which we have in New York and which requires this amendment in order to enable New York to have the same benefit as every other State regarding this particular proposition.

REMIC, a public benefit corporation established by the State of New York in 1973, is enpowered to provide mortgage insurance to encourage the flow of private mortgage funds aimed at conserving or rehabilitating the existing housing stock in neighborhoods the city designates or neighborhood preservation areas. Unfortunately the combination of the widespread lack of mortgage credit and continued high interest rates on these types of mortgages has precluded the implementation of the program.

The provisions of section 107 of S. 1483 to extend coverage to conventionally financed, multifamily housing, coupled with existing authority to permit a portion of the GNMA purchase authority for existing dwellings—section 313(e)—would permit REMIC to insure preservation or rehabilitation mortgages, and thus encourage the flow of private mortgage funds for this purpose and permit refinancing and rehabilitation without undo rental increases to the low- and moderate-income families now residing in this housing. Key to REMIC's participation in this expanded program is an administrative determination to allocate a portion of any available contract authority for the purchase of mortgages on existing properties. It is hoped that the legislative history concerning section 107 of S. 1483 will make it clear that it is the congressional intent to encourage the use of these funds when it will bring about neighborhood conservation or revitalization.

Many Members, I know, are well acquainted with New York City and will follow even the neighborhood concept which I will describe—for example, we have a very grave slum situation in an area called the South Bronx, one of our boroughs, residential boroughs.

Immediately contiguous to the South Bronx is a very fine old neighborhood which surrounds New York University. It is called University Heights.

This concept which I have described would apply to that particular neighborhood preservation. In other words, preserving the neighborhood next to the slum area in order to avoid the slums extending further than they already do while we work at it, and there is a great deal being done in the South Bronx improving that particular area.

So it is a very desirable concept.

In our case—that is, in the case of the State of New York—we have an insurer, which is a nonprofit State-sponsored agency, rather than a private insurer.

Yet the use of the words in the bill, page 7, line 16, "qualified private insurer" we believe might not include this public benefit corporation although it is not clear that it would not include it. In order to clarify the situation, my amendment has been introduced. I have

discussed it with the managers of the bill, and I hope very much they may look sympathetically upon it.

Mr. PROXMIRE. Is it the intent of the Senator from New York that the Secretary of HUD has the authority to determine whether or not a public benefit corporation is, in fact, qualified? Does the Secretary of HUD have the authority to make that finding?

Mr. JAVITS. Absolutely. That is our intention. The Senator will note that in the preceding section the statement is "private insurer as determined by the association." That is GNMA, itself.

Mr. PROXMIRE. And that clause would also apply, then, to the public benefit corporation?

Mr. JAVITS. Yes. As a matter of fact, if the Senator thinks it desirable, we will insert the same language there, though I do not think it is necessary.

Mr. PROXMIRE. As I understand it, the way the Senator has worded his amendment, it would be automatically applied, is that correct? It would have to apply because the qualifying clause is "public benefit corporation" and so forth, and then "as determined by the association."

Mr. JAVITS. As determined by the association, right.

Mr. PROXMIRE. I have no objection to the amendment.

Mr. TOWER. On behalf of the minority, we have no objection.

Mr. JAVITS. I thank my colleagues. I yield back the remainder of my time.

Mr. PROXMIRE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New York.

The amendment was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. PROXMIRE. Will the Senator yield?

Mr. CRANSTON. I yield.

Mr. PROXMIRE. I promised the distinguished Senator from Iowa that at this time we would give him 5 minutes, if there is no objection.

Mr. JAVITS. May I ask the Senator to yield so I can get squared away with Senator CRANSTON? I have another amendment, No. 375. I would be glad to yield to the Senator from California, however.

Mr. PROXMIRE. No, to the Senator from Iowa. The Senator from Iowa wanted to make a short statement on another subject, if that is agreeable.

Mr. CRANSTON. If the Senator from New York has another amendment, he may go ahead.

Mr. JAVITS. No, I will yield.

Mr. PROXMIRE. I yield 5 minutes on the bill to the Senator from Iowa.

EVACUATION OF U.S. CITIZENS IN SOUTH VIETNAM

Mr. CLARK. I thank the Senator from Wisconsin for his generous offer to allow me 5 minutes to discuss the most recent news regarding the evacuation of American citizens in South Vietnam.

Mr. President, yesterday we spent 7 hours here discussing the evacuation of U.S. citizens and their dependents from Saigon and the President's authority to use military force in that evacuation. Time after time in that debate, questions were raised about the speed and efficiency of the evacuation, about the need for a plan, about the urgency of cutting the number of Americans and their dependents in South Vietnam as quickly as possible. And everyone agreed that the evacuation should be accelerated because, as the North Vietnamese net draws closer around Saigon, the danger to the remaining Americans grows by the hour. And so does the difficulty of getting them out—without a massive reinvolvement of U.S. military forces.

When the Senate agreed to the Vietnam Contingency Act of 1975 late yesterday, it did so on the assumption that the evacuation of U.S. citizens and dependents was being accelerated. But now it seems that assumption was a mistake.

Today's report on the number of Americans and dependents being evacuated from South Vietnam is very disturbing. The White House has not fulfilled its own public promise to reduce the number of U.S. citizens to 1,500 by last Tuesday night. Now, almost 1,700 American citizens remain in Vietnam, and when the Vietnamese dependents of these Americans are added, the size of the American community that must be evacuated grows to over 2,200.

For some unknown reason, the administration seems to have slowed the evacuation. Yesterday, only about 150 Americans and less than a hundred of their Vietnamese dependents left South Vietnam. This is the smallest number since the initial April 18 acceleration of the airlift. Yet the military situation is more tenuous and the threat to American lives more real than ever before.

I cannot understand why the evacuation is proceeding so slowly or why the administration is taking such great risks with American lives. Thousands of South Vietnamese are being brought out of the country every day to the Philippines and Guam. It is clear that the United States has the physical capacity to evacuate thousands of people. Why are so many U.S. citizens and their dependents still there?

Some have argued that an evacuation of American citizens from Saigon would cause widespread panic. But, thousands of South Vietnamese are being taken out of the country without any panic, and certainly the flight of high-ranking Vietnamese officials would be more a cause for concern among the residents of Saigon than the departure of foreigners.

The longer the Americans remain in South Vietnam, and the larger their numbers, the greater the chances are that a sizable American force will have to be used to evacuate them at the last minute.

A large-scale, last-minute evacuation would pose a tremendous threat both to the lives of American civilians and to the forces that were sent in to protect them. The chances for military reinvolvement are too high, and that reinvolvement is not limited in size or duration by the legislation we approved yesterday.

A large-scale U.S. military involvement in the last days of the Vietnam war must be avoided. The number of Americans in South Vietnam must be reduced now—to a point where they can be brought out in a single, relatively short operation. It is clear that this can be done, and no good reason has been given for leaving 1,600 Americans in South Vietnam. By the administration's own admission, perhaps only 500 of those Americans are necessary or essential.

I understand and sympathize with the President's desire for evacuating South Vietnamese whose lives are threatened. I support it. But the United States must first take care of the Americans remaining in South Vietnam. I call on the President to evacuate all but those essential to an American withdrawal. Certainly he owes us an explanation of why that is not taking place.

If the administration is concerned about the lives of hundreds of thousands of South Vietnamese, and we certainly should be, the best policy would be to encourage a negotiated settlement. The President himself has admitted that negotiations are the only way to save these lives. The PRG has made it clear that a large American community in South Vietnam is one of the greatest barriers to negotiations. A massive U.S. military effort to evacuate either Americans or South Vietnamese would do even greater damage to the effort to negotiate the peaceful evacuation of large numbers of people.

Mr. President, a House-Senate conference on this legislation will be meeting at 2 o'clock. As a member of that conference committee, I will make every effort to insure that the Congress insists on the immediate evacuation of all but the essential mission personnel in Saigon. With so many lives at stake—and the prospect of military involvement hanging in the balance as well—we cannot afford to wait any longer.

I thank the Senator from Wisconsin for his generosity in giving me this time.

EMERGENCY HOUSING ACT OF 1975

The Senate continued with the consideration of the bill (S. 1483) to provide for greater homeownership opportunities, to stimulate housing production and employment in the housing industry, to provide for the promulgation of building energy conservation standards, and for other purposes.

AMENDMENT NO. 375

Mr. JAVITS. I call up my amendment No. 375.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment as follows:

The Senator from New York (Mr. JAVITS) proposes an amendment No. 375, at the end of the bill add a new section.

The amendment is as follows:

At the end of the bill on page 30 add the following new section:

SEC. 404. Section 236 of the National Housing Act, as amended, is hereby amended by adding a new subsection (q) reading as follows:

"(q) With respect to mortgages financed under State or local programs which are not insured under this section but which are receiving the benefits of this section as provided in subsection (b) hereof, the rental charge and percentage of income payable by the tenant as specified in subsection (1) (2), shall not be applicable, and the maximum income limitations, percentage of income, and rental to be paid by the tenant shall be fixed by the State or local agency thereof providing the mortgage assistance, in such amounts and percentages as are found necessary by such State or local agency to achieve the purposes of this section: *Provided*, That assistance payments under this section may be applied only with respect to tenants whose incomes do not exceed the median family income for the area, as determined by the State or local agency with adjustments for smaller and larger families. The tenants shall pay no less than the basic rental charge or such greater amount as the State or local agency determines is necessary for the economic feasibility of the project, not exceeding the fair market rental charge, and no less than 20 per centum of the tenant's income. Any tenants occupying such units prior to any modification in the rental charge approved by the State or local agency as authorized herein, shall not be made liable for rental increases except pursuant to the same criteria as would have been applicable under the provisions of this Act prior to the effective date of this subsection. The State or local agency shall report to the Secretary of Housing and Urban Development the rental charges, income limitations, and percentage of income payable by the tenant and shall certify that the charges and income limitations are the minimum amounts which can be fixed and still maintain the economic feasibility of the projects and shall supply the Secretary with documentations supporting such certification.

Mr. JAVITS. Mr. President, I am very hopeful that this amendment will only take 5 or 10 minutes.

The amendment which I have introduced would give the States and local agencies more flexibility to administer their State housing programs. It would authorize the State or local agency to set the maximum income limits and the percentage of income paid by the tenant in those State-financed housing projects which are receiving section 236 housing assistance payments. It is important to recognize that these mortgages are not insured by FHA and the only HUD function is providing the interest reduction payment.

What is here proposed is consistent with the Housing and Community Development Act of 1974. It brings back to the local area the responsibility for determining those who are eligible for the subsidized rental accommodations, so long as the family income does not exceed the median income in the area. Thus, it will make it possible for the State and local agencies to create rental structures which are consistent with the communities' housing needs and housing plans.

This will not result in any added expenditure by the Federal Government. The interest reduction contracts and subsidy payments are fixed amounts and would in no way be modified by this amendment. It would also mean that the tenant would have to pay at least the basic rental, unless rent supplement payments had also been authorized for the low-income families, and a minimum of 20 percent of the family income. Furthermore, the tenant would not have to pay in excess of the fair market rental which gives no effect to the subsidy payment.

By giving the State and local agencies this added flexibility, it will be possible for them to approach the matter on a project-by-project basis and to adapt housing projects to meet the community needs in a much more refined manner. In order to make certain that none of the present tenants are affected, the amendment would prohibit any increases as to them, except pursuant to the same criteria under which they presently are liable for rental increases. As an additional safeguard, the State or local agency will be required to certify to HUD that the income limits and rentals are the lowest which can be fixed for maintaining economic feasibility of the project.

The ability to match the availability of housing to the tenant demand in the particular community will also go a long way toward reestablishing the viability of State housing projects which are experiencing financial difficulties. This will allow the State or local agency an opportunity to eliminate vacancies due to lack of eligible tenants and bring the mortgages out of their financial straits. It will help reestablish the credibility of the State or local agency funding of housing projects on which our current housing programs for disadvantaged persons are so heavily dependent. And all of this would be done at no added cost to the Federal Government.

In this particular case I am dealing with the so-called UDC, which is a very large housing agency authorized by the State of New York, building projects throughout the State. By this amendment, the agency, within certain restraining limits and under certain limitations, will be able to set the income limitations for tenants rather than as the matter is now. This is either that they are automatically set or that they are set on a national basis by HUD. The important point here which dictates what we are proposing, Mr. President, is that in the State of New York we have obviously very different income situations from what exists generally throughout the United States.

In New York, this amendment would be especially helpful to the Urban Development Corporation. The UDC, through its chairman, Mr. Ravitch, has been in conference with HUD, through our new Secretary, Mrs. Hills; and the result of that conference as yet has been indeterminate. That is, HUD is interested in being—indeed, anxious to be—of assistance in this matter but has not yet determined whether it can be done administratively, whether it takes an amendment to the law, and if either is the case, just what form the assistance they can render should take.

Therefore, I have discussed the situation with the mangers of the bill and I hope we can find it possible to take this matter to conference. It would be understood that the fate of the amendment in conference will depend upon the views of HUD, but at least the vehicle will be there, so that if the conferees decide with HUD that this is a desirable assistance, then they may do something with the amendment. If they do not, if HUD turns against it, or if the conferees decide that it is imprudent in the light of the results of these discussions, they will drop it.

I make that clear so that the conferees do not feel that they have been hooked into some amendment that will cause them problems. My purpose is solely to have a vehicle before the conferees, so that if relief is indicated, they will be in a position to give it.

Mr. PROXMIRE. Mr. President, I say to the distinguished Senator from New York that the amendment has merit and I am inclined to accept it. I have a couple or difficulties with it.

One difficulty I have is that it redirects assistance to middle-income families which have a higher income than those we generally try to assist. The median level is a higher standard—at least, it permits it to go to a higher level of income than the 20 percent below median, or other standards, we have set in the past, as the Senator from New York knows.

I am very much aware of the fact that New York does have special problems, however.

I suggest that we try to limit this amendment on the floor of the Senate, rather than wait for the conference to do it, and limit it in the following way: I suggest, on page 1, line 7, after the word "hereof," adding the following:

and whenever the Secretary determines that the State or local agency providing such financing is in serious financial danger.

This would mean that we would provide this kind of assistance in critical situations on relatively rare occasions. I think it is necessary to have that limitation, especially in view of the fact that this is an amendment which does seem to go a little further in helping people with incomes that are substantial, relative to incomes elsewhere in the Nation.

Mr. JAVITS. Mr. President, that is entirely satisfactory to me. We are trying to design a way of reaching a situation. So I modify my amendment accordingly.

The PRESIDING OFFICER. The amendment is so modified.

The modified amendment is as follows:

SEC. 404. Section 236 of the National Housing Act, as amended, is hereby amended by adding a new subsection (q) reading as follows:

"(q) With respect to mortgages financed under State or local programs which are not insured under this section but which are receiving the benefits of this section as provided in subsection (b) hereof and whenever the Secretary determines that the State or local agency providing such financing is in serious financial danger, the rental charge and percentage of income payable by the tenant as specified in subsection (1) (2), shall not be applicable, and the maximum income limitations, percentage of income, and rental to be paid by the tenant shall be fixed by the State or local agency thereof providing the mortgage assistance, in such amounts and percentages as are found necessary by such State or local agency to achieve the purposes of this section: *Provided*, That assistance payments under this section may be applied only with respect to tenants whose incomes do not exceed the median family income for the area, as determined by the State or local agency with adjustments for smaller and larger families. The tenants shall pay no less than the basic rental charge or such greater amount as the State or local

agency determines is necessary for the economic feasibility of the project, not exceeding the fair market rental charge, and no less than 20 per centum of the tenant's income. Any tenants occupying such units prior to any modification in the rental charge approved by the State or local agency as authorized herein, shall not be made liable for rental increases except pursuant to the same criteria as would have been applicable under the provisions of this Act prior to the effective date of this subsection. The State or local agency shall report to the Secretary of Housing and Urban Development the rental charges, income limitations, and percentage of income payable by the tenant and shall certify that the charges and income limitations are the minimum amounts which can be fixed and still maintain the economic feasibility of the projects and shall supply the Secretary with documentations supporting such certification.

Mr. PROXMIRE. With that modification, Mr. President, I am happy to support the amendment.

Mr. TOWER. Mr. President, on behalf of the minority, I am also prepared to support the amendment of the Senator from New York.

Mr. JAVITS. I thank my colleagues very much.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. DOLE). The question is on agreeing to the amendment of the Senator from New York, as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. Who yields time?

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an amendment as follows: Amend title II, section 207(2)(B), page 13, lines 15 and 16, strike "$42,000" and "$48,000" and insert in lieu thereof "$48,000" and "$56,000", respectively.

Mr. CRANSTON. Mr. President, I have two amendments. This one, I offer jointly with the Senator from New York (Mr. JAVITS).

This amendment increases the overall mortgage amount in title 2 of the bill from $42,000 to $48,000 and from $48,000 to $56,000 in high-cost building areas.

I will give a few examples from my State, but there are similar examples elsewhere. The median income for Los Angeles is $14,185. Homeowners eligible under this bill, in this area, based on the formula in the bill of 120 percent of the median income, qualify for this program if they have incomes up to $17,022. Therefore, a buyer with this income level qualifies for a home up to 2.5 times his income level, or up to $42,500. That is slightly above the $42,000 martgage limit presently in this bill. In many other areas, the median income is much higher.

For example, in the San Francisco-Oakland area, it is $15,555; in the Anaheim-Santa Ana area, it is $15,593. This high median income level would justify the middle-income purchaser for an even higher mortgage amount above the limits that are in this bill. The mortgage limits are too low to permit such families to participate in areas where only higher priced houses are available for purchase.

I am opposed to encouraging the building of higher and higher cost housing, but we face a dilemma here. We all know that inflation has taken its toll in the home building industry, and many families who want homes are priced out of the market. We would be doing a disservice by passing a bill for the middle-income home buyer and making the mortgage limits so low that he cannot purchase a home in the range for which his income qualifies him.

In addition, the median sales price of houses in my State is higher than the mortgage limit in this bill, further limiting the availability of housing to the middle-income buyer. The median sales price for new, single-family homes in 1975, in Los Angeles, is $52,535; in San Francisco, it is $48,640—both of which are higher than the mortgage limits in this bill.

Mr. President, I ask unanimous consent that a table showing the median sales prices of houses for standard metropolitan areas in the country be printed in the RECORD.

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

MEDIAN SALES PRICE—NEW ONE FAMILY HOMES SOLD IN 17 SMSA's, 1ST QUARTER 1975

Metropolitan area	Average sales price 1st quarter 1975 [1]	Median sales price 1st quarter 1975 [2]
Atlanta	$51,800	$49,210
Baltimore	46,500	44,175
Chicago	48,800	46,360
Cleveland	48,500	46,075
Dallas	50,500	47,975
Denver	44,200	41,990
Detroit	50,400	47,880
Houston	48,800	46,360
Los Angeles-Long Beach	51,200	48,640
Miami	47,100	44,745
Minneapolis-St. Paul	57,300	54,435
New York	54,300	51,585
Philadelphia	45,400	43,130
St. Louis	43,900	41,705
San Francisco-Oakland	55,300	52,535
Seattle	40,900	38,855
Washington, D.C.-Maryland-Virginia	53,500	50,825

[1] Office of Economic Research, Federal Home Loan Bank Board, monthly news release, "Average Contract Interest Rates."

[2] Calculated by Economics Department of National Association of Home Builders, based on 5 percent difference between national average sales price and median sales price, fourth quarter 1974 (latest data available), from the Bureau of the Census, U.S. Department of Commerce, (a) average price: "Construction Reports, Price Index of New One Family Homes Sold," series C27 ,(b) median price: "Construction Reports, New One-Family Homes Sold and For Sale," series C25.

[3] Average of 1st 2 mo. in quarter.

Note: 1st quarter 1975 data from the Census Bureau are not available.

Mr. CRANSTON. Mr. President, as I said at the outset, I have given examples from circumstances in California; but similar conditions prevail in a great many other States, so I hope the amendment will be accepted by the committee.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. CRANSTON. I am delighted to yield to my cosponsor.

Mr. JAVITS. I thank my colleague.

I thank the Senator very much for carrying the ball on this important amendment.

Again, it is a recognition of the nature of our country, of its economic topography. In New York, our limit, for the same kind of house that would be $42,000 elsewhere, is over $50,000. It is simply a fact of life which we have to live with. We should not feel that New York is, therefore, cut out of these programs because of limitations which do not relate to the economic facts. I hope very much that the amendment will be favorably received.

Mr. PROXMIRE. Will the Senator yield?

Mr. JAVITS. I am happy to yield.

Mr. PROXMIRE. Mr. President, I am very reluctant about this amendment. I think it makes sense in California and in New York. The difficulty with this is that what we are providing entitlement to is 6-percent money. We are providing a real bargain for people to buy homes. We have a limit of only 400,000 homes that we are going to subsidize in this way. I think it is a tremendous help to building housing, but I think, in view of the fact that there are literally millions of families who want to buy homes, that we should do our best to provide those homes to those who are going to buy modestly priced homes and, obviously, are in modest income circumstances. For those reasons, I am very, very reluctant.

I did talk to the Senator from California. I told him that I was willing to take it to conference and I shall do that. I shall keep my promise. But I must say, I am somewhat concerned at what the attitude of the House is likely to be. They have been very firm on these limits. I realize that in California and New York and a few other States, it is very difficult, but they voted on this bill and passed it by 2½ to 1. I am afraid that if we go ahead with a bill that provides assistance of this dimension, a 6-percent mortgage when the average rate now is 9 percent, for homes that cost up to $48,000, we shall be subject to criticism for that reason. While I am happy to take it to conference and I shall do my best with it, I am concerned that we may have to compromise the amendment.

Mr. CRANSTON. I appreciate the concern of the chairman. I recognize the validity of being worried about prices of homes getting this high. I think we have to find a solution to that problem, but while looking for that solution, I appreciate the willingness of the chairman to accept this amendment.

Mr. TOWER. Will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. Yes, I am happy to yield to the Senator from Texas.

Mr. TOWER. I feel constrained to oppose this amendment for the very reasons that have been recited by the Senator from Wisconsin. I think the amount is much too high. I know that in Texas, where I live, my own home is about a $35,000 home and I do not think that people who are in the middle-income brackets should be subsidized by all of the taxpayers. I think the Senator will find that if we were to submit that provision to a plebescite of all the homeowners in this country, it would be overwhelmingly defeated. There would be a resentment among a lot of homeowners that people of comparable income would be receiving interest rate subsidies' subsidized interest rates. I think we com-

pound that problem when we set this figure that high.

This is symptomatic of what too often happens to our housing measures. We start off trying to provide housing for low-income people and inevitably, the income limits are increased to the extent that they are not benefitting the low-income people at all, but middle-income people. I have always been concerned about homeownership for low-income families; I am one of the principal sponsors of homeownership for low-income families, but I think we are getting way out of range. I think our housing program should be designed to help the low-income family and lower middle-income families. I think this is much too high and for that reason, I oppose it.

Mr. CRANSTON. Mr. President, I agree that our efforts must be on assisting those in the low-income brackets with programs that will meet their needs. However, this is not a low-income housing bill, it is a middle-income housing bill, to deal with the problems of the recession, to get home building back on its feet that means so much to the welfare of our economy generally, and to help some middle-income families that presently simply cannot qualify for homes obtain housing. This amendment is designed to make sure that the intended beneficiaries can take advantage of this program. I urge its adoption.

Mr. PROXMIRE. Will the Senator yield?

Mr. CRANSTON. Certainly.

Mr. PROXMIRE. As I understand it, the House bill has a provision that only 10 percent of the units can be classified as high cost. If the conferees decide to hold on to that particular provision, there would be a reasonable limitation on the number of houses that could be in that category. Nobody would have to fear that all of the money would be used up by people buying expensive homes. It would be limited. I think that should add strength to the Cranston amendment.

Mr. CRANSTON. I think that is a sensible limitation, and I hope that the conferees will seek to work that out. I should not want my amendment to lead to all the money going into higher cost housing.

Mr. HUGH SCOTT. Mr. President, I make the point of order that a quorum is not present.

The VICE PRESIDENT. On whose time?

Mr. HUGH SCOTT. That should not be taken out of the time of either side.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I think we are prepared to vote on the amendment.

Mr. CRANSTON. Yes; I yield back my time.

Mr. PROXMIRE. I yield back my time.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

ORDER OF BUSINESS

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that the Vice President, as President of the Senate, be permitted to address the Senate for not to exceed 5 minutes and that the time be under the control of the distinguished Senator from Texas (Mr. TOWER).

The VICE PRESIDENT. Without objection, it is so ordered.

STATEMENT BY THE VICE PRESIDENT

The VICE PRESIDENT. I thank the distinguished Senator from Pennsylvania and I wish to make a very simple statement to the effect that during the recess, I had opportunity to review the CONGRESSIONAL RECORD for those days where I had not been in the chair. I note that on March 3, there was discussion, led by the distinguished Senator from Louisiana, regarding the discussion that had taken place on February 26. This comment was on March 3. It raised a question about the responsibility of the Chair to recognize Senators who were on their feet to be recognized.

I wish to say that I totally agree with those who have expressed themselves so eloquently on the subject, that every Senator in this distinguished body has, at all times, the right to be heard and it is the responsibility of the Chair to see that that Senator or those Senators have that opportunity.

The situation in question related to a vote in connection with the amendment of rule XXII. I think that the situation was best summarized in the RECORD by the distinguished majority whip, the Senator from West Virginia (Mr. ROBERT C. BYRD) when he said:

> While the Chair is under no obligation to respond to a parliamentary inquiry, I think the Chair is always under an obligation to recognize a Senator who is seeking recognition.

I totally agree with that statement, and as I said at the time, back on February 26, the lack of recognition of the distinguished Senator from Alabama was in no way meant as a discourtesy; and as I said then, if it were considered as such, naturally I would want to apologize.

I want to assure this body that as Presiding Officer I totally recognize the responsibility, the need, and the essentiality of recognition of any Senator, from any State, at any time. I just wanted to make that statement for the record.

Mr. LONG. Mr. President, will the Senator yield me 3 minutes?

Mr. TOWER. Mr. President, I yield the remainder of the time allotted to the Vice President to the distinguished Senator from Louisiana.

Mr. LONG. Mr. President, I do not think anyone should feel embarrassed about making a mistake. I think the important thing is that when people who have been elevated to high positions in this land do make a mistake, they have the courage, moral integrity, and forthrightness to correct it. The Vice President has corrected a mistake he made, and I think he is entitled to both the appreciation and the plaudits of the Senate for being a big enough man to admit that he made a mistake. I applaud him for it.

Mr. HUGH SCOTT. Mr. President, if the Senator will yield, I think the Vice President has shown the quality of his own character and the magnitude of his understanding in making the statement he has, and I am sure the Senate should congratulate him for it.

Mr. LONG. If everyone would do that, a great many of the things that are wrong with this country today would not exist.

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

Mr. LONG. I yield.

Mr. ROBERT C. BYRD. Mr. President, I congratulate the Vice President of the United States and President of the Senate for having acknowledged his error. We all make errors.

But the Vice President, as the distinguished Senator from Louisiana has said, has apologized for that error. I wish to join with the Senator from Louisiana and other Senators in congratulating the President of the Senate.

May I also say that I believe this statement by the President of the Senate will be conducive to better comity between the Presiding Officer and the Members of the Senate than otherwise might have existed.

I thank the Senator for yielding.

The VICE PRESIDENT. I thank the Senators.

[Applause, Senators rising.]

Mr. ALLEN. Mr. President, the Chair knows the Senator from Alabama has made no——

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

Mr. ALLEN. I yield.

Mr. TOWER. I believe the time allotted to the Vice President has expired. Therefore, I yield the Senator from Alabama time on the bill.

Mr. ALLEN. I thank the Senator from Texas.

As the Chair knows, the Senator from Alabama has made no comment one way or the other with respect to the Chair's action some time ago; and the distinguished Presiding Officer did, on more than one occasion that very same evening, tender an apology to the Senator from Alabama. The Senator from Alabama did not expect any such apology, but he does appreciate the candor of the distinguished President of the Senate, and he commends and congratulates him on being a big enough man to make the statement that he has made.

For some time, Mr. President, I have had here—and this might be as good a time as any to make this presentation—the distinguished President of the Senate already has a small copy of this cartoon, but the cartoonist on the Birmingham News who drew a cartoon with respect to the Vice President's actions on that occasion has sent to me for delivery to the Vice President the original of that cartoon, autographed by the cartoonist, Mr. Charles Brooks. I have that here, and I would like to make a presentation to the Vice President of this cartoon. I will allow the Vice President himself to open the package. I make the presentation on behalf of the Senate.

The VICE PRESIDENT. I deeply ap-

preciate it. I thank the Senator very much.

[Laughter.]

Mr. TOWER. Mr. President, I yield myself as much time on the bill as I may require.

I think the Senator from Pennsylvania (Mr. HUGH SCOTT) has spoken for all Republicans, that this is a moment of, I think, enormous pride in our Vice President and the President of this body for having confessed an error and having apologized for it. I think in so doing he has set an example that all of us could well follow. I do not remember when Members of this body have apologized for the mistakes we have made. I hope this will be a pattern of conduct for the future.

Mr. ALLEN. Mr. President, will the Senator from Texas yield further?

Mr. TOWER. I yield.

Mr. ALLEN. Mr. President, in the light of what the Vice President has said on this occasion, I am going to quit telling the true story that happened at the time the President of the United States nominated the then distinguished Governor of New York, Mr. ROCKEFELLER, to be Vice President.

At that time someone asked the Senator from Alabama what he thought of the nomination, and the Senator from Alabama said that Governor ROCKEFELLER was his second choice for this position.

When pressed for a more complete answer as to who the first choice of the Senator from Alabama was, the Senator from Alabama said that it was anyone else whose name may have been mentioned.

[Laughter.]

I will say to the distinguished President of the Senate that the Senator from Alabama is going to stop telling that true story in the future.

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time not be charged to either side.

Mr. FONG. Mr. President, the Senator from California (Mr. CRANSTON) is waiting to offer an amendment.

Mr. TOWER. I withdraw that, Mr. President.

Mr. CRANSTON. Mr. President, I, too, want to congratulate the Vice President on his grace today, and the way he has deported himself as our Presiding Officer. It is a great pleasure to be a Member of this body with him.

EMERGENCY HOUSING ACT OF 1975

The Senate continued with the consideration of the bill (S. 1483) to provide for greater homeownership opportunities, to stimulate housing production and employment in the housing industry, to provide for the promulgation of building energy conservation standards, and for other purposes.

Mr. CRANSTON. I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 12, between lines 17 and 18 insert a new subsection (d):

(d) Preference for assistance under this title shall be accorded to dwelling units which will contribute to the conservation of land and energy resources because of location in clusters or projects, site orientation, or otherwise.

Mr. CRANSTON. Mr. President, this amendment is, unlike some amendments, pretty self-explanatory in its reading as to its content. Its purpose is to give preference for mortgage assistance where dwelling units contribute to the conservation of energy and land resources.

This amendment will encourage builders to recognize these needs and plan their buildings based on conservation concepts. Federal assistance certainly should be directed so as to assure that reasonable energy conservation features will be incorporated in the new buildings receiving assistance under this and under other legislation.

This is the purpose of title IV which will take effect in 1977 at the earliest, and it should be the purpose of title II, which is to become effective immediately. But this amendment will establish priority for assistance payments for those dwelling units located in complexes or clusters sharing with other units walls and essential services such as heating, cooling, electricity, and water or designed with energy-conserving materials.

These and other considerations will be of great help to the buyer in meeting the long-term operating costs of new home units obviously by keeping down fuel expenses.

This amendment, incidentally, was originally part of Senator WILLIAMS' bill, S. 591, and I hope that it will be supported by the chairman.

Mr. PROXMIRE. May I say to the Senator from California it is in the House bill, as I understand it, so the action of the Senator from California serves a very useful purpose in taking it out of context of what would go to the President, and I think it is most appropriate in view of the fact that we have an energy title here, title III, which deals with conservation standards, and it would be most unfortunate if we pass this bill without regard to energy conservation.

The Senator from California has performed a very useful purpose, and I am happy to support the amendment.

Mr. TOWER. I do not see why we should not take it.

Mr. PROXMIRE. I yield back my time.

Mr. CRANSTON. I thank the Senator; I appreciate his accepting the amendment because it will save a little time in conference. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. FONG. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 13, line 16, strike out "$48,000" and insert in lieu thereof "$57,000".

Mr. FONG. Mr. President, as I understand it, the Cranston amendment did not take care of Hawaii; that is, the Cranston amendment only brought other high cost areas up to $48,000.

The PRESIDING OFFICER. Will the Senator from Hawaii suspend? The amendment amends the figure already amended and, therefore, the amendment would take unanimous consent.

Mr. FONG. I understand from my aide here that the ceiling is still $48,000.

Mr. TOWER. If the Senator will yield, Mr. President, it is $56,000, according to the Cranston amendment.

Mr. FONG. Am I to understand now that for Hawaii, Guam, and Alaska the ceiling would be raised to $56,000?

Mr. TOWER. For Alaska, Hawaii, and Guam, the ceiling is raised to $56,000 by virtue of the Cranston amendment.

Mr. FONG. May I ask the distinguished Senator from Wisconsin whether that is correct?

Mr. PROXMIRE. It is my understanding, and I could be wrong, and we are trying to clarify that; that the Cranston amendment raised the basic limit from $42,000 to $48,000.

Mr. TOWER. Mr. President, if the Senator will yield, we have confirmed $56,000 is the figure for high cost areas.

Mr. PROXMIRE. That is correct. The Senator from Texas is right; I was wrong in citing the figures I did in answer to his question.

Mr. FONG. I understand also that high cost areas are limited to only 10 percent of the appropriations.

Mr. PROXMIRE. That is the language in the House bill; it is not in the Senate bill.

Mr. FONG. Under those circumstances, I would like to amend the bill to specify that Hawaii, Alaska, and Guam would not be tied down to that 10-percent limitation.

Mr. TOWER. If the Senator will yield, that 10-percent limitation is not in the Senate bill; it is in the House bill. That will be in conference. That limitation is not in the Senate bill.

I think that the 10-percent limitation in the House bill—and I am not certain about this—applies only to the other high-cost areas in the continental United States, and not to the exceptions mentioned for Alaska, Hawaii, and Guam. But the Senator from Hawaii has the assurance of this Senator that we will do everything we can in conference to respect the wishes of the Senator from Hawaii.

Mr. FONG. In other words, that our ceiling be raised to $56,000, and that the 10-percent limitation will not be applicable to Alaska, Hawaii, and Guam.

Mr. PROXMIRE. I understand the reasons of the Senator from Hawaii, but I am skeptical of them. If we can provide 6 percent money we should not provide 6-percent money to $48,000 and $56,000 homes. I do not care even if they can build them on the Moon. That is too much for a house, particularly if you are only going to assist 400,000 houses subsidized throughout the entire country.

Mr. FONG. In Hawaii we have a very peculiar situation. It would cost $50,000 anywhere in the city of Honolulu if you were to buy a piece of land; it would cost you $10 a square foot.

Mr. PROXMIRE. I did not mean to be facetious. We will give it every consideration in conference.

Mr. FONG. I wish to note that at present Hawaii, Alaska, and Guam have

a 50 percent differential over other parts of the United States in the maximum amounts which Federal savings and loan associations can lend on housing and also in the allowable ceiling on Federal Housing Administration Mortgage Insurance.

Mr. PROXMIRE. Yes. I think the Senator from Hawaii should understand his amendment has been taken care of, as the Senator from Texas has said, by the Cranston amendment. There is no limitation on the number or percentage of houses that would be funded at the higher rate in the Senate bill. It is only in the House bill, and the Cranston amendment goes to $56,000.

Mr. FONG. That being so, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. FONG. Mr. President, I wish to go on record as strongly supporting the Cranston amendment, which would raise the housing cost ceiling for Hawaii, Alaska, and Guam, a condition of eligibility for the mortgage interest reduction payments program provided under title II of this bill, to a level justified by the housing costs in those areas; that is, from $48,000 to $56,000. I am concerned, however, by the fact that the $48,000 limitation for Hawaii, Alaska, and Guam is in the counterpart bill passed by the House of Representatives on March 21, H.R. 4485. For this reason I am hopeful that the Senate conferees appointed to meet with the House will be mindful of my remarks today.

As you know, title II of the Emergency Housing Act of 1975 authorizes the Secretary of the Department of Housing and Urban Development to make interest reduction payments on behalf of middle-income families in order to reduce their effective mortgage interest rate to 6 percent on a newly purchased principal residence. The full subsidy is to be paid for the first 3 years after purchase and, over the next 3 years, it would be gradually phased out.

Section 207 originally provided a housing-cost cutoff of $38,000 for most areas, a limitation which was increased to $42,000 for high-cost areas designated by the HUD Secretary and to $48,000 for Hawaii, Alaska, and Guam. Senator CRANSTON's amendment raised the high-cost-area figure to $48,000 and the ceiling for Hawaii, Alaska, and Guam to $56,000.

Mr. President, the available evidence clearly demonstrates that a per unit housing-cost ceiling of $48,000, as is in the House bill, would make it impossible to assist a significant proportion of the middle-income home buyers in my State of Hawaii, where high land, labor, and material costs combine to produce extraordinary housing costs.

Let me document this.

In January 1975 the Honolulu Federal Housing Administration Insuring Office surveyed the unsold inventory of housing units completed during 1974 in the Honolulu market area. There was not one fee simple single family detached house available for less than $50,000—and only 18 selling for $45,000 to $49,999 had been completed during the year. None were built selling for less than $45,000.

Forty-seven of the 102 completed in the $50,000–$59,999 range were still available, and 3 out of the 112 units costing in excess of $60,000 remained on the market.

Anyone from elsewhere in the country will be struck by the fact, I believe, that of the 232 single family detached houses built in 1974 for fee simple sale in Honolulu, 214, or 92 percent, cost $50,000 or more. Of immediate relevance is the converse of this, the fact that at the very most, if the $48,000 limitation in the House bill were applied to Hawaii, Alaska, and Guam, only 18, or 8 percent, of those 232 single family detached housing units built in Honolulu in 1974 would be eligible for mortgage interest reduction payments.

With the escalation in costs probably no fee simple single family detached housing will be built in the future in Hawaii which could possibly take advantage of title II under a $48,000 limitation.

That would be grossly unfair to the middle-income home purchaser in my State.

Let me provide some additional data. Of the 1,046 fee simple housing units of all kinds completed last year in Honolulu—single family attached and detached, and single and multifamily condominium units—only 218 units—21 percent—were priced under $50,000. A portion of those alone would come under the present $48,000 Title II limitation. There were 483 fee simple housing units, or 46 percent, in the $50,000–$59,999 range, and 345 units, or 33 percent, priced at $60,000 or more.

It is evident from these figures that a $48,000 title II limitation would eliminate the overwhelming majority of middle-income home buyers in Hawaii from the mortgage interest reduction payments program. It is possible, however, by raising the ceiling to $56,000, as Senator CRANSTON's amendment has done, to achieve an improved percentage of coverage. Even so, this would be far from including everyone in the middle-income group. For instance, increasing the limitation to $56,000 might make eligible as many as 40 percent of the purchasers of fee simple single family detached homes and might also make eligible over 50 percent of the purchasers of fee simple housing units of all kinds.

I have some additional evidence of high housing costs in Hawaii.

A Hawaiian Homebuilders Association survey of representative builders was taken on March 10, 1975, on Oahu, which constitutes the city and county of Honolulu and which is where over 80 percent of the people of my State live. This survey disclosed the following price ranges for planned housing units:

Builder No. 1:
Single family, $53,000–$65,000.
Multifamily, $44,700–$49,000.
Builder No. 2:
Single family, $83,250–$107,950.
Multifamily, $53,950–$73,050.
Builder No. 3:
Single family, $65,000.
Multifamily, $54,000.
Builder No. 4:
Multifamily, $55,000–$63,000 (1 bedroom); $73,000–$88,000 (2 bedroom).

Mr. President, the evidence clearly shows that imposing a $48,000 housing cost limitation for interest reduction payments, as the House bill would do, would be a tragedy for many, many middle-income families in my State of Hawaii who desperately need this assistance. I have every reason to believe that the same holds true for the State of Alaska and the Territory of Guam.

We must recognize the extraordinarily high cost of housing in Hawaii, Alaska, and Guam and in so doing give a fair shake to the middle-income homebuyer in those areas.

You will note that Senator CRANSTON's amendment to section 207 increases the housing unit ceiling in Hawaii, Alaska, and Guam by nearly 50 percent over the $38,000 figure generally acceptable. A differential of that magnitude for Hawaii, Alaska, and Guam, however, has ample precedent in other Federal housing programs enacted by the Congress.

For instance, the $45,000 Federal Housing Administration mortgage insurance limitation for single-family dwellings established by title III of the Housing and Community Development Act of 1974 is administratively set at $67,500, or 50 percent higher, in Hawaii, Alaska, and Guam.

Another recognition of the distinction in housing costs is found in the maximum amount which Federal savings and loan associations can loan on housing. For single-family dwellings this is established at $55,000 in title VII of the Housing and Community Development Act of 1974, but for Hawaii, Alaska, and Guam, that figure is 50 percent higher, or $82,500, through exercise of authority granted to the Federal Home Loan Bank Board.

Mr. President, I have provided up-to-date hard evidence of our extraordinarily high housing costs as well as recent legislative and administrative precedent to support Senator CRANSTON's amendment as it relates to Hawaii, Alaska, and Guam. I believe that its adoption was absolutely necessary if the twin objectives of title II, the reduction of high-interest costs for middle-income families and the stimulation of employment in the homebuilding industry, are to be realized in Hawaii, Alaska, and Guam. It is my strong hope that the Senate conferees will stand firm on the $56,000 limitation for Hawaii, Alaska, and Guam when they meet with the conferees from the House to resolve differences in this legislation.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WEICKER. Mr. President, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

Mr. WEICKER, for himself, Mr. PELL, and Mr. RANDOLPH, proposes an amendment: Insert a new section "Open Windows in Federal Buildings".

The amendment is as follows:

On page 25, after line 8, insert the following new section:

"OPEN WINDOWS IN FEDERAL BUILDINGS

"SEC. 307. (a) As used in this section the term 'building' means any building or facility (other than a privately owned residential structure) which will contain windows, which building or facility is—

"(1) to be constructed or altered by or on behalf of the United States;

"(2) to be leased in whole or in part by the United States after the date of enactment of this Act, after construction or alteration in accordance with plans and specifications of the United States;

"(b) The Administrator of General Services, in consultation with the Secretary of Housing and Urban Development, is authorized to prescribe such standards for the design, construction, and alteration of buildings as may be necessary to insure that any windows in such building can be opened and closed manually.

"(c) Every building designed, constructed, or altered after the effective date of a standard issued under this Act which is applicable to such building shall to the maximum extent feasible and practicable be designed, constructed, or altered in accordance with such standard." And renumber subsequent sections accordingly.

Mr. WEICKER. Mr. President, it especially pleases me that the bill we are considering here today, the Emergency Housing Act of 1975, contains a title specifically concerned with energy conservation standards in both new residential and commercial construction. Title III of the Emergency Housing Act requires that the Secretary of Housing and Urban Development establish component performance energy conservation standards for future construction of new residential and commercial buildings. Clearly, energy consciousness for new construction will be a very significant factor in the conservation of energy for the years to come. I strongly support any efforts to expedite the process of fully developing mandatory energy conservation standards for future building construction within the United States.

As my colleagues know, the Senate for some time has strongly urged the establishment of energy conservation features in new buildings—in particular the establishment of thermal standards. This concern was expressed clearly in 1973 by passage of S. 2176, the National Fuels and Energy Conservation Act—legislation which required the development of design criteria for conserving energy in all buildings, both public and private. President Ford has assigned high priority to insuring greater energy efficiency in the construction of new buildings and has pressed hard for the establishment of mandatory thermal efficiency standards for new homes and commercial buildings.

It seems to me that we can adopt one basic standard now to insure significant energy conservation for major new construction in the months ahead while more comprehensive energy conservation standards are being developed for the longer range. This would be to require that new construction of Federal buildings be designed so as to include windows that can be opened and closed manually. Such a basic standard would clearly facilitate greater energy efficiency relative to spatial heating and cooling for tens of thousands of new Federal buildings.

Senator PELL and I have previously offered legislation, S. 911, to require that buildings constructed by or for the Federal Government should be designed and constructed so that windows in such buildings can be opened and closed manually. Today I am offering an amendment, on behalf of Senator PELL, Senator RANDOLPH, and myself, that is similar to the legislation previously offered. This amendment would require that the design of new Federal construction—that construction constructed or altered by or on behalf of the United States or leased in whole or in part by the United States provide for, to the maximum extent feasible and practicable, windows that can be opened and closed manually.

It is most unfortunate that buildings, both residential and commercial, are still being constructed in inefficient manner and will waste immense amounts of energy. One of the most remarkable evidences of such waste, in my opinion, is the fact that most modern office and commercial buildings are constructed so that it is impossible to open a window. These buildings are designed to provide a completely controlled artificial environment—heat in the winter and air-conditioning in the summer without regard for the weather outside. The result is a substantial waste of energy resources on many days when reasonable comfort could be achieved by opening the windows.

The potential for energy savings should not be underestimated. Air-conditioning now consumes about 4 percent of the total energy used each year in the United States in residential and commercial heating. That comparison, however, understates the impact of air-conditioning demands on our national energy supply. For example, at a time when we have realized belatedly the need for a long term and continuing energy conservation program, energy use of air-conditioning is growing at a rapid rate—about 15 percent each year.

In addition, the demand for electricity for air-conditioning obviously is not spread evenly through the year. It is concentrated into a few short months. To meet the relatively brief peak demand for electricity for air-conditioning requires the use of relatively inefficient and costly peakload electrical generating equipment.

Mr. President, in my opinion, we could begin now to achieve substantial energy savings in new buildings if we adopt the simple standard I have outlined. We could reduce our growing use of energy for air-conditioning simply by constructing buildings so our offices and shops would be opened to the natural environment. Such a standard for greater thermal efficiency in new construction represents a major step toward overall energy consciousness in the design and structure of buildings of the future in the United States. I believe this amendment takes an important first step by strongly urging the Administrator of GSA to include, to the maximum extent practical, such a standard in the construction of new Federal buildings.

So I would hope this is something that could be accepted by the managers of the bill. I think it will be interesting to see what, in fact, does occur in the way of energy savings.

I think there are many times when we are in these all-enclosed buildings when, indeed, if the windows were open the air-conditioning would not have to be on. The same would hold true so far as warmer air is concerned.

With that in mind, this could well be called a pilot project. However, if successful, I think it should be mandated in our construction rules in the future.

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

Mr. WEICKER. Yes.

Mr. PROXMIRE. Does the Senator have any kind of documentation, any kind of engineering study, or any other kind of expert study which indicates if you permit people to open windows in air-conditioned buildings that you save rather than waste energy?

It would seem to me that you have people—I notice in my office and almost every office—who differ on this. Some want the windows open, some want the windows closed.

Say the air-conditioning is set at 75° or 80°, and the windows are open on a warm summer day, would it not have the tendency to mean that you would use more rather than less electricity and more rather than less fuel, more rather than less energy?

Mr. WEICKER. First of all, let me say this, insofar as the language of the bill, it gives a great deal of flexibility here when we use the words "feasible and practicable."

It is going to be a learning operation.

But let me just speak from personal experience. During the months of February and March in our New Senate Office Building, I remember sitting during hearings in which we were all roasting. If somebody had just cut off the thermostat and opened all the windows, we would have had perfectly pleasant temperatures.

Again, what we have done to ourselves architecturally is to absolutely eliminate any option.

I am trying to respond to the distinguished Senator from Wisconsin.

Under the present circumstances in these all-enclosed buildings, we have eliminated any option.

I am trying to put the option back in. I do not think we can lose by that type of a course of action.

This is not going to go ahead and mandate it because with the words "feasible and practicable", we allow the necessary flexibility for the Administrator of GSA and the Secretary of HUD.

But we have gotten ourselves in a position of no option whatsoever. It is all centrally air-conditioned, centrally heated. Nature does not have anything to do with it.

What I am saying is, let us try in a small way to see what comes out of all this. Far better than any survey or study will be the experience we will have in utilizing this new standard in the construction of future Federal buildings.

Mr. PROXMIRE. Maybe I was misinformed on this amendment. It was my understanding that this amendment would mandate the building or buildings which had the windows to be opened.

But I now understand the language says, "to the maximum feasible extent."

Mr. WEICKER. That is right.

Mr. PROXMIRE. I am concerned about the kind of flexibility that would apply under the law of the land.

How would the Senator——

Mr. WEICKER. That is the way we

originally had the amendment. There were objections among the staff. They wanted some flexibility. Therefore, we went ahead and put in those words "feasible and practical." So, in effect, it would not be a mandatory situation.

Mr. PROXMIRE. Well, I have great respect for the Senator from Connecticut and I think any time the Senator offers a proposal which does provide an opportunity just to learn whether or not this kind of construction would be useful in conserving energy, we should give it serious consideration.

So with that in mind, I will not oppose it and I am happy to accept it.

Mr. TOWER. On behalf of the minority, I will not object.

Mr. WEICKER. I would like to thank both the Senator from Wisconsin and the Senator from Texas for accepting this amendment. I want to point out that should this standard be successful in conserving fuel we will have achieved an important change in this item in our national lifestyle that is the second greatest consumer of energy—the building.

The automobile is No. 1, buildings are No. 2. So it should make a substantial type of contribution. I thank the Senators.

The PRESIDING OFFICER (Mr. BROCK). Is all time yielded back?

Mr. PROXMIRE. I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Connecticut yield back his time?

Mr. WEICKER. Yes, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut (Mr. WEICKER).

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be further amendments to be proposed, the question is on the engrossment and third reading of the bill.

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

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, we have had third reading, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Committee on Banking, Housing and Urban Affairs be discharged from further consideration of H.R. 4485 and that the bill be immediately considered.

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

The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4485) to provide for greater home-ownership opportunities for middle-income families and to encourage more efficient use of land and energy resources.

The PRESIDING OFFICER. Without objection, the Senate will proceed immediately to the consideration of the bill.

Mr. PROXMIRE. Mr. President, I move to strike all after the enacting clause of H.R. 4485 and to substitute the text of S. 1483, as amended, in lieu thereof.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wisconsin.

The motion was agreed to.

Mr. MANSFIELD. I understand that there are two amendments of a technical nature which the manager of the bill, the chairman of the committee, indicates he will take, and I would assume might well be satisfactory to the ranking Republican member of the committee.

I ask unanimous consent that the order for the third reading be vitiated and that no more than 2 minutes be spent on these amendments.

Mr. TOWER. Reserving the right to object, would it be possible before proceeding with the unanimous-consent request of the distinguished majority leader, for the minority to have a look at these amendments?

Mr. MANSFIELD. Surely.

Mr. TOWER. Mr. President, if the Senator from Montana will withdraw that for a moment, I suggest the absence of a quorum and ask unanimous consent that the time be charged equally to both sides.

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, I ask unanimous consent that the order for third reading be vitiated.

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

Mr. MANSFIELD. I ask unanimous consent that two amendments by the distinguished Senator from Minnesota and one by the distinguished Senator from Massachusetts be in order, and that there be a time limitation of not to exceed 5 minutes on each one.

Mr. TOWER. Reserving the right to object, the Senator from Texas will not object if he understands that these are the only three amendments that will come in under that consent agreement.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the third amendment is disposed of, the Senate immediately then return to third reading as was the case heretofore.

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

Mr. HUMPHREY. Mr. President, the amendment I send to the desk is a technical amendment. We have discussed it with both the manager and the minority. I ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill add the new section 405a "Section 236(b) of the National Housing Act is amended to read as follows:

(b) Interest reduction payments with respect to a project shall only be made during such time as the project is operated as a rental housing project and is subject to a mortgage which meets the requirements of, and is insured under, subsection (j) of this section *or section 241 of this act:*" . . .

Mr. HUMPHREY. Mr. President, this amendment would add six words to section 236(b) of the Housing Act that will allow subsidized multi-family projects to borrow funds under the provisions of section 241 of the Housing Act for improvements at the same rate of interest as their subsidized mortgages.

The fact that these projects cannot borrow to make necessary improvements to their properties at a subsidized rate results in insurmountable practical problems for the tenants.

If the project incurs problems because of poor initial planning and construction, there is no way that these defects can be corrected under present law except by borrowing money at the full FHA rate.

These tenants simply cannot afford to pay rent at a level which will service such debt. Because they cannot borrow, the project deteriorates further and soon it must be assigned back to HUD or foreclosed, thus depriving us of much needed housing for low income families.

One example of how this inability to borrow feeds upon itself destructively, concerns a low income cooperative housing project in Annapolis which I have spoken of previously. This project was designed with electric heat. The electric rates are now so high that massive vacancies plague the project. They desperately need to convert to oil heat but lack the wherewithal to do so. They cannot borrow at the current FHA rate because the repayments and interest would indicate that the additional borrowing is not feasible. This feasibility test is a requirement of the Department of Housing and Urban Development.

There are many other projects with problems of drainage, insulation, and plumbing which could use subsidized improvement loans to advantage. It is in our interest to make loans at these rates so that the stock of low income housing is preserved for the families that need it.

In short, Mr. President, this amendment does one simple thing. It means that if there is some modernization or improvements on this type of housing, that the rental for those units will not be forced up.

The PRESIDING OFFICER. Is all time yielded back?

Mr. PROXMIRE. I have no objection to the amendment. I yield back my time.

Mr. HUMPHREY. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HUMPHREY. I send to the desk a second amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Insert the following at appropriate places in the bill: "or if the family purchases or constructs a new principal residence within the applicable time period prescribed in section 1034 of the Internal Revenue Code of 1954."

Mr. HUMPHREY. Mr. President, this amendment concerns the availability of credits and interest subsidies under this Act as they relate to the sale of a home and the purchase of a new home as principal residence.

Mr. President, I ask unanimous consent that a statement on this amendment be printed in the RECORD.

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

REPAYMENT OF SUBSIDY UPON RESALE OF A HOME

Mr. HUMPHREY. Mr. President, the recapture provision of this bill is bad housing policy. No similar requirement is in effect under any other homeownership subsidy program administered by HUD or the Farmers' Home Administration.

The provision would require the repayment by the homeowner of any subsidy payments, to the extent of the amount of gain realized if the home is sold during the first six years. "Gain realized" is a Federal income tax concept and presumably would be determined in accordance with IRS rules and regulations. The application of a gain recapture provision is riddled with problems and far more complex and fraught with inequities than appears on the surface.

Basically, "gain realized" is the difference between the original purchase price and the "net" resale price. The Internal Revenue Code for many years has recognized that this difference between original and resale price can merely be a paper gain and not a real one and does not tax the gain if it is reinvested in another house. In other words, the general increase in the value and cost of homes can wash out any real income resulting from the sale of a home. The provision ignores this economic reality.

The computation of net gain for tax purposes can become complicated as it involves subtracting from the resale price capital improvements to the property, costs of putting the property into saleable condition, and costs of selling the property such as sales commissions and mortgage discounts. If HUD follows whatever tax determination is made, it can get involved in such matters as IRS-taxpayer disputes, amended returns, and the like. Also, the reporting of gain is accomplished through an annual tax return and not at the time of sale. If HUD tries to make its own determination of net gain, it could involve itself in an administrative nightmare.

Recapture would make it difficult to determine which S. 1483 homeowners should be able to deduct the amount of the subsidy as interest for income tax purposes. If the subsidy is recaptured it is like a repayable loan so that in effect the homeowner has made interest payments and should get a deduction. Since the identity of the S. 1483 homeowners who would repay the subsidy is not known in advance and the proportion of the subsidy to be repaid is not known, significant accounting and tax complications could be created.

The recapture provision raises the question of whether the recaptured subsidy should be treated as gain for tax purposes. Loan repayments are not subtracted from the resale price, so that the S. 1483 homeowner must not only pay back to HUD what it borrowed but also pay tax on that amount. An amendment to the Internal Revenue Code would probably be required to change this result.

HUD would have to enter into a creditor-debtor relationship with hundreds of thousands of families, involving the execution of a loan note, a possible lien on the property and a recording of that lien, and the collection on the note and lien. Each transaction would involve relatively small amounts of money but a great deal of administrative headache. As a result the program would move slower and be less attractive to lenders.

Mr. President, if the various more technical considerations earlier raised are resolved, recapture still would be objectionable on grounds that it would convert a grant into a loan, thus vitiating the incentive provided by the 6% rate for middle income families to buy homes now in spite of the recession.

The recapture provision would treat S. 1483 homeowners differently from all other homeowners—from homeowners who have received direct subsidies and from homeowners who have received indirect subsidies through income tax deductions for interest and taxes. Should S. 1483 homeowners be treated as second-class citizens? I think not. Therefore, I urge my colleagues to support this important amendment.

Mr. HUMPHREY. I yield back the remainder of my time.

Mr. PROXMIRE. I support the amendment and I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HUMPHREY. I wish to thank the manager of the bill and the distinguished minority member of the committee for their cooperation.

Mr. KENNEDY. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. KENNEDY. I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment reads as follows:

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

"SEC. 405. Section 202 of the Housing Act of 1959 is amended by adding at the end thereof the following new subsection:

"(g) Effective on the date of enactment of the Emergency Housing Act of 1975, the Secretary shall begin to accept applications for assistance under this section, and shall process such applications within a distinct time period, not to exceed 75 days after the date on which each such application is received."

Mr. KENNEDY. Mr. President, this amendment simply attempts to unlock the barrier that administration budget personnel have placed on our most successful and popular elderly housing program, section 202.

We are faced with the analogous situation in which Congress has endorsed the program and authorized $800 million in loan activity. Congress has appropriated $215 million for the current fiscal year.

The administration has not issued new regulations. The administration has not accepted applications. The administration has not approved a single loan.

It is 8 months since the President signed the 1974 Housing Act into law. And hundreds of thousands of elderly are on waiting lists across the country.

When the conduct of the Department of Housing and Urban Development is considered, it would appear that there has been a serious violation of the Budget and Impoundment Control Act. I have asked the GAO to examine the matter. I had written to the new Secretary of Housing and Urban Development on March 26, 1975, indicating my concern and urging her immediate action. I have yet to receive a reply. I ask unanimous consent that my letter be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. KENNEDY. Therefore, in order to obtain action now on this program and to begin the process by which elderly housing can be built, I am submitting this amendment.

It does two things:

First, it would direct the Secretary to accept applications for the section 202 program.

Second, it directs that the applications be processed within 75 days of being received.

What I want to emphasize is that we are determined to see that the program be implemented and that it be implemented as Congress intended. There has been some correspondence indicating the Department's intention to limit loans to construction loans as opposed to long-term financing. That is not what the law provides. It is not what the Congress intended. The effect of that policy would be to deny most nonprofit sponsors, the groups which have been so successful in building and running 202 projects in the past, the opportunity to participate in the program.

This amendment is intended to force action and action on housing for the Nation's elderly. I urge its adoption.

EXHIBIT 1

WASHINGTON, D.C.,
March 26, 1975.

HON. CARLA HILLS,
Secretary, Department of Housing and Urban Development, Washington, D.C.

DEAR MRS. HILLS: Last year the Congress revised and reinstated Section 202, Housing for the Elderly and Handicapped program, as part of the Housing and Community Development Act of 1974 (PL 93-383).

The popularity and the success of Section 202 are unequalled. Since its inception, more than 45,000 units have been built (330 projects) and there has been only one mortgage foreclosure. Today, literally hundreds of thousands of older persons are on waiting lists to enter decent housing. Unless there are some dramatic changes in your Department very soon, most of these elderly will never benefit from any improved housing.

This situation is made even more discouraging when one realizes that there are many able, qualified, experienced non-profit sponsors (churches, labor unions, service organizations) who are ready to build and willing to dedicate themselves to making these projects work. In many cases, these organizations already have land and plans, but they lack federal financial assistance.

The new law authorizes up to $800 million in loans for housing for the elderly and handicapped under Section 202. For Fiscal Year 1975, the Appropriations Committee have approved a borrowing level of $215 mil-

lion. The Senate Report on the 1975 Supplemental Appropriations bill clearly states that "the new Section 202 program should be employed as the primary vehicle for providing housing for the elderly." The intent of Congress with respect to Section 202 could not be clearer.

Nevertheless, with only three months left in Fiscal Year 1975, no applications have been approved under this program. HUD refuses to accept applications under the old regulations and yet it has not yet established new ones 7 months after the new law was signed on August 22, 1974.

I strongly urge you to activate this program and immediately to begin accepting applications under the old regulations—which still are in effect—until the new ones become final. Loans in the amount of $215 million should be released during this Fiscal Year under Section 202. To do otherwise, is an act of impoundment. The failure to act prior to this time already may constitute a violation of the Budget and Impoundment Control Act. Hopefully, it will not take lawsuits to release these funds.

One final point—HUD officials state that the agency has no intention of implementing the revised Section 202 program as Congress intended. In a recent letter, HUD Undersecretary Mitchell informed Senator Sparkman that HUD intends to use Section 202 only to provide "construction financing" of projects that are sponsored by non-profit organizations. However, the 1974 law makes no provision for limiting the Section 202 program to construction financing. Permanent financing was intended because without it the non-profit sponsor (for whom the program was designed) realistically cannot proceed, and the program effectively would remain dormant.

No more impressive example of your intention to act on the national commitment to decent housing could be found than an immediate decision by you to implement the Section 202 program as Congress intended.

I would greatly appreciate your personal consideration of this matter.

Sincerely,

EDWARD M. KENNEDY.

Mr. PROXMIRE. Mr. President, I understand that this procedure is already followed under the rural housing program. It has worked well there. It is a good amendment, and I am willing to support it.

I yield back the remainder of my time.

Mr. KENNEDY. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

The PRESIDING OFFICER. Under the previous agreement, the question now is on the engrossment and third reading of the bill.

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

Mr. TOWER. Mr. President, I yield myself such time as I may require.

Mr. President, passage of this bill today will be very significant in many respects. As I said earlier in the debate, I very reluctantly must oppose this bill. It will be the first time in many years, indeed, since I have been on the Banking, Housing and Urban Affairs Committee, that I have opposed any major housing bill.

My opposition is not based on the premise that I am against any recovery in the housing industry. This industry is vital to our country's well-being. The number of jobs in other industries that are dependent upon a vigorous housing industry is enormous. My opposition is based on other issues.

Although it has not been mentioned in any direct manner before, passage of this bill has an important meaning. It is saying to the citizens of this country that our traditional mortgage lenders—savings and loans, savings banks, mortgage bankers, commercial banks—are unable to continuously supply an adequate supply of mortgage credit at reasonable rates. It is saying that when credit is tight—due mainly to excessive Federal spending—these institutions cannot properly fulfill the purposes for which they exist. Passage of this bill is saying that the Congress does not care to right the causes of the problem, but is only concerned about putting on a temporary bandage to treat the symptoms. We are not looking at why housing costs are so high that today only 25 percent of our population can afford to purchase a single-family house. We are accepting the high costs and our answer is to subsidize middle-income housing.

I simply cannot accept this approach. It is hard for me to accept the fact that the Federal Government will be paying someone $1,000 to buy a new house, or will be paying an equivalent of $2,000 to $3,000 in order to provide a 6-percent mortgage. The inequities in this approach abound. Pity the hard working person who pays an 8-percent-plus interest rate and next week, when the trigger in this bill is released, his new neighbor can get a 6-percent mortgage. And what about the buyer who can only afford a 6-percent interest rate? What happens when the subsidy is phased out? Two options come readily to my mind. If he cannot afford the payments at that time, he will default and foreclosure will result. HUD will boost its already swollen inventory of foreclosed properties. The alternative would be for the Congress to bend to the pressure that will be exerted at that time, and retain the subsidy for the life of the mortgage.

Almost every country in modern times has caved in under such pressure and interest rates have not been increased.

The Federal Government does have an important role to play in the housing industry. It is twofold. First, it should provide assistance so that those with very low incomes can obtain adequate and decent shelter. These are the people with the greatest need. Second, for the middle- and upper-income families, the role of the Federal Government should insure that the private sector can adequately finance their housing needs.

It should not be in the business of continually subsidizing middle-income housing. If we think that the Federal Government should have this role, then let us proceed wholeheartedly with our eyes open. Let us do away with all of the mortgage lending entities and create one national mortgage lending institution. We can call it the U.S. Home Loan Corporation and it can make direct loans to anyone across the country. Since it is the Federal Government, its rate will be the lowest possible and it will not "rip-off" the consumer, as some seem to suggest is being done today.

Mr. President, I will admit to being a bit facetious in these latter remarks. I will also, however, admit to being gravely concerned about how we finance middle-income housing in this country. I am firmly convinced that we must depend on the private sector to provide this assistance rather than on the Federal Government.

If the private sector is unable to do an adequate job in this regard, as evidently is the case or we would not be here today, then let us give them the tools to accomplish this end. Continued Federal subsidies mean more redtape for builders and lenders to put up with, inequities among home buyers, greater cost to the consumer, and the ultimate weakening of the system which has made us the best-housed nation in the world.

Mr. PROXMIRE. Mr. President, I shall respond briefly to the Senator from Texas, who talked about why he thinks the bill should be rejected.

I think this is a good bill. It is a bill that was reported from our committee by a bipartisan majority of 10 to 3. It would provide for the construction of 400,000 urgently needed homes at a time when housing starts are below a million and when 2.3 million starts are a national goal. It would provide 800,000 jobs and stimulate greatly the economy as a whole. It would do this with a favorable budget effect.

Our calculations are that it will stimulate $12 billion of gross national product or economic activity. That means that there will be $2 billion of additional revenues. The cost is less than $1 billion. So that the deficit would be reduced by more than a billion dollars by this bill.

It is a noninflationary bill, because it would use idle resources.

As I said during the course of the debate, we have 18 percent unemployment in the construction trades. We have plenty of lumber and plenty of cement. The only problem is putting those people and those resources to work.

Furthermore, this bill has a cutoff. When housing starts get to anywhere near a reasonable level—when they get to about 1.4 million—the subsidy we have in the bill ends.

Furthermore, there is a limit on the cost to the Treasury, because the 6 percent at which the home buyer can borrow money will apply for only 3 years; at the end of 3 years, the mortgage rate will go up gradually, over the period of 3 years, to the market rate.

We have tailored this bill carefully to make it fiscally responsible, to limit the obligation to the Government, and to get homes built.

I earnestly hope that this amendment will have the overwhelming support of the Senate.

Mr. JACKSON. Mr. President, I want to commend the distinguished chairman of the Committee on Banking, Housing and Urban Affairs, and the members of that committee, for the legislation they bring before us today. This bill, S 1483,

addresses critical questions of social, economic, and energy policy which are of concern to all Americans.

First, the bill advances the important social objective of providing Americans an opportunity to own their own homes. Millions of Americans who desire homes now live in apartments with little or no prospect of purchasing homes at current interest rates and under current economic conditions. The single-family dwelling has come under repeated attack in recent years by a growing number of "social engineers." They have variously condemned it as energy, resource, or transportation "inefficient." I reject these attacks, for efficiency can never be the sole criterion by which we judge the success of our institutions or the quality of our lives. Our urban, transportation, and energy problems deserve their own careful consideration and constructive solutions. At the same time, we must preserve for all Americans the right, and promote the opportunity, for individual homeownership.

Second, this bill provides an essential ingredient of economic recovery by stimulating the homebuilding industry, where nearly 20 percent of our construction workers—double the national average—are unemployed. Stimulating housing construction will provide hundreds of thousands of productive jobs in a far less costly way to the American taxpayer than traditional public service employment programs. In addition, the bill under consideration establishes a unique mechanism to smooth out the housing industry's cyclical swings that have caused hardship for builders and employees.

Third, the Building Energy Construction Standards Act of 1975, title III of S. 1483, establishes a program for energy conservation in new residential and commercial buildings. The program envisions State and local implementation and administration of national standards set by the Secretary of Housing and Urban Development. The approach taken here—both in concept and operation—is consistent with the energy conservation policy embodied in title II of S. 622, which passed the Senate on April 10. The purpose of that title, which is advanced by title III of the Emergency Housing Act of 1975, is to insure that the rhetoric of energy conservation becomes a reality, that America not only intends to reduce energy consumption, but is taking positive action to do so. We can and must build a lower and more efficient rate of energy use into the fabric of our society. Title III is an important step toward realizing that objective.

Mr. President, the Emergency Housing Act of 1975 is responsible legislation which will serve the needs of our citizens and our economy. I strongly urge its passage.

Mr. MAGNUSON. Mr. President, the national economy is experiencing a severe recession. The homebuilding industry and related industries such as lumber and wood products are in a depression. The Congress cannot ignore the dramatic plight of the homebuilding industry. This is the industry that has been hit the hardest by inflation, by tight money and by recession. Right now, the seasonally adjusted unemployment for construction workers is 18 percent—double the national average. Among homebuilding construction workers the rate is 40 percent. The spinoffs for industries dependent upon homebuilding have been catastrophic. Depression-level unemployment rates demand emergency Federal action.

I commend the Senate Banking Committee and its chairman for their work on this emergency housing bill. I joined Senator PROXMIRE as a cosponsor to the basic legislation. When we introduced the bill in early March, I said the Nation could put people back to work in homebuilding at a very small cost. This bill will do that.

The most important problem in homebuilding today is high interest rates. High interest rates devastate middle-income wage earners. Young couples and blue-collar workers are becoming an extinct species in home buying. This legislation will make it possible for these families to reenter the housing market. It will provide mortgage loans at interest rates working people can afford.

Home buyers have not caused inflation. Homebuilders have not caused inflation. But they have carried the heaviest burden under present Federal Reserve Board policies. Chairman Burns insisted on maintaining a money supply which showed little or no growth in the latter part of 1974. This placed the entire "war on inflation" on the shoulders of the housing industry. Under this bill, opportunities for homeownership will be distributed equitably throughout the economy and homebuilding will cease to be the whipping boy of high interest rates.

Adequate housing for all citizens is a great social need. That is what we said when we passed the Housing Act of 1968 and set a goal of 2.8 million new housing units each year. The years since have been bitterly disappointing.

I commend the committee for its hard work. The Senate should be proud of the speed and care shown in reporting this bill for our consideration. It provides a commonsense approach to getting homebuilding on track, and that will be good news for the State of Washington.

This bill contains many, many good provisions. The energy conservation incentives, the rehabilitation loan provisions, the increase in public housing moneys, and the home ownership assistance sections begin to fulfill the promise of the Housing Act of 1968.

Mr. President, I would like to comment specifically on several provisions of the bill. Title I will provide government assurance of home mortgages at interest rates no more than 8 percent. The bill provides strict limits to prevent profiteering by middlemen in sales fees and mortgage points. Previous mortgage credit assistance programs have all floundered. This bill take a unique new approach which will provide low-cost loans at little expense to the Government. Whenever housing starts or the general economic environment require interest rate subsidies to get the home building industry active, an inexpensive mortgage subsidy mechanism would be activated. The Government could directly purchase mortgages under Treasury borrowing authority at the Treasury interest rate up to 8 percent. Also, the Government National Mortgage Association—GNMA—would be able to guarantee securities under this program issued by mortgage lenders. GNMA would no longer have to purchase the mortgage itself. Also, the Federal Financing Bank—FFB—would purchase at par any federally backed securities offered by private mortgage lenders or by GNMA. There would be no cost to the Government in this program as long as the Treasury borrowing rate did not exceed 7⅝ percent. When the Federal cost of borrowing exceeds 7⅝ percent GNMA would reimburse the FFB for its losses and purchase below-market rate securities at par. This mechanism provides great stimulus and investment "leverage." For instance, at the present Treasury rate of 8 percent, a $30,000 subsidized mortgage loan would only cost the Federal Government $900. There is no question that the additional tax revenues from the resulting new jobs and capital growth will exceed this low cost.

Under title II middle-income families will have immediate buying in today's housing market. This bill gives middle-income families an option of short-term interest subsidy at a mortgage interest rate of 6 percent or, alternatively, a flat cash subsidy of $1,000 toward the down payment of a home.

Section 401 of the bill extends the very successful section 312, housing rehabilitation loan program until September 30, 1978. The bill recognizes the great success and importance of housing rehabilitation programs. The city of Seattle has been benefited extensively from the section 312 program. I am personally very enthused about the prospect for home ownership rehabilitation programs. Although the bill allows HUD to charge an interest rate higher than the present 3 percent under section 312, I wish to emphasize HUD cannot charge more than 3 percent to cities such as Seattle which is expecting 3 percent 312 money for its Pike Place Market Rehabilitation. The committee report, on page 9, makes clear that any increase in interest rates not apply to section 312 allocations by HUD outstanding to communities which are currently expecting funds at the present 3 percent rate. Seattle is deeply involved in rehabilitation of the Pike Place Market. The city has planned on and been assured of section 312 money. It is not the Senate's intent to adversely affect this program or commitment of money at the promised 3-percent rate.

In conclusion, I strongly support this legislation. It makes good sense. It should provide immediate stimulus to homebuilding and it will relieve the boom-bust patterns that are traditional in the industry.

Mr. MONDALE. Mr. President, I am proud to support S. 1483. I was one of its earliest cosponsors and continue to enthusiastically believe in its necessity.

We must help the housing situation in this country. Only when housing is revived will our economy recover. Only when housing is revived will Americans again be able to purchase safe and live-

able shelter. Only when housing is revived, Mr. President, will the tragic unemployment situation in the construction industry be alleviated.

Mr. President, I noticed in the RECORD of yesterday the thoughtful remarks of the distinguished Senator from West Virginia (Mr. RANDOLPH). The Senator has long been a leader in the congressional efforts to improve the housing situation in this country and to deal with our current housing problems.

The Senator provided us with a graphic picture of the disastrous situation which exists in construction industry employment. I would like to call my colleagues' attention to the figure cited by Senator RANDOLPH:

Unemployment in the Rochester, N.Y., area is at 61 percent for the construction and building trades; in Miami, 49 percent; in Phoenix, 40 percent, in Cincinnati, 32 percent, in St. Paul, 37 percent; in Newark, 32 percent; in St. Louis, 24 percent, in Milwaukee, 23 percent, and in Philadelphia, 20 percent.

S. 1483 promises to do much to help our housing problems. Not the least of its benefits will be improvement in the unemployment situation in the housing industry.

Mr. DOMENICI. Mr. President, since Senator HATFIELD was unable to be present for today's consideration of the housing legislation, I ask unanimous consent that his statement in reference to S. 1483 be included in the RECORD.

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

STATEMENT OF MR. HATFIELD

The Senate is now considering legislation which would provide needed assistance to the depressed home-building industry and to the individual home purchaser and owner. I feel strongly that this legislation represents an appropriate response to a serious problem in our economy.

It is important to note that the trends in the housing industry in March provide no immediate evidence that recovery has begun in homebuilding. Both new starts and permits issued were down 1% from February. It is small comfort that the rate of decline is less than it has been, for we are already at record low levels.

In determining whether we can conscientiously add to the very high deficit levels, we must weigh the benefits against the costs. According to the Committee on Banking, Housing, and Urban Affairs, Title II of S. 1483 would create more than 740,000 jobs at a cost between $1,000 and $2,500 per job. The cost is far below that for public service employment, which we have funded this year and which the Administration is asking to expand.

I was an original co-sponsor of Senator Hartke's home purchase credit bill, the essence of which ultimately was included in the Tax Reduction Act of 1975. The tax credit for home purchases was not conceived as comprehensive therapy for the ailments of the housing industry. While home purchase credit is providing a helpful encouragement for the purchase of unsold homes, the legislation before us today will provide a more complete package of assistance.

I see little danger of over-stimulating the housing industry and setting off a new wave of inflation. There are limits in all the features of this legislation, to prevent an excessive drain on the budget. There is little likelihood that the resulting new housing starts will generate starts in excess of the generally accepted goal of two million starts per year. Our current annual rate of starts is under half this goal and must not be allowed to remain at such a low level.

I urge the passage of this bill and am hopeful the President will not overlook its great benefit to the economy at a reasonable cost to the taxpayer.

Mr. KENNEDY. Mr. President, for the past year, we have seen the housing industry bear the greatest impact from the current economic recession.

February marked the third straight month in which housing starts plummeted below the 1 million per year rate. With each month, we have seen the Nation pass further and further into arrears on its commitment to provide a decent home and a decent environment for its citizens.

For the Nation as a whole, we are producing housing at barely 60 percent of the high water mark of 2.5 million that we reached in January 1973.

But it was in that month that the Nixon administration ordered a moratorium on Federal housing subsidy programs, a moratorium that cut the ground out from under the housing industry.

Soaring interest rates and a restrictive money supply in the following months completed the attack on the housing industry. The results in my own State are even more depressing than those in the Nation. Instead of permits for more than 3,000 units which were issued in February of 1973, we find permits for barely 300 housing units issued in February of 1975.

We are producing new housing at barely 10 percent the level of 1973 in Massachusetts today. And that means our housing needs are not being met. It means unemployment in the construction industry is 30 percent statewide. It means millions of dollars of income not being earned.

Across the Nation, there is the same unacceptable level of unemployment in the construction industry. And it is getting worse. In March, unemployment in the construction industry jumped by 2.2 percent nearly 100,000 additional unemployed workers.

Just this week, Frank S. Raferty, the International President of the Painters Union, testified before the Senate Labor and Public Welfare Committee on the crisis in the construction industry. This testimony carried a series of recommendations of the National Jobs Conference of the Building and Construction Trades Department, AFL–CIO. They emphatically argued that the answer is not more welfare but more jobs and that stimulating the housing industry is one essential way to produce those jobs.

If we were able to bring the level of housing construction up to its level in January of 1973, an increase of some 1.5 million housing units, we would be employing 1.5 million more workers in the construction industry. And nearly 1.5 million jobs would be created in related industries.

The result is that instead of seeing national unemployment at nearly 9 percent, we would drive that rate down to 6 percent.

And in the process, we would reaffirm our commitment to decent housing for our citizens.

That is why this emergency legislation is absolutely essential.

First, the bill provides a permanent underpinning to the housing industry by assuring the availability of 8 percent mortgages whenever housing starts drop below 1.6 million units for 4 consecutive months.

Second, as a temporary boost to the industry at this moment of deep recession within the economy, 400,000 middle-income families would be able to obtain home mortgages of 6 percent which, after 3 years, would gradually rise to the full market rate. An additional option is provided whereby home purchasers could receive a $1,000 subsidy toward the down payment or settlement costs on a new home mortgage.

These 400,000 units will create more than 740,000 jobs in direct construction and in related industries. Thus, the estimated program cost of $700 million will produce nearly 740,000 jobs, a ratio of some $1,000 per job, compared to the cost in other publicly subsidized employment of some $7,000 to $9,000.

Third, the bill would direct the Secretary of Housing and Urban Development to establish energy conservation standards for new residential and commercial buildings. Federal financial assistance would be keyed to States adopting and enforcing these standards.

Fourth, the bill would extend the section 312 housing rehabilitation loan program through September 30, 1978. The administration has indicated its intention to halt this 3-percent loan program when the current authority ends on August 22, 1975. Yet this program is the only existing program to assist homeowners to rehabilitate their homes. It is, therefore, vital to the preservation of our current housing stock, and its past performance has been impressive.

Fifth, the bill would increase the set-aside for traditional public housing programs from $150 to $450 million and would direct HUD to process all applications 75 days after they have been received.

Since the passage of the 1974 Housing Act, there have been no new housing starts under the new and untested section 8 program, yet the administration has been reluctant to use the traditional public housing program. The result is that we are falling further behind the goal of creating 600,000 housing units for low- and moderate-income families each year.

Sixth, the bill extends the section 235 homeownership program for 1 year. And it orders that impounded funds be released and the homeownership program implemented.

Finally, with the inclusion of S. 1457 as a separate title of this bill, there also is an emergency protection to homeowners faced with foreclosure as a result of declining economic conditions and temporary unemployment.

We cannot afford to have thousands of American families who are being forced to bear the burden of a failure in national economic decisionmaking go through the grueling and painful process of losing their homes. They have

lost their jobs and they are suffering not only economic but painful personal repercussion as well. And it would be tragic if we were to sit idle while they lost their homes as well.

Although focused initially on voluntary action by financial institutions to adopt liberal forebearance procedures, where foreclosure is imminent, it would provide for advances to be made to homeowners to cover their mortgages up to $250 per month or for new mortgages to be extended by the Government National Mortgage Association.

During the depression of the 1930's, the Home Owners Loan Corporation was established to prevent widespread foreclosures. That program was successful and broadly accepted by the American people. I believe this provision will also achieve its result and prevent a rising level of distress selling and foreclosures in many parts of the country.

Mr. President, I strongly support this bill which includes many provisions which I recommended earlier in the year when I addressed the National Housing Conference. I believe this emergency legislation is essential for the recovery of our economy, for the protection of unemployed homeowners and for the stimulation of our housing industry.

Mr. BAYH. Mr. President, I rise to support S. 1483, the Emergency Housing Act of 1975. I also want to take this opportunity to commend the Senate Committee on Banking, Housing and Urban Affairs, under the leadership of Senator PROXMIRE, for the timely reporting of this legislation.

While there was much debate last year about whether this country was suffering more from inflation or recession, conditions in the construction industry were approaching depression levels. One year ago the seasonally adjusted unemployment rate for construction workers was 8.7 percent. That is now the national unemployment rate, and the unemployment for construction workers has climbed to 18.1 percent as of March 1975. In some sections of this country that rate is much higher.

Another indication of the crisis in the construction industry is the declining number of new housing starts. One year ago new housing starts were 1,511,000. The figure for March of this year was only 980,000 new starts. This is well below the 10-year average of 2.6 million necessary to meet the Nation's housing goals as set by the National Housing Act of 1968.

The housing industry is caught up in a vicious economic cycle. Available money for financing new homes is tight. Therefore, there is a declining number of new housing starts and this leads to the increasing numbers of unemployed construction workers.

The Senate Banking Committee has drafted the Emergency Housing Act to try to break the stranglehold on the construction industry. This innovative piece of legislation is designed not only to enable the middle-income family to own their own home but also to stimulate the construction industry by providing for 400,000 new housing starts. These new starts should provide more than 740,000 jobs.

In order to qualify for assistance under this legislation, a family must have an annual income of not more than 120 percent of the median income for their area. Once qualified, the family can decide between two forms of direct assistance. First, they can elect to receive a subsidized 6-percent interest rate on their mortgage for 3 years. During the next 3 years the interest will gradually rise to the full market rate. Second, a family may elect a flat cash subsidy of $1,000 toward the purchase of a new home. There is also a third choice available. The family may elect to receive the 5 percent of purchase price tax credit, up to $2,000, recently enacted into law under the Tax Reduction Act of 1975. But if they decide to take advantage of the tax credit, they will not be eligible for the programs under the Emergency Housing Act.

Another important aspect of this legislation makes permanent the program authorizing the Government to purchase home mortgages at 8 percent. This program is designed to end the "boom and bust" cycle of the housing industry, and has a triggering device for activiation of its provisions. Whenever new housing starts fall below 1.6 million, on an annually adjusted basis, the program will be activated and it is deactivated if housing starts remain at or above 1.6 million for 4 months.

Other portions of this legislation authorize the Department of Housing and Urban Development to establish energy conservation standards for new residential and commercial construction and provide extensions for several existing housing programs for low- and middle-income families. These programs include continuing section 312 rehabilitation loans; increasing set-asides for public housing from $150 million to $450 million, and extending the section 235 homeownership assistance program.

Added to the provisions of S. 1483 are programs included in S. 1457, the Homeowners Relief Act. While S. 1483 will assist middle-income families to purchase new homes, the provisions of S. 1457 would help those Americans who are currently unemployed or underemployed, meet their mortgage payments and thus not lose the homes they already have. Repayable loan assistance under this legislation is limited to $300 per month for up to 36 months. In addition, the Senate adopted language making it clear that these repayable loans would be made available to the more than 10 million Americans living in mobile homes who qualify for assistance.

With the almost doubling of the unemployment rate for the heads of households over the past year to the current level of 5.8 percent, we will begin to see increasing delinquent mortgage payments and foreclosures. These provisions, if instituted in a timely manner by HUD, would offer much needed assistance to unemployed Americans and allow them to retain their homes.

I am pleased to support this comprehensive emergency housing legislation and I am hopeful that the President will sign it into law. With the enactment of this legislation, the Congress will have created a well-balanced housing program for these times of great economic distress. In addition, it should help us down the road toward our national housing goal of a decent place for every American citizen to live.

Mr. CRANSTON. Mr. President, last week's action on housing legislation by the Senate Banking, Housing and Urban Affairs Committee represented a good beginning on a number of important measures to alleviate the current economic pressures in the depressed homebuilding industry. These bills—S. 1483 and S. 1457—will stimulate housing construction, create jobs, promote energy-saving techniques in the construction of residential buildings and provide foreclosure relief to involuntarily unemployed homeowners.

I endorse the provisions of S. 1483, the bill before us today as reported by the committee, and I urge its prompt approval by both Houses of Congress.

Present economic indicators show that an important part of our total economy is still severely depressed. The National Association of Homebuilders quarterly housing starts forecast for 104 metro areas projects a continued decline in this year's second quarter.

Total 1975 housing starts are predicted to decline by 5.8 percent to 610,234 units from 647,661 units over the last year.

Excessively high-interest rates have priced millions of American families out of the housing market, and the nationwide inventory of over 400,000 unsold homes has inhibited an upturn in housing production which typically leads a stagnant economy on the road to recovery.

Title I of S. 1483 expands the Emergency Home Purchase Assistance Act into a permanent program to be triggered when housing starts falls below 1.6 million rate for any 4-month period.

The 8-percent interest rate ceiling in this title will assure a source of credit at a rate which middle-income families can afford to pay. The trigger mechanism will provide a degree of stability to the up and down cycles that plague the homebuilding industry by deactivating itself when housing starts level off and mortgage credit is eased.

In addition to providing a countercyclical device to stabilize housing in title I, title II of the bill addresses the need to provide jobs by stimulating demand for housing. The rate of unemployment in the construction industry is 18 percent, double the national average. The President's budget message projects continued high unemployment. Stimulating homebuilding has been recognized as an efficient means to create jobs.

Title II of this bill in addition to stimulating demand and production by offering low-interest loans can provide up to 400,000 new housing starts. It is expected to create more than 740,000 jobs according to the committee report. Families under this provision may elect a $1,000 flat cash subsidy toward the downpayment. This up-front payment

will foster increased consumer interest in housing purchases and encourage a faster move toward increased housing production.

There are many other fine features in this bill, among them my amendment to extend and revise the section 213 rehabilitation loan program, the only program that addresses the needs of low-income residents in declining inner city neighborhoods. I am very pleased that the 312 amendment was adopted.

We in Congress continue to walk a fine line in attempting to stimulate the economy and at the same time limit the prospect of fueling inflation. Demand for low-cost housing far exceeds present production levels.

Construction is a major unused depressed resource in this recessionary period. This bill attacks the problems by using several techniques to stimulate the use of housing resources and demands. The possibilities of these programs becoming inflationary is highly unlikely because of the sophisticated triggering mechanisms that shut down these programs when the economic capacity of the homebuilding industry is sufficiently stimulated and unemployment is reduced.

Mr. WILLIAMS. Mr. President, housing is a vital and special need of American families, deserving of priority preference within Government programs and policies and budget limitations. The industry is unique, serving the most necessary of human requirements—shelter. In addition, the health of the housing industry is closely bound up with the health of our overall economy. The housing industry itself is a major employer, and millions more are employed in industries whose prosperity is directly related to the production of homes.

Our economy is in the midst of a very serious recession—the most serious since the 1930's. The rate of unemployment across the Nation has reached the level of 8.7 percent, and even the administration's forecasts predict scant improvement over the next 2 years.

The housing industry is in even worse shape than other sectors of the economy. Indeed, I can say without exaggeration that it is in a depression. The seasonally adjusted rate of unemployment in the construction industry is 18 percent nationally, and in my home State, New Jersey, the estimates range up to 40 percent.

In 1974, we produced only 1.35 million new housing units. This is the lowest level in 8 years. In December the annual housing starts rate had dropped to 860,000, and it has risen only slightly over the past several months. New Jersey has experienced a similar downturn in housing starts, and the construction of new homes is proceeding at a rate which is estimated to be less than one-third of that which is necessary to meet the needs of our citizens.

The depression in the housing industry is attributable in part to the increasing costs of construction, but perhaps more importantly, to record high interest rates and lack of mortgage credit. Due to lack of mortgage credit at affordable rates, a single family home is out of reach for more than one-half of all American families.

I am convinced that the stimulus which the Emergency Housing Act of 1975 would provide to the housing industry is essential to a full recovery of our economy.

Title I of S. 1483 establishes a permanent program for stabilizing the boom and bust pattern of the housing industry. Mortgage credit would be made available under this title at a maximum of 8 percent through the Government National Mortgage Association and the Federal Financing Bank whenever the annual rate of housing starts falls below 1.6 million for 4 consecutive months. The program would terminate whenever housing starts rise above 1.6 million for 4 consecutive months.

Title II of this bill establishes a program which is similar to the one which I introduced in another bill. In order to increase housing starts and to create jobs, homebuyers whose family income does not exceed 120 percent of the median income for their area would be offered two options to assist them in purchasing homes. They could elect an interest subsidy which would reduce the effective interest rate on their mortgage to 6 percent for a period of 3 years. After 3 years, the rate would gradually rise to the market rate. In the alternative, home buyers could elect a one-time home purchase incentive payment of $1,000 which could be applied towards the downpayment or to the settlement costs.

This title is designed to serve families primarily in the $10,000 to $18,000 bracket. These are hardworking Americans who need a minimum of help to make a go of homeownership. Homes under this program could be financed either through FHA or VA programs, or with conventional mortgages, and assistance payments under this title could only be made with respect to modestly priced homes—those whose appraised value does not exceed $38,000, or $42,000 in high cost areas.

Title II could provide assistance for up to 400,000 home buyers, and it could create between 650,000 and 740,000 jobs. The jobs created, of course, will be entirely within the private sector, and the cost will be relatively little—between $1,000 to $2,500 per job. This small initial cost, however, should be weighed against the additional tax revenue and the reduced public assistance and unemployment insurance payments which would result from the increased employment.

Title III would direct the Secretary of HUD to establish energy conservation standards for new residential and commercial construction. These standards would be implemented and enforced by State and local governments through their building codes.

Title IV contains several miscellaneous provisions including an extension of the section 312 rehabilitation loan program until September 30, 1978, and an extension of the section 235 homeownership assistance program until July 1, 1977.

Mr. President, I feel that S. 1483 will provide sorely needed relief for the housing industry, and I urge my colleagues to support it.

Mr. PELL. Mr. President, earlier today the Senate considered and accepted an amendment to S. 1483, the Emergency Housing Act of 1975 which will require that the design of new Federal construction provide for, to the maximum extent possible, windows that can be opened and closed manually.

As my colleagues are aware several months ago, I introduced S. 911, legislation providing for essentially the same requirements adopted today by the Senate. I was very pleased at the time to have Senators WEICKER and MATHIAS join me as co-sponsors in this important energy conservation effort. In my absence earlier today enroute from the Law of the Sea Conference in Geneva as an official representative, I am delighted that my distinguished colleague, Senator WEICKER, offered this amendment during the debate on S. 1483.

As mentioned previously before the Senate, although numerous measures are pending on the question of thermal efficiency standards for buildings, I did not believe it essential to wait for further study as the establishment of design criteria for buildings to achieve meaningful energy conservation. Such a step along with other energy conservation measures that have been easy to implement and have resulted in substantial energy savings would mean a great deal toward achieving our national energy conservation goals. It is important to note that steps like this reduce the need for measures which might result in further economic disruptions and unnecessary sacrifices for Americans.

I am again very pleased by the adoption of my amendment to the Emergency Housing Act of 1975 and for Senator WEICKER's assistance in the effort to establish thermal efficiency standards for buildings.

Mr. PROXMIRE. Mr. President, it is my understanding that we have before us at the present time S. 1483. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. PROXMIRE. For that reason, I think I have to go through a procedure I have gone through before.

I ask unanimous consent that the Committee on Banking, Housing and Urban Affairs be discharged from further consideration of H.R. 4485.

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

Mr. PROXMIRE. Mr. President, I ask unanimous consent that H.R. 4485 be called up for immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4485) to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources.

The PRESIDING OFFICER. Without objection, the Senate will proceed immediately to the consideration of the bill.

Mr. PROXMIRE. Mr. President, I move that everything after the enacting clause of H.R. 4485 be stricken and that the text of S. 1483, as reported and as amended, be substituted in lieu thereof.

The motion was agreed to.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on passage of the bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, I yield back the remainder of my time.

Mr. TOWER. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Hawaii (Mr. INOUYE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

I further announce that, if present and voting, the Senator from Delaware (Mr. BIDEN), the Senator from California (Mr. TUNNEY), and the Senator from Rhode Island (Mr. PELL) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Massachusetts (Mr. BROOKE), the Senator from Oregon (Mr. HATFIELD), and the Senator from Kansas (Mr. PEARSON) are necessarily absent.

I also announce that the Senator from Maryland (Mr. MATHIAS) is absent on official business.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) and the Senator from Maryland (Mr. MATHIAS) would each vote "yea".

The result was announced—yeas 64, nays 26, as follows:

[Rollcall Vote No. 148 Leg.]

YEAS—64

Abourezk	Cranston	Jackson
Allen	Eagleton	Javits
Bayh	Fong	Johnston
Beall	Ford	Kennedy
Bentsen	Glenn	Leahy
Bumpers	Gravel	Long
Burdick	Hart, Philip A.	Magnuson
Byrd, Robert C.	Hartke	McClellan
Cannon	Haskell	McGee
Case	Hathaway	McGovern
Chiles	Hollings	McIntyre
Church	Huddleston	Metcalf
Clark	Humphrey	Mondale
Montoya	Randolph	Stone
Morgan	Ribicoff	Symington
Moss	Schweiker	Taft
Muskie	Scott, Hugh	Talmadge
Nelson	Sparkman	Weicker
Nunn	Stafford	Williams
Packwood	Stennis	Young
Pastore	Stevens	
Proxmire	Stevenson	

NAYS—26

Baker	Domenici	Mansfield
Bartlett	Fannin	McClure
Bellmon	Garn	Percy
Brock	Goldwater	Roth
Buckley	Griffin	Scott, William L.
Byrd, Harry F., Jr.	Hansen	Thurmond
Culver	Hart, Gary W.	Tower
Curtis	Helms	
Dole	Hruska	
	Laxalt	

NOT VOTING—9

Biden	Hatfield	Pearson
Brooke	Inouye	Pell
Eastland	Mathias	Tunney

So the bill (H.R. 4485) was passed.

Mr. PROXMIRE. Mr. President, I move that the Senate insist upon its amendments to H.R. 4485 and request a conference with the House of Representatives thereon; and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. DOLE) appointed Mr. PROXMIRE, Mr. SPARKMAN, Mr. WILLIAMS, Mr. MCINTYRE, Mr. CRANSTON, Mr. BROOKE, Mr. PACKWOOD, and Mr. GARN conferees on the part of the Senate.

Mr. PROXMIRE. Mr. President, I move that further consideration of S. 1483 be indefinitely postponed.

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

Mr. PROXMIRE. I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of H.R. 4485.

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

Mr. PROXMIRE. I ask unanimous consent that the text of the bill (H.R. 4485) as passed be printed in the RECORD.

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

Resolved, That the bill from the House of Representatives (H.R. 4485) entitled "An Act to provide for greater homeownership opportunities for middle-income facilities and to encourage more efficient use of land and energy resources", do pass with the following amendment,"

Strike out all after the enacting clause and insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Housing Act of 1975".

TITLE I—AMENDMENTS TO THE EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

ACTIVATION AND DEACTIVATION OF PROGRAM

SEC. 101. (a) Section 313(a) of the National Housing Act is amended by adding the following paragraphs at the end thereof:

"(3) The program authorized by this section shall be activated whenever the four-month moving average annual rate of private housing starts (seasonally adjusted and exclusive of mobile homes) as determined by the Director of the Bureau of the Census is less than 1,600,000 for any consecutive four-month period.

"(4) The program activated pursuant to paragraph (3) shall be terminated whenever the four-month moving average annual rate of private housing starts (seasonally adjusted and exclusive of mobile homes) as determined by the Director of the Bureau of the Census is 1,600,000 or more for any consecutive four-month period.

"(5) Notwithstanding paragraph (3), the Secretary may direct that the program authorized under this section not be activated, and notwithstanding paragraph (4), the Secretary may direct that such program be terminated at any time, if he or she determines there is an adequate supply of mortgage credit available at reasonable rates at private financial institutions and notifies Congress of such determination, except that such program shall be activated or reactivated if (A) either House of Congress passes a resolution stating in substance that it disapproves of the Secretary's determination under this paragraph, and (B) the conditions required under paragraph (3) to activate the program are met, or the conditions required under paragraph (4) to deactivate the pogram are not met, at the time such resolution is passed.

"(6) For the purpose of paragraph (5), the provisions of sections 906, 908, 909, 910, 911, 912, and 913 of title 5, United States Code, shall apply to the consideration of a resolution referred to in such paragraph, except that (A) any reference contained in such sections to a reorganization plan shall be deemed to be a reference to a determination of the Secretary under paragraph (5), (B) the '60-day period' referred to in section 906 shall be deemed to be a reference to a '30-day period', and (C) the '20 calendar days' referred to in section 911 shall be deemed to be a reference to '10 calendar days'.".

(b) Section 313(b) of such Act is amended by striking "Whenever the Secretary issues a directive under subsection (a)(1)" and inserting in lieu thereof: "Whenever the program is activated pursuant to subsection (a)".

LIMITATION ON INTEREST RATE

SEC. 102. Section 313(b)(C) of the National Housing Act is amended to read as follows:

"(C) such mortgage involves an interest rate not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs under this section, but in no event shall such rate exceed the lesser of (i) 8 per centum per annum or (ii) the rate set by the Secretary applicable to mortgages insured under section 203(b) of the National Housing Act, and no State or local usury law or comparable law establishing interest rates or prohibiting or limiting the collection or amount of discount points or other charges in connection with mortgage transactions or any State law prohibiting the coverage of mortgage insurance required by the Association shall apply to transactions under this section;".

LIMITATION ON POINTS

SEC. 103. Section 313(b) of the National Housing Act is amended by adding the following paragraphs at the end thereof:

"(D) such mortgage is accompanied by a certification by the mortgagee that no points, discounts, or similar fees, other than a loan origination fee not in excess of 1 per centum of the original principal obligation, have been or will be assessed against the prospective buyer or seller in connection with the mortgage loan; and

"(E) such mortgage is purchased at par.".

GUARANTEE AUTHORITY

SEC. 104. Section 313(d)(1) of the National Housing Act is amended—

(1) by striking out "purchased" in the first sentence and inserting "eligible for purchase" in lieu thereof; and

(2) by inserting after the first sentence the

following: "Such securities shall bear interest at a rate equal to the rate on the underlying mortgages less an allowance for servicing and other expenses as approved by the Association.".

LIMITATION OF FEES

SEC. 105. Section 313(f) of the National Housing Act is amended—

(1) by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

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

"(3) charge a fee for making commitments to purchase mortgage loans or to guarantee securities under this section and for incurring other administrative expenses which shall not be considered a fee for the purpose of clause (D) of the last sentence of subsection (b), but the aggregate of all such fees, regardless of on whom imposed, shall not exceed 1 per centum of the amount of such commitments.".

FEDERAL FINANCING BANK FINANCING

SEC. 106. Section 313(d)(2) of the National Housing Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The Association may offer and sell any securities guaranteed under this subsection to the Federal Financing Bank, and such Bank is authorized and directed to purchase any such securities offered by the Association or any securities guaranteed under this subsection which are offered by an issuer other than the Association and which are offered not later than 90 days after the date on which the oldest underlying mortgage was originated, at a price not less than the outstanding principal amount of the underlying mortgages. The Association is authorized to make payments to the Bank to reimburse the Bank for the difference between such price and the price required to adjust the yield on such securities to the Bank's current average cost of borrowing at the time such securities were purchased."

COVERAGE OF MULTIFAMILY AND CONDOMINIUM UNITS

SEC. 107. Section 313 of the National Housing Act is amended by adding the following new subsection at the end thereof:

"(h) Notwithstanding the provisions of subsection (b), the Association may make commitments to purchase and purchase, and may service, sell (with or without recourse), or otherwise deal in, a mortgage which covers more than four-family residences (including residences in a cooperative or condominium), or a single-family unit in a condominium, and which is not insured under the National Housing Act or guaranteed under chapter 37 of title 38, United States Code, if—

"(1) in the case of a project mortgage, the principal obligation of the mortgage does not exceed, for that part of the property attributable to dwelling use, the lesser of (A) the per unit amount specified in subsection (b)(B), or (B) the per unit limitations specified in section 207 of this Act in the case of a rental project or section 213 of this Act in a case of a cooperative project, or section 234 in the case of a condominium project;

"(2) in the case of a mortgage covering a housing project, the outstanding principal balance of the mortgage does not exceed 75 per centum of the value of the property securing such mortgage or is insured by a qualified private insurer or public benefit corporation created by the State which acts as an insurer as determined by the Association;

"(3) in the case of a mortgage covering an individual condominium unit, the mortgage is insured by a qualified private insurer of public benefit corporation created by the State which acts as an insurer as determined by the Association or has an outstanding principal balance which does not exceed 80 per centum of the value of the property securing the mortgage;

"(4) the mortgage is not being used to finance the conversion of an existing rental housing project into a condominium project or to finance the purchase of an individual unit in a condominum project in connection with the conversion of such project from rental to condominium form of ownership;

"(5) the mortgage meets the requirements of subsection (b) except as modified by this subsection and any additional requirements the Secretary may prescribe to protect the interest of the United States or to protect consumers.".

AUTHORIZATION

SEC. 108. Section 313 of the National Housing Act is amended by adding the following new subsection at the end thereof:

"(i) There are authorized to be appropriated such sums as may be necessary to enable the Association to reimburse the Federal Financing Bank pursuant to subsection (d)(2).".

REPEAL OF EXPIRATION DATE

SEC. 109. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is repealed.

TITLE II—EMERGENCY MIDDLE-INCOME HOUSING

SHORT TITLE

SEC. 201. This title may be cited as the "Emergency Middle-Income Housing Act of 1975".

STATEMENT OF FINDINGS AND PURPOSES

SEC. 202. (a) The Congress finds and declares that—

(1) many families of middle income cannot afford to purchase homes at current prices and high interest rates;

(2) the decline in the home purchasing power of middle-income families has contributed to the severe economic recession of the building industry and those industries dependent upon the building industry; and

(3) the sharp decline in housing starts jeopardizes the attainment of an adequate housing stock in the years ahead.

(b) It is the purpose of this Act to reduce high mortgage interest costs to middle-income families and to stimulate employment in the homebuilding industry during the current emergency period and to reduce further the costs of homeownership.

TEMPORARY HOMEOWNERSHIP ASSISTANCE AUTHORITY

SEC. 203. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to assist middle-income families who purchase homes—

(1) by making periodic interest reduction payments as authorized under section 204; and

(2) by making home purchase incentive payments as authorized under section 205.

INTEREST REDUCTION PAYMENTS

SEC. 204. (a) The Secretary shall contract to make and make interest reduction payments on behalf of middle-income families. Such payments shall not exceed the difference between the amount of principal and interest due under a home mortgage and the amount of principal and interest due if the home mortgage were to bear interest at the rate of 6 per centum per annum. The Secretary is authorized to prescribe the maximum rate of interest payable on a home mortgage eligible for interest reduction payments under this section.

(b) Interest reduction payments may be made with respect to any dwelling unit only for such period as the family on whose behalf the payments are made occupies the dwelling unit as its principal residence. Such payments shall be made in the full amount provided for in subsection (a) for the first three years during which a family occupies a dwelling unit, 75 per centum of such amount in the fourth year, 50 per centum of such amount in the fifth year, and 25 per centum of such amount in the sixth year. No interest reduction payments shall be made after such sixth year.

(c) Interest reduction payments on behalf of an occupant of a cooperative housing project shall be in amounts computed on the basis of the formula set forth in subsection (a) applying the cooperative member's proportionate share of the obligations under the project mortgage to the items specified in the formula.

(d) For the purpose of chapter I of the Internal Revenue Code of 1954, the payments described in this section shall be deemed to be an obligation of, and paid by, the Secretary and to be applied in their entirety toward the payment of the interest due under a mortgage.

HOME PURCHASE INCENTIVE PAYMENTS

SEC. 205. (a) The Secretary shall enter into commitments to make and shall make home purchase incentive payments to any middle-income family to assist such family in acquiring a home mortgage or its proportionate share of the obligations under the project mortgage of a cooperative. The amount of a home purchase incentive payment shall be $1,000.

(b) The Secretary shall issue to any individual who he determines is eligible for a home purchase incentive payment a certificate containing the name of the purchaser, a description of the property, the amount of the payment, and such other information as the Secretary by regulation may prescribe. The face amount of the certificate may, at the option of the purchaser, be applied to any required downpayment or to the closing costs in connection with the purchase or redeemed for cash by the mortgagee at the time of closing. Any person who acquires a certificate issued pursuant to this title may present such a certificate to the Secretary who shall pay in full the face amount indicated on the certificate.

PROGRAM LIMITATIONS

SEC. 206. (a) The number of middle-income families assisted pursuant to this title shall not exceed four hundred thousand.

(b) Not less than 10 nor more than 30 per centum of the middle-income families assisted under this title in any fiscal year shall be purchasers of dwelling units, the construction of which was completed more than twelve months prior to the date of the purchase contract.

(c) An individual or family who is allowed any amount as an income tax credit for the purchase of a home under section 44 of the Internal Revenue Code of 1954 is not eligible for any assistance under this title.

(d) Preference for assistance under this title shall be accorded to dwelling units which will contribute to the conservation of land and energy resources because of location in clusters or projects, site orientation, or otherwise.

DEFINITIONS

SEC. 207. As used in this title—

(1) The term "middle-income families" means those families (including single individuals) whose incomes do not exceed 120 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller or larger families, except that the Secretary may establish income ceilings higher or lower than 120 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors.

(2) The term "home mortgage" means a mortgage (A) which is executed to finance the acquisition of a single family unit (including a unit in a newly constructed condominium project) which will be the principal residence of the mortgagor, or a two-family unit where one of the units will be the principal residence of the mortgagor, or a

cooperative housing project where all of the units will be the principal residences of its members; and (B) which covers housing where the appraised value of the unit (or the average appraised value per unit in the case of a cooperative housing project) does not exceed $38,000 or $48,000 in high cost areas as determined by the Secretary and $56,000 in Alaska, Hawaii, and Guam.

RECAPTURE

SEC. 208. (a) If a family assisted under this title sells the property for which assistance was granted within four years from the date of execution of the mortgage on such property, there shall become due and payable to the Secretary, by the family assisted at a time set by the Secretary, an amount equal to the lesser of (1) the full amount of the assistance received under section 204; or (2) the amount of the gain realized on the sale after adding the cost of any improvements provided by the mortgagor to the original sales price of the house and deducting the cost of any selling expenses. If such property is sold more than four years but less than five years from the date of execution of the mortgage, 75 per centum of the amount payable in accordance with the first sentence of this section shall be repayable. If such property is sold more than five years but less than six years from the date of execution of the mortgage, 50 per centum of the amount payable in accordance with the first sentence of this section shall be repayable. If such property is sold more than six years but less than seven years from the date of execution of the mortgage, 25 per centum of the amount payable in accordance with the first sentence of this section shall be repayable. There shall be no repayment if the property is sold by the family after seven years or if the family purchases or constructs a new principal residence within the applicable time period prescribed in section 1034 of the Internal Revenue Code of 1954.

(b) If an individual fails to comply with the provisions of section 206(c), there shall become due and payable to the Secretary by such individual the full amount of the assistance paid under this title.

AUTHORIZATION

SEC. 209. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title, including such sums as may be necessary to make the interest reduction payments and the home purchase incentive payments entered into under this title. The aggregate amount of contracts to make interest reduction payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed $300,000,000 per annum. The aggregate amount of contracts to make home purchase incentive payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed $400,000,000.

ALLOCATION OF ASSISTANCE

SEC. 210. The Secretary shall afford middle-income families eligible for assistance under this title an opportunity to choose between the assistance available under sections 204 and 205 of this title.

EXPIRATION DATE

SEC. 211. After June 30, 1976, or after the annual rate of private housing starts (seasonally adjusted and exclusive of mobile homes) as determined by the Director of the Bureau of the Census averages at least 1,400,000 for three consecutive months, whichever is sooner, no interest reduction payments or home purchase incentive payments shall be made except pursuant to contracts or commitments entered into on or before such expiration date.

TITLE III—BUILDING CONSERVATION STANDARDS

SHORT TITLE

SEC. 301. This title may be cited as the "Building Energy Conservation Standards Act of 1975".

FINDINGS AND PURPOSE

SEC. 302. (a) The Congress finds that—

(1) large amounts of fuels and energy are consumed unnecessarily each year in heating, cooling, ventilating, and providing domestic hot water for newly constructed residential and commercial buildings because such buildings lack adequate energy conservation features;

(2) Federal policies and practices contribute to this condition, which the Nation can no longer afford in view of its current and anticipated energy shortage, by providing, without regard to energy considerations, Federal construction aids directly such as through loans or grants and indirectly through financing from federally approved, regulated, or insured financial institutions;

(3) failure to provide adequate energy conservation measures in newly constructed buildings increases long-term operating costs that may affect adversely the repayment of and security for loans made, insured or guaranteed by Federal agencies or made by federally insured or regulated instrumentalities; and

(4) State and local building codes or similar controls can provide an existing means by which to assure, in coordination with other building requirements and with a minimum of Federal interference in State and local transactions, that newly constructed buildings contain adequate energy conservation features.

(b) The purposes of this title, therefore, are to—

(1) redirect Federal policies and practices so that Federal financial assistance for construction purposes is provided only under conditions which assure that reasonable energy conservation features will be incorporated into new buildings receiving such assistance;

(2) provide for the development and implementation as soon as feasible of component performance and performance standards for new residential and commercial buildings which are designed to achieve the maximum practicable economies in fuels and energy consumption within reasonable cost levels; and

(3) encourage States and local government to adopt and enforce such standards through their existing building code and other construction control mechanisms.

DEFINITIONS

SEC. 303. As used in this title, the term—

(1) "Secretary" means the Secretary of Housing and Urban Development;

(2) "Administrator" means the Administrator of the Federal Energy Administration;

(3) "building" means any structure to be constructed which includes provision for a heating or cooling system, or both, or a hot water system;

(5) "commercial building" means any building developed for residential occupancy, substantially on a year-round basis, for one or more persons or families;

(5) "commercial building" means any building developed for use other than residential occupancy, including buildings developed for industrial or public use;

(6) "Federal building" means any building to be constructed by or for the use of any Federal agency which is not legally subject to State or local codes or similar requirements;

(7) "unit of general local government" means a city, county, town, municipality, or other political subdivision of a State or any combination thereof, which has a building code or similar jurisdiction over a particular area;

(8) "Federal agency" means any department, agency, corporation, or other entity or instrumentality of the executive branch of the Federal Government, and includes the United States Postal Service, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation;

(9) "financial assistance" means any form of loan, grant, guaranty, insurance, payment, rebate, subsidy, or any other form of direct or indirect Federal assistance, other than general or special revenue sharing or formula grants made to States;

(10) "Federal instrumentality responsible for the supervision, approval, regulation, or insuring of banks, savings and loan associations, or similar institutions" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration;

(11) "State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the United States territories and possessions;

(12) "component performance standard" means a goal for a segment of a building without specifying the methods, materials, and processes to be employed in meeting the goal. A component performance standard may also be applied to mechanical systems;

(13) "performance standard" means a goal or goals to be met without the specification of the methods, materials, and processes to be employed in achieving that goal, but including statements of the requirements, criteria and evaluation methods to be used, and any necessary commentary; and

(14) "building code" means a legal instrument which is in effect in a State or unit of general local government, the provisions of which must be adhered to if a building is to be considered to be in conformance with law and suitable for occupancy and use.

PROMULGATION OF MINIMUM ENERGY CONSERVATION STANDARDS

SEC. 304. (a)(1) Within six months after the enactment of this title, the Secretary, only after consultation with the Administrator and the Secretary of Commerce utilizing the services of the Director of the National Bureau of Standards, shall develop and publish in the Federal Register for public comment proposed component performance energy conservation standards for new residential buildings. Final standards shall be developed and promulgated within six months after publication of the proposed standards, shall become effective one year after such promulgation, and shall remain effective until superseded by the standards described in subsection (a)(3) of this section.

(2) As soon as practicable, but in no event later than eighteen months after enactment of this title, the Secretary, only after consultation with the Administrator, the Secretary of Commerce utilizing the services of the Director of the National Bureau of Standards, and the Administrator of the General Services Administration, shall develop and publish in the Federal Register for public comment proposed performance energy conservation standards for new commercial buildings. Performance standards shall be developed and promulgated within six months after publication of the proposed standards, and shall become effective within a reasonable time, not to exceed one year after promulgation, as specified by the Secretary.

(3) As soon as practicable, but in no event later than three years after enactment of this title, the Secretary, only after consul-

tation with the Administrator and the Secretary of Commerce utilizing the services of the Director of the National Bureau of Standards, shall develop and publish in the Federal Register for public comment proposed performance energy conservation standards for new residential buildings. Performance standards for such buildings shall be promulgated within six months after publication of the proposed standards, and shall become effective within a reasonable time, not to exceed one year after promulgation, as specified by the Secretary.

(b) All standards promulgated pursuant to this section shall take account of, and make such allowance as the Secretary determines appropriate for, climatic variations among the different regions of the country.

(c) The Secretary, in consultation with the Administrator, the Secretary of Commerce, the Administrator of General Services, and other Federal officials, as appropriate, shall periodically review and provide for the updating of standards promulgated pursuant to this section.

(d) The Secretary, if he finds that the dates otherwise specified in this section for publication of proposed or promulgation of final performance standards under subsection (a)(2) or (a)(3) cannot practically be met, may extend the time for such publication or promulgation, but no such extension shall result in a delay of more than six months in promulgation. The Secretary may also extend for not to exceed six months the date for promulgation of component performance standards under subsection (a)(1) if he finds that such extension is necessary in order to allow an adequate opportunity for analysis and actions on public comments.

INCORPORATION OF STANDARDS IN STATE AND LOCAL CODES

SEC. 305. (a) No Federal officer or agency shall approve any financial assistance for the construction of any building in an area of a State unless the State has certified that the unit of general local government having jurisdiction over such area has adopted and is implementing a building code or similar requirement which meets or exceeds the minimum standards promulgated pursuant to section 304 of this title, or unless the State certifies that a State code or requirement providing for the enforcement of such standard or standards has been adopted and is being implemented on a statewide basis or within the area in which such building is to be located.

(b) In any case where, on the effective date of the component performance standards referred to in section 304(a)(1), a State has not yet developed and implemented a procedure for certifying local codes or similar requirements, or adopted and proceeded to implement a State code or requirement for carrying out the provisions of subsection (a) of this section, but where the Secretary finds that the State is actively developing such procedure or code, the Secretary may receive and approve a code or other requirement proposed by a unit of general local government as complying with the provisions of subsection (a) of this section, but no such approval shall extend for more than one year.

(c) Each Federal instrumentality responsible for the supervision, regulation, or insuring of banks, savings and loan associations or similar institutions shall adopt regulations prohibiting such institutions from—

(1) making loans for the construction or financing of buildings, or

(2) purchasing loans made after the effective date of any energy conservation standard for the construction or financing of buildings, unless such buildings are to be located in areas where Federal assistance for construction is permitted under subsection (a) of this section.

(d) In the certification submitted by a State, the State may recommend to the Secretary that specific units of local government within the State be excluded from all provisions of this Act on the basis that new construction in such jurisdiction is not of a magnitude to warrant the costs of implementing or providing for required inspections, and the Secretary may, in his discretion, exclude such unit without thereby affecting the State's certification.

(e) The Secretary shall, by regulation, provide for the periodic updating of State certifications under this section, and shall make such reviews and investigations as he deems necessary to determine the accuracy of such certifications. The Secretary may reject, disapprove, or require the withdrawal of any certification but he shall not take such action without affording the State a reasonable opportunity for hearing.

FEDERAL BUILDINGS

SEC. 306. The head of each Federal agency responsible for the construction of Federal buildings shall adopt such procedures as may be necessary to assure that such construction meets or exceeds the applicable energy conservation standards promulgated pursuant to this title.

OPEN WINDOWS IN FEDERAL BUILDINGS

SEC. 307. (a) As used in this section the term "building" means any building or facility (other than a privately owned residential structure) which will contain windows, which building or facility is—

(1) to be constructed or altered by or on behalf of the United States;

(2) to be leased in whole or in part by the United States after the date of enactment of this Act, after construction or alteration in accordance with plans and specifications of the United States;

(b) The Administrator of General Services, in consultation with the Secretary of Housing and Urban Development, is authorized to prescribe such standards for the design, construction, and alteration of buildings as may be necessary to insure that any windows in such building can be opened and closed manually.

(c) Every building designed, constructed, or altered after the effective date of a standard issued under this Act which is applicable to such building shall, to the maximum extent feasible and practicable, be designed, constructed, or altered in accordance with such standard.

GRANTS TO STATES

SEC. 308. (a) The Secretary is authorized to make grants to States to assist them in meeting the costs of developing or State certification procedures to carry out the provisions of section 305 of this title.

(b) There is hereby authorized to be appropriated for the purpose of grants under this section not to exceed a total of $5,000,000 for fiscal year 1976.

TECHNICAL ASSISTANCE

SEC. 309. The Secretary, directly, by contract or otherwise, may provide technical assistance to States and units of general local government to assist them in meeting the requirements of this title.

CONSULTATION WITH INTERESTED AND AFFECTED GROUPS

SEC. 310. In developing and promulgating standards and carrying out his other functions under this title, the Secretary shall consult with appropriate representatives of the building community, including labor, the construction industry, engineers, and architects, and with appropriate public officials and organizations of public officials, and representatives of consumer groups. For purposes of such consultation, the Secretary shall, to the extent feasible, make use of the National Institute of Building Sciences as established by section 809 of the Housing and Community Development Act of 1974. The Secretary may also establish one or more advisory committees as may be appropriate. Any advisory committee or committees established pursuant to this section shall be subject to the provisions of the Federal Advisory Committee Act.

RESEARCH

SEC. 311. The Secretary, in cooperation with the Administrator, the Administrator of the Energy Research and Development Administration, and the Director of the National Bureau of Standards shall carry out such research and demonstration activities as he determines may be necessary to assist in the development of standards under this title and to facilitate the implementation of such standards by State, and local governments. Such activities shall be designed to assure that standards are adequately analyzed in terms of energy use, institutional resources, habitability, economic cost and benefit, and impact upon affected groups.

TITLE IV—MISCELLANEOUS AMENDMENTS

SEC. 401. (a) Section 312(c)(3) of the Housing Act of 1964 is amended by inserting "(A)" after "not to exceed", and by inserting after "at any time" a comma and the following: "or (B) such greater rate as the Secretary may establish for loans made to applicants whose annual incomes exceed the median for the area, as determined by the Secretary with adjustments for smaller or larger families, but in no case shall such rate exceed a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the terms of loans made pursuant to this section, adjusted to the nearest one-eighth of 1 per centum, plus an allowance adequate in the judgment of the Secretary to cover administrative costs and possible losses under the program".

(b) Section 312(d) of such Act is amended—

(1) by inserting "(1)" after "(d)";

(2) by inserting "ending on or before June 30, 1975," after "for each fiscal year";

(3) by inserting after the end of the first sentence the following: "The revolving fund (hereinafter in this subsection referred to as the 'fund') shall consist of (A) amounts repaid by borrowers as principal and interest on loans from the fund, (B) proceeds credited to the fund under paragraph (2), (C) appropriations to the fund under this paragraph or paragraph (3), and (D) receipts from any other source.";

(4) by striking out "such revolving fund" and inserting in lieu thereof "the fund";

(5) by inserting "(A) after "shall be available for";

(6) by striking the period at the end thereof and inserting in lieu thereof the following: ", (B) for the purpose of making loans under this section, and (C) for paying interest on obligations issued under paragraph (2)".; and

(7) by adding at the end thereof the following new paragraphs:

"(2) To carry out the purposes of this subsection, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount not to exceed such amount not in excess of $150,000,000 in any fiscal year, as is approved in an appropriation Act, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to

purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as debt transactions of the United States.

"(3) There is authorized to be appropriated to the fund in each fiscal year an amount equal to the difference between the amount of interest paid on obligations issued under paragraph (2) and the amount of interest received on loans made from the fund, plus any additional amount deemed necessary to carry out this section, but not to exceed $7,500,000 in any fiscal year."

(c) Section 312(h) of such Act is amended by striking out "after the close of the one-year period beginning on the date of the enactment of the Housing and Community Development Act of 1974" and inserting in lieu thereof "after September 30, 1978", and by striking out "the close of that period" and inserting in lieu thereof "that date".

SEC. 402. The second sentence of section 5(c) of the United States Housing Act of 1937 is amended by striking "$150,000,000" and inserting in lieu thereof "$450,000,000".

SEC. 403. (a) Section 235(h)(1) of the National Housing Act is amended—

(1) by striking "1976" and inserting in lieu thereof "1977"; and

(2) by striking out the last sentence thereof.

(b) Section 235(m) of such Act is amended by striking "1976" and inserting in lieu thereof "1977".

SEC. 404. Section 10 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(d) The Secretary shall process all applications received, including those from public housing agencies for housing not placed under contract pursuant to section 8 of this Act, during distinct time periods not exceeding 75 days.".

SEC. 405. The fourth sentence of section 5(c) of the United States Housing Act of 1937 is amended—

(1) by inserting "(1)" after "except that"; and

(2) by inserting before the period at the end thereof a comma and the following: "and (2) after the date of enactment of the Emergency Housing Act of 1975, none of the funds made available under this sentence shall be used to fulfill any outstanding commitments entered into prior to such date under any memoranda of understanding among the Departments of Housing and Urban Development, Interior, and Health, Education, and Welfare".

SEC. 406. Section 236(b) of the National Housing Act is amended to read as follows:

(b) Interest reduction payments with respect to a project shall only be made during such time as the project is operated as a rental housing project and is subject to a mortgage which meets the requirements of, and is insured under, subsection (j) of this section or section 241 of this Act.

SEC. 407. Section 202 of the Housing Act of 1959 is amended by adding at the end thereof the following new subsection:

"(g) Effective on the date of enactment of the Emergency Housing Act of 1975, the Secretary shall begin to accept applications for assistance under this section, and shall process such applications within a distinct time period, not to exceed seventy-five days after the date on which each such application is received."

SEC. 408. Section 518(b)(1) of the National Housing Act, as amended, is further amended by striking the words "one year" therein and inserting in lieu thereof the words "nineteen months".

SEC. 409. Section 236 of the National Housing Act, as amended, is hereby amended by adding a new subsection (q) reading as follows:

"(q) With respect to mortgages financed under State or local programs which are not insured under this section but which are receiving the benefits of this section as provided in subsection (b) hereof, and whenever the Secretary determines that the State or local agency providing such financing is in serious financial danger, the rental charge and percentage of income payable by the tenant as specified in subsection (i)(2), shall not be applicable, and the maximum income limitations, percentage of income, and rental to be paid by the tenant shall be fixed by the State or local agency thereof providing the mortgage assistance, in such amounts and percentages as are found necessary by such State or local agency to achieve the purposes of this section: *Provided*, That assistance payments under this section may be applied only with respect to tenants whose incomes do not exceed the median family income for the area, as determined by the State or local agency with adjustments for smaller and larger families. The tenants shall pay no less than the basic rental charge or such greater amount as the State or local agency determines is necessary for the economic feasibility of the project, not exceeding the fair market rental charge, and no less than 20 per centum of the tenant's income. Any tenants occupying such units prior to any modification in the rental charge approved by the State or local agency as authorized herein, shall not be made liable for rental increases except pursuant to the same criteria as would have been applicable under the provisions of this Act prior to the effective date of this subsection. The State or local agency shall report to the Secretary of Housing and Urban Development the rental charges, income limitations, and percentage of income payable by the tenant and shall certify that the charges and income limitations are the minimum amounts which can be fixed and still maintain the economic feasibility of the projects and shall supply the Secretary with documentations supporting such certification."

SEC. 410. Section 202 of the Flood Disaster Protection Act of 1973 is amended by striking out "July 1, 1975" each place it appears and inserting in lieu thereof "January 1, 1976".

TITLE V—EMERGENCY MORTGAGE RELIEF PAYMENTS

HOMEOWNERS RELIEF

SEC. 501. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make repayable emergency mortgage relief payments on behalf of homeowners who are delinquent in their mortgage payments.

(b) Emergency mortgage relief payments shall not be approved with respect to any mortgage unless—

(1) the holder of the mortgage has indicated its intention to foreclose;

(2) the mortgagor and holder of the mortgage have indicated in writing to the Secretary and to any agency or department of the Federal Government responsible for the regulation of the holder that circumstances (such as the volume of delinquent loans in its portfolio) make it probable that there will be a foreclosure and that the mortgagee is in need of emergency mortgage relief authorized by this Act, except that such statement by the holder of the mortgage may be waived by the Secretary if in his judgment such waiver would further the purposes of this Act;

(3) payments under the mortgage have been delinquent for at least two months;

(4) the mortgagor has incurred a substantial reduction in income as a result of involuntary unemployment or underemployment due to adverse economic conditions and is financially unable to make the full mortgage payments;

(5) there is a reasonable prospect that the mortgagor will be able to make the adjustments necessary for a full resumption of mortgage payments; and

(6) the mortgaged property is the principal residence of the mortgagor. The mortgaged property shall include but is not limited to, property owned in fee simple, condominium units, mobile homes, boats, or multiunit dwellings.

(c) Mortgage relief payments on behalf of a homeowner may be in an amount up to the amount of the principal, interest, taxes, ground rents, hazard insurance, and mortgage insurance premiums due under the mortgage, but such payments shall not exceed the lesser of $300 per month of the amount determined to be reasonably necessary to supplement such amount as the homeowner is capable of contributing toward such mortgage payment.

(d) Mortgage relief payments may be made by the Secretary for up to eighteen months, and may be extended once for up to eighteen additional months. The Secretary shall require the mortgagor to report any increase in income which will permit a reduction or termination of mortgage relief payments during this period.

(e) Mortgage relief payments made under this Act shall be repayable by the homeowner upon such terms and conditions as the Secretary shall prescribe, except that interest on such payments shall not exceed 8 per centum per annum. Interest shall not begin to accrue until after the last payment made by the Secretary in behalf of the homeowner. The Secretary may defer repayment of the mortgage relief payments until the disposition of the property or the completion of the period of amortization for the mortgage. The Secretary shall require such security for the repayment of mortgage relief payments as he deems appropriate and may secure such repayment by a lien on the mortgaged property. The Secretary may make such delegations and accept such certifications with respect to the processing of mortgage relief payments as he deems appropriate to facilitate the prompt and efficient implementation of the assistance program authorized by this Act.

NOTIFICATION

SEC. 502. (a) Until two years from date of enactment of this Act, each Federal supervisory agency, with respect to financial institutions subject to its jurisdiction, and the Secretary, with respect to other approved mortgagees, shall (1) take appropriate action, not inconsistent with laws relating to the safety or soundness of such institutions or mortgagees, as the case may be, to waive or relax limitations pertaining to the operations of such institutions or mortgagees with respect to mortgage delinquencies in order to cause or encourage forebearance in residential mortgage loan foreclosures, and (2) request each such institution or mortgagee to notify that Federal supervisory agency, the Secretary, and the mortgagor at least thirty days prior to instituting foreclosure proceedings in connection with any mortgage loan. As used in this subsection the term "Federal supervisory agency" means the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration.

(b) Upon receipt of any notification under subsection (a), and if the authority under

section 3 is being exercised, the Secretary shall take appropriate steps to notify the mortgagor of the availability of assistance under this Act and of the procedures to be followed by any mortgagor who is seeking such assistance.

AUTHORIZATION AND EXPIRATION DATE

SEC. 503. (a) There are authorized to be appropriated for purposes of this Act not to exceed $750,000,000. Any amounts so appropriated shall remain available until expended.

(b) Mortgage relief payments shall not be made after July 1, 1976, except with respect to mortgagors receiving the benefit of payments on such date.

REPORTS

SEC. 504. Within sixty days after enactment of this Act and within each sixty-day period thereafter prior to July 1, 1976, the Secretary shall make a report to the Congress on (1) the current rate of delinquencies and foreclosures in the housing market areas of the country which should be of immediate concern if the purpose of this Act is to be achieved; (2) the extent of, and prospect for continuance of, voluntary forebearance by mortgagees in such housing market areas; (3) actions being taken by governmental agencies to encourage forebearance by mortgagees in such housing market areas; (4) actions taken and actions likely to be taken with respect to making assistance under this Act available to alleviate hardships resulting from any serious rates of delinquencies and foreclosures; and (5) the current default status and projected default trends with respect to mortgages covering multifamily properties with special attention to mortgages insured under the various provisions of the National Housing Act and with recommendations on how such defaults and prospective defaults may be cured or avoided in a manner which, while giving weight to the financial interests of the United States, takes into full consideration the urgent needs of the many low- and moderate-income families that currently occupy such multifamily properties.

DISAPPROVAL OF PROPOSED DEFERRAL OF BUDGET AUTHORITY

The PRESIDING OFFICER (Mr. DOLE). Under the previous order, the Chair lays before the Senate, Senate Resolution 69, which the clerk will state.

The assistant legislative clerk read as follows:

A resolution (S. Res. 69) disapproving the proposed deferral of budget authority.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the resolution.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, it is my understanding that the Senators most interested are the senior Senator from West Virginia (Mr. RANDOLPH) and the Senator from Indiana (Mr. BAYH).

I call to the attention of the Senate that there is a time limitation of not to exceed 1 hour on the resolution. The more that can be reduced, the better it will be for all concerned because of a situation developing later this evening.

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, we are considering Senate Resolution 69.

This resolution was submitted by me on February 7, 1975. I have joined with me as cosponsors Senators BENTSEN, BURDICK, ROBERT C. BYRD, CANNON, CULVER, GRAVEL, MAGNUSON, MONTOYA, MOSS, MUSKIE, and WILLIAMS.

The resolution was reported from the Committee on Appropriations without amendment by the Senator from Indiana (Mr. BAYH) on April 18, 1975.

What is the resolution, I ask my colleagues? It is a disapproval of the proposed deferral of budget authority. We resolve "that the Senate disapproves the proposed deferral of budget authority for Federal-aid highways, which deferral (D75–17) was set forth in a special message transmitted by the President to the Congress on September 20, 1974, under section 1013 of the Impoundment Control Act of 1974."

Mr. President, during consideration of and voting on Senate Resolution 69, I respectfully request that staff members of the Committee on Public Works be granted the privilege of the floor as follows: M. Barry Meyer, Bailey Guard, John Yago, Ronald Katz, Katherine Cudlipp, George Fenton, Jr., and Howard Paster.

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

Mr. RANDOLPH. Mr. President, the action proposed in Senate Resolution 69 would solve a longstanding problem that has impaired the orderly functioning of the Federal aid highway program in the United States.

This resolution, approved by the Committees on Public Works, Appropriations, and the Budget, would disapprove the impoundment of highway funds as proposed by the President of the United States.

In the past 8 years Presidents of both parties have used the mechanism of impoundment to reshape Federal programs contrary to the expressed intent of the U.S. Congress. The highway program has not been the only victim of this practice, but the amounts of money involved probably have been the greatest.

I introduced this resolution under procedures of the Impoundment Control Act passed last year. Its adoption by the Senate would disapprove the President's proposal for withholding from the States of $10.7 billion in highway obligational authority.

The Impoundment Control Act and the procedures it established are valuable tools to enable Congress, for the first time to function on even terms with the executive branch in establishing Federal expenditure levels. Prior to the adoption of the act we had no structure through which total Federal spending could be rationalized. Now we have not only that ability, I emphasize, but also the responsibility to examine our work in context of all Federal fiscal requirements.

Senate Resolution 69 was introduced by me, and is being considered, as I have indicated, under the provisions of the Impoundment Control Act. But it is also, Mr. President, my conviction that the President did not possess the legal authority to impound highway funds.

We have followed procedures of the new statute because this is the most expeditious manner to make these highway funds available for obligation at a time when our economy needs infusions of money to stimulate employment.

Mr. President, a number of judicial challenges to presidential impoundment of highway funds have been initiated in recent years. Each decision has been against the administration, but the deliberate nature of the judicial system has understandably delayed a definitive resolution of this matter in the courts.

(At this point Mr. DOMENICI assumed the chair.)

Mr. RANDOLPH. I have full confidence that the earlier decisions in the courts will be upheld, but the release of impounded money is needed now.

The action proposed by Senate Resolution 69 would be an action which, I believe, the Senate will wish to take this afternoon with, I hope, not a dissenting vote.

I want to emphasize and reemphasize, Mr. President, that what we do here must not be considered as a rebuff to the President of the United States, nor is it intended to irresponsibly release a flood of money that would further weaken our country's unstable economic condition. Release of the full $10.7 billion covered by the deferral message, less the $2 billion voluntarily released by the President, is the only course available under the Impoundment Control Act.

In approving this resolution the members of the Committee on Public Works were fully aware that it may not be possible—and I underscore not be possible—to use this amount of money in the next fiscal year. The impounded authority includes such an amount for fiscal year 1976, but it may be that all of those funds cannot be realistically utilized.

Mr. President, in its report to the Budget Committee, the Public Works Committee recommended a program level of $7.2 billion for Federal aid to highways during fiscal year 1976. This is more, I say emphatically, than the $5.4 billion budget request of the President, but is consistent with the Federal Highway Administration's appraisel of State capability to construct these needed highways.

Because of severe inflation—and I hope those Members who are on the floor and those who will read the RECORD will ponder these facts—a $7.2 billion program in 1976 would buy only as much construction as was provided in 1973. With the Presidential release of $2 billion last February, the fiscal 1975 highway program now stands at $6.6 billion.

The $5.4 billion obligational level proposed for 1976, therefore, represents a substantial reduction in the highway program at a time when prices continue to spiral upward.

A transportation program that adequately responds to national needs cannot be conducted by the shuffling of figures. It requires the establishment of priorities for transportation of all types that will function as a system to support

our continued economic and social development.

The allocation, Mr. President, of financial resources must take into account the full range of influencing factors.

The members of the Committee on Public Works are cognizant of their responsibilities to help achieve a Federal budget that supports necessary programs but does not damage the national economy. To this end we have expressed our desire to conduct a continuing dialog with the executive branch to reach agreement on a suitable funding level for Federal-aid highway programs in fiscal year 1976.

Members of the committee, in fact, have already met twice with the Secretary of Transportation, William T. Coleman, for this important purpose. These preliminary conversations have enabled us to more fully understand the positions of both sides. Our positions have not been polarized. We believe that there is a merging of our thoughts in reference to our joint responsibilities. So I have high hopes that our efforts will be successful.

Mr. President, the recession which continues to grip the United States of America is a foremost concern of the Members of the Senate and of the House of Representatives and also of the people of our country.

The unemployment rate is approaching 9 percent, a level that is totally unacceptable and must be reduced immediately.

The construction industry in general has been one of the hardest hit with a jobless rate well above the national average.

The highway construction industry, in particular, has been operating at only about 50 percent of its capacity.

The availability of additional Federal highway funds, I am sure we can all agree, would be a substantial stimulus to the American economy.

The Federal Highway Administration indicates that approximately 125,000 jobs, both direct and indirect, are created by the obligation of each $1 billion in Federal aid funds.

That means in this program we would actually be thinking in terms of employment for 1 million persons in the United States.

Construction of all types has a widespread beneficial effect on the economy, in addition to providing useful and lasting public facilities, which are very much needed.

The adoption of this resolution, I repeat, can be a significant and a substantial contribution to antirecession efforts. I think this is an opportunity for the Senate. This matter does not go to the House after we have acted favorably on it today.

I think it is an opportunity as well as a responsibility for us to indicate our genuine concern for unemployment, for the need for construction workers to be at gainful employment, and for us to strengthen the system of the mobility through facilities provided for the movement of people and the movement of products from the field, the factory, the farm, and the mine.

There are broad implications in Senate Resolution 69 and that, Mr. President, was the very reason why the resolution I introduced was referred to three Senate committees.

Each of those committees expedited consideration that the measure might be brought to the Senate promptly. So the report from the Appropriations Committee was on April 18 and now, 6 days later, it is on the floor. I am appreciative of the leadership on both sides of the aisle cooperating so that the measure could be brought before us this afternoon.

I know that there is a genuine concern for both transportation and congressional responsibility when spending is involved.

I think that Senator MUSKIE, the chairman of the Budget Committee, recognized this. He is, of course, a member of the Public Works Committee. He is a member of our Subcommittee on Transportation. He has joined as the principal cosponsor of the resolution I introduced.

His involvement in environmental matters also has made him acutely aware of the impact of impoundment, for fully one-half of the funds authorized by the Water Pollution Control Act have been subjected to improper impoundment. Senator MUSKIE's firm opposition to impoundment of this money contributed greatly to its recent release by the President.

I note the concern for highway fund impoundment, which has been shown by the able Senator from Indiana (Mr. BAYH), the chairman of the Subcommittee on Transportation of the Appropriations Committee. Senator BAYH previously served, and served well, as a member of the Public Works Committee. He was the knowledgeable chairman of our Subcommittee on Transportation. Certainly his statement, which will be part of the public debate on this matter in the Senate today, will reflect his comprehensive understanding of the highway program and its vital place in our American society.

One of the most important responsibilities for the members of the Public Works Committee this year will be the development of a new highway bill. The Federal-aid highway program is at a critical juncture. The decisions we make in 1975 will determine the form of this activity in the years immediately ahead. A substantial restructuring of the program and new directions for its thrust may well result from our deliberations.

Concurrent with the writing of this bill by the Public Works Committee will be the consideration of future funding for the highway program by the House Ways and Means Committee and the Senate Finance Committee.

Mr. President, with these fundamental activities to be undertaken within our committee, a major area of the uncertainty can be resolved with the disposal this afternoon of this impoundment question. I believe that the Members of this body will support the resolution and that, by their action, will bring about the demise of this persistent and divisive issue.

It is the first step toward an era of shared responsibility between the executive and the legislative and will provide for an orderly and responsive Federal-aid highway program.

Mr. President, I reserve the remainder of my time.

Mr. BAYH. Mr. President——

The PRESIDING OFFICER. The Senator from North Dakota was on his feet.

Mr. YOUNG. Mr. President, I yield myself 3 minutes.

Mr. President, this bill was approved by the Appropriations Committee without opposition.

I would like to see a more even flow of funds for our highway construction program.

We have too many funding peaks and valleys now. Passage of this resolution may provide more money than the States can use at the present time, but under the circumstances it is better than not having enough.

Release of these funds will serve two purposes. First, it will help create more jobs when we need them badly. Second, it will help to relieve some of the traffic problems on highways that not only cause a great loss of time but are very expensive in consuming large quantities of fuel which we are trying to conserve.

Mr. President, I hope the bill will be approved.

Mr. STAFFORD. Will the Senator yield very briefly?

Mr. YOUNG. Yes, I yield.

Mr. STAFFORD. Mr. President, I just want to say that I would like to be associated with not only the remarks of the distinguished Senator from North Dakota, but particularly with the analysis of this legislation by the chairman of the Public Works Committee, the Senator from West Virginia (Mr. RANDOLPH) whose thoughts on this matter I share and associate with.

Therefore, I will not have to make a speech in my own right.

Mr. PROXMIRE. Will the Senator yield me 5 minutes?

Mr. YOUNG. I yield.

Mr. PROXMIRE. Mr. President, I appear to be maybe the only one in the Chamber and maybe the only one in the Senate who opposes this resolution. I do so with great reluctance. I have the greatest admiration for my good friend from West Virginia, a good friend and wonderful Senator. I know he has worked very hard on this. I know he feels very strongly that the resolution is right.

We have had 36 consecutive hearings in the Joint Economic Committee. Every single month for the last 3 years we have had hearings on unemployment. We have gone into this in the greatest detail. I think this is one proposal that will do nothing, and I stress nothing, to solve unemployment problems. I want to come to that. The passage of this resolution will contribute to a galloping budget deficit.

First, it will not combat the immediate

unemployment problem, as I am going to come to. It will result in the expenditure of over $9 billion. But this money will not be spent for months, and in some cases years, to come. As the committee report makes clear, the $9 billion releases nothing in 1975. Then in 1976, that is, July, when fiscal 1976 begins, the President can come down with another deferral action and there you might have an action that would be significant.

This particular resolution we are passing today in my view is going to do nothing. It will only increase fiscal 1976 expenditures, incidentally, by a maximum of $2 billion. As I say, that could be deferred by the President on July 1, or shortly thereafter. By the time the first dollars are spent, the economic situation may call for Federal spending constraints to fight inflation, not a greater budget deficit to fight unemployment.

Second, this money will not buy jobs cheaply. Each job will cost at least $10,000. In fact, my estimates are that they will cost $15,000 or $16,000 per job. It will be much more cost effective to provide jobs in other areas.

Third, what we emphatically do not need at this point is more and more highways. We all know the clout of the highway lobby. They have a lot of clout in my State of Wisconsin, as they have in every one of the 50 States. We all know that Governors want more dollars flowing into their States, whether it be in the form of highway dollars or Federal service job expenditures. But if the energy shortage has taught us anything, it should have taught us we should slow down, not speed up, the construction of a highway network that threatens to strangle this Nation's transportation system which makes it a gasoline glutton, not an energy saver. We have to realize that we cannot simply jump into the family car and go out on the newest, most expensive superhighway whenever the notion strikes us. We have to reorder our priority so that money we used to spend on highways goes into mass transit systems, subways, and railroads, to move goods and people with a minimum waste of energy and a minimum condemnation of land.

Mr. President, this resolution, as I understand it, will release $9.1 billion in Federal aid funds, of which $6.4 billion is attributable to 1976 contract authority. The President released $2 billion in highway funds in February, making available a total of $6.6 billion for 1975. It is doubtful that the States can use more than $6.6 billion in 1975. It is my understanding that they will not use more. That is why I argue this will not have any immediate effect.

It has been argued that this resolution will make the impounded funds available in 1976. I am told by the staff of the Appropriations Committee that this is not the case since the administration will likely submit a separate deferral on July 1. So this 1976 deferral and not the one we are debating today will determine the actual level of obligations.

The program level in 1976 could be increased by $2 billion if no further deferral, but outlays go up by only $300 million in 1976.

Mr. President, to summarize, I just think this is not the way to get jobs. It is the way to exacerbate in the long run, at least, an energy shortage. It could have, ultimately, certainly not for years but ultimately, an inflationary effect. It definitely is going to have a seriously adverse effect on the budget.

For these reasons, I expect to vote no on the resolution.

The PRESIDING OFFICER. Who yields time?

Does the Senator from West Virginia yield time to the Senator from Indiana?

Mr. RANDOLPH. I yield such time as he may desire.

Mr. BAYH. Mr. President, I am privileged to join with my distinguished colleague from West Virginia who was my previous chairman. I served under him on the Public Works Committee as the chairman of the Roads Committee. At that time we drafted the Highway Act which is now on the statute books. Since that time I have assumed a little different responsibility, which compels me to join in this colloquy right now, the chairmanship of the Senate Appropriations Subcommittee on Transportation, which has a joint jurisdictional responsibility on this matter of deferral.

Mr. President, with the great respect I have for my good friend from Wisconsin, I must say I come down very strongly on the other side of this issue.

Mr. President, the purpose of this resolution is to disapprove the deferral of Federal-aid highway funds. Under the provisions of section 1013 of the Congressional Budget and Impoundment Control Act of 1974, the President submitted to the Congress Deferral Message D75–17 in which he set forth his reasons for impounding some $10.7 billion in contract authority in the Federal-aid highway program.

Among the reasons stated in that message for deferring the highway program were such things as these:

> Additional fiscal stimulus of any kind would enhance inflationary pressure directly by increasing the demand for scarce goods and services. Moreover, in the current climate of rising inflationary expectations, additional fiscal stimulus would be a signal to business and labor, to consumers and investors, that the Government is not doing its share to check inflation.

Several months later, the President released $2 billion of this authority to be made available to the States on a first-come, first-served basis. He stated that $1 billion of these funds would go directly into the pockets of wage earners and the rest would go for the supplies, equipment, and so forth, necessary to carry out this increased highway construction program.

The Department of Transportation issued a press release on February 12 concerning that $2 billion release. It contained some interesting remarks about the need for this action by the President. Among other things, it pointed to the fact that the total number of jobs that would be created would be around 300,000. In addition, it was noted that—

> Recent surveys by the Federal Highway Administration show that manpower, equipment and materials all are available in sufficient quantity to permit full implementation of the program.

It goes on to state that—

> It is estimated that between 35 and 50 percent of the nation's highway construction capacity now is idle. This, together with the immediate availability of highway construction materials should cut the normal period required for the startup of projects.

Mr. President, on February 7, the distinguished chairman of the Public Works Committee, Senator JENNINGS RANDOLPH, along with several cosponsors, introduced in the Senate, Senate Resolution 69. Under the process being used by the Senate in considering Presidential deferrals, that resolution was referred to the Committees on Public Works, Appropriations, and on the Budget. After careful consideration of this matter, all three committees are in agreement that this deferral should be disapproved. The report that is before each Senator contains the views of all three committees concerning their recommendations. We, in the Appropriations Committee, conducted a very useful hearing on this matter. The major witness was the Federal Highway Administrator. While the testimony was inconclusive as to whether the States could conduct a larger highway program in fiscal year 1975, it became quite clear that the fiscal year 1976 program could be expanded at least $2 billion above the $5.2 billion level set in the President's budget.

Also, an additional billion or so could be used if the authorizing committees of the Congress passed legislation to assist the States in meeting their matching requirements. I understand both the House and Senate Public Works Committees are considering such proposals. Mr. President, on pages 3 through 5 of our report, we have included a State-by State listing of the amount of funding that could be utilized in fiscal years 1975 and 1976. These tables were provided by the Federal Highway Administration at our request.

Mr. President, it is the view of the Appropriations Committee that the highway program should be used to the maximum possible extent to relieve the very serious unemployment situation in which we find ourselves. As I see it, that is our major problem today and will be for the foreseeable future. With the number of unemployed people in this country over 8 million and rising, and a President that is reluctant to recognize the problem, and when he does, offers proposals that are too little and too late, this Congress must take action to fill the void.

The unemployment level of 7 to 8 percent for calendar year 1975 and 1976 that have been put forth by the administration are totally unacceptable. It is not until 1980 that the President's budget assumes an unemployment rate below 6 percent. By employing people in our highway programs around the country, we are putting them to work in a most useful and productive way. They will not be just sweeping or raking. They will be involved in building the highways that the States themselves have determined to be necessary in their State highway plans. They will be doing such things as upgrading existing highways,

replacing dangerous bridges, constructing safety improvements such as rail-relocation projects, and developing public transit facilities up to the limits provided in the Federal Aid Highway Act of 1973.

Mr. President, the economic and social benefits of highway transportation to the Nation are far reaching. The Federal highway program lays the foundation for an industry that accounts for over 17 percent of the gross national product. In terms of jobs, this means over 13 million—or one out of every six. Indirectly, highways are vital to local and regional economies. Without a good system of rural highways, our farmers and other rural residents simply cannot survive. Governor Noel of Rhode Island pointed out in testimony before the committee that the primary and secondary roads around the country have been allowed to suffer while the emphasis was placed on the Interstate System. This situation arose due to the matching requirements for those programs. For Interstate Systems, the Federal/State match is 90 to 10 and for the other highways, it is 70 to 30. It is not my purpose to cast aspersions at the Interstate program; but rather to point out that the needs of the other primary and secondary roads must also be met.

Our highway programs have been greatly affected by inflation. Originally, the Interstate System was to have been completed in 1972 at a cost of $32 billion. It is now projected that at the present rate of funding, it will be finished around 1990 at a cost of $89 billion. A substantial portion of that increase is due to inflation. If you use 1967 as a base year of 100, as of September 30, 1974, the index of the price of Federal-aid highway construction stood at 209.7 while the Consumer Price Index for the same period was 151.9. The average cost of a mile of Interstate System construction has risen from $679,000 in 1961 to $1.8 million for the January-June 1974 period. While there are many factors involved in this increase, by far the major one has been inflation. It was pointed out by the Federal Highway Administration that due to inflation in 1974 of 25 percent, the $2 billion released by the President, which represented a 40-percent increase in program level, will actually only increase construction by 15 percent.

Mr. President, there will be those who will say that the Senate, by disapproving the deferral of highway funds, will be doing so to the detriment of public transportation and railroads. I disagree with those who hold that view. Solutions to the transportation problems of our urban areas as well as for our railroads are vitally necessary. The Congress recognizes those needs as well. Just last December, the National Mass Transportation Assistance Act was passed. By authorizing nearly $12 billion for mass transit needs over the next 6 years, that act greatly expands the Federal effort to assist the States and local communities with their public transit programs. Up to $4 billion is specfied in that act for operating subsidies for localities around the country. This represents the first Federal involvement in mass transit subsidies.

The problems of our railroads have been allowed to grow since World War II to the point where now many are facing bankruptcy and others are returning a very low return on investment. The Regional Rail Reorganization Act is a remarkable attempt to rescue the failing railroads of the Northeast and Midwest regions of the country. Under that act, the U.S. Railway Association has already submitted to the Congress its preliminary system plan. That plan, while leaving many unanswered questions, is a very good starting point for resolving the problems of the railroads which it addresses. Before the final system plan is submitted to Congress in July, undoubtedly there will be changes made in the plan as it now stands. Before passing the final system plan, Congress will want to give careful consideration to some aspects of the plan. For example, the problem of deletions of light density lines is a very difficult one. For the State of Indiana alone, there are some 800 miles deleted. In addition, there is the question of whether there should be a Government takeover of the track and roadbeds. On the question of funding, it now appears that the total Federal involvement may approach $3 billion rather than the $1 billion now authorized. Changes in certain regulatory practices that have worked to the detriment of the railroads will likely be in order. Two committees of the Senate have expressed their intentions of looking into that problem during this session of the Congress.

As far as passenger service on our railroads is concerned, the administration recently introduced a 4-year, $2 billion program for Amtrak. Inflation and the condition of the tracks over which Amtrak trains must run have been the major causes for their inability to move toward financial viability. I am certain that when these conditions are improved, Amtrak will show much better results.

For our national air system, the President's budget speaks of his intention of substituting major legislation in this session of Congress. I am certain that the committees which have jurisdiction over aviation matters will make whatever changes they find necessary to improve the President's proposals in order to insure a continued national air system that is second to no other in the world.

So, Mr. President, I think it is time for the Congress, and particularly the Senate, to view these various modes of transportation as being interdependent and compatible. We cannot afford to build up one segment while ignoring the needs of another. This country should have the finest transportation system in the world. In order to do so, we in the Congress must be prepared to take whatever actions we find necessary to attain and maintain such a system. Mr. President, I urge the Senate to agree on Senate Resolution 69, which I am certain represents a step in the right direction.

It seems to me, Mr. President, that all of us have to recognize the fact that there is a higher degree of disenchantment, disinfatuation and disbelief in our institutions than we have ever had before for a number of different reasons. But at least one of those reasons which has led millions of Americans to feel that our political institutions are not responsive any more is the fact that there have been public officials who have flagrantly disregarded what the Constitution says.

There has been a great deal of discussion about some of these activities which are clearly illegal, and very little discussion about the activities which bring us here, namely, what I feel are of the congressional right to appropriate funds.

I cannot say that to the degree to which President Nixon has impounded, first, highway, then pollution and then a wide variety of social program funds, was the first time a President of the United States has taken upon himself this responsibility, because it is not true. It goes back to Thomas Jefferson and the Congress having a difference of opinion as to whether there should be gunboats going up and down the Mississippi.

President Johnson, as my distinguished chairman recalls, tried to impound highway funds back in 1966. The chairman joined with me and some 50 other colleagues at that time and introduced a Senate joint resolution whereupon President Johnson released those funds.

This is not the first time we have been confronted with this situation. But our Founding Fathers in their wisdom, having come from Europe where they saw the abuse of King George using the power of the tax collector and the privilege of the throne, put into that Constitution that it is the Congress' responsibility to appropriate funds.

So, Mr. President, I feel very strongly about this. We have a very compelling constitutional reason to say to posterity that, once and for all, we are going to get behind us this matter of who, under the Constitution, has authority to appropriate funds. I think that is a very important constitutional issue. Although there is a great deal of truth in what the distinguished Senator from Wisconsin said as to when these funds can ultimately be spent, that we are really talking about next fiscal year, I suggest for Congress to go contrary to the resolution proposed by the Senator from West Virginia is going to be a signal to the President and a signal to the entire country that we are once again going to derogate our responsibility to control the purse strings.

I would hope that we would, indeed, unequivocally stand up and say we confirm once again our right as members of the legislative body to control the purse-strings.

Mr. President, we are all aware of the economic conditions confronting our country. That is an entirely different question than the constitutional one. But, nevertheless, I would just like to touch on it

I will not repeat all the statistics that have been specified by the distinguished chairman of the Public Works Committee, the Senator from North Dakota, and others. We have 8 million people out of work. The construction industry is oper-

ating at somewhere between 35 and 50 percent of capacity. We know that this bill can put 300,000 people to work. Whereas it may cost $10,000 a job to put them to work, and other kinds of public service employment can do it for $7,000, let me suggest to you that when we put a person to work building a highway, making a bridge safer, putting in a railroad crossing, we know we have something for our children and their grandchildren to see.

Mr. RANDOLPH. And use.

Mr. BAYH. And use. With some of these other public service jobs, which the Senator from Indiana has enthusiastically supported, I have to say as far as the return on the investment for posterity, it is questionable. I suggest to you this is another reason to get this program cranking; to get our construction industry going. Give the States and localities advance notice so that we can start these moneys flowing back into the economy, putting people to work, and we will know when we are through we will have something to see from it.

There is one other thing I would like to point out which the Senator from Wisconsin overlooked.

There is a great deal of controversy about the Interstate System. It was supposed to be completed in 1972. Now it seems as though it might take until 1990.

If we are talking about inflation, we know tragically that each mile on interstate we build today costs significantly more than it would have cost 5 years ago, and it is going to cost significantly more than that if we let this system drag out to 1990.

Point 2: Because of the great emphasis on the 90 to 10 Interstate System, the fact is that we have tragically ignored the primary and secondary roads. Very little attention has been given to those roads in Kentucky, West Virginia, Indiana, and throughout the country. These funds can do something about rebuilding those roads that are very important.

Also, this money is not confined to the building of highways. It permits us to build railroad crossings, overpasses—all those things that are important to help do something about the tragic situation in which we lose 55,000 boys and girls, mothers and fathers, every year.

Point 3: The Senator from Wisconsin talks about mass transit. This bill will permit the expenditure of up to $800 million for mass transit. This is not simply a highway lobby bill. It provides $800 million to do something about mass transit.

So I suggest to my colleagues that this measure is important for a number of reasons: constitutionality, employment, the need to provide a wide variety of transportation services, highways, mass transit, related services. I enthusiastically support the work done very ably by the distinguished Senator from West Virginia.

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

Mr. BAYH. I am glad to yield.

Mr. RANDOLPH. It is important for us to realize that one of the cosponsors of this measure has worked very diligently and effectively for mass transit, including rail transit, and I refer to the Senator from New Jersey (Mr. WILLIAMS).

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YOUNG. Mr. President, I yield 5 minutes to the Senator.

Mr. RANDOLPH. I am glad the Senator from Indiana expressed the wide variety of ways in which these funds can be expended. The Senator from Wisconsin (Mr. PROXMIRE) indicated that there would not be jobs from this program. He spoke of the contracts, with the work being in the future. Contracts are now ready to be bid. The allocations have been made to the States.

It is important for us to realize that in Miami, unemployment for construction workers is 49 percent; in Phoenix, Ariz., 40 percent; in Cincinnati, 32 percent; in Milwaukee—I wish the Senator from Wisconsin were present—23 percent; in Philadelphia, 20 percent; in Newark, N.J., 32 percent; in St. Louis, 24 percent, and in St. Paul, Minn., 30 percent.

The unemployment level in the construction industry, overall, is nearly 20 percent. I have mentioned the rates in certain locations throughout the country that are even higher than the average.

Mr. BAYH. Because of the high interest rate, tight money, the impoundment of certain funds, such as those for highways and sewage construction, the construction industry has borne a much heavier burden.

Mr. RANDOLPH. Today, approximately 1 million men are out of work in the construction industry. The Senator from Wisconsin indicates that these people are going to remain out of work if the highway program moves forward under this resolution. It is difficult to follow his reasoning when—I repeat—we know that 126,000 jobs result from the expenditure of each $1 billion in highway funds.

He indicated also that only narrow interests would be served by approval of this resolution to disapprove the impoundment of highway funds. I submit, Mr. President, that this measure is of vital concern and will benefit citizens in all areas of our Nation.

The availability and orderly use of highway funds means much to the factory worker, the farm laborer, the coal miner and to people generally who are concerned with the movement of products and goods to the door of the consumer.

To the working person who has limited leisure time and a strict budget good highways are critical, particularly in rural areas of our Nation. It is easy enough for those who live in areas with a variety of cultural, recreational, and commercial activities close by to scorn highway construction. However, if these persons were forced to reside in the more rural areas, I believe their outlook on highway construction would be drastically changed.

So, Mr. President, the contention that increased road construction funding through the measure will not benefit our Nation is erroneous thinking. Citizens in all sectors will benefit. Our economy and our society will be strengthened.

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

Mr. RANDOLPH. I yield.

Mr. HUDDLESTON. Mr. President, I inquire of the Senator from Indiana, in order to emphasize the point, whether this bill also contains some very important funding for highway safety programs under sections 203 and 230 of the Highway Act of 1973. It provides funds for safety programs, including improvement of railroad crossings and things of that nature; is that correct?

Mr. BAYH. That is correct.

I know that the Senator from Kentucky is extremely interested in and concerned about that. That is one of the reasons I emphasized it in my earlier remarks. When we put this highway bill together, we were more concerned than simply to put together something about concrete. We wanted to make each mile that presently exists and each mile constructed in the future safer for our families.

Mr. HUDDLESTON. So the adoption of this resolution would assure additional funds for this purpose.

Mr. BAYH. That is right. It depends upon how the States want to use those moneys.

Mr. HUDDLESTON. A survey by the Department of Transportation has indicated that there are some 250,000 railroad crossings of highways in this country, and we have had more than 12,000 accidents involving trains and cars, with 1,500 deaths. This measure certainly would go a long way to provide the funds and help to alleviate that kind of situation.

Mr. BAYH. We should not have to wait until a schoolbus gets hit by a train. We should not wait until a bridge over the Ohio River falls down, killing a number of people, before we take the steps necessary to deal with that safety-related highway project.

Mr. HUDDLESTON. Mr. President, will the Senator yield me about 2 more minutes?

Mr. RANDOLPH. I yield.

Mr. HUDDLESTON. It has already been mentioned that this is not the first time that the States have been confronted with a situation in which appropriated funds for highway construction have been withheld by various administrations.

I recall, as a State legislator in Kentucky, the very frustrating and difficult situation that confronted our highway department when they tried to make long-range plans for a highway program, only to find that the funds to be available through the Federal programs which Congress had approved, and for which money had been appropriated, were on a yo-yo. Sometimes they were available and sometimes they were not.

This caused a great deal of difficulty. It also caused a great deal of expense, because when the highways finally were built, after delay, they cost more, as the Senator from Indiana has pointed out. There was further expense because the economic development that good highways bring was postponed because the highways were not built.

I suppose there is no way to estimate how many lost lives or how many injured

citizens resulted from improvements to inadequate and poor highways that were delayed simply because Federal funds already appropriated by Congress had been postponed.

I think it is important to settle that question now, if we can, once and for all; and the adoption of this resolution will go a long way toward doing that.

Mr. BAKER. Mr. President, the Senate has before it today Senate Resolution 69, which disapproves the President's proposed deferral of highway obligations, and has the technical effect of making available for obligation an additional $8.7 billion in highway spending authority.

During hearings in February the Committee on Public Works, on which I serve as ranking minority member, was informed by the Federal Highway Administrator that the States could use little, if any, of the $8.7 billion, between now and the end of the fiscal year on June 30, the period for which the President's deferral is effective. The committee has also had reports from the American Association of State Highway and Transportation Officials which suggests that the $2 billion released by the President in February is about the maximum in additional Federal funds which States can utilize between now and June 30, 1975. Thus, it appears that release of the additional $8.7 billion for 2 months can have little or no practical effect in accelerating highway construction.

Members of the Public Works Committee who supported Senate Resolution 69 did so expecting their action to open a dialog with the administration over an acceptable obligation level for the highway program in fiscal year 1976. I support that intent of the committee, for I believe that the $5.4 billion proposed by the President's budget for the highway program in fiscal year 1976 does not reflect current economic conditions—particularly the need to stimulate employment. But I am not convinced that passage of Senate Resolution 69 is a necessary, or even desirable, means of encouraging fruitful discussions on this complex but important subject.

Rather, I believe that the work currently underway in the Public Works Committee, to fashion and coordinate programs which will stimulate employment and increase capital investment in needed public facilities, is the best basis for a dialogue between Congress and the White House. What we provide for the highway program should be related to funds provided for other public works activities, to the Nation's general economic health, and to the total budget. We must keep the broad picture in mind as we deal with individual programs. I know that the distinguished chairman of the Committee on Public Works (Mr. RANDOLPH) also desires to do just that.

Thus, although most of us in Congress have, on principle, opposed executive impoundment of duly authorized highway funds—and I have often stated my opposition to this practice—I consider another expression of congressional intent an unnecessary exercise at this time and one which could be misinterpreted.

In view of the facts that release of $8.7 billion is not immediately useful, and that the greatest need of the States with regard to the highway program is to have an assured level of funding established for fiscal year 1976 which this resolution will not assure, I believe it far more constructive for the Public Works Committee to continue its work to arrive at an appropriate funding level for highways within the broader context of all public works programs—for fiscal year 1976 and for the future years of the Federal aid highway programs.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I yield back the remainder of my time.

Mr. DOMENICI. Mr. President, will the Senator yield me 1 minute?

Mr. YOUNG. I yield.

Mr. DOMENICI. Mr. President, in order to make orderly plans for highway programs in fiscal 1976, State officials need to know now what level of Federal funding they may expect. Even with the new procedures of the Impoundment Control Act of 1974, there is no way for Congress, at this time, to establish a program level for 1976. The only formal action available to Congress to demonstrate its dissatisfaction with the President's program for highway construction and to encourage early discussions as to more appropriate funding levels for fiscal year 1976 is to vote to disapprove proposed deferral of highway spending.

My vote for Senate Resolution 69 does not mean that I support release of all "impounded" highway funds during fiscal 1976. It does mean that I believe the President's present proposal of a $5.4 billion Federal highway program for fiscal year 1976 is undesirably low.

The Federal Highway Administrator testified before the Public Works Committee that $1 billion invested in highway construction generates 55,000 jobs directly and 71,000 ancillary job opportunities. These estimates suggest that investments in highway construction have more job-creating potential than similar investments in other public works or public service job programs. In addition, investments in highway construction and reconstruction enhance economic productivity by improving the Nation's transportation system.

Because of the obvious return on Federal investments in highway construction, especially in light of current economic circumstances, because the States are capable of administering a highway program at substantially higher levels than recommended in the President's budget, and because the States need to know as soon as possible what level of Federal funding they may expect in fiscal 1976, I believe Congress must act now, in conjunction with the executive branch, to arrive at obligation levels for the next fiscal year, and I believe passage of Senate Resolution 69 is the most expedient approach available to us at this time.

Mr. YOUNG. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the resolution. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Hawaii (Mr. INOUYE), the Senator from California (Mr. TUNNEY), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New Hampshire (Mr. McINTYRE), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Massachusetts (Mr. BROOKE), the Senator from New York (Mr. BUCKLEY), the Senator from Oregon (Mr. HATFIELD), the Senator from North Carolina (Mr. HELMS), and the Senator from Kansas (Mr. PEARSON) are necessarily absent.

I also announce that the Senator from Nebraska (Mr. CURTIS) and the Senator from Maryland (Mr. MATHIAS) are absent on official business.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 77, nays 7, as follows:

[Rollcall Vote No. 149 Leg.]

YEAS—77

Abourezk	Glenn	Morgan
Allen	Gravel	Moss
Baker	Griffin	Muskie
Bartlett	Hansen	Nunn
Bayh	Hart, Gary W.	Pastore
Beall	Hart, Philip A.	Pell
Bellmon	Hartke	Randolph
Bentsen	Haskell	Roth
Brock	Hathaway	Schweiker
Bumpers	Hollings	Scott, Hugh
Burdick	Hruska	Scott, William L.
Byrd, Harry F., Jr.	Huddleston	Sparkman
Byrd, Robert C.	Humphrey	Stafford
Cannon	Jackson	Stennis
Case	Javits	Stevens
Chiles	Laxalt	Stevenson
Church	Leahy	Stone
Clark	Long	Symington
Cranston	Magnuson	Taft
Culver	Mansfield	Talmadge
Dole	McClellan	Thurmond
Domenici	McClure	Weicker
Eagleton	McGee	Williams
Fong	McGovern	Young
Ford	Metcalf	
Garn	Mondale	
	Montoya	

NAYS—7

Fannin	Packwood	Tower
Goldwater	Percy	
Nelson	Proxmire	

NOT VOTING—15

Biden	Hatfield	Mathias
Brooke	Helms	McIntyre
Buckley	Inouye	Pearson
Curtis	Johnston	Ribicoff
Eastland	Kennedy	Tunney

So the resolution (S. Res. 69) was agreed to as follows:

Resolved, That the Senate disapproves the proposed deferral of budget authority for Federal-Aid Highways, which deferral (D75–17) was set forth in a special message transmitted by the President to the Congress on September 20, 1974, under section 1013 of the Impoundment Control Act of 1974.

Mr. RANDOLPH. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RAILROAD TEMPORARY OPERATING AUTHORITY ACT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order previous entered providing for the calling up at this time of S. 917, to amend the Interstate Commerce Act to authorize the Interstate Commerce Commission to grant temporary operating authority to a carrier by railroad pending final determination by the Commission, be vitiated, and that that measure be made the pending business on Monday next at the conclusion of routine morning business.

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. Mr. President, may we find out what that is?

Mr. GRIFFIN. That is the rail bill, is it not?

Mr. ROBERT C. BYRD. Yes.

Mr. JAVITS. Will there be any limit on rollcall votes?

Mr. ROBERT C. BYRD. Yes, I am about to make such a request.

Mr. JAVITS. Until 3:30 or 4 o'clock?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no rollcall votes occur on Monday until the hour of 4 o'clock p.m.

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

Mr. JAVITS. I thank the Senator.

ORDER FOR RECESS UNTIL 12 NOON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 12 o'clock noon tomorrow.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW AND FOR CONSIDERATION OF H.R. 4481

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow after the two leaders or their designees have been recognized under the standing order, there be a period for the transaction of routine morning business of not to exceed 15 minutes, with Senators permitted to speak not in excess of 5 minutes each during that period, and that at the conclusion of routine morning business tomorrow the Senate proceed to the consideration of H.R. 4481, an act making emergency employment appropriations.

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

CHANGE IN MARKETING YEAR FOR WHEAT—S. 435

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be discharged from further consideration of S. 435, a bill to amend section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1–June 30, to June 1–May 31.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. HUDDLESTON. Mr. President, I ask that the bill be laid before the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 435) to amend section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1–June 30, to June 1–May 31.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HUDDLESTON. Mr. President, this is a simple bill to change the marketing year for wheat from July 1–June 30, to June 1–May 31. This bill has the support of the chairman and ranking minority member of the Committee on Agriculture and Forestry, as well as the U.S. Department of Agriculture. If it is passed expeditiously, the Department of Agriculture may be able to implement it for the upcoming marketing year.

Mr. President, I have cleared this legislation with the joint leadership and find no objection to its passage.

Mr. President, I ask unanimous consent that a letter from the Under Secretary of the Department of Agriculture to the Honorable HERMAN E. TALMADGE, chairman of the Committee on Agriculture and Forestry be printed in the RECORD at this point.

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

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 10, 1975.

Hon. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will reply to your request of January 30, 1975 for a report on S. 435, a bill "To amend section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1-June 30, to June 1-May 31."

The Department supports the passage of the bill.

The proposed change has a great deal of merit. Technology associated with wheat production has greatly advanced the time of wheat harvest with as much as 40 percent of the winter wheat crop harvested in some years prior to July 1. In most years, a significant amount of new crop wheat is processed or exported prior to July 1, and this creates serious unknowns as to the utilization of the grain for individual crop years. The shift of the marketing year to begin June 1 would minimize the utilization unknowns associated with individual crop years. The harvest of durum wheat and other spring wheat does not present similar problems because of the timing of spring wheat harvest.

The designation of June 1 as the beginning of the marketing year for wheat would require the conduct of a wheat stocks survey as of June 1. This survey is now conducted as of July 1 as an integral part of the stocks survey for the other grain and oilseed commodities for which stocks data are provided. As soon as feasible after enactment of the bill, it is proposed to shift the date of the stocks survey for all commodities concerned to June 1. A shift to June 1 should present no additional problems in the collection of farm and off-farm stocks, as the same basic survey procedures followed on July 1 would also be used for a June 1 survey. The shift of all commodities would not involve additional costs to the Department.

It will not be practical at this date to shift all commodities to the June 1 date in 1975. If this legislation becomes effective by May 1, 1975, it will be proposed to conduct a June 1 stocks survey for wheat only in 1975. This will incur an additional single time cost to the Department of $20,000 for fiscal year 1975. If the legislation becomes effective after May 1, 1975, it is proposed to maintain the July 1 stocks survey date for wheat and all other commodities in 1975 and to shift all commodities to a June 1 date in 1976 at no additional cost.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

The PRESIDING OFFICER. The bill is open for amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

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

S. 435

An act to amend section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1–June 30, to June 1–May 31

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "Wheat, July 1–June 30" and inserting in lieu thereof "Wheat, June 1–May 31".

SEC. 2. The amendment made by the first section of this Act shall become effective June 1, 1975.

Mr. HUDDLESTON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE JANEWAY SERVICE

Mr. ALLEN. Mr. President, Mr. Eliot Janeway is one of the outstanding economists in the Nation, and he has a weekly newsletter on economic and political news.

His last issue, dated April 16, 1975, under the name of the Janeway Service, contained an interesting comment with respect to the work of the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, JR.) in opposition to the Export-Import Bank bill which would have authorized almost unlimited advancement of credit by the Export-Import Bank to Russia for the development of one of their natural gas fields.

Through the distinguished Senator from Virginia, Mr. BYRD, a fairly reason-

able limitation was placed on the amount of such loans, and this weekly newsletter speaks with approval of the action of the distinguished Senator from Virginia.

I ask unanimous consent that a portion of this newsletter may be printed in the RECORD.

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

Kissinger's Crisis: The freeze Congress put on the gas giveaway he promised Russia began to bring it to a head. Contrary to popular misimpression, Senator Jackson did not throw a political monkey wrench into the supposedly well-oiled machinery of Russian-American trade. Senator Harry F. Byrd of Virginia, has never been given public credit (or blame, depending on the point of view) for the controversial freeze on Eximbank accommodation to Moscow at under market rates. It was his formula that fixed the four-year freeze on giveaway loans at a token $300 million, which is only a tip to the waiter alongside the bill of fare Russia needs to buy. (For the first time in the recent history of any controversial legislation, the conferees of both parties representing both Houses agreed on this proposal.) So much for the myth of Kissinger being martyred by Jackson.

Byrd's Role: He is scarcely a Democratic presidential candidate or a hero of the Liberal bloc. Quite the contrary, he serves as a one-man bridge between the hard core Republican conservatives in the Senate and the Southern Democrats. He also brokers dealings between Southern Democrats and Republicans, which is by no means a routine operation—ideologically or politically. The conservatives, who form Ford's political base, joined his liberal opposition behind Byrd's lead. Any Senator able to serve as the catalyst between fellow conservatives and liberals is a one-man powerhouse. Byrd's lead showed that the country has sent Congress the message about giveaways to Russia.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transition of routine morning business for not to exceed 30 minutes.

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

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider two nominations at the desk.

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

The PRESIDING OFFICER. The clerk will state the first nomination.

THE JUDICIARY

The second assistant legislative clerk read the nomination of Dick Yin Wong, of Hawaii, to be U.S. district judge for the district of Hawaii, reported earlier today.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Robert O'Conor, Jr., of Texas, to be U.S. district judge for the southern district of Texas, reported earlier today.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

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

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

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

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

MESSAGES FROM THE PRESIDENT

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

MANPOWER REPORT—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. BUMPERS) laid before the Senate a message from the President of the United States transmitting the 13th annual Manpower Report of the President, which, with the accompanying report, was referred to the Committee on Labor and Public Welfare.

The message is as follows:

To the Congress of the United States:

I am sending to Congress the 13th annual *Manpower Report of the President.*

This report, as required by section 705(a) of The Comprehensive Employment and Training Act of 1973, as amended, reviews many of the recent economic developments impacting on employment and unemployment levels. Policies addressed to the loss of income by many workers were the keystone to my proposals of October, 1974. The Administration and the Congress agreed on several components of such a policy which are now in operation.

For example, the Emergency Unemployment Compensation Act has made supplementary unemployment compensation available to experienced workers who have exhausted unemployment insurance benefits. The Emergency Jobs and Unemployment Assistance Act has made special unemployment assistance available to many workers not covered by the unemployment insurance system. In addition, over 300,000 public service jobs are being funded under the Comprehensive Employment and Training Act, as amended.

The passage of the Comprehensive Employment and Training Act in December, 1973, was a landmark development in the decentralization of manpower program design and operation responsibilities to State and local government units. This report reviews implementation activities by the Departments of Labor and Health, Education, and Welfare in 1974. It also reviews some preliminary findings about the operation of this important work.

The report also analyzes the rapidly changing employment situation of women workers, exploring the significant economic role of women in recent years in an expanding number of occupations. The proclamation of 1975 as International Women's Year makes this a particularly appropriate time to encourage members of the legislative and executive branches of Government as well as the general public to study the role of women in the labor force.

Among other important questions explored in this year's *Manpower Report* is the relative efficiency of public service employment programs as a means of countering cycles of high unemployment. While there is some evidence that programs providing public sector jobs can relieve individual hardships and offer some short-term relief to areas experiencing substantial unemployment, it is considerably less certain that such programs can exert significant positive impact on national unemployment levels.

On the other hand, the size, skills, and employment levels of the Nation's workforce are affected by changes in programs, policies, and procurement at all levels of government. This year's *Manpower Report,* therefore, includes an interim review of some recent research findings on the development of methods to determine the manpower impact of Government program and policy changes both at the national level and in areas where local firms have received important procurement contracts.

GERALD R. FORD.

THE WHITE HOUSE, *April 24, 1975.*

WAIVING OF CERTAIN SECTIONS OF THE TRADE ACT WITH RESPECT TO ROMANIA—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. BUMPERS) laid before the Senate a message from the President of the United States reporting on the waiving of the application of certain sections of the Trade Act of 1974 with respect to the Socialist Republic of Romania, which was referred to the Committee on Finance.

The message is a follows:

To the Congress of the United States:

Pursuant to Section 402(c)(1) of the Trade Act of 1974, I shall issue today an Executive Order waiving the application of subsections (a) and (b) of Section 402 of the Trade Act of 1974 with respect to the Socialist Republic of Romania, and I am hereby making the report contemplated by Section 402(c)(1) of the Act.

I refer to the Declaration of the Presidents of the United States and of the Socialist Republic of Romania signed in Washington in 1973 wherein it was stated that "they will contribute to the solution of humanitarian problems on the basis of mutual confidence and good will." I have been assured that if and when such problems arise they will be solved, on a reciprocal basis, in the spirit of that Declaration. Accordingly, I am convinced that the emigration practices of Romania will lead substantially to the achievement of the objective of Section 402 of the Act. I have therefore deter-

mined that the waiver contained in said Executive Order will substantially promote the objectives of Section 402 of the Act.

GERALD R. FORD.

THE WHITE HOUSE, *April 24, 1975.*

EXECUTIVE MESSAGE REFERRED

As in executive session, the Acting President pro tempore laid before the Senate a message from the President of the United States submitting the nomination of W. Laird Stabler, Jr., of Delaware, to be U.S. attorney for the District of Delaware, which was referred to the Committee on the Judiciary.

MESSAGES FROM THE HOUSE

At 10:02 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 following bills in which it requests the concurrence of the Senate:

H.R. 5541. An act to provide for emergency relief for small business concerns in connection with fixed-price Government contracts; and

H.R. 6096. An act to authorize funds for humanitarian assistance and evacuation programs in Vietnam and to clarify restrictions on the availability of funds for the use of U.S. Armed Forces in Indochina, and for other purposes.

At 12:30 p.m., a message from the House of Representatives delivered by Mr. Berry announced that the House disagrees to the amendment of the Senate to the bill (H.R. 6096) to authorize funds for humanitarian assistance and evacuation programs in Vietnam and to clarify restrictions in the availability of funds for the use of U.S. Armed Forces in Indochina, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. MORGAN, Mr. ZABLOCKI, Mr. HAYS of Ohio, Mr. FOUNTAIN, Mr. FASCELL, Mr. BROOMFIELD, and Mr. DERWINSKI were appointed managers of the conference on the part of the House.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

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

Senate Concurrent Resolution No. 4032 adopted by the Legislative Assembly of the State of North Dakota; to the Committee on Agriculture and Forestry:

"SENATE CONCURRENT RESOLUTION No. 4032

"A concurrent resolution urging the Congress to raise the support price of wheat to one hundred percent of parity

"Whereas, North Dakota is the most agricultural state in the Nation, producing among other agricultural products wheat, durum, flax, barley, oats, corn, and other products; and

"Whereas, a large proportion of the new wealth generated within the state each year is a result of agricultural production; and

"Whereas, in order to implement the expressed policy of the United States Department of Agriculture to increase the production capacity of the available acres of land it is necessary to have adequate foreign and domestic grain markets to absorb the excess production; and

"Whereas, action is necessary to increase the price of grain paid to the producer, especially the producer of wheat, to ensure the economy and well-being of the whole State of North Dakota including both private and governmental sectors; and

"Whereas, the drop in the price of wheat, which has exceeded one dollar per bushel in the past thirty days, makes action urgent and necessary to assure grain producers a reasonable degree of stability in this period of high inflationary pressures;

"Now, therefore, be it resolved by the Senate of the State of North Dakota, the House of Representatives concurring therein:

"That the Forty-fourth Legislative Assembly strongly urges Congress to take immediate action to raise the support price of wheat to one hundred percent of parity, which would amount to $4.21 per bushel as of December 21 1974; and

"Be it further resolved that the Secretary of State forward copies of this resolution to the President of the United States, to the Secretary of the Department of Agriculture, to the Secretary of the United States Senate, to the Clerk of the United States House of Representatives, and to each member of the North Dakota Congressional Delegation.

Senate Concurrent Resolution No. 4039 adopted by the Legislative Assembly of the State of North Dakota; to the Committee on Public Works:

"SENATE CONCURRENT RESOLUTION No. 4039

"A concurrent resolution urging Congress to refuse to concur in the President's request for permission to withhold highway funds from the State of North Dakota

"Whereas, U.S. Highway No. 2 serves the heart of the grain-producing areas of North Dakota and is the major highway for the shipment of grain to the eastern markets such as Duluth, Minnesota; and

"Whereas, U.S. Highway No. 2 connects the two major military bases at Grand Forks and Minot, North Dakota; and

"Whereas, U.S. Highways have a substantially higher traffic accident rate than do interstate highways; and

"Whereas, U.S. Highway No. 2 needs to be converted into a four-lane highway meeting expressway standards to further the movement of commerce and people within the State of North Dakota, as well as to reduce traffic accidents; and

"Whereas, the United States Office of Management and Budget until recently was withholding some twenty-two million dollars in federal highway funds from North Dakota, which had been authorized by the Congress, and such funds are urgently needed to improve U.S. Highway No. 2;

"Now, therefore, be it resolved by the Senate of the State of North Dakota, the House of Representatives concurring therein:

"That the Fourty-fourth Legislative Assembly commends the President for his recent release of federal highway funds for the benefit of several states, and North Dakota in particular, and urges Congress to refuse to concur in the President's request in the future to withhold federal highway funds from the states; and

"Be it further resolved, that the Forty-fourth Legislative Assembly urges Congress to include provisions in the forthcoming 1975 Federal Aid Highway Act which permits states to use allocated funds exceeding the cost of completing the Interstate system for use on primary systems; and

"Be it further resolved, that the Secretary of State forward copies of this resolution to the Secretary of the United States Senate, the Clerk of the United States House of Representatives, the Director of the Office of Management and Budget, and to the members of the North Dakota Congressional Delegation.

A petition seeking a redress of grievances by the Statewide Committees Opposing Regional Plan Areas, of Salt Lake City, Utah; to the Committee on Government Operations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations, without amendment:

S. 818. A bill to authorize United States payments to the United Nations for expenses of the United Nations peacekeeping forces in the Middle East, and for other purposes (Rept. No. 94–93); and

S. Con. Res. 19. A concurrent resolution relating to the World Food Conference of 1976 in Ames, Iowa (Rept. No. 94–94).

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. EASTLAND, from the Committee on the Judiciary:

Robert O'Conor, Jr., of Texas, to be U.S. district judge for the southern district of Texas.

Dick Yin Wong, of Hawaii, to be U.S. district judge for the district of Hawaii.

ANNUAL REPORT OF THE NATIONAL ACADEMY OF SCIENCES AND THE NATIONAL ACADEMY OF ENGINEERING (S. DOC. NO. 94–41)

The Acting President pro tempore laid before the Senate the annual report for the fiscal years 1973 and 1974 of the National Academy of Sciences and the National Academy of Engineering, of the National Research Council, which was ordered to be printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on April 21, 1975, he presented to the President of the United States the enrolled bill (S. 1310) to continue the special food service program for children through September 30, 1975.

HOUSE BILL REFERRED

The bill (H.R. 5541) to provide for emergency relief for small business concerns in connection with fixed-price Government contracts, was read twice by its title and referred to the Committee on Banking, Housing and Urban Affairs.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. TAFT (for himself, Mr. BEALL, Mr. BROCK, Mr. BROOKE, Mr. DOMENICI, Mr. HATFIELD, Mr. HATHAWAY, Mr. HUMPHREY, Mr. JAVITS, Mr. MCGOVERN, and Mr. SCHWEIKER):

S. 1514. A bill to revise and improve the program of supplemental security income

established by title XVI of the Social Security Act. Referred to the Committee on Finance.

By Mr. STAFFORD:

S. 1515. A bill to amend the Internal Revenue Code of 1954 to encourage efficient energy use, to reduce United States dependence on foreign petroleum, and for other purposes. Referred to the Committee on Finance.

By Mr. BUMPERS (for himself and Mr. MCCLELLAN):

S. 1516. A bill to increase the amount authorized to be appropriated for the development of the Arkansas Post National Memorial, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. SPARKMAN:

S. 1517. A bill to authorize appropriations for the administration of foreign affairs; international organizations, conferences, and commissions; information and cultural exchange; and for other purposes. Referred to the Committee on Foreign Relations.

By Mr. MOSS (for himself, Mr. MAGNUSON, Mr. PHILIP A. HART, and Mr. HARTKE):

S. 1518. A bill to amend the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) to authorize additional appropriations, to establish fuel efficiency demonstration projects, to provide additional enforcement authority for the odometer antitampering provisions, and for other purposes. Referred to the Committee on Commerce.

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 1519. A bill to amend the Comprehensive Employment and Training Act of 1973 to permit the Secretary of Labor to establish the maximum wage which may be paid under that Act in areas where it is found exercise of such discretion will promote the objectives and purposes of that Act. Referred to the Committee on Labor and Public Welfare.

By Mr. HUMPHREY (for himself, Mr. JACKSON, Mr. MAGNUSON, Mr. MONDALE, and Mr. NELSON):

S. 1520. A bill to provide for the issuance of a special postage stamp in commemoration of the 150th anniversary of Norwegian immigration to the United States. Referred to the Committee on Post Office and Civil Service.

By Mr. JAVITS:

S. 1521. A bill to amend the Public Health Service Act to establish a Health Education Administration within the Department of Health, Education, and Welfare and to provide for the development and implementation of a national health education program. Referred to the Committee on Labor and Public Welfare.

By Mr. DOLE:

S. 1522. A bill to continue the special food service program for children, the school breakfast program, and the special supplemental food program for women, infants, and children through September 30, 1976, and for other purposes. Referred to the Committee on Agriculture and Forestry.

By Mr. HATHAWAY:

S. 1523. A bill for the elimination of the foreign tax credit for taxes paid in connection with foreign oil related income. Referred to the Committee on Finance.

S. 1524. A bill to terminate percentage depletion for oil and gas wells. Referred to the Committee on Finance.

S. 1525. A bill to repeal the deduction of intangible drilling and development costs of oil and gas wells. Referred to the Committee on Finance.

By Mr. HUMPHREY:

S. 1526. A bill to make additional funds available for purposes of certain public lands in northern Minnesota, and for other purposes. Referred, by unanimous consent, to the Committee on Agriculture and Forestry; and, if and when reported by that committee, to the Committee on Interior and Insular Affairs.

By Mr. MOSS:

S. 1527. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, to provide benefits to survivors of certain public safety officers who die in the performance of duty. Referred to the Committee on the Judiciary.

By Mr. BROCK:

S. 1528. A bill to amend the Internal Revenue Code of 1954 to provide a refundable income tax credit for medical expenses, and for other purposes. Referred to the Committee on Finance.

By Mr. HELMS (for himself and Mr. EASTLAND):

S. 1529. A bill to amend the McIntyre-Stennis Act of 1962 to promote forestry research at private university forestry schools. Referred to the Committee on Agriculture and Forestry.

By Mr. BELLMON:

S. 1530. A bill to authorize the Secretary of the Interior to engage in a feasibility investigation of a potential resource development. Referred to the Committee on Interior and Insular Affairs.

S. 1531. A bill to designate the Mountain Park Reservoir, Oklahoma, as the Tom Steed Reservoir. Referred to the Committee on Interior and Insular Affairs.

By Mr. CLARK (for himself, Mr. CURTIS, Mr. ABOUREZK, Mr. BARTLETT, Mr. BELLMON, Mr. CULVER, Mr. DOLE, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. HRUSKA, Mr. MCGOVERN, and Mr. YOUNG):

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. Referred to the Committee on Agriculture and Forestry.

By Mr. PERCY (for himself and Mr. TAFT):

S. 1533. A bill relating to the employment and training of criminal offenders and for other purposes. Referred to the Committee on the Judiciary.

By Mr. PERCY:

S. 1534. A bill relating to voting rights of former offenders. Referred to the Committee on the Judiciary.

S. 1535. A bill relating to the parole of offenders. Referred to the Committee on the Judiciary.

S. 1536. A bill relating to the parole of certain District of Columbia offenders. Referred to the Committee on the District of Columbia.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TAFT (for himself, Mr. BEALL, Mr. BROCK, Mr. BROOKE, Mr. DOMENICI, Mr. HATFIELD, Mr. HATHAWAY, Mr. HUMPHREY, Mr. JAVITS, Mr. MCGOVERN, and Mr. SCHWEIKER):

S. 1514. A bill to revise and improve the program of supplemental security income established by title XVI of the Social Security Act. Referred to the Committee on Finance.

(The remarks of Mr. TAFT on the introduction of the above bill are printed earlier in the RECORD.)

By Mr. STAFFORD:

S. 1515. A bill to amend the Internal Revenue Code of 1954 to encourage efficient energy use, to reduce U.S. dependence on foreign petroleum, and for other purposes. Referred to the Committee on Finance.

(The remarks of Mr. STAFFORD on the introduction of the above bill are printed earlier in the RECORD.)

By Mr. BUMPERS (for himself and Mr. MCCLELLAN):

S. 1516. A bill to increase the amount authorized to be appropriated for the development of the Arkansas Post National Memorial, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. BUMPERS. Mr. President, an early Arkansan has succinctly and somewhat cryptically described his life with this tombstone inscription:

> I was born in a Kingdom,
> Raised in an Empire
> Attained manhood in a Territory
> Am now a citizen of a State
> And have never been one hundred
> miles from where I live.

Much the same is true of Arkansas Post, the earliest European settlement in the lower Mississippi Valley. It, too, was born in a kingdom—that of Louis XIV of France—and following a period of Spanish rule became a part of the North American empire of Napoleon Bonaparte. The purchase of the Louisiana Territory in 1803 brought Arkansas Post into American hands. In 1819, it was made the capital of the newly created Arkansas Territory, and less than two decades later it joined the Union as part of the 25th State. And, like the early Arkansan, Arkansas Post has never travelled widely, although down through the years it has moved about, primarily at the whim of the Arkansas River which flows past it.

The first settlement at the site dates to 1686, when Henri de Tonti, a lieutenant of the noted explorer LaSalle, established a trading post near the mouth of the Arkansas River. Leaving six men to manage his affairs, de Tonti departed in a vain search for LaSalle who was missing, and returned only infrequently to Arkansas Post. Despite such neglect on the part of its founder, the post managed to survive, though hardly to flourish. One visitor to the settlement in 1723 described it rather unkindly as consisting of "three miserable huts." Notwithstanding its rude nature, Arkansas Post was of strategic importance to the French, and it remained home to a small garrison of soldiers and a handful of traders throughout much of the 18th century.

In 1762, France ceded the whole of Louisiana to Spain to keep the colony out of the hands of the British. At the post, however, life continued much as it had before, with only the flag and the nationality of some of its inhabitants changing. Trade with the local Indian tribes remained the primary commercial activity, though it suffered from significant inroads made by English merchants. The outbreak of the Revolutionary War provided the pretext which Spain had sought for taking punitive action against the English, and the Spanish indirectly supported and later actively joined the rebellious Americans in the Mississippi Valley.

In April 1783, a force of about 100

British attacked Arkansas Post, taking hostages from the settlement, and laying siege to the Spanish fort located there. Thus, one of the two Revolutionary War battles west of the Mississippi took place in Arkansas. With the aid of the friendly Quapaw Indans, the Spanish succeeded in repelling the attack, and later in recovering the prisoners some miles down the river.

The war ended shortly thereafter, and the Spanish soon realized to their dismay that they had managed only to replace one powerful and ambitious rival with another. America's westward thrust increasingly brought the two countries into contention, and for the remainder of the century the Spanish outposts in the Mississippi Valley, including Arkansas Post, lived in fear of American-inspired filibustering expeditions.

Spain returned the territory to France in 1801, but this second period of French control proved short-lived. Just 2 years later, the United States purchased the Louisiana Territory, bringing to a close the long struggle by the European powers to dominate the Mississippi. Soon the Stars and Stripes replaced the French tricolor over Arkansas Post.

The post reached its zenith in 1819, when it became the first capital of the Territory of Arkansas. For a year, Arkansas Post experienced a growth unparalleled in its history. The visitor to the settlement in 1820 viewed a scene radically different from the "three miserable huts" which had greeted his counterpart of a century earlier. In addition to some 30 or 40 houses, there were several retail stores, a billiard parlor, a post office, a newspaper, and all the other businesses normally associated with a bustling community.

With the transfer of the capital to Little Rock in 1821, the boom ended almost as suddenly as it had begun. The territorial officials were quick to move, and they were followed by most of the other recent arrivals to the post. In the years immediately prior to the Civil War, the shift from river to rail transportation accelerated the decline begun by the removal of the capital.

With the beginning of hostilities, however, Arkansas Post assumed a new importance, for its strategic location on the Arkansas made it vital to the defense of the river. Construction was begun in mid-1862 on a series of strong defensive earthworks, and by the end of the year, Fort Hindman, as the stronghold was called, was manned by 5,000 or 6,000 Confederate troops and armed with 11 guns in a "commanding position." The new fortification was soon tested, as a combined army and navy force attacked in January 1863. First reduced to rubble by a fierce artillery barrage, Fort Hindman was then captured and remained under Union control throughout the rest of the war.

Though much of the settlement had been destroyed during the bombardment, there was little inclination to rebuild following the war. In fact, the Union shells had only hastened the death of a river town already doomed by the closing of the steamboat era. Bypassed by the railroads, virtually bereft of inhabitants, Arkansas Post suffered the final indignity in 1912 when even the river abandoned the town by cutting a new channel.

The history of Arkansas Post is long and checkered. From a humble French trading post on the frontier, it rose to the proud position of a territorial capital, only to sink once again into obscurity, the victim of changing times. In recognition of its historical significance, Arkansas Post was made a State park in 1930, and three decades later Congress designated it a national memorial. A dam across the Arkansas River has now restored water to the area surrounding the post, righting nature's earlier injustice. Arkansas Post today provides a place for recreation and serves as a reminder of our rich cultural heritage.

Mr. President, in 1960 the Congress authorized the sum of $550,000 for the development of the Arkansas Post National Memorial. This sum has proved to be inadequate to develop and reconstruct a sufficient number of buildings to give a visitor the flavor of the community that once flourished there. With the coming of the Bicentennial in 1976, it is particularly appropriate that Congress consider whether to increase this amount. Arkansas Post, as earlier noted, was the site of the only Revolutionary War battle in Arkansas and, indeed, one of the two Revolutionary War battles fought west of the Mississippi River. It is therefore a peculiarly appropriate place for the expenditure of Bicentennial funds. I am advised that $2,725,000, in lieu of the presently authorized $550,000, would be an adequate and proper sum for this development, and I am therefore today introducing S. 1516, which would increase the existing authorization from $550,000 to $2,725,000. I am happy to say that the senior Senator from Arkansas (Mr. McCLELLAN) has consented to join with me as a cosponsor of this bill.

I ask unanimous consent that the text of the bill be printed in full immediately following these remarks in the RECORD.

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

S. 1516

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that Section 3 of the Act of July 6, 1960 (74 Stat. 334), as amended, is amended by striking out "$550,000" and inserting in lieu thereof "$2,725,000."

By Mr. SPARKMAN:

S. 1517. A bill to authorize appropriations for the administration of foreign affairs; international organizations, conferences, and commissions; information and cultural exchange; and for other purposes. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, last year, in its consideration of the State Department–USIA Authorization Act for fiscal year 1975, the Foreign Relations Committee unanimously approved an amendment, initiated by Senator PERCY, which provided that in susbequent years all of the regular authorizing legislation for the foreign affairs bureaucracies and for U.S. economic and military aid would be consolidated into three major bills. What was envisioned was, first, a "foreign relations" bill, containing authorizations for the State Department, Foreign Service buildings, the Arms Control and Disarmament Agency, USIA, and the Board for International Broadcasting; second, an "economic assistance" bill, containing authorizations for bilateral and multilateral economic and, including the Peace Corps; and third, a "military assistance" bill, containing authorizations for military grants, credit sales, and supporting assistance.

The purpose of this consolidation was twofold: First, to facilitate more effective congressional oversight by reorganizing the regular foreign affairs authorizations into a more logical format; and second, to facilitate more efficient and expeditious legislative treatment of these matters by reducing the number of annual bills. While the committee realized that it could effect such a consolidation without placing the requirement into law, it hoped to involve the executive branch in such a way that the consolidation would be performed prior to the submission of the annual requests, rather than in the Congress. Unfortunately, although it passed the Senate, the provision which required this consolidation did not survive last year's House-Senate conference, and the result is that again this year, the administration has submitted the ususal disparate—and for many people, confusing—variety of authorization bills.

I am therefore today introducing a bill embodying the first of the three consolidated bills envisoned by the provision which the committee and the Senate unanimously approved last year. This bill, entitled the "Foreign Relations Authorization Act, Fiscal Years 1976 and 1977," is simply a consolidation of legislation already introduced this year by request of the executive branch—legislation which authorizes appropriations for the State Department, S. 904; Foreign Service buildings, S. 1176. ACDA, S. 819; USIA, 1131; and the Board for International Broadcasting, S. 769. This consolidated bill contains all of the provisions—and only those provisions—which were contained in the several bills submitted by the administration. I ask unanimous consent, Mr. President, that there be printed in the RECORD at this point a brief outline of the consolidated bill, showing its basic format.

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

OUTLINE OF THE FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1976 AND 1977

I. Administration of Foreign Affairs
A. State Department
B. ACDA
C. Foreign Service Buildings
II. International Organizations, Conferences, and Commissions
III. Information and Cultural Exchange
A. USIA
B. Educational Exchange (State Department)
C. Board for International Broadcasting (Radio Free Europe/Radio Liberty)
IV. Miscellaneous
A. Migration and Refugee Assistance (State Department)
B. Other

Mr. SPARKMAN. I should emphasize, Mr. President, that the provisions of this bill are identical to those in the bills submitted by the administration. All of the authorization categories are the same. What this bill represents, however, is a reordering and consolidation; and I am introducing it today so that it will be available as the basis for this year's committee hearings and markup on the various foreign affairs authorizations.

I also announce that hearings on this bill will be held April 29, May 1, and May 5.

By Mr. MOSS (for himself, Mr. MAGNUSON, Mr. PHILIP A. HART, and Mr. HARTKE):

S. 1518. A bill to amend the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) to authorize additional appropriations, to establish fuel efficiency demonstration projects, to provide additional enforcement authority for the odometer antitampering provisions, and for other purposes. Referred to the Committee on Commerce.

MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT AMENDMENTS

Mr. MOSS. Mr. President, I submit today for introduction for myself, Mr. MAGNUSON, Mr. HART, and Mr. HARTKE, legislation to amend the Motor Vehicle Information and Cost Savings Act to authorize additional appropriations, to establish fuel-efficiency demonstration projects, to provide additional enforcement authority for the odometer antitampering provisions, and for other purposes. This legislation may be cited as the "Motor Vehicle Information and Cost Savings Act Amendments."

Mr. President, on March 7, 14, and 20, the Consumer Subcommittee held comprehensive hearings on the implementation of the act. It was appropriate that the committee held these hearings at this time. These are hard times for the American consumer, and this legislation was originally designed to give the consumer more for his automobile dollar than he has been getting.

The Cost Savings Act is composed of four titles. Title I of the act, relating to bumper standards was enacted to promote uniform damage mitigating designs of vehicles in order to lessen the annual multibillion dollar losses being experienced by the motoring public. As of this time, there is no standard promulgated under the Cost Savings Act which would require no damage in even low-speed impacts. The Department of Transportation has in effect a standard now which prohibits damage to safety-related components in barrier impacts of 5 miles per hour. Recently, the NHTSA had proposed to roll this back to 2½ miles per hour. However, this proposal has since been rescinded. The amendments which I introduce today will provide for additional authorization for appropriations for this title through the fiscal year ending September 30, 1977.

Title II of the act, relating to consumer information, represented a congressional effort at allowing the marketplace forces to produce a more economical vehicle for consumers. Under this title, the Department of Transportation was mandated to compile information on various characteristics of motor vehicles, including the ease of repairability, susceptibility to damage, crashworthiness, and differences in insurance costs for different makes and models of vehicles. Once compiled, that information is to be made available to consumers in the showroom to assist them in making informed and discriminating purchasing decisions. While implementation of this title is very difficult, the National Highway Traffic Safety Administration is still in the process of compiling and evaluating the data that is available. Accordingly, the amendments which I propose today to title II would provide additional authorization for appropriations through the fiscal year ending September 30, 1977.

Title III of the Cost Savings Act, relating to diagnostic inspection systems, was the result of several years of study to determine why the public was dissatisfied and frustrated with the cost and quality of auto repairs. This legislation was designed to find solutions to that dissatisfaction and frustration. When the legislation was considered, it was clear that the public burden with the vehicle inspections for safety and emissions would probably increase and that Federal assistance to the States would be necessary to assist their vehicle inspection programs. This title is designed to promote the state of the art of high speed diagnostic equipment for use by the States in their inspection activities.

The amendments which I am proposing today would refocus the diagnostic inspection program to include fuel efficiency. While the Nation has been concerned about producing more efficient vehicles, there are 120 million vehicles on the road today which should not be ignored. Most could achieve a higher level of fuel efficiency if they were properly tuned. The new program which is contained in these amendments would be designed to evaluate the conditions of parts, components, and repairs of motor vehicles in order to assist the vehicle owner in achieving the optimum fuel and maintenance economy. Additionally, the amendments extend the title III program by providing additional authorization for appropriations through the fiscal year ending September 30, 1977.

Finally, title IV of the act, relating to odometer tampering, may be one of the most important provisions of this law. In this period of economic downturn, many consumers are turning to the used car market. In purchasing a used vehicle, consumers rely heavily on the odometer reading as an index of the condition and value of the vehicle. Title IV is designed to assure that the odometer reading is accurate and provides redress to the consumer who has been cheated by odometer tampering.

Specifically, title IV now makes it unlawful to: First, advertise for sale, to sell, to use, or to install or to have installed, any device which causes an odometer to register any mileage, other than the true mileage; second, disconnect, reset, or alter the odometer of any motor vehicle with the intent to change the number of miles indicated thereon; third, to operate a motor vehicle on any street or highway knowing that the odometer of such vehicle is disconnected or nonfunctional with the intent to defraud; and, fourth, to conspire to commit any of the above offenses. Unfortunately, the only enforcement provisions included in title IV are through the use of an injunction. Additionally, the title provides for a private civil action. However, there is no authority for civil or criminal sanctions.

During our hearings, the Department of Transportation officials expressed frustration at their inability to enforce these sections. While many States have odometer antitampering statutes, they do not reach into interstate offenses. The legislation which I am proposing today is designed to address this problem. First, it would vest the Secretary with investigatory powers similar to those contained in other sections of the Cost Savings Act. Second, it would allow for State enforcement of the Federal statute. Third, it would provide for civil and criminal sanction authority for violations of the odometer antitampering regulations and statutes. Finally, it would authorize for appropriation funds through the fiscal year ending June 30, 1977, to implement this title.

Mr. President, each of the legislative proposals contained in these amendments were discussed in detail during our 3 days of hearings last month. The Cost Savings Act stands to save consumers literally millions of dollars through better design of vehicles and safeguards to protect them against fraud. I believe that these amendments will help strengthen this important act.

I ask unanimous consent that the Motor Vehicle Information and Cost Savings Act amendments be printed in the RECORD in full.

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

S. 1518

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 "Motor Vehicle Information and Cost Savings Act Amendments."

AMENDMENTS TO TITLE I

SEC. 2. (a) ANNUAL REPORT.—Section 112 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1922) is amended by striking the words "March 31" in the first sentence and by inserting in lieu thereof the words "July 1."

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 111 of such Act (15 U.S.C. 1921) is amended to read as follows:

"There is authorized to be appropriated to carry out the provisions of this title $500,000 for the fiscal year ending June 30, 1976; $125,000 for the fiscal year transition period for July 1, 1976 through September 30, 1976; and $500,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.".

AMENDMENTS TO TITLE II

SEC. 3. (a) Authorization of Appropriations. Sec. 209 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1949) is amended to read as follows:

"There are hereby authorized to be appropriated to carry out the provisions of this title $2,000,000 for the fiscal year ending June 30, 1976; $650,000 for the fiscal year

transition period from July 1, 1976 through September 30, 1976; and $3,000,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.".

AMENDMENTS TO TITLE III

SEC. 4. (a) EXTENSION OF STATE PROGRAMS.—Subsection (b) of section 303 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1963(b)) is amended by deleting "1976" in the second sentence and by inserting in lieu thereof "1977".

(b) Section 311 of such Act is amended to read as follows:

"Fuel efficiency

"SEC. 311. (a) The Secretary shall establish one, or more than one, new special motor vehicle diagnostic inspection demonstration project as provided for in sections 301, 302, 303 and 304 to assist in the research, rapid development, and evaluation of advanced inspection, analysis and diagnostic equipment suitable for use by the states in high volume inspection facilities designed to assess the safety, noise, emissions and fuel efficiency of motor vehicles. Such project shall perform inspections of motor vehicles for the purpose of evaluating the condition of parts, components and repairs (1) required to comply with state and federal safety, noise and emission standards and (2) in order to assist the vehicle owner in achieving the optimum fuel and maintenance economy.

"(b) The Secretary shall evaluate the existing diagnostic analysis and test equipment available for use in the small automotive repair establishments and report to the Congress within two years after enactment of this section, the scope of research and development required to make this equipment compatible with the more costly and complex state vehicle inspection and diagnostic equipment. The report shall assess the extent to which private industry can meet the needs of the small automotive repair shops for low cost test equipment which can be developed to comply with the federal safety, noise and emission performance standards promulgated by the Secretary, the Administrator of the Environmental Protection Agency and by State or local regulatory agencies.

"(c) In complying with the provisions of this section, the Secretary shall consult with the Administrator of the Environmental Protection Agency."

(c) Section 321 of such Act is amended to read as follows:

"There are hereby authorized to be appropriated to carry out the provisions of this title $5,000,000 for the fiscal year ending June 30, 1976; $1,500,000 for the fiscal year transition period from July 1, 1976 thru September 30, 1976; and $7.5 million for the fiscal year ending September 30, 1977; such sums to remain available until expended."

AMENDMENTS TO TITLE IV

SEC. 5. (a) Title IV of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1981 et seq.) is amended by adding the following new sections:

"Powers of the Secretary

"SEC. 414. (a) (1) For the purpose of carrying out the provisions of this title, the Secretary, or on the authorization of the Secretary, any officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee, deems advisable.

"(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

"(3) The Secretary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports, or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.

"(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpoena or order of the Secretary or such officer or employee issued under paragraph (1) or paragraph (3) of this subsection, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(b) All information reported to or otherwise obtained by the Secretary or his representative under this title which information contains or relates to a trade secret or other matter referred to in section 1905 of title 18 of the United States Code, shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this section shall authorize the withholding of information by the Secretary or any officer or employee under his control from the duly authorized committees of the Congress.

"(c) For purposes of enforcement of this title, officers or employees duly designated by the Secretary, upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, may inspect a motor vehicle whenever such officer or employee has reason to believe that there has been a violation of a requirement imposed under this title. Each such inspection shall be conducted at reasonable times and in a reasonable manner and shall be commenced and completed with reasonable promptness.

"State enforcement

SEC. 415. (a) If any person, partnership, or corporation violates any provision of this title, then the Attorney General of the State in which such act or practice occurred, or his delegate, may commence a civil action for appropriate relief against such person, partnership, or corporation in any court of competent jurisdiction in such State.

"(b) The court, in an action under subsection (a), may restrain such violation or grant such relief as it finds necessary to redress injury which resulted as a consequence of the violation of a provision of this title.

"Sanctions

SEC. 416. (a) Whoever violates any provisions of sections 403–408, of this title, and the Secretary determines that a reasonable man would have known under the circumstances that the act or practice was dishonest or fraudulent, such person may be assessed a civil penalty of not to exceed $10,000 for each violation. Such penalty shall be assessed by the Secretary and collected in a civil action brought by the Attorney General or by the Secretary (with the concurrence of the Attorney General) by any of the Secretary's attorneys designated by the Secretary for such purpose.

"(b) Any person who knowingly violates any provisions of sections 403–408 of this title shall be fined not more than $50,000 or be imprisoned not more than one year, or both.

"Authorization of appropriations

"SEC. 417. There are hereby authorized to be appropriated to carry out the provisions of this title $300,000 for the fiscal year ending June 30, 1976; $85,000 for the fiscal year transition period from July 1, 1976 through September 30, 1976; and $360,000 for the fiscal year ending June 30, 1977, such sums to remain available until expended."

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 1519. A bill to amend the Comprehensive Employment and Training Act of 1973 to permit the Secretary of Labor to establish the maximum wage which may be paid under that act in areas where it is found exercise of such discretion will promote the objectives and purposes of that act.

Mr. GRAVEL. Mr. President, I am today introducing legislation which would amend the Comprehensive Employment and Training Act of 1973 by permitting the Secretary of Labor to modify the $10,000 annual wage limitation in instances where it is found the exercise of such discretion will promote the objectives and purposes of the act.

The Comprehensive Employment and Training Act of 1973—CETA—contains a provision—at section 208 of the act—which establishes a maximum annual salary which may be paid to a participant by a program prime sponsor, in most instances a State or local government, using program funds. This maximum annual wage limitation, which was contained in the act when it was implemented in late 1973, reflected, in part, the nature of the unemployment problem the country was facing at the time Congress decided to expand the program of public service employment. By mandating a $10,000 limitation on salaries which could be paid with Federal funds we recognized the intent of the program to provide short-term relief for the unemployed and also recognized that in most instances relief would be sought by individuals at the lower end of the wage scale. Now, however, this country faces a much different kind of unemployment problem which effects a broader category of skills. State and local governments are all having to pay higher salaries for public employees at all levels.

To cope with the expansion of the program, State, and local government prime sponsors are having to supplement Federal funds available for the program in order to allow the program to do its job. This is particularly true in Alaska. Demands have been placed on these units of Government to accommodate more participants at higher wage rates. This is true not only because wage scales for public employees have risen to reflect higher costs of living, but also to accommodate the higher skilled, unemployed persons in public sector employment.

As I am sure my colleagues in the Senate realize, public sector wage scales vary throughout the Nation. Therefore, while one unit of government may be able to employ a worker in an entry level technical job classification within the $10,000 annual limitation, and not have to supplement his earnings, other program sponsors cannot. Each worker employed by the program sponsor must, under terms of CETA, be treated equally to all other employees with respect to wages, hours, and working conditions. For example, in Alaska, public employee bargaining agreements in several of our largest municipalities prescribe an entry level wage rate for basic public works job classifications which exceeds, by at least 50 percent, the annual limitation prescribed by CETA. Wage scales established by these bargaining agreements simply reflect the higher costs of living. As a result of this, we find the program fails to meet its intended objective. Local governments are forced to subsidize the program. This situation cannot be allowed to continue. Local and State governments not only lack the financial capacity, but are also being forced to administer the program in a manner which does not meet program objectives and is not uniform throughout the country.

The legislation I am introducing today is designed to modify the act to give the Secretary of Labor the tools necessary to provide relief to program sponsors and make the program provisions reflective of the true cost of doing business in the public sector. This new flexibility in the act would enable the Secretary to make the program responsive to the people it is designed to assist and reflect the economic situation we face in this country today.

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

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

S. 1519

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 208(a)(3) of the Comprehensive Employment and Training Act of 1973 is amended by inserting before the semicolon a comma, and the following: "but, to the extent that an eligible applicant is precluded from filling needed public service jobs because of the annual wage limitation required under this clause the Secretary shall waive such limitation when he determines that a waiver will promote the purposes of this Act in providing needed public services in areas of substantial unemployment".

By Mr. HUMPHREY (for himself Mr. JACKSON, Mr. MAGNUSON, Mr. MONDALE, and Mr. NELSON):

S. 1520. A bill to provide for the issuance of a special postage stamp in commemoration of the 150th anniversary of Norwegian immigration to the United States. Referred to the Committee on Post Office and Civil Service.

TO COMMEMORATE 150TH ANNIVERSARY OF NORWEGIAN IMMIGRATION

Mr. HUMPHREY. Mr. President, joined by my distinguished colleagues, Senators JACKSON, MAGNUSON, MONDALE, and NELSON, I am today introducing a bill to provide for the issuance of a special postage stamp in commemoration of the 150th anniversary of Norweigian immigration to the United States.

As we look forward to the celebration of the Bicentennial of the birth of our Nation in 1976, it is altogether fitting and appropriate that we recall and commemorate the importance of the year 1975 for citizens of Norwegian descent. The history of the United States has been greatly enriched by the contributions of Norwegian-Americans.

The first organized emigration from Norway began on July 4, 1825, when a small group of Norwegian pioneers sailed out of Stavanger, Norway aboard the sloop *Restaurationen*. These 46 pioneers looked with deep hope toward the freedom and opportunity which awaited them in America.

These adventurous Norsemen, who were called Sloopers, sailed for 14 weeks. During the voyage, a new-born infant was added to their number. When they sailed into New York Harbor on October 9, 1825, they were greeted by one of their compatriots, Cleng Peerson, the trail blazer of the Norwegians in America.

This initial group of 46 persons was the vanguard of what was to become a wave of Norwegian immigration to the United States. Between 1825 and 1925, more than 1 million Norwegians came to America. During the 1880's alone, nearly 200,000 Norsemen emigrated to this country. In fact, except for Ireland, Norway gave to America a larger proportion of its population than any other nation during the Atlantic migration of the 19th and early 20th centuries.

These Norwegian immigrants exemplified the hard-working and tenacious spirit typical of pioneers. They conquered many obstacles encountered in the New World. One of these obstacles was the vast unsettled plains of the Midwest. With perseverence the Norwegian-Americans helped bring this rich but tough soil under cultivation.

However, the role of the Norwegian immigrants was not one of simply trail blazing or establishing new settlements. In fact, it has been said that there is hardly an aspect of American life to which Norwegian immigrants and their offspring have failed to contribute.

The Norwegians did play an important role in the development of the farming areas of this great Nation. With their strong agricultural tradition they produced bountiful crops where once only prairie grass grew. Even today, 80 to 90 percent of the Norwegian-Americans live in rural areas, continuing to play a large part in America's agricultural production.

But they have also made major contributions in the fields of business and industry. The Norwegian immigrants who settled in the urban areas of America added many skilled craftsmen to the artisan professions of woodworking and carpentry. Norsemen were also intrumental in the development of the lumbering industry in the United States.

In more recent times, Americans of Norwegian descent have held key positions in the areas of hotel management, accounting, and banking. These include Conrad Hilton and Gabriel Hauge, former budget examiner for the State of Minnesota and instructor of economics at Harvard University.

Norwegian-Americans also have contributed to America by adding to our cultural heritage in literature and music. In the field of literature, the most prominent contributor is O. E. Rolvaag, author of the masterpiece, "Giants in the Earth." In music, Norweigians such as F. Melius Christiansen played leading roles in the establishment of a tradition of full-time college choirs. Christiansen is also credited with having developed a choir of nationally recognized excellence at St. Olaf College in Northfield, Minn.

Norwegians also contributed to the development of institutions of higher learning and have provided these institutions with distinctive academicians. Through their commitment to the cause of higher education the Norsemen established distinguished institutions such as Carleton and St. Olaf Colleges in Minnesota. The academicians of Norwegian descent include Thorstein Veblen, author of the "Theory of the Leisure Class"; and Agnes Wergeland, the first Norwegian woman in the world to receive a Ph. D., and a person who is noted for her work in the promotion of professional education for women.

The American political system is another important area in which Norwegian-Americans have made vital contributions. The great State of Minnesota has had no fewer than eight Governors of Norwegian descent, among them Floyd B. Olson and Knute Nelson. Nelson was also the first Norwegian-American elected to the U.S. Congress, where he served with distinction for 27 years.

The Norwegian-American population has also functioned as a dynamic factor in our electoral process. In fact, in some of the rural Midwestern districts the Norwegian population influences the balance of power between the competing political parties, as many of my colleagues are no doubt well aware.

It is evident that Norwegian-Americans have made numerous contributions which have affected the development of America. I feel that it is important that we recognize them during this year of their sesquicentennial celebration of their immigration to America. Today nearly 3 million Norwegian-Americans live in the United States.

I believe we should recognize and honor these people and their ancestors. A commemorative stamp would not only honor the contributions of Norwegians to America, but it could serve as well to illustrate the close relations which the United States and Norway enjoy. The Norwegian Government has already issued commemorative stamps and coins for this Norwegian-American Sesquicentennial. The Norwegian Government also is joining with the Norwegian community of the United States in their celebration activities during 1975. The issuance of a postage stamp by the United States would be an appropriate manner in which to officially recognize these festivities.

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

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

S. 1520

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Postal Service shall issue in 1975 a special postage stamp in commemoration of the 150th anniversary of the arrival of the sloop "Restaurationen", which marked the beginning of Norwegian immigration to the United States, and in recognition of the contributions made by Norwegian-Americans to the history and development of the United States.

SEC. 2. Such stamp shall be issued in such denomination and in such design as the Postal Service shall determine.

By Mr. JAVITS:

S. 1521. A bill to amend the Public Health Service Act to establish a Health Education Administration within the Department of Health, Education, and Welfare and to provide for the development and implementation of a national health education program. Referred to the Committee on Labor and Public Welfare.

Mr. JAVITS. Mr. President, I introduce today the National Health Education Policy and Development Act of 1975. This measure is the companion bill to the legislation introduced in the House by Congressmen COHEN and HASTINGS (H.R. 3205).

This bill embodies the recommendations of the Presidential Report on Health Education and would seek to overcome the duplicative and fragmented health education efforts of the Department of Health, Education, and Welfare.

Despite the vast increases in the Federal contribution to personal health care, now at more than $20 billion, the rates of illness, disability and premature death have shown few signs of improvement. More importantly, the position of the United States has worsened relative to western industrialized nations—during the decade 1963 to 1972 the United States fell from 10th to 15th place in its infant mortality rate, and from 7th to 8th place in its crude death rate.

In the past, the Nation's most important health problems were infectious diseases—polio, diptheria, and pneumonia—where the patient had little role in his own health care. However, infectious diseases have been replaced by chronic diseases in importance. The most common causes of death now are heart disease, cancer and stroke. Other important health conditions are respiratory disease, obesity, alcoholism, accidents, and suicide. In these instances, the general health of individuals depends greatly on their own informed actions and practices, and impressive gains in the prevention of illness and death can be made if people are better informed and motivated to take action to improve their health.

The tragedy is that a great many individuals are still unaware of their own role in the prevention and relief of such chronic diseases and other health conditions and lack the knowledge needed to utilize health services effectively. Americans persist in lifestyles which threaten their well-being. Millions of Americans eat too much, drink too much, exercise too little and lead lives which are too stressful.

It is in the interest of our Nation that we educate and encourage our citizens to develop sensible health practices. For too long we have given remarkably little attention to the education of our people for better health.

Despite these self-evident facts, less than 1 percent of the Federal governmental activity in the $100 billion annual health care industry is targeted in on prevention and control of health problems. Certainly we must change the current inadequate and fragmented efforts in the field of prevention and reduce the cost of illness and its associated human suffering, and thus improve the quality of life for all Americans.

While we must not cut back on advances in medical technology, we must be concerned about the neglect of the patient as a responsible agent in the treatment of illness. Part of this problem can be remedied by an effective program of health education. I would agree with the experts who view health education as the most cost-effective means to recruit the consumer as an active member of the health care team.

If we are to achieve any significant offset to the predictable increase in total health care expenditures, it will be through prevention and education programs which actively involve the individual in maintaining and enhancing his own health.

Unfortunately, the knowledge of how to accomplish this desirable goal is limited. Therefore, this bill authorizes a major focus on a health education strategy as the development of an experimental approach to the thus far intractable health problems, such as coronary artery disease, lung cancer, bowel cancer, cirrhosis of the liver, and high blood pressure.

The bill takes several significant steps in the direction of developing an effective Federal health education program:

First, it establishes a National Health Education Administration as the focal point for health education under the direction of the Secretary of Health, Education, and Welfare. With the program directly under the Secretary, it will be possible to draw from the resources of both the Office of Education and the Public Health Service.

Second, it establishes a single, high visibility advisory council, composed of the Assistant Secretaries of Education and Health, and the Director of the Office of Consumer Affairs, and other persons involved with health education, public health, health care and health insurance activities in order to make the Department's programs more effective.

Third, it authorizes grants and contracts to: Develop or evaluate specific informational techniques; develop multifaceted systems of health care education for defined geographic regions; and train personnel to carry out authorized health education programs. For these purposes, $30 million is authorized over a 3-year period.

The measure also requires the Administrator of the Health Education Administration to conduct a comprehensive study of the health education field, to define areas of greatest potential impact for health education, and to recommend locations for programs of health education.

This bill embodies principles which this country must pursue, is consistent with the recommendations of the Assistant Secretary of Health's Forward plan and of the Presidential report, and will provide a mandate for change in America's health care system.

By Mr. DOLE:

S. 1522. A bill to continue the special food service program for children, the school breakfast program, and the special supplemental food program for women, infants, and children through September 30, 1976, and for other purposes. Referred to the Committee on Agriculture and Forestry.

CHILD NUTRITION AMENDMENTS

Mr. DOLE. Mr. President, I am today introducing a bill which would continue for 1 year all present child nutrition programs under the National School Lunch Act and the Child Nutrition Act of 1966.

In particular, this legislation extends the special food service program for children, the school breakfast program, and the special supplemental food program for women, infants, and children—WIC—throughout September 30, 1976. In the absence of this legislation, all three programs will terminate this summer. Other child nutrition programs, such as the school lunch program, already have authorization for continued operation.

Mr. President, every Member of the Congress is interested in assuring that American children have nutritious diets. And it has long since been decided that the Federal Government shares with the States a major responsibility for achieving this worthy objective. The bill I am introducing today will assure that the worthwhile child nutrition programs we have previously enacted will continue in operation over the next year.

CASH IN LIEU OF COMMODITIES

The bill also provides that States may elect to receive cash payments from the Department of Agriculture in lieu of commodity donations in the operation of child nutrition programs. This provision is a direct result of the experience over the past several months in my State of Kansas where our schools have received cash grants from USDA for use in school feeding programs. The initial experience strongly indicates that Kansas schools have been able to realize substantial administrative cost savings while continuing to make economical bulk purchases of a wider variety of nutritious foods.

In order to protect domestic food producers, the bill provides that child nutrition officials in States which opt for the cash program must purchase only domestically produced products.

Presently, Kansas is the only State

which receives cash in lieu of commodities for use in school feeding programs. The bill I propose today would permit other States to opt for the Kansas cash in lieu of commodities approach if they desire. And, even if no other State decided to shift to a cash program this year, Kansas would still be able to continue such a program. For, if the results of the first several months are duplicated over the balance of the year, other jurisdictions may welcome this approach in future years.

Because the preliminary results of the Kansas cash program have been so positive, I think it is important that we do not lock ourselves into a long-term extension of the commodity program. For I am confident that most Members of the Congress—as well as State officials—would favor an efficient cash program which not only provide nutritious foods but also stimulates local economies and assists small businessmen and producers who provide the food to local child nutrition programs.

ASSISTANCE TO NONSCHOOL INSTITUTIONS

Another provision of the bill would enable nonschool institutions such as summer feeding programs and day care centers to receive cash grants from USDA if they are located in a State which opts for cash in lieu of commodities. This provision is necessary to assure that child nutrition programs in States receiving cash grants receive benefits equal to those enjoyed by States which stay with the commodity program.

ELIMINATE "BACK-DOOR" FUNDING

A final provision of the bill would eliminate so-called "back-door funding" of various child nutrition programs under section 32 of the Agriculture Act of 1935. Under that act, every year, 30 percent of the previous year's customs taxes are set aside in a separate fund for use by the Secretary of Agriculture for enumerated purposes, including encouragement of agricultural exports and domestic consumption by low-income persons.

Thus, programs presently funded out of section 32 funds are not subjected to the scrutiny of the regular appropriations process. I believe that such a procedure is directly counter to the spirit of the new budget process set forth in the Congressional Budget and Impoundment Control Act of 1974. If we are to make the new budget process function properly—and I believe that most Members hope it will—we should eliminate section 32 funding.

I am confident that these child nutrition programs have a high enough priority to justify adequate appropriations through normal appropriations channels without resorting to "back-door funding."

Mr. President, I am confident that the bill I propose today will assure continuation of equitable, responsibly funded nutrition programs for our children.

By Mr. HATHAWAY:

S. 1523. A bill for the elimination of the foreign tax credit for taxes paid in connection with foreign oil related income. Referred to the Committee on Finance.

S. 1524. A bill to terminate percentage depletion for oil and gas wells. Referred the Committee on Finance.

S. 1525. A bill to repeal the deduction of intangible drilling and development costs of oil and gas wells. Referred to the Committee on Finance.

Mr. HATHAWAY. Mr. President, today I am introducing three bills to deal with the oil industry. These bills are not intended as retaliatory, nor as discriminatory against the oil industry. They are intended as notice that the Congress is aware of the vast tax advantages still enjoyed by the oil industry, and that some of us intend to continue to press to do something about them.

There are other incentives for exploration available besides tax incentives, and if the oil industry is not satisfied that price incentives are enough, then I am placing the burden on them to propose some alternatives. The American taxpayer has subsidized this industry long enough through the Internal Revenue Code. If we are going to subsidize this industry, and if we feel that incentives above and beyond the outrageous present price of oil are still necessary, we should do it through a more cost-efficient means than lost tax dollars. I am putting the burden on the industry to come up with such a proposal.

The three bills I am introducing today would do the following. First, the oil depletion allowance would be ended for everyone; second, no foreign tax credits would be allowed on oil-related income; and third, intangible drilling and development costs would no longer be allowed as a deduction.

I ask unanimous consent that these three bills be printed in the RECORD at this time, together with an article from Business Week on oil depletion.

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

S. 1523

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

SECTION 1. Section 901(a) of the Internal Revenue Code of 1954 (relating to foreign taxes on mineral income) is amended by adding at the end thereof the following:

"(3) TERMINATION OF CREDIT FOR FOREIGN TAXES ON OIL-RELATED INCOME.—

"(A) In the case of a corporation, no credit is allowed under this subpart for income, war profits, or excess profits taxes paid or accrued during the taxable year to any foreign country or possession of the United States with respect to foreign oil-related income from sources within such country or possession.

"(B) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(i) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(ii) the processing of such minerals into their primary products,

"(iii) the transportation of such minerals or primary products,

"(iv) the distribution or sale of such minerals or primary products, or

"(v) the sale or exchange of assets used in the trade or business described in clause (i), (ii), (iii), or (iv).

"(C) DIVIDENDS, PARTNERSHIP DISTRIBUTIONS, ETC.—The term 'foreign oil related income' includes—

"(i) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(ii) amounts with respect to which taxes are deemed paid under section 960(a), and

"(iii) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil related income.

"(D) CERTAIN LOSSES.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items shall be taken into account in computing foreign oil related income for such year.

"(E) DISREGARD OF CERTAIN POSTED PRICES, ETC.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement). For purposes of this subparagraph, the term 'foreign oil and gas extraction income' means foreign oil related income described in subparagraph (B)(i) and income derived from sources without the United States and its possessions from the sale or exchange of assets used in connection with the foreign oil related income described in subparagraph (B)(i).".

Effective dates—the amendments made by this section shall take effect on January 1, 1975, and shall apply to taxable years ending after December 31, 1974.

S. 1524

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

REPEAL OF PERCENTAGE DEPLETION

SECTION 1. Section 613A of the Internal Revenue Code of 1954 (relating to limitations on percentage depletion in case of oil and gas wells) is amended by striking out everything after subsection (b).

SEC. 2. Technical amendments—Section 703(a)(2) (relating to deductions not allowable to a partnership) is amended by adding an "and" after the comma at the end of subparagraph (E), by striking out ", and" at the end of subparagraph (F) and inserting in lieu thereof a period, and by striking out subparagraph (G).

SEC. 3. Effective dates—the amendments made by this section shall take effect on January 1, 1975, and shall apply to taxable years ending after December 31, 1974.

S. 1525

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

SECTION 1. Section 613(b) of the Internal Revenue Code of 1954 (relating to percentage depletion rates) is amended by striking out paragraph (1)(A) (relating to oil and gas wells).

SEC. 2. Effective dates—the amendment made by this section shall take effect on January 1, 1975, and shall apply to taxable years ending after December 31, 1974.

OIL DEPLETION: DIMINISHED BUT FAR FROM DEAD

For decades liberals have wanted to kill the oil depletion allowance—a tax provision

that, in effect, enabled oil producers to pay lower taxes than most other businessmen.

A month ago the liberals had their way—or did they? Congress passed and President Gerald Ford signed a new tax bill taking this tax privilege from the big oil companies. There are, however, loopholes in the bill big enough to shove an oil rig through.

After the House of Representatives voted to end the depletion allowance entirely, the big oil companies bowed to the inevitable and stopped fighting. Not the so-called independents. They flocked to Washington, 200 strong, and began pressuring their friends in Congress. The result was a series of amendments to the bill, rationalized in terms of helping the "little guy."

And who could object to helping the little guy? In this case, Congress' definition of "little" is rather interesting. It encompasses oil operators doing as much as $8 million a year; maybe much more. That's little by oil industry standards, but such people are hardly hardship cases. They are mom & pop, Texas-style.

Moreover, the bill is so vaguely worded that operators even bigger than $8 million a year may be able to crawl through. The bill, for example, was rushed through without a written record of congressional intent. This will give the Treasury a relatively free hand in interpreting the law—and the Administration is on record as bitterly opposing the death of depletion. It will also create a gold mine for tax lawyers, who are hardly a depressed class these days.

The bill says that the depletion allowance will continue for operators producing 2,000 barrels a day or less, reduced to 1,000 barrels by 1980. An oil well that produces, say, 1,000 barrels a day is worth up to $4 million a year in revenues. A full 98% of all oil operators—about 9,800—still qualify for the depletion allowance, and many of these are far from poor. They will now have a considerable competitive edge over the majors. Whatever fees their lobbyists were paid, the money was well earned.

For wealthy plungers, therefore, the oil and gas tax shelters appear as sturdy as ever. Victor Alhadeff, a tax shelter specialist whose clients' net worth generally ranges above $1 million, couldn't be happier. "Congress has finally ended uncertainty over the allowance under very equitable terms for investors," he exults. Since the 2,000-barrel limit applies to each taxpayer individually, a limited partner is not affected unless his own return exceeds $6 million to $8 million. Thus a field with ten investors could pump up to 20,000 barrels a day and still enjoy full depletion allowance.

Even the bigger independents may yet find a way around the 2,000-barrel limit, depending on how Treasury interprets the statute. They may be able to lessen tax liabilities by bringing in brothers, uncles and outside parties to drill new wells into their own underground reserves. At worst, they will still enjoy 22% depletion on the first 730,000 barrels they produce each year as well as immediate writeoff of intangible drilling costs.

LOOPHOLE ROAD

While tax lawyers make big fees unscrambling the legalese and impressing their clients' views on Treasury before it draws up the regulations, government attorneys will be working overtime to decipher Congress' intent. Transfer of title is the heart of the issue. If Treasury interprets the transfer clause liberally, the big independents can probably get around the 2,000-barrel limit.

To prevent just such an end run, Congress denied percentage depletion to a buyer whenever the value of a property as a proven oil or gas reserve "has been demonstrated by prospecting or exploration or discovery work." But what means "demonstrated" or "prospecting"? Can land 50 feet from a producing well be transferred without loss of depletion allowance? What about 500 feet? Or 5,000? Only your tax man knows, and even he's not sure. A former Treasury official who helped write the provision—though he denies it's important—admits that he doesn't know "what the hell 'prospecting' actually means."

Really small independent wildcatters will lose, regardless of what the Treasury says. The new law is explicit on one point: The depletion allowance cannot exceed 65% of net income after other deductions.

For example, if mom & pop grossed $200,000 last year from a well that cost $100,000 to operate, and plowed back, $80,000 into deductible exploration costs, they would have left $20,000 in net income and a $44,000 depletion allowance (22% of $200,000). But under the new law, they cannot claim the full allowance because it exceeds 65% of their $20,000 personal income. What will mom & pop do? Probably plow back less into exploration—say, only $25,000—and take the full $44,000 depletion allowance on a personal income of $75,000.

Thus the impact of the bill will be quite curious. The big oil companies, which are, after all, owned by hundreds of thousands of mostly small investors, will be hurt. So will the *little* wildcatter. The medium-sized independent, usually an extremely wealthy and tax-privileged man, will benefit.

Treasury will net about $2 billion annually in additional tax revenues, but the 2,000-barrel exemption will cost it over $500 million. The law may shift some drilling from majors to independents, but it won't help close the U.S. energy gap. If anything, it will dampen exploration efforts.

In short, the bill as written benefits those in the industry least in need of help, without any assurance it will produce any benefits for the nation.

"The whole purpose was to encourage wildcatters," says a lawyer who worked on the bill, "but it limits the men most actively involved and leaves the tax shelters intact. It just doesn't make any sense."

By Mr. HUMPHREY:

S. 1526. A bill to make additional funds available for purposes of certain public lands in northern Minnesota, and for other purposes. Referred, by unanimous consent, to the Committee on Agriculture and Forestry; and, if and when reported by that committee, to the Committee on Interior and Insular Affairs.

TO INCREASE ACREAGE UNDER BOUNDARY WATERS CANOE AREA

Mr. HUMPHREY. Mr. President, I am today introducing a bill to enable the Forest Service to complete the acquisition of the lands for the Boundary Waters Canoe Area—BWCA—in Minnesota, which had been planned under earlier legislation. This act is needed to fulfill the goal of the earlier legislation which the Committee on Agriculture and Forestry developed in 1948.

The situation is a classic example of how delay in funding can increase costs. Thus, I would hope we would set the stage to move rapidly to acquire the remaining needed land.

The Boundary Waters Canoe Act of 1948, as amended in 1956, provided the basis for the establishment of the BWCA, which is one of the original wilderness areas.

This is a unique area of lakes and glacier-created land and islands noted for its sylvan beauty. This is canoe and packback country—a prime wilderness recreation area enjoyed by millions of Americans.

At present, the Federal Government holds 747,839 acres and the State of Minnesota owns 260,231 acres of land and water within the BWCA. Under this proposed legislation, it would be possible to add an additional 21,619 acres—14,085 of which is held by counties and 7,534 privately—to complete the 1,029,689-acre plan of the BWCA.

The funding authority for the acquisition of these lands has expired, and additional authority is needed to complete this program. One longstanding case has been in process for some time because this authority has lapsed.

As one of the strong supporters of the BWCA, I can testify on the urgency of increasing this funding authority in order to carry out the original legislative intent,

The BWCA is a pioneer wilderness area, and the 1948 act, under which it was established, preceded by decades and paved the way for the 1964 Wilderness Act.

The bill I am introducing today will provide the added authority needed to meet existing commitments and carry out an established program. With the authority provided in this bill we can move ahead on this program over the next few years.

All lands acquired under the 1948 act provided for special conditions of management on the BWCA which preceded the Wilderness Act. The 1948 act was a product of the Agriculture and Forestry Committee. The 1958 act, which this bill would amend, was a product of the Interior Committee.

Mr. President, as a consequence, I ask unanimous consent that this bill be referred to the Committee on Agriculture and Forestry with the understanding that it will be referred to the Senate Committee on Interior and Insular Affairs if and when reported by the Senate Committee on Agriculture and Forestry. I also ask unanimous consent that the text of my bill be printed at this point in the RECORD.

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

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

S. 1526

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act of June 22, 1958 (62 Stat. 568, as amended; 16 U.S.C. 577h), is further amended to read as follows:

"SEC. 6. There are authorized to be appropriated annually from the land and water conservation fund established under the Land and Water Conservation Fund Act (78 Stat. 897, as amended; 16 U.S.C. 460), such sums, not to exceed $9,000,000, as are necessary to carry out the provisions of this Act, including sums for the payment of court judgments in condemnation actions brought under authority of this Act without regard to the date such condemnation actions were initially instituted."

By Mr. BROCK:

S. 1528. A bill to amend the Internal Revenue Code of 1954 to provide a refundable income tax credit for medical

expenses, and for other purposes. Referred to the Committee on Finance.

Mr. BROCK. Mr. President, the Department of Labor's announcement of the continuing increase in unemployment rates has heightened concern over the need for health insurance coverage for the unemployed. Today, I am introducing a bill that would provide such coverage. While I will explain my bill in detail shortly, basically it authorizes the government to pay 85 percent of all medical expenses in a calendar year that exceed 25 percent of the individual's taxable income.

The advantages of such an approach are considerable. Perhaps the two most important benefits of this bill are its unlimited costs and the equitable and complete coverage it provides.

Before outlining my proposal in detail, it might be helpful to examine the current difficulties facing the unemployed worker today. As unemployment has increased, so has the number of people without any health care insurance. This has happened because many individuals purchase coverage through their employers. Because group coverage can be provided at rates well below the normal cost of such coverage, unemployed workers are unable to pay premiums for individual policies. Additionally, many employers share the cost of the program, thus increasing even further the financial burden the unemployed person must bear.

Of course, no Federal regulations currently exist to require certain levels of coverage. Many employers offer no insurance coverage whatsoever, while at the same time many employers provide only the most minimal coverage to employees.

Therefore, it is unrealistic to discuss those unemployed people who had health insurance as a homogeneous group. There are, in fact, wide ranges of coverage, medical benefits, and the like within the group. Particularly, as one would expect, the coverage provided is a function of income. Those workers who made higher wages when they were employed generally had more comprehensive coverage.

In short, among the unemployed there exist many different types of coverage. Some unemployed have no health insurance, nor did they have coverage when they were employed. Other unemployed have lost the minimal insurance their earlier employment qualified them for, while some have lost very excellent programs.

There exists, however, another entire category of worker. That is the worker—whether unemployed or employed—who does not have any insurance provided. Many unskilled laborers, agricultural employees, self-employed workers—the list is endless—currently do not have any health insurance coverage.

The crisis of health care coverage in America, then, does not include just one classification of worker. It encompasses 25 million Americans who have inadequate health care insurance coverage. Of this 25 million, only about 8 million are unemployed. Of that 8 million, only 3 million had adequate health care coverage when they were on the job.

This analysis ought to highlight one very important fact. Any program that focuses its attention on one segment of the problem is intentionally and cruelly ignoring the real needs of millions and millions of Americans. One cannot in good faith suggest that we spend billions of dollars to help only a small fraction of the people.

Before examining some of the current proposals that attempt to meet the health care insurance crisis, there is one additional consideration that merits our close attention. That is the size of the Federal deficit. There can be no doubt that our current budget problems are going to escalate in coming months. While the President could neatly draw a line on a graph to indicate his goal of limiting the current deficit in the mid-60-billion-dollar range, we here in Congress are going to be forced to make the tough decisions on what legislation should be enacted.

This Nation cannot afford a vast, expensive, and time-consuming solution to the health care needs of the unemployed. We must use our intelligence and our ingeniousness to find a solution to this problem that can be accomplished at a limited cost.

However, our preoccupation with the Federal budget should not lull us into passing legislation that is penny-wise and pound-foolish. A bill that has no impact on the Federal Treasury, but does raise the cost of living for every American by 2 or 3 percent is not a responsible solution.

Summarizing, we need health care legislation that is affordable—both to the consumer and to the Government—that is equitable—both to unemployed who had health insurance coverage and the employed or unemployed who has no insurance—and, health care coverage that builds on the strengths of the existing system.

I do not feel that any of the existing or proposed legislation meets these three criteria. The Senate bill designed to cover this problem—S. 625—fails on all three points.

First, S. 625, as Secretary Weinberger of HEW pointed out in a letter to Minority Leader SCOTT, is very expensive. To quote from his letter:

> It is neither feasible nor affordable to provide health care insurance for the unemployed in a manner prescribed by S. 625.

Not only is the cost of S. 625 high in dollar terms—about $1.5 billion for the first year alone—but the coverage is very limited. The cost per person, if you will, then, is exceptionally high. S. 625 only covers about 3 million of the Nation's potentially eligible people.

Let me pause a moment here. We are talking about ignoring the health care needs of 22 million people—22 million people. That is about 10 percent of the total population of the United States. Tragically, it is the 10 percent of the population that has been so often ignored in the past. It is 10 percent of the population that is poor, underemployed, or not employed at all. It is the 10 percent of the population for whom the American dream means the least, and for whom our economy has given the least opportunity to exploit their own personal skills.

How can we ignore these people again? But that is exactly what S. 625 does. It focuses our concern and financial assistance on a segment of the population that is not nearly so desperate. I find this insensitivity to the needs of 10 percent of our population amazing. I cannot and will not support such a discriminatory bill.

The second major drawback of S. 625 is the huge overhead that will be associated with the implementation of the bill. Money is desperately needed to provide health care coverage, yet S. 625 will divert a huge percentage of its total cost to the payment of bureaucrats. It will create a 10,000 person temporary work force to help administer itself.

This is not good government. It is not good economics. It makes little sense to flood the Federal payrolls for 1 year. How can we possibly hire and train good people to work within a program that is supposedly temporary? How can we justify the "start up" expenses?

Emergency Medical Expenses Tax Credit Act—EMETCA, for short—will cover all the people who need it. Because it is based on a percentage of taxable income, there is no means test or other invasion of personal privacy. Again, because EMETCA is based on a percentage of taxable income, the program is helpful only to those people who need assistance.

EMETCA will pay for 85 percent of a person's medical expenses when those expenses exceed 25 percent of the person's taxable income. For example, if a family of four's income in 1974 was $3,500, that would have no taxable income at all. Therefore, EMETCA would pay 85 percent of all of the medical bills of that family.

Another family might have an income of $9,000, with a taxable income of $6,000. Thus, they would be required to pay $1,500 in medical expenses before EMETCA applied to them. After the $1,500 of expenses, EMETCA would cover 85 percent of all additional expenses.

How can we justify paying bureaucrats and not paying medical health care costs? I have already outlined in some detail the plight of 25 million Americans. It is a cruel hoax to subsidize a new bureaucratic organization rather than to provide benefits. But, that is exactly what S. 625 will do.

When S. 625 was first introduced I labeled it a "bail out" bill for the insurance companies. This was said not to in any way castigate or desparage the insurance companies. They are doing the best possible job under a complex and difficult situation. My remark was a direct attack on S. 625. I continue to feel that the bill does not address itself to the needs—the real, basic health care needs—of the American public. I continue to feel that S. 625 does not provide equitable, across-the-board coverage to the 25 million Americans who currently desperately need assistance.

After reading and listening to the discussion on S. 625, I continue to feel the same way. The bill does not meet the needs of people. It is just that simple.

In addition to S. 625, there are two proposals in the House that attempt to

provide medical coverage for the unemployed. One of these bills is H.R. 4004. Insofar as this bill has many similiarities with S. 625, my previous remarks apply.

H.R. 4004 is different from the Senate bill in that it attempts to provide additional coverage through the medicaid program. While this is certainly a noble and well-intentioned effort, it would wreak havoc with the medicaid program. Additionally, it would drive the total cost of the program to astronomic levels.

The other proposal in the House, and the one that seems to be getting the most recent attention, is H.R. 5970—formerly, H.R. 5000. Under this bill, workers would be covered as long as they are receiving unemployment compensation. By taxing premiums paid for group health care insurance the backers of this bill hope to generate adequate revenues to pay the premiums of unemployed workers—as long as those workers receive unemployment.

Obviously, this bill is a cruel hoax to the millions of Americans who have exhausted their unemployment compensation, or those workers who were never eligible for such assistance. The legislation is aimed at a very small group of people facing the health insurance problems as unemployed workers.

Also, the bill attempts to meet budget objections by shifting the burden of the entire cost to those who presently pay group health insurance premiums. While this means that the theoretical Federal cost is quite low, the cost to the consumer is quite large, in the neighborhood of $2.5 billion.

There remains, then, a real need for legislation that can equitably and affordably solve the problems of the unemployed and the working poor. That is why I propose today Emergency Medical Expenses Tax Credit Act.

Rather than create a huge new bureaucracy to administer EMETCA my proposal establishes a repayment mechanism through the Internal Revenue Service. Four lines would be added to each income tax return. Individuals and families would report total medical expenses, those expenses not covered, and those medical expenses that qualify for 85 percent payment by the Government. The balance would be directly subtracted from the person's tax bill. If the result indicated that the Government owed the individual money, it would be paid to the person just as a tax refund is paid.

This program has two principal advantages. The first—and by far the largest—is simple fairness. EMETCA provides relief to those families and individuals that need it. It does not overlook 22 million people. That 10 percent of the population that other short term legislation has conveniently chosen to ignore are included in my proposal. I cannot stress how important I feel this increased coverage is.

Second, and certainly very important, is that EMETCA is able to provide this expanded coverage at a cost comparable to S. 625 and well below the cost of the various House proposals. It is able to do this for a number of reasons.

EMETCA relies on an existing organization rather than a new bureaucracy for administrative support. The Internal Revenue Service, through its supervision of the annual tax return, is the only agency needed to administer my bill. Because EMETCA utilizes a tax credit to repay the user of medical services, there is no need for another layer of bureaucrats, for the creation of a discriminatory and humiliating means test, or the other many items that drive the total cost of the project upward.

Another reason that EMETCA is reasonably priced is that within the bill there is an incentive for the user to limit costs. The program does not start until 25 percent of the individual's taxable annual income has been expended for health care services. Even after EMETCA is activated, the user of services is required to pay 15 percent of the costs. Therefore, this is a strong incentive to limit medical expenses to those absolutely necessary.

Mr. President, we are discussing a complicated and critical problem. Health care coverage is sadly lacking for millions of Americans. I hope that Emergency Medical Expenses Tax Credit Act represents an alternative to the limited, unfair, and expensive solutions that have been suggested previously. This Nation cannot afford a scheme that squanders billions of dollars on a chosen few. Neither can this Nation afford legislation that overlooks 10 percent of the American population and consigns their health needs to "another session."

Therefore, I ask my colleagues' careful investigation of my proposal. As a member of the Health Subcommittee of the Finance Committee, I will push for early hearings on this bill. Meanwhile, EMETCA remains the only suggested legislation that meets the needs of all uninsured Americans at a cost that this Nation can realistically incur.

Mr. President, I ask unanimous consent that Emergency Medical Expenses Tax Credit Act be printed in the RECORD at this point.

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

S. 1528

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Emergency Medical Expense Tax Credit Act", or "EMETCA".

(b) The purpose of this Act is to provide a system of protection against the costs of catastrophic illness which is easy to use and simple to administer by providing for a tax credit which is refundable without regard to liability for excessive medical expenses incurred by individuals, and to provide for a study as to whether existing Federal programs of medical assistance and health care should be changed in any respect.

SEC. 2. TAX CREDIT FOR MEDICAL EXPENSES.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 44 as 45, and by inserting after section 44 the following new section:

"SEC. 45. MEDICAL EXPENSES.

"(a) IN GENERAL.—There is allowed to an individual as a credit against the tax imposed by this chapter an amount equal to 85 percent of the amount by which the medical expenses paid or incurred by him during the taxable year exceed 25 percent of his modified adjusted gross income.

(b) DEFINITION.—For purposes of this section—

"(1) MEDICAL EXPENSES.—The term 'medical expenses' means amounts paid or incurred by the taxpayer for medical care expenses for himself or for a dependent (as defined in section 152).

"(2) MEDICAL CARE EXPENSES.—The term 'medical care expenses' means—

"(A) expenses incurred for—

"(i) the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body; and

"(ii) medicine and drugs; and

"(B) (i) in the case of a taxpayer whose modified adjusted gross income does not exceed $10,000 for the taxable year ($5,000 in the case of a married individual making a separate return of tax), the amounts paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and his dependents, and

"(ii) in the case of any other taxpayer, one-half of such amounts.

"(3) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income, reduced by the amount of the deductions for personal exemptions provided in section 151, and increased by—

"(A) the deduction allowed by section 2102 (relating to capital gains), and

"(B) the sum of any amounts received during the taxable year which are excluded from gross income under section 103 (relating to interest on certain governmental obligations).

"(4) INSURANCE.—The term 'insurance which constitutes medical care' means insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care described in paragraph (2)(A). In the case of an insurance contract under which amounts are payable for other than medical care referred to in such paragraph—

"(A) no amount shall be treated as paid for insurance unless the charge for such insurance is either separately stated in the contract, or furnished to the policyholder by the insurance company in a separate statement,

"(B) the amount taken into account as the amount paid for such insurance shall not exceed such charge, and

"(C) no amount shall be treated as paid for such insurance if the amount specified in the contract (or furnished to the policyholder by the insurance company in a separate statement) as the charge for such insurance is unreasonably large in relation to the total charge under the contract.

Subject to the limitations of this paragraph, premiums paid during the taxable year by a taxpayer before he attains the age of 65 for insurance covering medical care for the taxpayer, his spouse, or dependents after the taxpayer attains the age of 65 shall be treated as expenses paid during the taxable year for insurance which constitutes medical care if premiums for such insurance are payable (on a level payment basis) under the contract for a period of 10 years or more or until the year in which the taxpayer attains the age of 65 (but in no case for a period of less than 5 years).

"(c) ELECTION TO APPLY CREDIT TO PRECEDING YEAR.—

"(1) IN GENERAL.—Notwithstanding the provisions of subsection (a), at the election of the taxpayer, medical expenses paid or incurred in a taxable year may be claimed as a credit against the tax imposed by this chapter for the preceding taxable year.

"(2) LIMITATION.—The amount of the credit claimed under paragraph (1) for the taxable year preceding the taxable year in which the medical expenses were paid or incurred may not exceed the amount of the credit—

"(A) allowable for the preceding taxable year, or

"(B) allowable for the taxable year in which the medical expenses were paid or incurred.

"(d) INCREASE IN MEDICAL INSURANCE INCOME CRITERION.—

"(1) IN GENERAL.—Not later than the first day of October of each calendar year (commencing in 1977), as there become available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Secretary of the Treasury or his delegate and publish in the Federal Register the percentage point difference between the price index for the 12 months ending on the preceding June 30 and the price index for the base period. Each dollar amount set forth in subsection (b)(2)(B)(i) shall be increased or decreased, as appropriate, by the same percentage by the Secretary or his delegate, and, as so increased or decreased, shall be the amount in effect for taxable years beginning with or within the next calendar year beginning after each such certification.

"(2) PRICE INDEX: BASE PERIOD.—For purposes of this subsection—

"(i) the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics, and

"(ii) the term 'base period' means the period beginning July 1, 1975, and ending June 30, 1976.

"(e) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section, but such regulations may not limit an individual's right to choose his own licensed health care provider or place of treatment.".

(b) PAYMENTS TO INDIVIDUALS WHOSE CREDITABLE EXPENSES EXCEED THEIR TAX LIABILITY.—

(1) Section 6401(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended by—

(A) inserting after "43 (relating to earned income credit)," the following: ", 45 (relating to medical expenses);"; and

(B) striking out "sections 31, 39, and 43" and inserting in lieu thereof "sections 31, 39, 43 and 45".

(2) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(A) striking out "and 43" in the caption of such section and inserting in lieu thereof "43, and 45", and

(B) striking out "or section 43 (relating to earned income credit)" and inserting in lieu thereof the following: "section 43 (relating to earned income credit), or section 45 (relating to medical expenses)".

(c) TAXPAYER MUST FILE RETURN TO CLAIM CREDIT.—Section 6012(a) of such Code (relating to persons required to make returns of income) is amended by—

(1) striking out "and" at the end of paragraph (5),

(2) inserting "and" after the semicolon at the end of paragraph (6), and

(3) inserting after paragraph (6) the following new paragraph:

"(7) Every individual who has attained the age of 18 years and who claims the credit allowed by section 45;".

(d) EFFECT OF CREDIT ON MINIMUM TAX AND ON ELECTION FUND CHECKOFF.—(1) Section 56(a)(2) of such Code (relating to imposition of minimum tax) is amended by striking out "and" at the end of clause (vi), by striking out the semicolon and "and" at the end of clause (vii) and inserting in lieu thereof a comma and "and", and by inserting after clause (vii) the following new clause:

"(viii) section 45 (relating to credit for medical expenses); and".

(2) Section 56(c)(1) of such Code (relating to tax carryovers) is amended by striking out "and" at the end of subparagraph (F), by striking out "exceed" at the end of subparagraph (G) and inserting in lieu thereof "and", and by inserting after subparagraph (G) the following new subparagraph:

"(H) section 45 (relating to credit for medical expenses), exceed".

(3) Section 6096(b) of such Code (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44" and inserting in lieu thereof a comma and "44 and 45".

(e) Clerical Amendment.—The table of sections for such subpart (A) is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 45. Medical expenses.
"Sec. 45A. Overpayment of tax.".

(f) REPEAL OF DEDUCTION FOR MEDICAL, DENTAL, ETC., EXPENSES.—Section 213 of such Code (relating to medical, dental, etc., expenses) is repealed.

(g) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1974.

SEC. 3. STUDY OF CERTAIN FEDERAL MEDICAL ASSISTANCE PROGRAMS.

The President is authorized and requested to study the adequacy of the use of refundable tax credit under section 45 of the Internal Revenue Code of 1954 (as amended by this Act) is meeting the health care needs of the Nation as an alternative to medicaid, medicare, and all other Federal medical assistance and health care programs, and to report to the Congress on his findings and conclusion not later than the 1st day of July 1978. The report made by the President under this section shall include any recommendations he may have as to whether such Federal medical assistance and health care programs should be terminated, reduced, or changed in any respect.

By Mr. HELMS (for himself and Mr. EASTLAND):

S. 1529. A bill to amend the McIntire-Stennis Act of 1962 to promote forestry research at private university forestry schools. Referred to the Committee on Agriculture and Forestry.

COOPERATIVE FORESTRY RESEARCH FOR PRIVATE SCHOOLS

Mr. HELMS. Mr. President, on behalf of the distinguished Senator from Mississippi (Mr. EASTLAND) and myself, I send to the desk a bill to clarify any misunderstanding of S. 1307, passed by the Senate on March 24. As did S. 1307, this bill would amend the McIntire-Stennis Act to make qualified "private" colleges and universities eligible for the cooperative forestry research program.

Since passage of S. 1307, some questions have been raised concerning the intent of that legislation. As stated in my remarks when the bill was considered and passed on March 24:

S. 1307 simply extends the benefits of the McIntyre-Stennis Act to private colleges and universities offering graduate training in the sciences basic to forestry and having a forestry school.

The intent was to provide additional forestry research, not to encroach on the funding of the existing research program being conducted at other schools benefiting from the provisions of the McIntyre-Stennis Act. It was and still is my intent to provide additional funds to accommodate the few qualified "private" schools of forestry now operating proven forestry research programs.

In the interest of clarifying any such misunderstanding of the purpose of S. 1307, the Agriculture Committee counsel has drafted appropriate language for the bill which I introduce today.

This language should dispel the fears some have expressed, but for the purpose of emphasis and legislative history let me specifically address the primary points:

First. The bill would permit the Secretary of Agriculture to make certain "private" institutions eligible for the benefits of the McIntire-Stennis Act.

Second. Additional funds—not a transfer of funds from any qualified recipient—would be authorized. Of course, additional appropriations will be necessary.

These are the points that apparently led to misunderstanding since March 24. The Cooperative State Research Service has indicated to me that no more than five "private" schools would qualify. I believe they deserve to participate in this program, if they desire to do so, under the matching fund provisions of the act.

Any additional funds directed to forestry research programs at these schools will, in my opinion, assist in maintaining the basic research so necessary to the continuation of forestry production and the proper maintenance of a healthy forest environment.

I urge the Senate to expedite consideration of this legislation to accommodate and encourage ongoing research planning at these outstanding schools.

By Mr. BELLMON:

S. 1531. A bill to designate the Mountain Park Reservoir, Okla., as the Tom Steed Reservoir. Referred to the Committee on Interior and Insular Affairs.

Mr. BELLMON. Mr. President, today I am introducing legislation which will rename the Mountain Park Reservoir project in Oklahoma, the Tom Steed Reservoir, after the distinguished Congressman from the Fifth District of Oklahoma.

Congressman STEED has served the citizens of the Fifth District since 1948 and his membership on the Appropriations Committee and Small Business Administration Committee has been beneficial both to Oklahoma and to the Nation.

Mr. President, it is with pleasure that I offer this bill to honor a great Oklahoman and American. I ask unanimous consent that my bill be printed in the RECORD.

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

S. 1531

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Mountain Park Reservoir, Oklahoma, authorized to be constructed by the Act of September 21, 1968 (82 Stat. 853), shall be known and designated hereafter as the Tom Steed Reservoir. Any law, regulation, map,

document, record, or other paper of the United States in which such reservoir is referred shall be held to refer to such reservoir as the Tom Steed Reservoir.

By Mr. CLARK (for himself, Mr. CURTIS, Mr. ABOUREZK, Mr. BARTLETT, Mr. BELLMON, Mr. CULVER, Mr. DOLE, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. HRUSKA, Mr. MCGOVERN, and Mr. YOUNG):

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. Referred to the Committee on Agriculture and Forestry.

Mr. CLARK. Mr. President, on behalf of Senator CURTIS and a bipartisan group of 10 Senators, I am introducing the Packer Bonding Amendments of 1975. The legislation's purpose is straightforward: To provide livestock producers with some protection from financial disaster should a packer go bankrupt. It gives the Secretary of Agriculture the authority to require that packers be bonded and that they pay producers by certified check or, in some cases, in cash. For the first time, it would allow people to seek damages through the Packers and Stockyards Administration—as well as the courts—from packers that have broken the law.

The legislation gives the Department of Agriculture broad authority, but the authority has been expanded only to meet the need for protection.

On January 7, American Beef Packers, Inc., one of the largest meat packing firms in the country, and its subsidiary plants filed a petition for bankruptcy in Federal court in Omaha, Nebr. Eight packing plants in four States closed. More than 4,000 employees were put out of work, and thousands of creditors were left with the very real possibility that they would not be paid.

Bankruptcy is never a pleasant process, but this bankruptcy in the livestock industry has had a devastating impact on livestock feeders in the Midwest who already have had to contend with livestock prices below the cost of production and a blizzard that killed a great deal of stock. Hundreds of livestock producers in Iowa, Nebraska, South Dakota, and other States sold cattle and hogs to American Beef in good faith—with the expectation that they would be paid. Now they find that they are holding worthless checks in return for their livestock. Altogether, American Beef owes more than $15 million to livestock producers alone.

American Beef's financial crisis came without warning after a record year of profits and sales in fiscal year 1974. The collapse has led to administrative and criminal charges and a tangle of civil suits. This legislation will not help American Beef or the producers that sold livestock to it, but it will help provide protection in the future.

Mr. President, I hope that the Senate Agriculture Committee can soon schedule hearings on this legislation. The need for it is beyond question. And I hope that this legislation will make the beginning of a comprehensive review of the Federal Government's regulation of packers, stockyards, and the livestock industry.

I ask unanimous consent that the full text of the bill and a summary of its key provisions be inserted in the RECORD at this point.

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

S. 1532

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Packers and Stockyards Act, 1921 (42 Stat. 159; 7 U.S.C. 181–229) is amended as follows:

(1) Section 2(a) is amended by—

(A) striking out the word "and" at the end of paragraph (5);

(B) redesignating paragraph (6) as paragraph (10);

(C) inserting after paragraph (5) the following new paragraphs:

"(6) The term 'poultry' means chickens, turkeys, geese, ducks, and other domesticated fowl, whether live or dead;

"(7) The term 'poultry products' means all edible or unmanufactured inedible products and byproducts of the poultry slaughtering and processing industry derived in whole or in part from poultry, and including slaughtered poultry;

"(8) The term 'edible' means intended for use as human food;

"(9) The term 'insolvent' means current liabilities exceed current assets; and"; and

(D) adding at the end of paragraph (10), as redesignated by clause (B) of this paragraph, a new sentence as follows: "The term 'commerce' also includes any business activity wholly within a State if any person subject to this Act transacts any business activity within the meaning of the term 'commerce' as defined in the preceding sentence.".

(2) Section 201 (7 U.S.C. 191) is amended to read as follows:

"SEC. 201. When used in this Act, the term 'packer' means any person engaged in the business of—

"(1) buying or otherwise acquiring in commerce livestock or poultry for purposes of slaughter,

"(2) manufacturing, processing, or preparing in any manner meats, meat food products, or edible poultry products, for sale or shipment in commerce, or

"(3) buying or otherwise acquiring or selling or otherwise marketing meats, meat food products, livestock products in unmanufactured form, poultry, or poultry products, in commerce, on a commission basis or otherwise, either on his own account or as the employee or agent of the vendor or purchaser. Nothing in this section shall be construed to affect the jurisdiction of the Federal Trade Commission with respect to retail sales of meat, meat food products, livestock products in unmanufactured form, or poultry products as provided in section 406 of this Act."

(3) Section 202 (7 U.S.C. 192) is amended by—

(A) striking out "or any live poultry dealer or handler" wherever it appears in such section;

(B) redesignating subdivision (f) as subdivision (g);

(C) redesignating subdivision (g) as subdivision (h) and striking out "or (c)" and inserting in lieu thereof "(e), or (f)"; and

(D) inserting after subdivision (e) a new subdivision (f) as follows:

"(f) Purchase any article while insolvent without paying cash at the time of purchase.

(4) Sections 308 and 309 (7 U.S.C. 209, 210) are repealed.

(5) Sections 401 and 403 (7 U.S.C. 221, 223) are amended by striking out "or any live poultry dealer or handler" wherever such term appears therein.

(6) Title IV is further amended by redesignating section 408 (7 U.S.C. 229) as section 415, and by adding after section 407 (7 U.S.C. 228) the following new sections:

"SEC. 408. The Secretary may require reasonable bonds from market agencies, dealers, and packers in such manner and under such rules and regulations as he may prescribe to secure the performance of their obligations with respect to transactions involving livestock or poultry.

"SEC. 409. Whenever the Secretary determines, after opportunity for a hearing, that any registrant is insolvent or has violated any of the provisions of this Act or any rule, regulation, or order issued thereunder, he may by order suspend the registrant for a reasonable specified period and, if the violation is flagrant or repeated, he may by order revoke the registration of the offender. Such order shall take effect within such reasonable time, not less than five days, as is prescribed in the order, unless suspended or modified or set aside by the Secretary or a court of competent jurisdiction. Any person who carries on any business in violation of a suspension or revocation order under this Act shall be subject to the penalty and enforcement provisions of this Act relating to violation of an order of the Secretary. If a registrant who has been suspended, by an order issued under this Act, for a period of ninety days or less shall permit any other person to engage in any business for which registration is required under this Act at the place of business of the suspended registrant during such period, the suspended registrant shall be deemed to fail to obey such order.

"SEC. 410. The Secretary may summarily order, without a hearing and without regard to chapter 5 of title 5, United States Code, any person subject to the provisions of this Act to pay a seller of livestock or poultry by certified check or to establish a custodial account if the Secretary has reason to believe that such action is necessary to protect vendees.

"SEC. 411. (a) Any person who violates any provision of this Act or any rule, regulation, or order issued thereunder shall be liable to the person injured thereby for the full amount of damages sustained in consequence of such violation.

"(b) Such liability may be enforced either (1) by complaint to the Secretary as provided in section 412, or (2) by suit in any district court of the United States of competent jurisdiction; but this section shall not in any way abridge or alter the remedies now existing at common law or by statute, but the provisions of this Act are in addition to such remedies.

"SEC. 412. (a) Any person complaining of anything done or omitted to be done by any person subject to this Act (hereinafter in this section referred to as the 'defendant') in violation of any provision of this Act or any rule, regulation, or order issued thereunder may, at any time within 120 days after the cause of action accrues, apply to the Secretary by complaint which shall briefly state the facts, whereupon the Secretary shall forward a copy of the complaint to the defendant, who shall be called upon to satisfy the complaint, or to answer it in writing, within a reasonable time to be specified by the Secretary. If the defendant within the time specified makes reparation for the injury alleged to have been done he shall be relieved of liability to the complainant only for the particular violation complained of. If the defendant does not satisfy the complaint within the time specified, or there appears to be any reasonable ground for investigating the complaint, it shall be the duty of the Secretary to investigate the

matters complained of in such manner and by such means as he deems proper.

"(b) The Secretary, at the request of the livestock commissioner, Board of Agriculture, or other agency of a State or territory of the United States, having jurisdiction over stockyards in such State or territory, shall investigate any complaint forwarded by such agency in like manner and with the same authority and powers as in the case of a complaint made under subdivision (a).

"(c) The Secretary may at any time institute an inquiry on his own motion, in any case and as to any matter or thing concerning which a complaint is authorized to be made to or before the Secretary, by any provision of this title, or concerning which any question may arise under any of the provisions of this Act, or relating to the enforcement of any of the provisions of this Act. The Secretary shall have the same power and authority to proceed with any inquiry instituted upon his own motion as though he had been appealed to by petition, including the power to make and enforce any order or orders in the case or relating to the matter or thing concerning which the inquiry is had, except orders for the payment of money.

"(d) No complaint shall at any time be dismissed because of the absence of direct damage to the complainant.

"(e) If after hearing on a complaint the Secretary determines that the complainant is entitled to an award of damages, the Secretary shall make an order directing the defendant to pay to the complainant the sum to which he is entitled on or before a day named.

"(f) In the case of any complaint in which the amount claimed as damages does not exceed the sum of $3,000 an oral hearing need not be held and proof in support of the complaint and in support of the defendant's answer may be supplied in the form of depositions or verified statements of fact unless the Secretary directs that an oral hearing be held.

"(g) If the defendant does not comply with an order of the Secretary for the payment of money within the time limit in such order, the complainant, or any person for whose benefit such order was made, may within one year of the date of the order file in the district court of the United States for the district in which he resides or in which is located the principal place of business of the defendant, or in any State court having general jurisdiction of the parties, a petition setting forth briefly the causes for which he claims damages and the order of the Secretary in the premises. Such suit in the district court shall proceed in all respects like other civil suits for damages except that the findings and orders of the Secretary shall be prima facie evidence of the facts therein stated, and the petitioner shall not be liable for costs in the district court nor for costs at any subsequent stage of the proceedings unless they accrue upon his appeal. If the petitioner finally prevails, he shall be allowed a reasonable attorney's fee to be taxed and collected as a part of the costs of the suit.

"(h) Any party adversely affected by the entry by the Secretary of an order granting or denying reparation may, within 30 days from and after the date of such order, appeal therefrom to the district court of the United States for the district in which the hearing was held. In cases handled without oral hearing in accordance with subsection (f) or in which oral hearing has been waived by agreement of the parties, appeal may be to the district court of the United States for the district in which any defendant resides, is found, or transacts business. Such appeal shall be perfected by the filing with the clerk of such court a notice of appeal, together with a petition in duplicate which shall recite the prior proceedings before the Secretary and shall state the grounds upon which appellant relies to defeat the right of any adverse party to recover, or to establish his own right to recover, the damages claimed, with proof of service thereof upon each adverse party. Such an appeal by an appellant who has been ordered by the Secretary to pay a reparation award shall not be effective unless, within 30 days from and after the date of the Secretary's order, the appellant also files with the clerk a bond in the amount of 130 per centum of the amount of the reparation awarded, conditioned upon the payment of any money judgment entered by the court against the appellant, plus interest and costs, including a reasonable attorney's fee for the appellee, if the appellee shall prevail. Such bond shall be in the form of cash, negotiable securities having a market value at least equivalent to the amount of bond prescribed, or the undertaking of a surety company approved by the court. The clerk of the court shall immediately forward a copy of the petition to the Secretary, who shall forthwith prepare, certify, and file in said court a true copy of the Secretary's decision, findings of fact, conclusions, and order in said case, together with copies of the pleadings upon which the case was heard and submitted to the Secretary. Such suit in the district court shall be a trial de novo and shall proceed in all respects like other civil suits for damages, except that the findings of fact and order or orders of the Secretary shall be prima facie evidence of the facts therein stated. An appellee shall not be liable for costs in said court and, if he prevails, he shall be allowed a reasonable attorney's fee to be taxed and collected as a part of his costs.

"(i) Unless a defendant who is registered under this Act, and against whom an order for the payment of money has been issued, shows to the satisfaction of the Secretary within five days from the expiration of the period allowed for compliance with such order either that he has taken an appeal as provided for in subsection (h) of this section or that payment has been made in full as required by such order, the defendant shall be suspended automatically as a registrant under the Act at the expiration of such five day period until he shows to the satisfaction of the Secretary that the amount specified in the order has been paid, with interest thereon to date of payment. If an appeal is taken by such a defendant and the judgment of the court is adverse to the appellant, or if the appeal is dismissed, unless the defendant within five days after the date of such judgment or dismissal makes payment as required by the order, he shall be suspended automatically as a registrant until he shows to the satisfaction of the Secretary that payment has been made, with interest thereon to date of payment. If such a judgment is stayed by a court of competent jurisdiction, the suspension shall become effective five days after the expiration of such stay unless full payment has been made, with interest to date of payment, and shall continue until the defendant shows to the satisfaction of the Secretary that he has made such payment, with such interest.

"(j) Unless any defendant not covered by subsection (i), against whom an order for the payment of money has been issued, shows to the satisfaction of the Secretary within five days from the expiration of the period allowed for compliance with such order either that he has taken an appeal as provided for in subsection (h) of this section or that payment has been made in full as required by such order, such defendant shall be liable to a penalty of $500 per day for each day, after said five days, in which he engages in any business subject to this Act, until such defendant shows to the satisfaction of the Secretary that the amount specified in the order, with interest to date of payment, has been paid, which penalty shall accrue to the United States and may be recovered in a civil action brought by the United States. If an appeal is taken by such defendant, said penalty shall not begin to accrue until five days after judgment by the court adverse to the defendant, or dismissal of the appeal. If such a judgment is stayed by a court of competent jurisdiction, the penalty shall become applicable beginning five days after the expiration of such stay unless full payment has been made, with interest to date of payment, and shall continue to be applicable until such payment, with interest, has been made.

"SEC. 413. Whenever it shall appear to the Secretary that any person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of this Act or any rule, regulation, or order issued thereunder, the Secretary shall notify the Attorney General who shall bring an action in the appropriate district court of the United States or the appropriate United States court of any territory or other place subject to the jurisdiction of the United States, to enjoin such person from engaging in operations subject to this Act or to enjoin such person from engaging in operations subject to this Act except under conditions that will protect vendors, consignors, and other persons affected by such operations, until the complaint under this Act is issued and dismissed by the Secretary or until an order to cease and desist made thereon by the Secretary has become final and effective within the meaning of this Act or is set aside on appellate review, and such courts shall have jurisdiction to entertain such actions. Upon a proper showing, the court shall issue a temporary restraining order, or preliminary injunction, without bond. Attorneys employed by the Secretary may, with the approval of the Attorney General, appear in the United States District Court representing the Secretary in any action seeking such a temporary restraining order or injunction. Upon application of the Attorney General, the district courts of the United States and the United States courts of any territory or other place subject to the jurisdiction of the United States shall also have jurisdiction to issue writs of mandamus, or orders affording like relief, commanding any person to comply with the provisions of this Act or any rule, regulation, or order issued thereunder, including the requirement that such person take such action as is necessary to remove the danger of violation of this Act or any such rule, regulation, or order. Any action under this section may be brought in the district wherein the defendant resides, is found, or transacts business or in the district where the act or practice occurred, is occurring, or is about to occur, and process in such cases may be served in the same manner as provided in section 5(f) of the Federal Trade Commission Act (15 U.S.C. 45).

"SEC. 414. Debts of a bankrupt that are owing for the purchase of livestock or poultry shall have priority in accordance with clause (5) of subdivision a of section 64 of the Bankruptcy Act (11 U.S.C. 104(a)(5)) if, at the time such debts were incurred, the bankrupt was a packer, market agency, or dealer subject to this Act.

(7) Title V is repealed.

SEC. 2. The proviso contained in the paragraph entitled "Packers and Stockyards Act" under the heading "MARKETING SERVICE", in the Act entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1944, and for other purposes", approved July 12, 1943 (57 Stat. 422; 7 U.S.S. 204), is repealed.

SEC. 3. The amendments made by this Act shall become effective on the first day of the second calendar month following the month in which this Act is enacted.

SUMMARY AND BACKGROUND OF MAJOR PROVISIONS, CURTIS-CLARK PACKER BONDING BILL, APRIL 24, 1975

1. Authorizes Secretary of Agriculture to require bonding of packers:

Under the current provisions of the Packers and Stockyards Act, the Secretary has no authority to bond packers, although he can require bonds of other persons covered by the act.

The "reasonable" bonds authorized by this legislation probably would not cover all losses should a packer enter bankruptcy—the real advantage of the bond would be the close financial surveillance the surety company issuing the bond would make of the packer. No such surveillance currently exists. Bonding companies require money to be posted and at times will not issue a bond unless the company has a certain dollar amount of assets.

Under current regulations, the Department of Agriculture requires surety companies to advise it 30 days before cancelling bonds of shaky firms. The Department would presumably make the same requirement for packer bonds. This would give the Department notice of a company's poor financial condition—which it currently does not have—and thus enable it to seek an injunction or put other limitations on such a company's operations. In addition, because surety companies are cautious in issuing bonds, the issuance of a bond would itself be an indication of a company's financial soundness.

2. Gives livestock producers preferred status in recovering debts from packers in bankruptcy:

Currently, producers are considered no differently than any other creditor, even though their continued livelihood may well depend upon payment due them from a packing house for a recent sale. This provision would give them preference over other creditors in the distribution of a bankrupt packer's assets.

3. Grants the Secretary of Agriculture authority to require all packing houses to guarantee payments to producers through the use of certified checks or the establishment of custodial accounts, and prohibits insolvent packers from continuing to operate unless they pay producers in cash:

Many producers lost substantial sums in the American Beef case because the firm did not have sufficient funds to back up checks that it had written to them in payment for livestock purchased from them. There were, in fact, reports that the firm had continued to purchase livestock even after it knew that it did not have the cash for these purchases. This provision would assure that such situations could not occur.

4. Permits injured persons to seek damages for the first time through the Packers and Stockyards Administration from packers who have violated federal statutes, and establishes new penalties for packers who do not quickly satisfy judgments made against them:

Currently, damages can only be sought through the courts. This provision would also allow an injured individual to bypass court proceedings, permitting a faster, less expensive means of redress. Packers against whom judgements had been made would be penalized if they did not satisfy these judgements within five days. The penalty would be a $500 fine for each day of late payment.

5. Lessens the amount of proof needed to determine violations of federal statutes, and allows the Secretary of Agriculture to seek injunctions against violators:

Under current law, there is a two-part test to determine violations. Not only must the alleged violator operate "in commerce," the specific activity which allegedly violates the law must also be "in commerce." This provision would eliminate the second part of the current test, so that, for example, an Iowa packer who buys from an Iowa producer would be covered by the law as long as some part of that packer's business was in interstate commerce or affected interstate commerce.

Mr. CURTIS. Mr. President, I am pleased to join with the Senator from Iowa (Mr. CLARK) and others in introducing this legislation to amend the Packers and Stockyards Act.

The financial difficulties encountered by a packing company headquartered in my State of Nebraska has meant personal tragedy for many, including the hundreds of livestock feeders who currently hold worthless checks and the employees and officials of the company.

It is my hope that this bill will be the vehicle necessary to focus the attention of Congress and the industry on potential problem areas. Hopefully, it will lead to enactment of sound legislation which will not be overburdensome on the packing industry but will assure producers of prompt and full payment for their livestock and poultry.

Let me emphasize, Mr. President, I do not consider the bill we are introducing today as the final word. I look forward to hearings and the opportunity for input from all interested parties.

The following is a brief explanation of the bill:

First. Permits the Department of Agriculture to require bonding of packers—under present law there is no authority to bond packers, although it can other persons covered by the act. Should a company go bankrupt a bond would cover part of the losses, but not all of them. The real advantage of a bond is the close financial surveillance the surety company would make of the packer.

Second. Prohibits packers from operating while insolvent—current liabilities exceed current assets—unless they pay in cash. The Secretary could seek an injunction against a person violating these provisions and an injured person could seek damages.

Third. Permits injured parties to seek damages—reparation—from packers for violation of the act.

Fourth. Requires defendants, including packers, against whom the Secretary has levied damages in favor of an injured party to be penalized for not paying within 5 days of the order. Packers would be assessed $500 for each day it fails to pay. Others would have their registration suspended. Under present law only about 10 percent of reparation orders are paid. These penalities should greatly encourage payment.

Fifth. Moves up in priority debts payable to purchases of livestock and poultry by persons in bankruptcy.

Sixth. Permits the Secretary to require packers and others covered by the act to pay by certified check or to establish custodial accounts, if necessary, to protect sellers of livestock or poultry.

Seventh. Permits the Secretary to seek an injunction against any person, including packers, who has violated provisions of the act, rules and regulations issued pursuant to it, or an order of the Secretary.

Eighth. Provides that persons may be found to violate the act whose business activities are in commerce. Under the present act, there is a two-fold test. Not only must the company operate in commerce, but the activity which is alleged to violate the act must be in commerce. This substantially lessens the proof necessary for a violation of the act.

By Mr. PERCY (for himself and Mr. TAFT):

S. 1533. A bill relating to the employment and training of criminal offenders and for other purposes. Referred to the Committee on the Judiciary.

PRISON REFORM NEEDED NOW

Mr. PERCY. Mr. President, I am today introducing four bills which relate to improving our correctional system and the way in which society handles offenders. The changes I am proposing will not only provide a more rational and humane system of corrections, but also will help improve a system whose primary purpose must be the protection of society.

OFFENDER EMPLOYMENT AND TRAINING ACT

Mr. President, two issues which continue to rank as top concerns among the American people are unemployment and crime. These are not unrelated issues. Many people who cannot find work turn to crime; most of those released from prison cannot find employment and return to crime. For the moment, I would like to focus on the latter problem.

Upon release from prison, the prisoner is branded as an ex-con; he is unemployed; he most likely has no vocational skills; and he has little, if any, money to fall back upon. It is not difficult to see why 2 of every 3 ex-convicts return to a life of crime. In brief, current training programs are grossly inadequate. The Federal Prisons Industries, admittedly, is doing the best that it can with the statutory constraints imposed upon it. For instance, prison-made goods may not now be sold in interstate commerce. And with respect to vocational training, the available prisoner training programs are too often limited to printing and binding Government publications, refinishing Government furniture, and making license plates. Skills such as these simply are not in great demand on the outside and the training involved prepares only a relatively few prisoners for meaningful, gainful employment.

It is ironic that of the many laws we have enacted dealing with our high crime rates, the vast majority have either ignored or failed to take cognizance of a significant cause which lies at the nerve root of our most perplexing crime situation. From every indication that we have, the chances of an ex-offender returning to a life of crime are greatly diminished where a prisoner is able to secure employment immediately upon release.

Conversely, where he is unable to find gainful employment, the probability of his returning to a life of crime skyrockets. Thus, there is a direct nexus between the ability of an ex-offender to secure employment and the likelihood of his returning to a life of crime.

Last Congress, I introduced S. 2161, the Offender Employment and Training Act. Today, along with Senators MATHIAS,

BAKER, BROCK, TAFT, JAVITS, and BAYH, I am reintroducing that bill with some minor modifications.

As its title suggests, this bill seeks to supplement obsolete and antiquated training with an innovative and practical approach to inmate training. The bill authorizes the National Institute of Corrections to contract with private interests, that is business, corporations, et cetera, to establish factories, within or in close proximity to the penal institutions themselves. The act further provides for the making of loans, to any qualified applicant, at a rate not to exceed 6 percent per annum, for the purpose of training and/or employing inmates.

The private interest would then actually employ inmates and train them in the manufacture of marketable items which then could be sold on the open market. This bill would life present restrictions on the interstate sale of such items when certain conditions have first been met.

First, the employer—and I want to emphasize here that this bill contemplates the private sector, not the Government, as the employer—would pay to the prisoner a wage comparable to the prevailing wage paid in that locale for work of a similar nature. From this wage certain expenses would be deducted. These deductions would include taxes, social security, and other normal items for which any other worker would be responsible.

Second, the inmate-employee would be responsible for paying for his room and board as well as contributing to the support of his family. This becomes of particular importance when one realizes that of the total number of families receiving AFDC payments, 3 percent or almost 90,000 are families where the wage earner is incarcerated. Based on an average of $184.93 per family per month, this means that the Government is paying almost $200,000,000 per year in AFDC payments to such families.

Third, the inmate-employee would be required to contribute to a fund established specifically to assist the victims of crime. Such contribution would not exceed 20 percent nor be less than 5 percent of the inmate-employee's gross wage.

All deductions could not amount to more than 80 percent of the inmate-employee's gross wages, and he would have had to agree to all deductions prior to his participating in such project.

As I mentioned earlier, this bill was slightly modified to strengthen the mechanisms for oversight and administration. One such modification was to charge the National Institute of Corrections with the responsibility of administering and overseeing this program. The National Institute of Corrections, authorized by the Juvenile Justice and Delinquency Prevention Act of 1974, was specially created to lend assistance in the evolution of a more effective, more utilitarian, and more humanitarian correctional system which will ultimately contribute to a safer community and a safer country. The responsibility for the administration, supervision, and oversight of this program clearly falls within the broad ambit of the institute's functions, objectives, and goals.

Another modification was the inclusion of a provision which suspends the operation of this act where the unemployment indicator reaches a critical level, and provides that such programs shall remain suspended until the rate of unemployment reaches 6.5 percent. In a recession such as we now are experiencing, such a provision is unfortunately necessary.

Of course, care would be taken not to train prisoners in skills which will only glut the job market. I am in no way suggesting that this program should operate to make it more difficult for the veteran or anyone else to get a job. Instead, it is intended that this bill would train people in those skills where there is a need for trained employees.

This program, if enacted, would help reduce recidivism and thus lower our crime rates. At the same time, the costs to the taxpayers would be reduced because of the monetary contributions the offender-employee would be making.

Mr. President, I urge serious consideration of this legislation at the earliest possible time by the Congress and I ask unanimous consent that the text of this legislation and a summary of it be printed at this point in the RECORD.

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

S. 1533

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the Offender Employment and Training Act.

TITLE I—FEDERAL PENAL OR CORRECTIONAL INSTITUTIONS

SEC. 101. Chapter 307 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"4129. Programs, projects, loans, and grants

"(a)(1) The National Institute of Corrections, established within the Bureau of Prisons and pursuant to section 4352(a)(1) et seq. chapter 319, title 18, United States Code, is authorized, from moneys available in the fund established by this section, to make grants and loans to, or contract with, any qualified applicant to enable such applicant to establish, develop, expand or carry out, within or outside of the exterior boundaries of any Federal, state, or local outside of the exterior boundaries of any Federal, state, or local penal or correctional institution, projects for the purpose of training or employing, or both, of offenders. Such projects may also provide for supportive services to such offenders, such as training, education, counseling, medical and dental treatment, and aftercare.

"(2) The National Institute of Corrections shall make such loans at an interest rate not to exceed 6 per centum per annum, and any such loan or grant shall be made in accordance with the provisions of subsection (c) of this section, and in such amount and subject to such terms and conditions as the National Institute of Corrections may prescribe. The National Institute of Corrections is authorized, in its discretion, to waive all or any part of the principal, interest, or both, arising out of any loan made pursuant to this section.

"(3) Moneys repaid in connection with any loans made pursuant to this section (including interest) shall be deposited in and become a part of the fund established by this section.

"(4) Proceeds from any sale of products produced or services provided by offenders in connection with a project carried out by any Federal agency shall be deposited in and become a part of such fund.

"(5) Each agreement or contract entered into pursuant to this Act shall provide for an Administrative Board, composed of the grantee or his designee, the Director of the National Institute of Corrections or his designee, the administrator of the correctional institution involved, and an individual designated by the Secretary of Labor to represent individuals employed in the same or similar industry in the locale of the project. The Administrative Board will supervise the operation of the project and will make all decisions relative to the operation of the project pursuant to this Act.

"(b) The Advisory Board for the National Institute of Corrections, established in 18 U.S.C. section 4351, shall exercise oversight over the implementation of this Act, determining policy and formulating recommendations for the more efficient attainment of the purposes of this Act.

"(c) No loan or grant shall be made, or lease entered into, by the National Institute of Corrections in connection with any such project, unless the National Institute of Corrections has first determined that—

"(1) any such offender engaged in training or employed in connection with any such project with respect to which such loan, grant, lease, or agreement is made shall receive wages at a rate which shall not be less than that paid for work or training of a similar nature in the locality in which the work or training is to be performed;

"(2) any products produced or services provided pursuant to any such project may be sold or otherwise disposed of or performed in the same manner and to the same extent as other products or services of a like kind or nature produced or performed by individuals other than offenders.

"(3) such offenders involved in such project are likely, by reason of their involvement, to find employment following their release from confinement or correctional supervision;

"(4) such offenders involved in any such project shall not, solely by their status as offenders, be deprived of the right to participate in benefits made available by the Federal or State government to other individuals on the basis of their employment, such as Workmen's Compensation. However, such offenders shall not be qualified to receive any payments for unemployment compensation while incarcerated, notwithstanding any other provision of the law to the contrary;

"(5) deductions from the wages of any offender so employed shall not, in the aggregate, exceed 80 per centum of gross wages and shall be limited as follows:

(A) taxes (Federal, State, local);

(B) reasonable charges for room and board as determined by regulations which shall be issued by the Attorney General in the case of Federal institutions, and by the chief State correctional officer in the case of State or local institutions;

(C) allocations for support of family pursuant to State statute, court order, or agreement by the offender;

(D) contributions to any fund established by law to compensate the victims of crime of not more than 20 per centum but not less than 5 percent of gross wages. The calculation of which shall consider the victimization cost of the offense as determined by court order, regulation, or agreement by the offender;

"(6) the wages of any offender so employed shall be subject to all applicable Federal and

State laws and regulations providing for the keeping of funds in trust for incarcerated persons. Moneys earned by the individual may be drawn for that person's use, but not to exceed 10 per centum of gross wages while that person is under institutional custody and not on parole, probation, work release, or furlough. The remainder of any moneys paid as wages shall be held in trust to be drawn upon by the individual in a manner prescribed by regulation, providing that after release from institutional custody, the individual shall have full control of such money.

"(7) the participation of such offenders in such project is voluntary and each offender participating has agreed in advance to the specific deductions which shall be made from his gross wages pursuant to this Act, and all other financial arrangements as a result of his participation in such project.

"(8) the applicant may by purchase, lease, construction or otherwise gain access to facilities which will be utilized in connection with such project:

"(d) There is hereby established in the Treasury of the United States notwithstanding the provisions of section 4126 of this title, the Federal Employment and Training Fund (herein referred to in this section as the fund). Moneys covered into the fund pursuant to this section are hereby made available for expenditures for the purposes of this section without fiscal year limitation.

"(e) Nothing in this section or in any other Federal law shall be construed to prohibit the sale to the public of any products produced by offenders in connection with a project financed or assisted in whole or in part from moneys out of the fund established by this section, and the provisions of section 4122(a) of this title, relating to competition with private enterprise, the second paragraph of section 4002 of this title, the provisions of the first paragraph of section 4123 of this title, and the provisions of section 1 of the Act of January 19, 1929 (45 Stat. 1084), shall not be applicable with respect to industrial operations under this section. The provisions of section 1761 of this title shall not be applicable with respect to any such products shipped in interstate or foreign commerce.

"(f) (1) Section 210(a) (6) (C) of the Social Security Act is amended by deleting clause (iii) thereof and by deleting clause (i) of section 210(a) (7) (D) of such Act. (Title 42 United States Code, sections 410(a) (6) (C) and 410(a) (7) (D), respectively.)

"(2) Section 3121(b) (6) (C) of the Internal Revenue Code of 1954 is amended by deleting clause (iii) thereof.

"(3) The amendment made by this subsection shall be applicable in the case of service performed on and after the first day of the first calendar quarter beginning on or after the date of the enactment of this subsection.

"(g) As used in this section, the term—

"(1) 'qualified applicant' means any corporation, association, labor organization, any private nonprofit organization, or Federal, state or local agency having jurisdiction over penal or correctional institutions, or related programs;

"(2) 'offender' means any individual charged with or convicted of a criminal offense and with respect to which such individual is an inmate in any penal or correctional juvenile institution or is on probation, parole or other conditional release.

"(h) In addition to the moneys covered into the fund pursuant to this section, there are authorized to be appropriated annually to the fund out of any moneys in the Treasury not otherwise appropriated such amounts as are necessary to make the income of the fund not less than $10,000,000 for the fiscal year ending June 30, 1976, and for each fiscal year thereafter.

"(i) The Comptroller General of the United States shall from time to time conduct audits or other reviews of any expenditures of funds pursuant to this section, and on or before January 31 of each year shall report to the Congress on all expenditures of such funds as were made during the previous year. The National Institute of Corrections shall make available to the Comptroller General such information as is necessary to assist him in carrying out his duties under this section."

"(j) Funds appropriated to carry out this Act shall only be available for obligation when the National Institute of Corrections first determines, after certification by the Secretary of Labor, that the rate (seasonally adjusted) of national unemployment averages 6.5 per centum or less for three consecutive calendar months.

"(k) No further obligation of funds under this Act may be made by the National Institute of Corrections subsequent to a determination as certified by the Secretary of Labor that the average rate (seasonally adjusted) of national unemployment has exceeded 6.5 per centum for three consecutive calendar months.

"(l) The determination under this section shall take into account the rate of unemployment (seasonally adjusted) for three consecutive calendar months even though any or all of such months may have occurred not more than three complete calendar months prior to the enactment of this Act.

"(m) If any determination is made pursuant to subsection (k) that funds appropriated to carry out this title may not be further obligated, the remaining unobligated funds initially available under this Act shall again become available for obligation should the National Institute of Corrections subsequently determine, after certification by the Secretary of Labor, that the percentage requirements under subsection (j) have again been met.

SEC. 102. The table of contents of chapter 307 of title 18 of the United States Code is amended by adding at the end thereof the following new item:

"4129. Programs, projects, loans, and grants."

SEC. 103. Any project entered into pursuant to this Act shall be monitored and evaluated as follows:

(a) For the first two years following enactment of this Act, at least two correctional institutions to be designated by the National Institute of Corrections shall participate in the projects authorized by this Act.

(b) The Comptroller General and the National Institute of Corrections shall submit separate evaluations and progress reports every six months to the Congress of the United States which reports shall state the current stage of the projects, and make whatever suggestions and recommendations which may be appropriate to further implement the intent of this Act.

(c) Five years after the enactment of this Act, final reports shall be submitted to the Congress by the Comptroller General and by the National Institute of Corrections, evaluating the success of the projects and upon the rearrest and reconviction of those who participated in the projects, and recommendations made which they may consider appropriate.

SUMMARY OF THE OFFENDER EMPLOYMENT AND TRAINING ACT

Section 4129. The National Institute of Corrections is authorized to contract with private organizations for the construction and operation, within or without correctional institutions, of projects designed to train and employ federal offenders. The private groups, such as businesses, would be the employers of the prisoners.

The National Institute of Corrections could make loans at 6% interest, and could waive all or part of either the interest or the principal when necessary to cover the extraordinary costs involved in operating a facility within a prison. Prisoners would be trained only in those skills in which they would be likely to find employment upon release.

The products manufactured in the prisons under this program could only be sold in interstate commerce if the following conditions are met:

(1) the inmate-employees receive prevailing wages for the work they do;

(2) from the wages of the offender would be deducted:

(a) money to support his dependents;

(b) the cost of his room and board;

(c) taxes, social security, etc.;

(d) contributions of up to 20% would go towards a fund for the compensation of victims of crime;

NOTE.—All of the deductions in the aggregate could not exceed 80% of inmate-employee's gross wage; and the inmate would have to agree to all deductions prior to his being accepted to such a program.

When the national unemployment rate surpasses 6.5%, no new projects under this Act will be begun until there is a reduction to the acceptable level of 6.5% or lower.

Each agreement or contract entered into pursuant to this Act shall provide for an administrative board composed of the grantee, or his designee, the Director of the National Institute of corrections or his designee, the administrator of the correctional institution, and an individual designated by the Secretary of Labor to represent individuals employed in the same industry in the locale of the project.

The Comptroller General shall conduct periodic audits or other reviews of any expenditures and report his findings and conclusions to the Congress.

The National Institute of Corrections and the Comptroller General each shall make semi-annual reports to the Congress concerning the current state of the projects and whatever suggestions and recommendations which may be appropriate to further the efficient operation of this Act.

Mr. TAFT. Mr. President, I am pleased today to join my colleague, Senator PERCY, in cosponsoring the Offender Employment and Training Act. In my view, this bill represents a positive proposal which will effectively deal with the growing problem of crime in our country and the related crisis situation existing in our State and Federal corrections systems.

No one will dispute that crime in our country is increasing at an alarming rate. Since 1968, violent crimes have increased 47 percent, while property crimes have increased 28 percent. Crime, as measured by the Federal Bureau of Investigation's crime index, has risen 30 percent in volume during the period from 1968 through 1973. These statistics reflect an extremely serious situation. We must devise innovative programs which are capable of impacting on these problems.

This act is designed to involve private industry in the training, education, and employment of prison inmates. Ninety-five percent or more of all offenders who are convicted of serious crimes and are thereafter sent to penal or correctional institutions, eventually return to society, most often as hardened criminals. Therefore, it is obvious that our correctional institutions have for the most part, failed to achieve society's objectives in successfully rehabilitating these individuals.

It has been currently estimated that approximately 50 to 80 percent of all crimes are committed by persons who have spent time in our criminal justice system. The rate of recidivism for persons on parole is 61 percent, for persons

under mandatory release is 75 percent: and for those on probation, 56 percent; notwithstanding the fact that more than $2 billion is being spent each year on an outdated ineffective correctional system.

Recidivism is at the heart of our Nation's perplexing crime problem. We must address the question of why this is so? Recent studies have demonstrated a high correlation between unemployment and recidivism. Exoffenders find it extremely difficult to obtain jobs because they have no marketable skills and lack vocational training. Because this is the case, it is attractive for exoffenders to continue in the ways of crime when upon their release they are unable to find meaningful employment.

This bill attempts to deal with this problem in an innovative and modern manner. It enables us to use private sector experience in revitalizing our antiquated system. Senator PERCY has already explained in detail the provisions of the bill and how the system operates. I believe at this point they need not be restated. However, one point bears particular attention. At the time I considered cosponsoring this legislation for this Congress, it occurred to me that although this program is necessary and worthwhile, some accommodation must be made for the current unemployment crisis in our country. The national rate of unemployment is currently 8.7 percent and in all likelihood, it will increase above that. To protect the private sector job market, I suggested to Senator PERCY that he incorporate in the bill a national "on and off" switch which would turn these Federal prison programs on and off if the national unemployment rate reached 6.5 percent for 3 consecutive months. I am pleased that he adopted my suggestion and built these triggers into the programs. In light of staggering levels of unemployment, this prison reform act can now be justified on the basis that it will not unduly compete with private sector employment unless the nationwide unemployment rate is reduced to a lower and somewhat more acceptable level. Thus, this proposed legislation will not, and is not intended, to make it more difficult for unemployed workers, especially veterans, racial minorities, and others to obtain employment.

Prison reform today represents a difficult and unpopular task. The alternative to this bill is the continuation of nonstructured haphazard approaches to corrections which, in my judgment, are unacceptable economically, financially, and socially. This bill provides a constructive approach in enabling offenders to have a reasonable chance to return to society as worthwhile, respected citizens. The ultimate beneficiary of these changes will be our society. I am extremely hopeful that this bill will receive immediate and favorable attention.

By Mr. PERCY:

S. 1534. A bill relating to voting rights of former offenders. Referred to the Committee on the Judiciary.

VOTING RIGHTS

Mr. PERCY. Mr. President, we who have been elected to public office are quick to realize the extreme importance of the right to vote, for it was the very exercise of this franchise by our constituents that placed us in Congress. To us and to millions of people like us, no right is more basic and fundamental to the maintenance of full citizenship than the right to vote.

We have, by statute or other design, relegated a substantial percentage of Americans to a less than full citizenship status. These are exoffenders who have paid in full their obligation to society, and are presumed to be prepared for reintegration into the community and resumption of the responsibilities which are inherent in being an American.

However, this process of reintegration is oftentimes hindered by roadblocks which prevent the exoffender from being restored to full citizenship. One of these is the denial of the right to vote. It is only equitable that where a person has completed his sentence, he should automatically be able to assume the rights as well as responsibilities of citizenship. Of the rights prescribed by our Constitution, none is more basic and important than the right to vote.

In a recent decision, *Richardson* v. *Ramirez, et al.*, 418 U.S. 24 (1974), the U.S. Supreme Court reversed a California State Supreme Court decision which held that to deny this right to exfelons is indeed a violation of the equal protection clause of the 14th amendment.

In its opinion, the U.S. Supreme Court held that the exclusion of ex-convicts from the voting franchise has an affirmative sanction in subsection 2 of the 14th amendment and further:

> That the understanding of those who adopted the 14th amendment, as reflected in the language of subsection 2, and in the historical and judicial interpretation of the Amendment's applicability to state laws disenfranchising felons, is of controlling significance in distinguishing such laws from other state limitations on the franchise which have been held invalid under the Equal Protection Clause by this Court.

With this decision, the judiciary's task is complete. The time has come for the legislative branch to act, to provide a remedy where none now exists.

To many people, the effort to re-enfranchise the ex-offender is of minimal, if any, importance. However, to others, it is not only a major symbolic step, but a very real step which should be taken by Congress. The bill that I am introducing today, along with Senators MATHIAS, JAVITS, BAYH, and BURDICK, relates to the voting rights of former offenders and simply gives a person the right to vote in Federal elections once he has completed his sentence, and is no longer under the custody of a court or the Attorney General.

Mr. President, I ask unanimous consent that the text of this bill as well as a summary of it be printed at this point in the RECORD.

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

S. 1534

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) The Voting Rights Act of 1965 is amended by inserting after section 202 the following new section:

"VOTING IN FEDERAL ELECTIONS BY PERSONS CONVICTED OF CRIME

"SEC. 203. (a) No citizen of the United States who is otherwise qualified to vote in any Federal election shall be denied the right to vote in such election on account of his having been convicted of any crime, if he has served the sentence imposed as punishment therefor, completed any term of parole imposed in connection with such conviction, and is no longer under the jurisdiction of the court with respect to such conviction.

"(b) As used in this section, the term 'Federal election' means a primary, general, or special election held for the nomination for election, or election, of an individual for the office of President, Vice President, Senator, Representative, or Delegate to the Congress, and includes a primary held for the expression of a preference for the nomination of individuals for election as President and Vice President."

(c) Sections 203, 204, and 205 of such Act are redesignated as sections 204, 205, and 206, respectively.

(d) Section 204 of such Act, as redesignated by subsection (b) of this section, is amended by inserting after "section 202" the following: "or section 203."

(e) Section 205 of such Act, as redesignated by subsection (b) of this section, is amended by striking out "section 201 or 202" and inserting in lieu thereof "section 201, 202, 203."

SUMMARY OF "THE BILL RELATING TO THE VOTING RIGHTS OF FORMER OFFENDERS"

At present, some states prohibit ex-offenders from voting. The constitutionality of such prohibitions was recently upheld by the Supreme Court. This bill simply provides that no citizen, otherwise qualified, and no longer under the jurisdiction of any court or serving any sentence in prison, on probation or parole, can be denied the right to vote in federal elections solely because he once was convicted of a crime.

By Mr. PERCY:

S. 1532. A bill relating to the parole of offenders. Referred to the Committee on the Judiciary.

S. 1536. A bill relating to the parole of certain District of Columbia offenders. Referred to the Committee on the District of Columbia.

STREET TIME CREDIT FOR PAROLEES

Mr. PERCY. The final two bills deal with parolees whose parole has been revoked. One bill deals with Federal parolees, the other with District of Columbia parolees. Each bill simply requires that the time spent on parole shall be credited toward the running of an offender's sentence.

Normally, the time spent on parole is considered as time spent serving a court-imposed sentence. However, in the Federal system, and in the District of Columbia, this is not the case when a person violates the conditions of his parole, and has his parole subsequently revoked. Credit is not necessarily given for time spent on parole, and those years may have to be served again.

Let me offer an example. Suppose someone was sentenced to 15 years in prison in 1950. This would mean that, by 1965, he would have completed his sentence. Let us also assume that after 5 years he was paroled from prison, and was on parole from 1955 to 1964. Then let us suppose that he technically vio-

lated his parole, such as by moving out of town without the permission of his parole officer. One would assume that he would have only to serve 1 more year, until 1965 and the completion of his sentence. However, in the Federal system and in the District of Columbia this would not be the case.

Instead, he could be ordered by the parole board—not the court—to serve that 1 year as well as the 9 years he had already spent on parole. So, instead of completing his sentence in 1965, he would not be finished until 1974—24 years after being sentenced to a 15-year prison term.

I know of one particularly sad example of this. It involves a man who was sentenced in 1950 to 15 years, as in the example I have given. He also was paroled in 1955. Unfortunately, the man is an alcoholic. He has been paroled several times but continues to get in trouble by drinking. He has been arrested many times for loitering. But each time he was picked up for loitering his parole was revoked, and he was given no credit for the time he had already spent on parole. As far as I know, he may still be serving his original sentence some 25 years after it was imposed. In effect, he has been sentenced to serve at least an additional 10 years.

I have introduced similar legislation both in the 92d Congress (S. 3673 and S. 3674) and in the 93d Congress (S. 2163 and S. 2164). Today, along with Senators MATHIAS, JAVITS, and BAYH, I am reintroducing these bills with the hope that this statutory inequity will be resolved.

Mr. President, I ask unanimous consent that the text of each of these bills as well as summaries of their provisions be printed at this point in the RECORD.

Mr. President, none of these bills will automatically end our crime problem. At most, three of the bills will resolve present inequities in our criminal justice system, and the fourth will provide training and realistic hope to ex-offenders who otherwise might have no alternative but to return to crime.

Yet, though the impact of the bills, if enacted, would be relatively modest, I hope that they will not be discarded as unimportant. For they respect small but significant steps which I feel must be taken.

The road to reducing crime in our society, and freeing our citizens from the omnipresent threat of violence, is a very long and a very complex journey. By enacting these bills which I have introduced today, we will have made a significant start on a road which we must travel if we are to enhance the quality of the lives of all citizens.

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

S. 1535

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the second sentence of section 4205 of title 18, United States Code, is amended to read as follows: "The unexpired term of imprisonment of any such prisoner shall begin to run from the date he is returned to the custody of the Attorney General under such warrant, but the amount of time which such prisoner shall be required to serve as a result of his retaking shall be reduced by a period of time equal to that period commencing with his release by reason of his parole and ending with the date of the commission of the violation for which parole was revoked."

(b) The third paragraph of section 4207 of title 18, United States Code, is amended by inserting a comma immediately after "prisoner" and the following: "subject to the provisions of section 4205 of this title."

SEC. 402. The provisions of this title shall be applicable in the case of any person who, on or after the date of its enactment, is on parole or is paroled pursuant to the provisions of chapter 311 of title 18, United States Code.

S. 1536

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the fourth sentence of section 6 of the Act of July 15, 1932 (D.C. Code, sec. 24–206), is amended by inserting immediately before the period at the end thereof, a comma and the following: "and less any period of time during which he was on parole, commencing with his release by reason of his parole, and ending with the date of the commission of the violation for which parole was revoked".

SEC. 2. The sixth sentence of section 6 of the Act of July 15, 1932 (D.C. Code, sec. 24–206), is repealed.

SUMMARY OF "STREET TIME CREDIT" BILLS

When an offender is released on parole, he remains under parole supervision until such time as his sentence is completed. Thus, the time he spends on parole is credited toward the running of his sentence. However, if he violates his parole, either through a technical infraction, or through the commission of a new crime, he would not necessarily receive credit for the time spent on parole prior to the violation.

Thus, there is the possibility of a person being sentenced to 15 years for a felony, and being paroled after having served five years in prison. He would at that time have ten years of his sentence remaining to be served. If he served nine years without any trouble, but then violated the conditions of his parole, his parole could be revoked, and he could receive no credit for the time spent on parole. Therefore, he would have to re-serve the nine years spent on parole, plus the one year not yet served. Instead of a 15-year sentence, he would in effect have a 24-year sentence. This is inequitable and patently unfair.

These two bills, one relating to federal parolees, and the other to District of Columbia parolees, simply insure that a person on parole is given credit toward the running of his sentence for the time served on parole up to the time of any violation. If he committed a crime, he would, of course, have to pay whatever penalty was provided for by law. But, under these proposals, he would not have to re-serve the time he had already served on parole.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 231

At the request of Mr. EAGLETON, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 231, a bill to amend section 5(b) of the Food Stamp Act of 1964 to prohibit the use of funds to furnish food stamps to certain persons enrolled in institutions of higher education.

S. 388

At the request of Mr. CHURCH, the Senator from South Dakota (Mr. MCGOVERN), the Senator from Wyoming (Mr. MCGEE), the Senator from Pennsylvania (Mr. HUGH SCOTT), the Senator from Nevada (Mr. CANNON), the Senator from South Dakota (Mr. ABOUREZK), the Senator from Indiana (Mr. BAYH), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Illinois (Mr. STEVENSON), the Senator from New Jersey (Mr. CASE), the Senator from Tennessee (Mr. BROCK), the Senator from Indiana (Mr. HARTKE), the Senator from Missouri (Mr. SYMINGTON), the Senator from Massachusetts (Mr. BROOKE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from New York (Mr. JAVITS), the Senator from Florida (Mr. STONE), the Senator from Minnesota (Mr. MONDALE), the Senator from Washington (Mr. MAGNUSON), the Senator from New Mexico (Mr. MONTOYA), the Senator from Montana (Mr. METCALF), the Senator from Missouri (Mr. EAGLETON), the Senator from Wisconsin (Mr. NELSON), and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of S. 388, a bill to amend titles II, VII, XVI, XVIII, and XIX of the Social Security Act to provide for the administration of the old-age, survivors, and disability insurance program, the supplemental security income program, and the medicare program by a newly established independent Social Security Administration, to separate social security trust fund items from the general Federal budget, to prohibit the mailing of certain notices with social security and supplemental security income benefit checks, and for other purposes.

S. 560

At the request of Mr. CHURCH, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 560, a bill to amend title II of the Social Security Act to increase the amount which individuals may earn without suffering deductions from benefits on account of excess earnings, and for other purposes.

S. 585

At the request of Mr. CHILES, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 585, a bill to prohibit travel at Government expense outside the United States by Members of Congress who are not reelected to the succeeding Congress.

S. 1136

At the request of Mr. PHILIP A. HART, the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 1136, a bill to authorize appropriations for increased investigation and prosecution by the Federal Trade Commission and the Department of Justice of unfair methods of competition, restraints of

trade, and other violations of the antitrust laws, and for other purposes.

S. 1288

At the request of Mr. GARY W. HART, the Senator from California (Mr. CRANSTON), the Senator from Colorado (Mr. HASKELL), and the Senator from Maine (Mr. HATHAWAY) were added as cosponsors of the bill (S. 1288) to prohibit the expenditure of funds for the procurement and development of lethal chemical weapons.

S. 1426

At the request of Mr. CHURCH, the Senator from Connecticut (Mr. RIBICOFF) was added as a cosponsor of S. 1426, a bill to amend the Older Americans Act of 1965 to establish certain social services programs for older Americans and to extend the authorizations of appropriations contained in such act, to prohibit discrimination on the basis of age, and for other purposes.

S. 1436

At the request of Mr. RANDOLPH, the Senator from Alaska (Mr. GRAVEL), the Senator from Washington (Mr. MAGNUSON), and the Senator from Vermont (Mr. STAFFORD) were added as cosponsors of S. 1436, a bill to improve the reliability, safety, and energy efficiency of transportation by providing funds for repairing, rehabilitating, and improving railroad, roadbeds and facilities.

S. 1440

At the request of Mr. BAYH, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 1440, a bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide financial assistance for alternative educational and security plans to reduce delinquency and crime in and against the public schools of the Nation, and for other purposes.

S. 1444

On the request of Mr. BEALL, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 1444 a bill to amend the Internal Revenue Code of 1954 to provide a bicentennial celebration contribution tax credit.

S. 1471

At the request of Mr. ROTH, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 1471, a bill to prohibit the Consumer Product Safety Commission from restricting the sale or manufacture of firearms or ammunition.

SENATE RESOUTION 100

At the request of Mr. SCHWEIKER, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of Senate Resolution 100, a resolution expressing the sense of the Senate with respect to discrimination in international commerce on religious, racial, or ethnic grounds.

SENATE RESOLUTION 126

At the request of Mr. BROCK, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of Senate Resolution 126, a resolution endorsing the continued presence of the United Nations peacekeeping forces in the Middle East.

SENATE RESOLUTION 131

At the request of Mr. STONE, the Senator from Florida (Mr. CHILES) was added as a cosponsor of Senate Resolution 131, to oppose the lifting of sanctions against Cuba and to request the advice and consent of the Senate prior to any proposed change in our Cuba policy.

SENATE JOINT RESOLUTION 70

At the request of Mr. HUMPHREY, the Senator from Ohio (Mr. GLENN) was added as a cosponsor of Senate Joint Resolution 70, to extend support under the joint resolution providing for Allen J. Ellender Fellowships to disadvantaged secondary school students, and for other purposes.

SENATE CONCURRENT RESOLUTION 29

At the request of Mr. CURTIS, the Senator from Indiana (Mr. HARTKE), the Senator from Delaware (Mr. ROTH), and the Senator from Nebraska (Mr. HRUSKA) were added as cosponsors of Senate Concurrent Resolution 29, expressing the sense of Congress regarding the annexation of the Baltic nations.

SENATE RESOLUTION 142—SUBMISSION OF A RESOLUTION TO ESTABLISH A TEMPORARY SELECT COMMITTEE ON MIA'S

(Referred to the Committee on Foreign Relations.)

Mr. THURMOND. Mr. President, besides the current crisis in Southeast Asia, one of the most grievous tragedies of the Vietnam War which continues to cause deep anxiety for all Americans and may continue regardless of the outcome of the current struggle is the lack of the full accounting for the prisoners-of-war and the missing-in-action.

In view of the disastrous situation in South Vietnam, accountability efforts will likely experience even greater noncooperation from Hanoi, if this is possible. It should be more obvious to the world than ever before that the Communists have absolutely no regard for agreements or human life. This inhumane and intransigient attitude has been the major reason MIA accountability efforts have failed.

Meanwhile, many Americans and especially the families of the POW's and MIA's feel that even their own Government has foresaken them. Our Government and the world know that the Communists have information about our MIA's and probably POW's, as stated in official reports, either through photographs, Communist newspaper articles, interviews, foreign broadcasts, observed captures and other sources. In spite of this knowledge, our Government has been proceeding to issue presumptive findings of death for the missing-in-action and prisoners-of-war.

The present law authorizes these procedures, but I seriously question our Government taking precipitous and unilateral action to conclude voluntarily that all MIA's and POW's are dead.

Mr. President, it is realized that probably most of the 2,400 Americans missing in action in Southeast Asia are likely to be dead and that accountability for the living or dead may never be totally complete. However, I do not believe that our Government has made a maximum accountability effort to achieve more effective results. There should be more convincing measures taken by the United States in dealing with the Communists on this issue. Also, presumptive finding of death implies lost hope and these findings provide the Communists with additional excuses to be noncooperative.

During the past year, many of us in the Congress have sponsored and supported legislation which would insist on a greater accountability effort by our Government. In the meantime, we have recommended suspension of presumptive findings of death procedures currently being pursued by the Defense Department until a greater effort has been made by our Government. I introduced legislation in the last session of Congress to pursue this goal. I reintroduced similar legislation, S. 624, in February, 1975, and there are 25 of my distinguished colleagues who are cosponsors of this bill.

Unfortunately, action has not yet been taken on this measure. As a further effort of more positive action by the Congress and to thwart lost hope, I am introducing a Senate resolution which requests this distinguished body to appoint a select committee of the Senate to investigate the missing-in-action tragedy.

This select committee would be chartered to make a thorough and complete study and investigation of all matters relating to members of the Armed Forces of the United States who are in a missing status in Southeast Asia and members known to be dead but whose bodies have not been recovered. This resolution would require that the select committee report its findings, together with such recommendations for legislation and further positive action by the United States as it deems advisable, to the Senate not later than May 1, 1976.

Mr. President, this is the objective of my resolution. I sincerely urge my distinguished colleagues to give this proposal serious and favorable action. I ask unanimous consent that this resolution be printed in the RECORD at the conclusion of my remarks.

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

S. RES. 142

Resolved, That there is established a select committee of the Senate to be known as the Select Committee on MIAs (hereafter in this resolution referred to as the "select committee").

SEC. 2. (a) The select committee shall consist of 15 members to be appointed by the President of the Senate as follows:

(1) Eight members who are of the majority party, to be appointed upon recommendation of the Majority Leader, and

(2) Seven members who are members of the minority party, to be appointed upon recommendation of the Minority Leader.

(b) The select committee shall select a chairman from among its members. A majority of the members of the select committee shall constitute a quorum thereof for the

transaction of business, except that the select committee may fix a lesser number as a quorum for the purpose of taking testimony. Vacancies in the membership of the select committee shall not affect the authority of the remaining members to execute the functions of the select committee.

(c) For the purposes of paragraph 6 of rule XXV of the Standing Rules of the Senate, service of a Senator as a member or chairman of the select committee shall not be taken into account.

SEC. 3. It shall be the function and duty of the select committee to make a thorough and complete study and investigation of all matters relating to members of the Armed Forces of the United States who are in a missing status (as defined in section 551(2) of title 37, United States Code) as the result of military operations in North Vietnam, South Vietnam, Laos, and Cambodia, and members known to be dead but whose bodies have not been recovered. In carrying out such study and investigation the select committee shall consider all practical means for dealing with the problems related to missing and unaccounted for members, including, but not limited to, the need for additional international inspection teams to determine whether there are members still held as prisoners of war.

SEC. 4. (a) For the purposes of this resolution, the select committee is authorized in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) to hold hearings, (4) to sit and act at any time or place during the sessions, recesses, and adjourned periods of the Senate, (5) to require, by subpena or otherwise, the attendance of witnesses and the production of correspondence, books, papers, and documents, (6) to take depositions and other testimony, (7) to procure the service of individual consultants or organizations thereof, in accordance with the provisions of section 202(i) of the Legislative Reorganization Act of 1946, as amended, and (8) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

(b) With the consent of the chairman of any other committee of the Senate, the select committee may utilize the facilities and the services of the staff of such other committee of the Senate, or any subcommittee thereof, whenever the chairman of the select committee determines that such action is necessary and appropriate.

(c) Subpoena authorized by the select committee may be issued over the signature of the chairman, or any other member designated by him, and may be served by any person designated by the chairman or member signing the subpoena.

(d) The chairman of the select committee or any member thereof may administer oaths to witnesses.

SEC. 5. (a) The select committe shall reports its findings, together with such recommendations for legislation as it deems advisable, with respect to the study and investigation under this resolution to the Senate at the earliest practicable date, but not later than May 1, 1976.

(b) The authority granted in this resolution shall expire 30 days after the filing of the report.

SEC. 6. Expenses of the select committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the select committee.

AMENDMENTS SUBMITTED FOR PRINTING

INCREASED AUTHORITY FOR THE COUNCIL ON WAGE AND PRICE STABILITY—S. 409

AMENDMENT NOS. 376, 377, AND 378

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

Mr. HUMPHREY (for himself and Mr. PROXMIRE) submitted three amendments intended to be proposed by them jointly to the bill (S. 409) to amend the Council on Wage and Price Stability Act to confer additional authority on the Council with respect to the prices of commodities and services, and for other purposes.

ADDITIONAL COSPONSORS OF AN AMENDMENT

At the request of Mr. STONE, the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Tennessee (Mr. BROCK), the Senator from North Carolina (Mr. MORGAN), the Senator from Alaska (Mr. STEVENS), the Senator from Ohio (Mr. TAFT), the Senator from South Carolina (Mr. THURMOND), the Senator from California (Mr. CRANSTON), and the Senator from Florida (Mr. CHILES) were added as cosponsors of amendment No. 363, proposed to the bill (S. 1457), the Emergency Homeowners' Relief Act.

NOTICE OF HEARING

Mr. METCALF. Mr. President, this is to remind Senators and other interested persons that the hearings on S. 391, the Federal Coal Leasing Amendments Act of 1975, will be held by the Subcommittee on Minerals, Materials and Fuels of the Senate Committee on Interior and Insular Affairs on May 6, 7, and 8. The subcommittee has a full schedule of witnesses for each of those days. However, interested persons may wish to submit written testimony to be included in the hearing record. The hearings will begin at 10 a.m. on each day in room 3110, Dirksen Senate Office Building.

ANNOUNCEMENT OF HEARING

Mr. HUMPHREY. Mr. President, in our continuing review of timely issues, relating to foreign agricultural affairs, the Subcommittee on Foreign Agricultural Policy will hold a hearing on May 1, to review the implementation of the recommendations of the World Food Conference.

Section 55 of the Foreign Assistance Act requires the President to submit a report on the World Food Conference to the Congress by April 30. This hearing will be an opportunity to review that report and to call to public attention the progress this country and other nations around the world have made in putting the proposals of the World Food Conference into effect. The hearing will begin at 10 a.m., in room 324 of the Russell Senate Office Building. The following persons have been invited to present testimony. The Honorable Daniel Parker, Administrator for the Agency of International Development, the Honorable Thomas Enders, Assistant Secretary of State, and the Honorable Richard Bell, Deputy Assistant Secretary of Agriculture.

CHANGE IN SCHEDULE OF HEARING

Mr. LONG. Mr. President, the hearings of the Commerce Committee's Merchant Marine Subcommittee on S. 1487, a bill to authorize appropriations for the Coast Guard for fiscal years 1976 and 1977 and for the transition period of July 1–September 30, 1976, scheduled to begin at 10 a.m. in room 4200, Dirksen Senate Office Building on Monday, April 28, 1975, have been changed to 2:30 p.m. in room 5110, Dirksen Senate Office Building on April 28, 1975.

ADDITIONAL STATEMENTS

ADDITIONAL EMPLOYEES FOR SENATORS—SENATE RESOLUTION 110

Mr. TALMADGE. Mr. President, I was very pleased to learn that the Committee on Rules and Administration plans to hold hearings on Senate Resolution 110, a proposal to greatly expand the senatorial staff.

It would in fact almost double the number of committee staff members projected for the Senate for 1975. The price tag on this proposal is unconscionable at this time of massive deficit spending, double-digit inflation, and a recession that has millions of people begging for work.

Members of the Senate and the people of this country who pay the taxes are entitled to have full knowledge about this resolution, what it will do, what it will cost, and just how free and easy it is with the taxpayers' money.

I spoke against Senate Resolution 110 on April 9. I pointed out, on the basis of an analysis at that time, that it would allow some 900 additional employees for Senators, at a cost of somewhere around $33 million per year.

The resolution was still under study by the Rules Committee. Now comes an analysis of the measure showing that it would allow for 1,073 more staff members, at an estimated cost of $41 million.

It seems to me that the more this proposal is studied, the bigger it gets and the more it costs. If this be the case, I hope the Rules Committee will keep on studying Senate Resolution 110 until it dies in the oblivion it deserves.

I repeat, Senators and taxpayers are entitled to know about Senate Resolution 110.

For this reason, I ask unanimous consent that there be printed in the RECORD a letter from the distinguished chairman of the Committee on Rules and Administration, announcing hearings on Senate Resolution 110, and a summary of provisions of the resolution.

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

U.S. SENATE, COMMITTEE
ON RULES AND ADMINISTRATION,
Washington, D.C., April 18, 1975.

DEAR MR. CHAIRMAN: For your information and consideration, I enclose a copy of Senate Resolution 110, submitted by Mr. Gravel on March 11, 1975. This resolution would authorize each Member of the Senate to employ additional assistants to work on matters pertaining to committees on which the Senator serves.

In view of the impact this resolution would have upon the present committee system of the Senate, especially on the pending annual expenditure authorization resolutions for Senate committees, the Committee on Rules and Administration plans to hold a hearing on the Gravel proposal as soon as it concludes its investigation of the New Hampshire Senatorial contest.

Inasmuch as the provisions of Senate Resolution 110, if approved as introduced or in some modified form, would directly bear upon the organization and operation of every Senate committee, will you kindly give this Committee the benefit of any views you may have thereon. A summary of the most pertinent points and provisions of that resolution is enclosed for your information.

With all best regards, I am

Sincerely,

HOWARD W. CANNON,
Chairman.

SUMMARY OF SENATE RESOLUTION 110

Senate Resolution 110, introduced by Mr. Gravel (for himself, Mr. Brock, Mr. Cranston, and Mr. Packwood) on March 11, 1975, would create a new category of Senate employees—assistants to be employed directly by a Senator and to be housed in his personal Senatorial offices, but whose functions would relate to and be confined to the work of committees of which the Senator is a member. Such committee-related employees would "be accorded equitable treatment with respect to the records of that committee".

A preliminary analysis of the resolution by the staff of the Committee on Rules and Administration indicates that the proposal could increase the cost of Senate staffing by $40,985,752 and add 1,073 committee-related employees (at not to exceed $34,881 per annum) to the 1,262 regular committee staff members projected for the Senate for 1975.

A summary of the staff-authorizing provisions of Senate Resolution 110 follows:

Section 8(a)(1)

Section (a)(1) of Senate Resolution 110 would authorize additional clerk-hire funds to each Senator on each of the following standing committees—Aeronautical and Space Sciences; Agriculture and Forestry, Appropriations; Armed Services; Banking; Housing and Urban Affairs; Budget; Commerce; Finance; Foreign Relations; Government Operations; Interior and Insular Affairs; Judiciary; Labor and Public Welfare; and Public Works—to employ additional personal staff to assist him with those committee responsibilities in an amount equal to two additional employees at $34,881 per annum or $69,762 for each such Senator's committee assignment. The number of Senators' committee assignments in the above list totals 220.

220 assignments = 440 employees at $34,881 = $15,347,640

Section 8(a)(2)

Section 8(a)(2) of Senate Resolution 110 would authorize each Senator on each of the following committees—

Standing Committees—District of Columbia, Post Office and Civil Service, Rules and Administration, and Veterans' Affairs;

Select Committees—Intelligence, Nutrition and Human Needs, Small Business, and Standards and Conduct;

Special Committees—Aging and National Emergencies;

Joint Committees—Atomic Energy, Congressional Operations, Defense Production, Internal Revenue Taxation, Joint Economic, Library, and Printing—

to employ additional personal staff to assist him with those committee responsibilities in an amount equal to one additional employee at $34,881 per annum for each such Senator's committee assignment. The number of Senators' committee assignments in the above list totals 153.

153 assignments = 153 employees at $34,881 = $5,336,793

Section 9(a)

Section 9(a) of Senate Resolution 110 would authorize each Chairman and Ranking Minority Member of any subcommittee to employ (subject to certain restrictions) additional personal staff to assist him with those subcommittee responsibilities in an amount equal to two additional employees at $34,881 per annum for each such Senator's committee assignment.

The best information available indicates there are 175 Senate and joint committee subcommittees, or a total of 350 subcommittee chairmanships and ranking minority memberships. Section 9(a) provides that its provisions shall not apply (1) to more than one such assignment held by a Senator within a committee, or (2) in cases where a subcommittee is already funded. These restrictions would appear to eliminate 110 subcommittee assignments leaving 240 eligible under the resolution.

240 assignments = 480 employees at $34,881 = $16,742,880

Agency-contribution factor

The hiring of additional employees obligates the Government to payments beyond salaries in the form of agency contributions for employees' retirement, health, and life insurance benefits. Based on the above estimates of salary costs which would be incurred under Senate Resolution 110, the agency contributions would add an additional $3,558,439.

SUMMARY OF COST

Section 8(a)(1)	$15,347,640
Section 8(a)(2)	5,336,793
Section 9(a)	16,742,880
Agency contributions	3,558,439
Total estimated cost, S. Res. 110	$40,985,752

FISCAL RESPONSIBILITY IS THE KEY

Mr. CHILES. Mr. President, next week the Senate will take up the first concurrent resolution on the Federal budget reported out by the new Senate Budget Committee on which I am pleased to serve.

Fiscal responsibility is the key for the new Budget Committees of the Congress. The creation of these committees by law last year responded to the need to give the Congress more control over Federal spending. Never before has one committee in each House been given the responsibility to look at total Federal spending and establish limits for the Congress to meet. Always before this, the individual authorizing and appropriating committees did their work separately and total spending levels simply resulted from adding up all the parts rather than being derived from some overall view of what was prudent.

The Senate Budget Committee has now finished the first stage of its work for fiscal year 1976 by reporting out the first concurrent resolution setting targets for Federal spending, Federal revenues and the budget deficit. This is the first year for the new congressional budget process, and we were operating under some very severe time constraints. Nevertheless, I feel that we have taken the first step toward some greater control over Federal spending by the Congress.

After long discussions of different parts of the budget the committee arrived at $365 billion as the ceiling on total Federal spending for the next fiscal year. This figure is not far from what the President requested in January if you take into account the fact that his budget request included $17 billion in proposed reductions which have not been approved by the Congress. If these cuts in existing programs are not included in the President's request, the total level of spending he recommended was $366 billion.

Accurate estimates for Federal revenues are hard to come by, especially since no one is absolutely sure what all the effects of the new tax cut legislation will be on the economy or whether or not the legislation will be continued throughout the entire fiscal year. Also there is some question whether there will be a tax on gasoline or not. Depending on these different possibilities, the Budget Committees estimated that Federal revenues next fiscal year would be between $296 and $298 billion. This leaves us with a deficit of between $69 and $67 billion.

This is a terribly large deficit. I am very concerned about it. But it is nowhere near the $100 billion deficit the President said he thought it might come to or the $112 billion deficit that would result if all the "wish lists" of the authorizing committees were legislated. I would have liked the deficit to have been less, and I made motions to try to reduce spending still further to bring the deficit down more. But despite this, I feel that these recommended limits on spending and the deficit are less than they would have been without the Budget Committee. To this extent the Budget Committee began to perform its principal purpose to control the level of Federal spending. A clear majority of the committee supports the idea of fiscal responsibility as the main effort of the committee. My concern now is that we hold these levels when the resolution goes to the Senate floor and to conference with the House. The House Budget Committee set a ceiling of $368.2 billion on spending and a $73.2 billion deficit. So the Senate is below the House and needs to hold firm if the eventual deficit is to be kept below $70 billion.

It is important to understand that the spending level in the Senate resolution represents only that necessary to keep on-going Government programs funded at the current level plus temporary anti-recession spending of two kinds: First, permanent programs, such as unemployment compensation and food stamps, which are triggered by the recession and second, new programs, such as public

service jobs and railroad bed improvement, totalling $4.5 billion geared especially to this recession. So even with a deficit of $67 to $69 billion we are not talking about funding major new Government programs or expanding the role of the Federal Government in our society. We are talking about holding the line on permanent spending and permitting some temporary spending, most of which is already legislated, to fight this recession.

There is a great temptation to spend more on every program in the Federal budget, and there is always support for more for each program. This year too there are arguments for even more spending to help the economy out of the recession. I believe we must resist these temptations and realize that the confidence we can restore in the economy by demonstrating to the people of this country that the Congress really can control Federal spending will outweigh the benefits that economists think will come from a spending stimulus to the economy. I differ with those economists who say we should spend more now because I am very much afraid it will be too much too late when hopefully the economy will be recovering on its own. And I believe that these economists underestimate the psychological boost to be gained by controlling Federal spending.

So I appeal to my colleagues in the Senate to look seriously at the effort the Budget Committee has made and to ask themselves if the best course for the Senate to take in dealing with the economy is not the course of fiscal responsibility. I appeal to my colleagues to keep the lid on Federal spending and not let the deficit go over $70 billion.

Mr. HRUSKA. Mr. President, when President Ford took office, he promised that his administration would be an open one. He has kept his word. His term in office has been marked by frequent press conferences, interviews with individual reporters, and many public appearances. He is to be commended for his conduct in keeping the people of the United States informed on his views and the activities of the executive branch.

Monday night, the President again went before the people of this country. The forum was a "live" interview with three correspondents from the CBS radio and television network. This news program was heard and seen coast to coast. The President's interview with Messrs. Cronkite, Sevareid, and Schieffer was a candid, up-to-the-minute account of the President's thinking on a wide-range of issues affecting everyone of us. I applaud President Ford for his candor and forthrightness in responding to the questions that were asked of him.

Mr. President, so that those persons who did not have the opportunity to hear or see Mr. Ford Monday night can have the benefit of reading his views, I ask unanimous consent that a copy of Mr. Ford's remarks on television and radio, April 21, 1975, be printed in the RECORD.

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

INTERVIEW WITH THE PRESIDENT BY WALTER CRONKITE, ERIC SEVAREID, AND BOB SCHIEFFER

Mr. CRONKITE. Good evening, Mr. President.

The PRESIDENT. Good evening, Walter.

Mr. CRONKITE. Thank you for this opportunity to talk to you this evening here in the Rose Room in the White House.

The PRESIDENT. I am looking forward to it.

Mr. CRONKITE. Mr. President, just this moment as we came on the air, I was surprised over this little machine here that the Associated Press and the United Press International are reporting from Honolulu that a large number of battle-equipped Marines, 800 or so, have left Hawaii by air, on chartered aircraft.

Can you tell us what their destination is and what is up?

The PRESIDENT. That is part of a movement to strengthen, or to bring up to strength, the Marine detachment in that area of the Pacific. It is not an unusual military movement. On the other hand, we felt under the circumstances, that it was wise to bring that Marine group in that area of the world—the South Pacific—up to strength.

Mr. CRONKITE. Can you tell us where they are going, sir?

The PRESIDENT. I don't think I should be any more definitive than that.

Mr. CRONKITE. They are not going directly to Saigon?

The PRESIDENT. No, they are not.

Mr. CRONKITE. Now that President Thieu has resigned, which was the big news this morning, of course, are we involved in, are we acting as an intermediary in any negotiations for a peaceful settlement out there?

The PRESIDENT. We are exploring with a number of governments negotiating opportunities, but in this very rapid change, with President Thieu stepping down, there really hasn't been an opportunity for us to make contact with a new government. And the net result is we are planning to explore with them, and with other governments, in that area or connected with that area so that we don't miss any opportunity to try and get a cease-fire.

Mr. SEVAREID. Mr. President, what is your own estimate of the situation now? Do you think that the Hanoi people want to negotiate the turnover of the city, a peaceful turnover, or just drive ahead?

The PRESIDENT. Eric, I wish I knew. I don't think anybody can be absolutely certain, except the North Vietnamese themselves.

You get the impression that in the last few days they were anxious to move in very quickly for a quick takeover. On the other hand, within the last 12, 24 hours, there seems to be a slowdown. It is not certain from what we see, just what their tactic will be. We naturally hope that there is a period when the fighting will cease or the military activity will become less intent so that negotiations might be undertaken or even a cease-fire achieved.

But it is so fluid right now, I don't think anybody can be certain what the North Vietnamese are going to do.

Mr. SEVAREID. Are they communicating with our Government through third parties or otherwise?

The PRESIDENT. We have communications with other governments. I can't tell you whether the North Vietnamese are communicating with them or not. I don't know.

Mr. SEVAREID. President Thieu, when he stepped down, said one of the reasons was American pressure. What was our role in his resignation?

The PRESIDENT. Our Government made no direct request that President Thieu step down. There was no pressure by me or anyone in Washington in that regard.

There may have been some on the scene in Saigon who may have talked to President Thieu, but there was no pressure from here to force President Thieu to step down and he made, I am sure, the final decision all on his own.

Mr. SEVAREID. Surely our representatives there would not speak without your authority on this matter?

The PRESIDENT. It is a question of how you phrase it. We never asked anybody to ask him to step down. There were discussions as to whether or not he should or shouldn't, but there was no direct request from me for him to relinquish his role as the head of state.

After all, he was an elected President. He was the head of that government, properly chosen, so his decision, as far as we know, was made totally on his own.

Mr. SCHIEFFER. Mr. President, on the evacuation, you have expressed hope that something could be arranged so tens of thousands of loyal South Vietnamese could be brought out of the country.

Do you think it is possible to have something like that if the North Vietnamese oppose it or if the Viet Cong are not willing to go along with it? Are any kinds of negotiations underway right now to try to set up some sort of an arrangement like that?

The PRESIDENT. I would agree with you that if the North Vietnamese make a military effort, it would be virtually impossible to do so unless we moved in substantial U.S. military personnel to protect the evacuation.

On the other hand, if the South Vietnamese should make it difficult in their disappointment that our support hadn't been as much as they thought it should be, their involvement would make it virtually impossible again, without a sizeable U.S. military commitment. That is one reason why we want a cease-fire. That is why we want the military operation stopped so that we can certainly get all the Americans out without any trouble, and hopefully, those South Vietnamese that we feel a special obligation to.

But at the moment, it does not appear that that is possible. We intend to keep working on it because we feel it is the humane and proper thing to do.

Mr. SCHIEFFER. What if it is not possible? Then what do you do? Do you ask the Congress to let you send those troops in there, American troops to protect the withdrawal? Do you send them in without Congressional approval? What do you do next?

The PRESIDENT. As you know, I have asked the Congress to clarify my authority as President to send American troops in to bring about the evacuation of friendly South Vietnamese or South Vietnamese that we have an obligation to, or at least I think we do.

There is no problem in sending U.S. military personnel in to South Vietnam to evacuate Americans. That is permitted under the War Powers Act, providing we give adequate prenotification to the Congress.

That is what we did in the case of Phnom Penh in our personnel there. But if we are going to have a sizeable evacuation of South Vietnamese, I would think the Congress ought to clarify the law and give me specific authority.

Whether they will or not, I can't tell you at this point.

Mr. SCHIEFFER. If you do send them in and if Congress gives you the authority, they will have to have air power. It will have to be a sizeable commitment. They will almost have to have an open-ended authority in order to protect themselves. That is what you are asking for, isn't it?

The PRESIDENT. Unless the North Vietnamese and the South Vietnamese have a cease-fire, and then the evacuation of those South Vietnamese could be done very easily.

Now, if there is a military conflict still going on, or if either one side or the other shows displeasure about this, and if we decided to do it—there are a number of "ifs" in that—yes, there would have to be some fairly sizeable U.S.—on a short term—very precise, military involvement, not on a broad scale, of course.

Mr. CRONKITE. Mr. President, when did you last talk to President Thieu?

The PRESIDENT. I have not personally talked to President Thieu since I became President. I have had a number of exchanges of correspondence with him, but the last time I talked to him was when he was in the United States and I was minority leader. That was roughly two years ago, as I recollect.

Mr. CRONKITE. Gracious, we have this hot line with the potential great power adversary, the Soviet Union, and yet, with an ally who is in dire straits at this moment there is no communication between the Presidents. It seems strange.

The PRESIDENT. Well, there is very good communication between myself, our Secretary of State, and our Ambassador there. So, there is no lack of communication in and through proper channels. I don't think it is essential that we could be in direct communication between myself and former President Thieu.

Mr. CRONKITE. Might it help to solve some of the misunderstandings if you talked directly to him?

The PRESIDENT. I don't think so. We have had communication, back and forth, both by message and as well as by correspondence. I think we understand one another. I think some of his comments were more directed at our Government as a whole than directed at me personally.

Mr. SEVAREID. Mr. President, one of his comments was that the United States had led the South Vietnamese people to their deaths. Do you have any reply to that?

The PRESIDENT. There some public and corresponding private commitments made in 1972–1973 where I think that the President of South Vietnam could have come to the conclusion, as he did, that the United States Government would do two things: One, replace military hardware, on a one-for-one basis, keep his military strength sufficiently high so that he could meet any of the challenges of the North, and in addition there was a commitment that we, as a Nation, would try to enforce the agreements that were signed in Paris in January of 1973.

Now, unfortunately, the Congress in August of 1973 removed the latter, took away from the President the power to move in a military way to enforce the agreements that were signed in Paris.

So, we were left then only with the other commitment and, unfortunately, the replacement of military hardware was not lived up to. I, therefore, can understand President Thieu's disappointment in the rather traumatic times that he went through in the last week. I can understand his observations.

Mr. SEVAREID. What is the relative weight that you assign to, first, this question of how much aid we sent or didn't send, and his use of it, especially in this pullback? Where is the greater mistake, because historically this is terribly important.

The PRESIDENT. It is my judgment—and historically will be probably more precise—but it is my judgment at the moment that the failure of the Congress to appropriate the military aid requested—the previous Administration asked for $1 billion 400 million for this fiscal year. Congress authorized $1 billion. Congress appropriated $700 million, and the failure to make the commitment for this fiscal year of something close to what was asked for certainly raised doubts in the mind of President Thieu and his military that we would be supplying sufficient military hardware for them to adequately defend their various positions in South Vietnam.

Now, the lack of support certainly had an impact on the decision that President Thieu made to withdraw precipitously. I don't think he would have withdrawn if the support had been there. It wasn't there, so he decided to withdraw.

Unfortunately, the withdrawal was hastly done, inadequately prepared and consequently was a chaotic withdrawal of the forces from Military Regions 1, 2 and 3.

How you place the blame, what percentages, our failure to supply the arms, what percentage related to the hastily and inadequately prepared withdrawal, the experts, after they study the records, probably can give you a better assessment, but the initial kick-off came for the withdrawal from the failure of our Government to adequately support the military request for help.

Mr. SCHIEFFER. Mr. President, what I don't understand is, if they are saying we have got to leave because the United States is not going to give us some more equipment, why did they leave all the equipment up there that they had? Why did they abandon so much of that equipment?

The PRESIDENT. As I was saying, the withdrawal was very poorly planned and hastily determined. I am not an Army man. I was in the Navy, but I have talked to a good many Army and Marine Corps experts, and they tell me that a withdrawal, military withdrawal, is the most difficult maneuver to execute, and this decision by President Thieu was hastily done without adequate preparation, and it in effect became a rout.

When you are in a panic state of mind, inevitably you are going to leave a lot of military hardware. It is tragic. There is no excuse for that kind of a military operation, but even though that happened, if they had been given military aid, that General Weyand recommended during the last month, I am convinced that with that additional military hardware on time, there could have been a stabilization of the situation, which in my judgment would have led more quickly to a cease-fire.

Mr. CRONKITE. Mr. President, you have said you were not advised of this withdrawal of President Thieu's. Are you certain, however, that none of the American military or diplomatic advisers out in Saigon did not agree with him that a limited withdrawal might be effective in bringing pressure on Congress to vote those funds and that, therefore, there was an American participation in that decision?

The PRESIDENT. As far as I know, Walter, there was no prenotification to any, certainly high-ranking, U.S. military or civilian official of the withdrawal decision.

Mr. SEVAREID. This whole affair is going to be argued over. There will be vast books on it for years and years and years. Wouldn't it be wisest to publish the correspondence between former President Nixon and President Thieu, which is disputed now, the 1973 correspondence after the Paris accords?

The PRESIDENT. In the first place, I have personally read the correspondence. The personal correspondence between President Nixon and Preisident Thieu corresponds with the public record. I have personally verified that. I don't think in this atmosphere it would be wise to establish the precedent of publishing the personal correspondence between heads of state.

Maybe historically, after a period of time, it might be possible, in this instance, but if we establish a precedent for the publication of correspondence between heads of state, I don't think that that correspondence or that kind of correspondence will be effective because heads of state—I have learned firsthand—have to be very frank in their exchanges with one another, and to establish a precedent that such correspondence would be published, I think will downgrade what heads of state try to do in order to solve problems.

Mr. SEVAREID. Of course, there is no way to keep President Thieu from publishing it?

The PRESIDENT. No.

Mr. SEVAREID. Things like this have been judiciously leaked when it served the purpose of the President or the Secretary of State. You have no such plans for that?

The PRESIDENT. No, I have no such plans, and to be very frank about it, it seems to me that the American people today are yearning for a new start. As I said in my state of the world address to the Congress, let's start afresh.

Now, unless I am pressed, I don't say the Congress did this or did that. I have to be frank if I am asked the categorical question.

I think we ought to turn back the past and take a long look at how we can solve these problems affirmatively in the future. Vietnam has been a trauma for this country for 15 years or more. A lot of blame can be shared by a good many people—Democrats as well as Republicans, Congress as well as Presidents.

We have some big jobs to do in other parts of the world. We have treaty commitments to keep. We have relations with adversaries or potential adversaries that we should be concerned about. It is my judgment, under these circumstances, we should look ahead and not concentrate on the problems of the past where a good bit of blame can be shared by many.

Mr. CRONKITE. Mr. President, Vice President Rockefeller suggested he thinks this would be an issue in the 1976 campaign. Will you make it an issue in 1976 or will you try to keep it out of the campaign?

The PRESIDENT. I will not make it an issue in 1976.

Mr. SCHIEFFER. Will Mr. Rockefeller? I didn't quite understand what he was driving at in that recent interview when he said, you know, if 2,000 or 3,000 Americans die in this evacuation, that raises some issues.

The PRESIDENT. Well, of course, the record—whatever a man in public office says—can be, in and of itself, a campaign issue. But I can speak only for myself, and I do not intend to go out and point the finger or make a speech concerning those who have differed with me who I might privately think contributed to the problem.

By 1976, I would hope we could look forward with some progress in the field of foreign policy. I think we have got some potential successes that will be very much possible as we look ahead.

So, rather than to replay the past with all the division and divisive feelings between good people in this country, I just hope we can admit we made some mistakes, not try to assess the blame, but decide how we can solve the problems that are on our doorstep.

And we have a few, but they are solvable if we stick together, if we have a high degree of American unity.

Mr. SCHIEFFER. There is not much trouble—leaving the Vietnam issue that the Nation has had, and leaving Vietnam here tonight, but I would like to ask just one more.

Have you talked to former President Nixon about any aspects of this Vietnam thing in the last few weeks?

The PRESIDENT. After my state of the world speech April 10th, he called me, congratulated me on it. We discussed what I had said. It was a rather short but a very friendly chat on the telephone.

Mr. SCHIEFFER. Any talk about secret agreements?

The PRESIDENT. As I recall the conversation, he reiterated what I have said, that the public record corresponds with the private correspondence in reference to the commitments, moral or legal, or otherwise.

Mr. SCHIEFFER. Speaking of your state of the world address, there was speculation around just before that address that you were going to use it to put your own stamp on your own foreign policy. I think the phrase was to get out from under the shadow of Secretary Henry Kissinger.

Do you feel you did that with that speech, or was that ever your intention?

The PRESIDENT. It wasn't done to show any particular purpose, other than the problems we had. Vietnam, of course, was number one of the agenda. We did want to indicate that—and I must say we, it means the Administration—that we were strengthening NATO. We had to solve the problem of the dispute between Greece and Turkey over Cyprus.

It was sort of a world look, and I don't think it was necessary for me to put my own imprint. I think it is more important to deal with reality rather than to try and go off on my own.

The problems have to be solved, and I don't care who has the label for it.

Mr. SEVAREID. Mr. President, we all get the impression, and have since you have been in office, that you get your foreign policy advice exclusively from Henry Kissinger. If that isn't so, who else do you listen to?

The PRESIDENT. That is a good question, and I would like to answer it quite frankly. The National Security Council meets on the major decisions that I have to make—SALT, MBFR, et cetera.

I get the recommendations from the National Security Council. It includes Secretary Kissinger, Secretary Schlesinger, the head of the CIA, the Chairman of the Joint Chiefs of Staff. The major decisions come to me in option papers from the National Security Council.

I meet daily with Secretary Kissinger for about an hour because I think it is important for me to be brought up day by day on what the circumstances are in the various areas where we have potential decision-making on the agenda. But, the actual information that is involved in a major decision comes through the National Security Council.

Mr. SEVAREID. Suppose there is a position paper or policy recommendation from somebody in the National Security Council to which the Secretary is opposed? Could it get to you? Could it get past him to you?

The PRESIDENT. Oh, yes. Sure, no question about that. As a matter of fact, in our discussions in the National Security Council, particularly when we were preparing for SALT II negotiations, there were some options proposed by one individual or others. There wasn't unity at the outset, but by having, as I recall, three or four NSC meetings, we resolved those differences. At the outset there were differences, but when we got there, there was unanimity on what we decided.

Mr. SEVAREID. One more short question on this. It was the complaint of many people that worked with President Johnson on the Vietnam war that he never had time to read any of the books about Indochina, the French experience, the Vietnam movement and so on. Have you ever had time to read any of the books about that part of the world?

The PRESIDENT. I, over the years, have read four to five books, but I have had the experience of sitting on a committee on appropriations that had involvement, going back as early as 1953, with economic-military aid to South Vietnam, and those hearings on appropriations for economic and military aid would go into the problems of South Vietnam, Laos, Cambodia, South Vietnam, in great depth.

So, this outside reading, plus the testimony, plus the opportunity to visit South Vietnam I think has given me a fairly good background on the history, as well as the current circumstances.

Mr. SEVAREID. Do you get time to read any books now?

The PRESIDENT. I read, Eric, about one a month.

Mr. SCHIEFFER. Mr. President, I had planned to ask you this later, but perhaps it follows Eric's question, sort of related to this subject, and that is covering you.

You are a very active President. You travel a lot. You take part in a lot of public activities. You have said that you want to take the Presidency to the people. But do you really have time to give serious thought to questions? When do you reserve time to just think about things?

I suppose the question is, do you feel sometimes that you devote too much time to secondary things?

The PRESIDENT. Not at all. I am a very well organized person. When I am in the office, I have a very set routine that gives me the opportunity to read position papers, recommendations, outside material.

And if you spend, as I do, on the average of 14 to 15 hours a day on the job in one way or another, I think I do have an opportunity to get not only the input from Government people, but an input from people on the outside.

Now, it is true I will travel some, but I happen to think it is wholesome and healthy for a President to get out of Washington, to go to New Hampshire, to go to Boston, to go to New Orleans, to go other places.

You get a little different perspective of not only the problems, but the attitude of people and it is helpful to get that input from other sources.

Mr. CRONKITE. John Hersey, in that excellent New York Times magazine piece yesterday, said that you are quite impatient with palace feuds—

The PRESIDENT. That is an understatement.

Mr. CRONKITE. —yet, reports have gone around quite continually here in Washington that there are members of your most intimate White House staff who would like to see Dr. Kissinger go. Are you aware of that?

The PRESIDENT. If they believe it, they have never said it to me. I happen to think Henry Kissinger is an outstanding Secretary of State. I have thought it since I have known him, and he has been in the job.

Fortunately, my personal acquaintanceship with Secretary Kissinger goes back ten or 15 years, so I have known him over a period of time, and it is my strong feeling that he has made a tremendous contribution to world peace.

He has been the most effective Secretary of State, certainly in my period of service in the Congress, or in the Vice Presidency, or the White House. I have never heard anybody on my staff ever make a recommendation to me that Secretary Kissinger should leave.

Mr. CRONKITE. What about suggestions—

The PRESIDENT. I would strongly disagree with them and let them know it quite forthrightly.

Mr. CRONKITE. What about suggestions that perhaps someone else should be the National Security adviser, that he should give up one of those hats? How do you feel about that?

The PRESIDENT. If you were to draw a chart, I think you might make a good argument that that job ought to be divided.

On the other hand, sometimes in Government you get unique individuals who can very successfully handle a combination of jobs like Secretary Kissinger is doing today as head of the National Security Council and Secretary of State.

If you get that kind of a person, you ought to take advantage of that capability. And therefore, under the current circumstances, I would not recommend, nor would I want a division of those two responsibilities.

Mr. CRONKITE. Is there any talk of his resigning?

The PRESIDENT. I have talked to Secretary of State Kissinger. I have asked him to stay and he has committed to stay through the end of this Administration, January 20, 1977.

Mr. CRONKITE. Mr. President, you said last fall—changing the subject—regarding the CIA, that you were ordering a study on how better to keep Congress informed of CIA activities. Can you tell us how that study is coming and can we expect a report on that in the near future?

The PRESIDENT. I appointed the Rockefeller Commission, an excellent group, and they are now in the process of taking testimony from people within the Government and people outside of the Government. It is a very thorough investigation. They have an outstanding staff.

I would expect within the next 60 to 90 days I would have from that Commission its recommendations for any structural changes or any other changes that might be made, but I haven't gotten that report yet.

Mr. CRONKITE. That is the only study. There is not a study on just Congressional liaison with the CIA?

The PRESIDENT. No. That, to some extent, is a separate issue. The Congress, in recent years, has broadened the number of people who are filled in by the CIA.

When I was on the committee on appropriations, I don't think there were more than ten or 12 people in the Congress, House and Senate who were kept abreast of the budget of the CIA, the activities of the CIA, but today, I would guess that it is close to 50 to 75.

Now, when the number of people being told reaches that magnitude, inevitably there can and will be leaks about some of the jobs or activities being undertaken by the CIA.

Of course, the CIA under those circumstances can't possibly operate effectively, either covertly or overtly, so I think we have got to find a better way of adequately keeping the Congress informed, but not enlarging the number who have to be informed.

Mr. SEVAREID. Mr. President, wouldn't the whole thing be safer and clearer and cleaner if it was simply the law that the CIA gather intelligence only and engage in no covert political operations abroad?

The PRESIDENT. If we lived in a different world——

Mr. SEVAREID. It might help to make the world different.

The PRESIDENT. Well, I can't imagine the United States saying we would not undertake any covert activities, and knowing at the same time that friends, as well as foes, are undertaking covert activity, not only in the United States, but elsewhere.

That would be like tying a President's hand behind his back in the planning and execution of foreign policy. I believe that we have to have an outstanding intelligence gathering group, such as the CIA or in the other intelligence collection organizations in our Government. But, I also think we have to have some operational activity.

Now, we cannot compete in this very real world if you are just going to tie the United States with one hand behind its back and everybody else has got two good hands to carry out their operations.

Mr. CRONKITE. Do you people mean by covert activities—I want to get clear on this—does this mean the use of the dirty tricks department to support friendly governments and try to bring down unfriendly ones?

The PRESIDENT. It covers a wide range of activities, Walter. I wouldn't want to get in and try to pinpoint or define them, but it covers a wide range of activities. I just happen to believe, as President, but I believed it when I was in the Congress, that our Government must carry out certain covert activities.

Mr. SCHIEFFER. Mr. President, what do we get for that, for these covert activities? We hear about this business of destablishing the government in Chile. We didn't seem to help ourselves very much in that, the Phoenix program in Vietnam, the secret war in Laos. Is it that we just never hear of the successful ones?

The PRESIDENT. A good intelligence covert activity, you don't go around talking about.

Mr. SCHIEFFER. Have there ever been any good ones?

The PRESIDENT. There have been some most successful ones, and I don't think it is wise for us today to talk about the good ones or even the bad ones in the past.

It is a very risky business, but it is a very important part of our national security, and I don't think we should discuss—certainly I shouldn't discuss—specifics.

I shouldn't indicate we have done this or done that. But I can assure you that, if we are to compete with foes on the one hand, or even be equal in the execution of foreign policy with our friends, we have to covert activities carried out.

Mr. CRONKITE. How in a democracy can the people have an input into what governments overseas they are going to knock off or what ones they are going to support? It seems to be antithetical to the whole principle of democracy.

The PRESIDENT. Every four years, Walter, the American people elect a President and they elect a Congress every two years, or most of the Congress every two years.

The American people, I think, have to make a judgment that the people they elect are going to carry out, of course, domestic policy, but equally important, foreign policy.

And the implementation of foreign policy inevitably means that you are going to have intelligence gathering as well as operational activities by your intelligence organization.

Mr. CRONKITE. Can we move on to the Middle East now? Are you reconciled to a Geneva meeting now or would you still like to see some more direct diplomacy in the step-by-step Kissinger pattern?

The PRESIDENT. I think, following the very serious disappointment of the last negotiations between Israel and Egypt, we are committed, at least in principle, to going to Geneva.

Now, in the meantime, we are going through this process of reassessment of our whole Middle Eastern policy which, prior to the suspension of the negotiations between Egypt and Israel, had been a very successful one.

Now, there really are three options, You could resume the suspended negotiations without making a commitment to go to Geneva. You could go to Geneva and try to get an overall settlement—which is a very complicated matter. People advocate it, however.

But while you were going through this negotiation for an overall settlement, as a third option you might have an interim negotiated settlement between two of the parties, such as Israel and Egypt.

Now, those are basically the three options. We have not made any decision yet. We have had our Ambassadors from the Middle East come back and report to me. We have undertaken a study under the leadership of Joe Sisco to bring together the best thinking and all of the options.

We have brought in, or Secretary Kissinger has brought in, some outside experts in the Middle East. Last week, I had a meeting with a former State Department official, Gene Rostow, who is an expert in this area. But right at the moment, we have made no firm decision as to what our next particular step will be in the Middle East.

Mr. SEVAREID. Mr. President, can you foresee any possible circumstances in which you would feel it right to send American armed forces into the Middle East on land, or in the air? In other words, military intervention?

The PRESIDENT. I can't foresee any, Eric, but—and I see no reason to do so. So, I think the answer is pretty categorically no.

Mr. SEVAREID. What about a wholly different level, if there were agreement for a Russian-American peace patrol and the alternative to that was another mideast war, would you go that far?

The PRESIDENT. You put it on about the most extreme alternatives. We want peace in the Middle East and I think the Soviet Union does, too.

I would hope that there wouldn't be a need for either the United States or the Soviet Union having any peace-keeping responsibilities with their own forces in the Middle East.

Mr. SCHIEFFER. Mr. President, does the reassessment now going on of the Middle East policy also include a reassessment of the U.S. position toward the Palestinians?

The PRESIDENT. If you take the path of an overall settlement and going to Geneva, I think you have to have an analysis of what is going to happen there because the Palestinians are going to demand recognition.

But I don't mean to infer that we have made any decision. But the Palestinians have to be examined as a part of the overall Middle East situation.

I am not making any commitment one way or another but it has to be part of the problem that we are analyzing.

Mr. SCHIEFFER. Let me ask you this just as a follow-up. Could the Palestinians be included if they refuse to deal with the Israelis?

The PRESIDENT. I don't see how because the Israelis, in the first place, don't recognize the Palestinians as a proper party and the PLO doesn't recognize the existence of Israel. So, I think that is an impasse right there and it will be one of the most difficult things that will have to worked out if it is worked out at Geneva.

Mr. SCHIEFFER. Do you have any feel for when there will be a date for the Geneva conference reconvening?

The PRESIDENT. I have seen a lot of speculation early this summer, but no set time has been determined.

Mr. CRONKITE. Mr. President, the Israeli Foreign Minister Allon is in Washington now, and there are reports out of Jerusalem today that he is going to suggest a summit meeting between you and President Rabin. Do you expect to have such a meeting?

The PRESIDENT. I wouldn't expect that I would make any commitment on that until we are further along in our reassessment. It may be desirable at some point. It may be desirable to meet other parties, or other heads of state, in the Middle East, but I don't want to make any commitment tonight as to any one or as to more than one.

Mr. CRONKITE. Doesn't that sort of imply that we are still being a little bit hardnosed in our disappointment over the Kissinger mission?

The PRESIDENT. No, I think it is wise for us to take a look ourselves at the new options or different options. I certainly wouldn't rule out a meeting with Mr. Rabin, but I don't want to make any commitment to one until we have moved a bit further down in the process of a reassessment.

I reiterate that if we meet with one, we certainly ought to give others an opportunity, other heads of state, to have the same input.

Mr. CRONKITE. So, there won't be any favored nation treatment of Israel in the future?

The PRESIDENT. I think we have to, in this very division, where the possibility of war is certainly a serious one, if you have a war, you are inevitably going to have an oil embargo—I think we have to be very cautious in our process of a reassessment.

Mr. CRONKITE. Mr. President, speaking of an oil embargo and the general state of the economy, which it directly affects, the cities are broke, the States are broke, the Federal Government is broke. In order to try to meet recessionary pressures, we feed inflation; to meet inflation, we feed recessionary pressures.

Is there any end to this thing? What is down the road economically?

The PRESIDENT. I happen to be a good bit more optimistic than the picture you paint, Walter. But I think there are a number of facts which give me good reason to be fairly optimistic.

We have gone through the most precipitous inventory liquidation in the last several months in the history of record keeping in the United States. We are almost at the bottom of that, and there are other factors that are appearing that are encouraging.

We have gotten some good news in the area of a lesser rate of inflation. Retail sales have held up pretty good; new orders are doing reasonably well.

I am an optimist about moving the economy forward.

If we do, in the latter half of this calendar year, then some of the financial problems of the Federal Government, State and local units of Government, will be in much better shape. Their revenues will be increased, including ours. So, this acute situation today, that you describe very dramatically, I don't think will be nearly as bad in the months ahead.

Mr. SEVAREID. Mr. President, the Federal Reserve Board in this system of ours is virtually a fourth branch of Government. It is not checked or balanced by any other branch of Government. It can turn the money tap on or off. It has the power to virtually negate any economic recovery program that you or the Congress, or the two of you, put forward—and a lot of people think that is what it has been doing—would you support any of those proposals for legislation to change the law to make them more amenable to the whole political process?

The PRESIDENT. My judgment is that the Federal Reserve Board needs a high degree of autonomy. The minute we turn the central banking set-up into a political weapon, then I think our credibility for responsible monetary policy goes down the drain.

Mr. SEVAREID. But it is a political weapon now.

The PRESIDENT. But it is autonomous. I can't call up Arthur Burns and tell him to do this or do that, and the Congress can't unless they change the law.

Now, on the other hand, Arthur Burns does sit in on some of our economic policy meetings. He is very helpful in his observations, and I think the record will show the last two months that they—they, the Federal Reserve Board under his leadership—have increased the supply of money very substantially.

Mr. SEVAREID. Yes, but the quarterly average is still pretty low yet.

The PRESIDENT. The most recent figures—I think they have been published—are very encouraging as to the money supply and there has been a very substantial decrease in interest rates over the last three or four months because of responsible action taken by the Federal Reserve Board.

My feeling is that if we politicize the Federal Reserve Board, make it a tool of the Administration, or the tool of the Congress, we will lose a great deal of integrity, which I think is vital in the management of our money supply.

Mr. SEVAREID. But if stupidity should happen to go along with that integrity, you can't do anything about it. Ought not the terms of the members be shorter, or the Chairman's term be coterminous with the President's, something of that kind?

The PRESIDENT. Something of that kind

certainly ought to be explored but to make the Chairman or the members all a part of an Administration I think would lead to partisan problems that would be much, much worse than any of the problems we have today, if we have any.

And I must say, in all honesty, Mr. Burns, or Dr. Burns, has been very understanding. When the record of this last year is written, it seems to me that there has been a close coordination between fiscal and monetary policy which will substantially contribute to the recovery we are talking about the latter part of this year.

Mr. CRONKITE. Mr. President, speaking of the Presidential term, I assume nothing has happened in the last few days to change your mind about running in 1976. Will you enter the primaries?

The PRESIDENT. Walter, I have indicated that I intend to be a candidate. I have not made any categorical determination that I will be a candidate. I did say, when I was up in New Hampshire last Friday, that I expected to be up in New Hampshire in March of 1976. I like the country, I like the people and I might have a good reason to be up there.

Mr. CRONKITE. Do you think the encumbent President ought to stand in the primaries then as a general principle?

The PRESIDENT. I like political competition and I think it is wholesome for the electorate to have candidates for whatever office stand up and defend, debate what their views are?

Mr. CRONKITE. Will you debate your opposition in 1976?

The PRESIDENT. I haven't made that decision because I haven't decided categorically I am going to be a candidate, but we will take that under consideration.

Mr. SEVAREID. Assuming you are a candidate, Mr. President, if Mr. Nixon, the last President, offered his campaign help to you, would you accept it?

The PRESIDENT. I like to run on my own and I think when I make the decision to be a candidate, I will stand on my own record. I won't solicit others to come in and help me.

Mr. SCHIEFFER. Mr. President, it seems to me you are giving us a little softer answer than I had the impression you had been giving us. I have been listening to you give these speeches around the country recently.

The PRESIDENT. Bob, you haven't heard me say categorically I was going to be a candidate and for a good reason. Let me tell you the reason that basically keeps me from making an all-out decision.

As President I inherited a number of difficult problems, the economy—which included inflation and unemployment—the problems of Vietnam, and the Middle East. I am not blaming anybody but, all of a sudden, they were thrust on my shoulders. I had to make some hard decisions, some unpopular ones, and if I had been an active candidate in the process of making some of those decisions, individuals or newspapers, or others, could say, well, I did it for political reasons.

I will make those decisions as best I can without having the handicap of being a candidate for re-election. At some point I will make that decision.

But, in the meantime, it is better for me not to be open to the charge that I am making a decision for one political reason or another.

Mr. SCHIEFFER. But you are saying to us that you may not be a candidate?

The PRESIDENT. I didn't mean to leave that impression.

Mr. SCHIEFFER. Let me ask you another question.

The PRESIDENT. I certainly didn't mean to give you that point of view.

Mr. SCHEIFFER. All right, let me ask you another question, Mr. President, along that line. If you are a candidate, are you locked into Nelson Rockefeller as your Vice President? There are some people, as you know very well, in the right wing of your party, that just can't seem to tolerate Mr. Rockefeller.

Would you give any thought to another running mate if indeed you are a candidate?

The PRESIDENT. I picked Nelson Rockefeller for Vice President because I thought he would do a fine job. He has done a fine job. A person who performs well, I think ought to continue on in a position of responsibility.

I see no reason whatsoever, at this point anyhow, and I can't foresee any, where there should be any change.

Mr. CRONKITE. If it were a matter of keeping the conservatives behind your ticket in 1976, you would not dump Nelson Rockefeller?

The PRESIDENT. In the first place, Walter, I think the public has a wrong perception of Nelson Rockefeller. He is not the wild liberal that some people allege.

Mr. CRONKITE. It is not the public, it is the conservatives in your own party.

The PRESIDENT. I happen to think he is a very responsible public official, responsible about fiscal affairs, he is responsible about strong national defense, he is an excellent administrator. I really think some of the charges made against him are unfair and unfounded.

Mr. CRONKITE. And you will persuade the conservatives of that?

The PRESIDENT. I think we can persuade the ones that will look at the facts. I think a lot of them will because they know of his fine record.

Mr. CRONKITE. Do you see a role for John Connally in 1976 in the Republican Party?

The PRESIDENT. I think so. I think John Connally—he was acquitted, all charges have been dismissed. He has a clean slate, and he has the record in the courts to prove it.

So, I think there could be a role for John Connally in the Republican Party in 1976.

Mr. CRONKITE. What about bringing him back into your government? Is that a possibility?

The PRESIDENT. We hadn't gotten to that point, but if we find a spot where he would fit and he was willing, I think he would make a fine addition to any administration.

I thought he was an excellent Secretary of the Treasury.

Mr. CRONKITE. Mr. President—I think we have got time for a final question, gentlemen—and I am all wound up with one.

Two hundred years ago, this new Nation gave promise to the world of new concepts of freedom, of independence, of the dignity of the individual. Today, we find ourselves as a great power, as a gendarme to the world and as an arms supplier to the world.

Last week, to the Daughters of the American Revolution you said, like it or not, we are a great power and our real choice is whether we succeed or fail in a role we cannot shirk. What is that role?

The PRESIDENT. The role is one of leadership to the free world and leadership really in trying to make a better world not only for those in the United States, those aligned with us, but hopefully, those in countries where we don't have alliances or friendly relations.

I think the United States has the potential, has the responsibility on the broadest basis I know to make this a better place in which to live.

And I think, as long as I am President, I am going to make a maximum effort in that way, diplomatically, economically, in every way that I can conceive.

I think that is my job as President and I think it is the responsibility of the American people. There is no reason why we shouldn't. We have the potential. We have the people. We have everything to do it with and I just hope we will move ahead.

Mr. CRONKITE. Thank you very much, Mr. President, and good night.

Mr. SEVAREID. Thank you, Mr. President.

Mr. SCHIEFFER. Thank you, Mr. President.

LIBRARY OF CONGRESS—175TH ANNIVERSARY

Mr. CANNON. Mr. President, as vice chairman of the Joint Committee on the Library, I would like to call to the attention of this body, a significant anniversary and one in which the Congress of the United States can take great pride. One hundred and seventy-five years ago today President John Adams signed an act that provided for the removal of the Government from Philadelphia to Washington and provided "for the purchase of such books as may be necessary for the use of the Congress at the said city of Washington, and for fitting up a suitable apartment for containing them." So the Library of Congress, which now stands as a monument to civilization, had its beginnings.

The first books arrived in 11 hair trunks and 1 map case in early February 1801 aboard a British cargo ship, the *American*. That purchase, containing such works as Adam Smith's "Wealth of Nations and Postelwayte's "Dictionary of Commerce," was evidence of Congress belief in the need for a library to meet its legislative demands. Today, the Library of Congress is one of the world's great research institutions and the custodian of many of the records of the Nation's past. The Library of Congress is marking this 175th anniversary by a formal opening of the Library's American Revolution Bicentennial exhibit, "To Set a Country Free."

The existence and the character of the Library of Congress are in no small measure due to Thomas Jefferson, who offered the republic his private library of almost 6,500 volumes to replace those destroyed in the burning of the Capitol in 1814. In making the offer Jefferson stated:

> I do not know that it contains any branch of science which Congress would wish to exclude from their collection; there is, in fact, no subject to which a Member of Congress may not have occasion to refer.

The purchase of the Jefferson library forever changed the Library of Congress from a small legislative reference library to one with collections universal in scope.

Fire in the Capitol in 1851 again ravaged the Library, destroying two-thirds of Jefferson's books, but Congress provided for rebuilding its quarters, this time a specially designed "iron room," and expanded its collections. By the close of the Civil War the Library of Congress contained 80,000 volumes.

The war, it now appears, was a watershed in the Library's history. Under Librarian of Congress Ainsworth Rand Spofford, who perceived the Library's true mission to be that of the national Library, the Library saw phenomenal growth. The 40,000-volume scientific library of the Smithsonian Institution was transferred to the Library of Congress in 1866 and the purchase of the Peter Force collection of notable Americana in 1867, successfully urged on Congress by Spofford, made the Library of

Congress the largest library in the United States. Spofford's efforts to centralize at the Library of Congress all U.S. copyright activities, culminating in the Copyright Act of 1870, insured the Library's continuing growth, as two copies of every book, print, map, or pamphlet registered was to be thereafter deposited in the Library of Congress. Spofford's next goal, having enlarged the Library, was to secure it a separate and permanent home and in 1886 a Library building across the East Plaza from the Capitol was authorized. By the time the building opened in 1897, much of Spofford's larger design—to expand the Library's services and make an impression on the national consciousness—was already accomplished. Service to the public had grown, the new building was a national monument, and the Library made its voice heard in national library affairs.

Organization of the Library in the new building was the achievement of John Russell Young, who died before he could see the results of his efforts. Herbert Putnam, who served from 1899 to 1939, shared the beliefs of his predecessors that the Library had national obligations to fulfill. Under Putnam the Library's services to libraries nationwide expanded: a new classification scheme was developed, a public card catalog was established, and in 1901 printed catalog cards were offered for sale and interlibrary loan service was begun. To meet growing congressional sentiment that Congress should have the same specialized service that some State legislatures were getting, a separate Legislative Reference Service was authorized. Putnam guided the Library of Congress into the realm of the arts as well, achieving the creation of trust funds and endowments to promote special chairs and consultantships and promoting such activities as the performance of chamber music. Putnam's regime also saw the construction of a Library of Congress Annex on Capitol Hill and the beginning of a national program of reading materials for the adult blind.

Archibald MacLeish, who presided over the Library of Congress during the war years, undertook the first major reorganization of the Library in 40 years, establishing the reference and processing departments. The wartime needs of the United States and its allies for information revealed gaps in the Library's collections that the next Librarian of Congress, Luther H. Evans, attempted to fill, at the same time helping to carry out programs of assistance to war-ravaged libraries in the years following World War II.

Evans was also responsible for a number of new bibliographic and reference services, and he helped to gain recognition, in the Legislative Reorganization Act of 1946, of the Legislative Reference Service as a major research arm of the Congress.

L. Quincy Mumford, appointed by President Eisenhower in 1954, took office at the beginning of what has been called the "information explosion." Not only was more being published in this country and abroad but the needs of a Congress coping with complex modern problems were greater than ever before. Mumford coped with the first by initiating a study of the application of automation to Library processes, a study which provided a basis for the machine readable cataloging—MARC—activities of the Library today. The Library stepped up its aquisitions, first under provisions of the Agricultural Trade Development and Assistance Act—Public Law 480—which allowed the Library to acquire books abroad with U.S.-owned, foreign currency, and later under title II-C of the Higher Education Act as well, which authorized the national program for acquisitions and cataloging.

In 1965 a third Library of Congress building, a memorial to President James Madison, was authorized and in 1975 it is nearing completion on a site just south of the main building.

In Librarian Mumford's tenure, Congress also renewed its interest in expanded research service for Members and congressional committees and more clearly defined the Library's national and congressional missions. The Legislative Reorganization Act of 1970, which created the Congressional Research Service, enlarged the staff and responsibilities of the former Legislative Reference Service to assist Congress more efficiently with its increasingly heavy workload. Under a revised mandate, members and committees receive indepth analysis of legislative issues as well as the more traditional reference services.

The size and the scope of the services of the Library of Congress today would undoubtedly amaze its founders. From the original 11 hair trunks of books and the contents of 1 map case, the Library has grown to 75 million books, maps, prints, photographs, pieces of music, and microforms. It administers a nationwide program of service to the blind and physically handicapped through a network of 54 cooperating libraries. It is a partner in many overseas exchange programs and in numerous national and international cataloging and processing projects. Celebrating its birthday are 4,500 employees, representing a multiplicity of professions and specialities, the work force essential to meeting the needs of demanding masters: Congress, the Government, and the public.

Members of Congress can, I believe, take tremendous credit for this Library which they have nurtured through an amazing 175-year hisory.

AIRBORNE EARLY WARNING AND CONTROL SYSTEM

Mr. GOLDWATER. Mr. President, much has been said in opposition to and in defense of one of the most important new weapons systems we have developed, AWACS. I am happy to report to my colleagues that in a meeting of the NATO Conference of National Armament Directors, NATO established airborne early warning and control system as a urgent first priority military requirement and will collectively support a contract definition phase for the program.

This is a great step forward, not only in the recognition of the value of the system by our allies, but because there has been a commitment on their part of a very material interest. There has recently appeared in Aviation Week and Space Technology a brief outline showing AWACS in the NATO role, and I ask unanimous consent that this outline be printed in the RECORD.

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

AWACS TESTED IN NATO ROLE

(By Herbert J. Coleman)

RAF-MILDENHALL, ENGLAND—Testbed Boeing E-3A airborne early warning and control system (AWACS) aircraft last week began an intensive program of demonstrations over North Atlantic Treaty Organization sea and land environments, using a McDonnell Douglas F-15 fighter in the attack mode, along with other NATO aircraft and warships.

The aircraft, based here at U.S. Third Air Force headquarters and military airlift command base for the first demonstration stage, also was tied into the United Kingdom ground environment linesman-mediator military and civil radar network, via a downlink radar and communications unit flown to Britain by a Lockheed C-130 cargo aircraft.

The downlink unit was taken to Royal Air Force's radar command center at West Drayton, near London Heathrow Airport, where it was demonstrated that AWACS radar contacts of small naval vessels in the North Sea could be linked adequately to West Drayton for inspection and evaluation by combat commanders.

The C-130 and other cargo aircraft were joined in the NATO demonstration by a Boeing 727 jet transport chartered from Lufthansa to carry relief crews and contractor personnel. About 80 tons of ground equipment, including spares, is involved in the demonstration, which will close at Brussels, Apr. 21-24.

At Brussels, the AWACS, Serial 11408, will be on static display for officials of NATO, and tape playbacks of various demonstration exercises over the North Sea, the European land mass and the Mediterranean will be shown.

In Germany, where the AWACS will operate from Ramstein AFB, headquarters of U.S. Air Forces-Europe (USAFE), the aircraft will again be tied to ground, sea and NATO air forces via time division multiple access (TDMA) data link. This also will speed communications with the U.S. Sixth Fleet and other NATO naval vessels during a series of sorties over the Mediterranean along NATO's southern flank.

AWACS also will be linked to the Hawk surface-to-air missile batteries at Wurzburg, Germany. It is the second deployment of an AWACS testbed to Europe since April, 1973, when long-range surveillance radars were demonstrated in an European environment. Since then, the testbed has been equipped with other major elements of the system, including advanced communications, data processing, navigation, display and identification friend or foe.

At Mildenhall, the aircraft made two 6 hr. flights daily, mainly to show the system to officials of the Ministry of Defense, its airborne early warning experts and radar experts from the Royal Radar Establishment at Malvern. In 30 hr. of flying, there were no maintenance holdups, either in the aircraft or in avionics systems.

Britain is following the AWACS concept closely, in view of its present reliance on an aged fleet of Avro Shackleton and Fairey Gannet AEW aircraft. Proposals have been made to the Ministry of Defense operational

requirements committee for a buy of at least six AWACS aircraft for operational use over the United Kingdom and also for integration with NATO under the new UK-NATO command structure.

No decision on AWACS procurement has been made, and none is foreseen in the near future, considering recent cutbacks in British defense spending and research and development activities. Britain also is interested in evaluation of the Grumman E-2C tracker for medium altitude AEW work, but again, no decision is imminent.

All demonstration flights here were accompanied by Maj. Gen. Jesse M. Allen, deputy chief of staff for operations and intelligence (USAFE), and Brig. Gen. Lawrence Skantze, project director, airborne warning control systems. Electronic Systems Div. of Air Force Systems Command.

Allen insisted that the F-15 was not a planned part of the NATO demonstration, but since at least one aircraft was in England, and later would be in Germany, apparently for demonstrations to the Royal Air Force and the German air force, it was used to demonstrate its supersonic capabilities in look-down radar and down-shoot modes at both high and low altitudes.

The F-15 made a number of attacks on AWACS, probably simulating Soviet MiG-25 tactics, both singly and in cooperation with an airborne attacking force of RAF F-4M and USAF F-4D strike aircraft, General Dynamics F-111 fighters from Upper Heyford base in England as target aircraft.

Allen also said the F-15 provided valuable data to AWACS for passing inputs on the TDMA (downlink) net to West Drayton for combat evaluation by air, ground and sea commanders. The F-15 was used in both high and low modes, and other aircraft, including Hawker Sideley Buccaneers, operated as low as 500 ft. and were clearly painted by AWACS controllers.

Considerable AWACS flight time was spent over the North Sea to demonstrate the TDMA link with Royal Navy and other NATO ships and to show contact capability in high clutter areas. At this time of the year, North Sea wave conditions are so bad that on one day, only destroyers could put to sea, and even then were shown clearly on AWACS multi-purpose consoles.

Gen. Skantze pointed out the TDMA is a new development to NATO and this was the first time an accurate realtime slot could be transmitted for ground commanders. AWACS also would use TDMA in work with the NATO air defense ground environment system (NADGE), the radar chain stretching from Norway to Turkey that has been criticized for its weakness in air defense surveillance of low-level attacks.

Skantze said AWACS could fill the NADGE low-level gap, and this would be a primary mission in the Mediterranean demonstrations.

Neither general confirmed this, but AWACS has taken on a new significance since NATO's southern flank fell into disarray with the dispute between Greece and Turkey, both of which maintain NADGE sites and currently are evaluating future relationships with the North Atlantic alliance.

Skantze told AVIATION WEEK & SPACE TECHNOLOGY that a NATO system of AWACS orbits in war and peace situations had been worked out, to provide 200 naut. mi. over-the-horizon coverage in the difficult European terrain.

Allen said that a NATO requirement for full coverage over the horizon could be fulfilled by 30 to 36 AWACS aircraft. Skantze said the price on a purchase based on a production run of at least 30 aircraft would be $60 million each.

He also said the price would be based on a complete production AWACS, with at least nine multi-purpose consoles to monitor the Westinghouse radar system, but that plans were still to be worked out for options on future AWACS models with higher degrees of automation and self defense systems.

Allen said jamming aircraft were used on the North Sea and land mass demonstrations missions and that AWACS had no problems in overcoming countermeasures systems. NATO officials have expressed some concern about survivability of AWACS in a combat situation, but Skantze said the demonstration is designed to show that it has a high degree of survivability against missiles and supersonic aircraft, partly because it will be as much as 200 naut. mi. behind the action.

Any high-speed platform, either missile or aircraft, Skantze said, would have to cross ground and air lines protected by ground missiles and interceptors before reaching AWACS.

Skantze also said the Westinghouse brassboard system on the AWACS testbed now has data processing, a long-range identification friend or foe system, advanced communications links and onboard monitoring equipment.

In the NATO context, Allen said disposition of AWACS aircraft to meet the planned orbital coverage over alliance countries in Europe has not been worked out.

This aspect of airborne electronic warfare will be discussed May 29-30 when the NATO Conference of Armament Directors meets in Brussels at the same time as NATO foreign ministers. An airborne early warning committee from Supreme Headquarters Allied Powers Europe (SHAPE) also is closely involved in evaluation of the current demonstration tour, which ends Apr. 25 when the testbed AWACS returns to the U.S.

FEDERAL GOVERNMENT LAGS IN EQUAL OPPORTUNITY

Mr. PROXMIRE. Mr. President, as the country faces unemployment as high as 20 percent in some industries and 8.7 percent overall, I think it is essential for all of our Federal agencies to set a national example by reaffirming their commitment to equal employment opportunities for women and minorities.

In all candor, I have been very disappointed in the Equal Employment Opportunity profiles of many of our Government agencies that consistently show an unacceptably low percentage of minorities and women able to escape the typing pools into more responsible, administrative positions. For example, less than 5 percent of the minority and female employees at the National Aeronautics and Space Administration are employed at GS-12 or above. Also, the Atomic Energy Commission—now a part of the Energy Research and Develop- Administration—maintains statistics showing that over 60 percent of its female and minority employees are employed at GS-7 and below.

Certainly, these two agencies are not the only guilty ones. They are symptomatic of a general insensitivity to both the spirit and the letter of the equal employment opportunity laws that are on the books.

On March 6, 1975, President Ford sent a memorandum to all of the heads of the departments and agencies, strongly urging these administrators to make the commitment to equal employment opportunity for all and to improve their EEO records. I applaud the no-nonsense tone of the President's directive and hope that my distinguished colleagues in both the Senate and the House will monitor these agencies to assure that equal employment opportunity is alive and well in the Federal Government.

Mr. President, I ask unanimous consent that the President's memorandum be printed in the RECORD for the benefit of my colleagues.

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

THE WHITE HOUSE,
Washington, March 6, 1975.

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

Chairman Hampton of the Civil Service Commission recently reported to me on progress to assure equal opportunity in Federal employment. I have also reviewed the most recent statistics on the employment of minorities and women in the Federal Government.

Minorities and women have demonstrated their ability to compete successfully under merit principles. Over one-fifth of the jobs in Government agencies are held by Blacks, Spanish-speaking Americans, American Indians and Asian Americans. Nearly one-third of all Federal employees are women.

While I am encouraged by these figures, our efforts must continue. For example, within the general schedule and similar grade groupings, minorities represent only 5.2% and women only 4.5% of Federal employees at GS 13 and above. I therefore want you to know how I view equal employment opportunity. I urge you to provide strong leadership in your own organization.

Our Nation's strength is based upon the concept of equal opportunity for all our citizens. Decisions motivated by factors not related to the requirements of a job have no place in the employment system of any employer and particularly the Federal Government.

But more is required than non-discrimination and prohibition of discriminatory practices. What is needed are strong affirmative actions to assure that all persons have an opportunity to compete on a fair and equal basis for employment and advancement in the Federal Government. Affirmative action includes recruitment activities designed to reach all segments of our society, fair selection procedures, and effective programs of upward mobility so that all employees have the opportunity to gain skills to enable them to compete for higher level positions. Such actions are under way in the Federal Government. They must be continued and expanded.

Although the Federal Government has employed large numbers of minorities and women, vigorous efforts to assure equal employment opportunity must continue, particularly in those geographical areas and agencies and installations where more progress is needed. There are program areas where special emphasis is needed. There is reason to believe, for example, that the skills of the Spanish-speaking as a group have not yet been fully tapped. Also, a much wider range of employment opportunities for women can be opened. We cannot and must not permit persons to be locked into jobs not commensurate with their potential. I am looking to you and to every manager in the Federal Government to assure that employees, without regard to their race, national origin or sex, have an opportunity for advancement in accordance with individual abilities.

Moreover, men and women of all racial and ethnic backgrounds must be assured a fair opportunity to serve in positions where

they can make a maximum contribution and participate in the decision-making process.

Equal employment opportunity doesn't just happen; it comes about because managers make it happen. I want equal opportunity to be reflected in every aspect of Federal employment. I have called on Chairman Hampton of the Civil Service Commission to keep me fully informed on an annual basis of the progress each Federal department and agency is making in this regard. Increased accountability on the part of Federal managers will help to promptly identify deficiencies and strengthen our EEO program at all levels.

Just as we will not condone preferences in employment decisions because of a person's race, ethnic origin or sex, we will not tolerate failure to vigorously carry out affirmative actions in support of equal employment opportunity. I am asking for your personal commitment and active cooperation in assuring that the American ideal of true equal employment opportunity is a reality in the Federal Government.

Please make my views known to all employees and managers in your organization. Their understanding of my objective is essential. Their support is required.

GERALD R. FORD.

TESTIMONY OF SECRETARY SIMON BEFORE THE JOINT ECONOMIC COMMITTEE

Mr. HUMPHREY. Mr. President, Secretary of the Treasury William Simon appeared during the Joint Economic Committee's annual hearings in February to relate his views on the U.S. economy in 1975. Although he conceded that the country had fallen into its "longest and deepest decline since World War II," his greatest concern was reserved for inflation.

Mr. Simon feared that Congress might overreact in trying to achieve economic recovery, and urged that it neither increase the Federal budget nor cut taxes in a big way. "The worst policy of all," he said, "would be to both crank up Federal spending and cut back taxes in a massive and permanent way. That sort of advice ignores or minimizes the fact that inflation remains a problem of the first magnitude."

This statement points out most clearly the Secretary of the Treasury's economic philosophy. The present recession is severe but the Federal Government, in his view, should not try to bring about recovery too quickly, because the policies necessary to achieve this end would worsen the inflation—which to Mr. Simon's way of thinking is still "public enemy No. 1."

I am deeply concerned that such a narrow focus in the administration can continue to be a contributing force to trends leading to the actual, harsh problems of today—a disastrous unemployment rate of 8.7 percent, and a decline of 10 percent in the GNP in the first quarter of this year.

Secretary Simon warned that a highly stimulative economic program will place heavy pressure on private capital markets and lead to increased price inflation. The policies that Congress has implemented clearly do not agree with Secretary Simon's philosophy. He would prefer to let the recession linger in exchange for some minimal reduction in the price level at a time when it is falling rapidly. We will never cut unemployment at anywhere near the speed that price rises have dropped.

The Secretary was also greatly concerned over what he called a "profits depression." He noted that because income taxes were being paid on inflated profits, the effective tax rate on true profits had risen from 43 percent in 1965 to 69 percent in 1974. No such similar observation was made about the effective income tax rate increase for the working man. All of us have been taxed more heavily during this period of severe inflation. In fact, a JEC study of inflation and the consumer in 1974 clearly shows that taxes rose more rapidly than any other item in the consumer's budget.

In keeping with his view that inflation is our economy's biggest problem, Simon advised that the money supply should not be increased sharply to meet a possible shortage in the private capital markets.

The views expressed in the Secretary's statement reveal the basis for the advice given by one of President Ford's top economic advisors. More important, they go a long way toward explaining why the U.S. economy has behaved the way it has.

Mr. President, I ask unanimous consent that Secretary Simon's testimony be printed in the RECORD.

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

STATEMENT OF THE HONORABLE WILLIAM E. SIMON

Mr. Chairman and Members of the Joint Economic Committee: It is a pleasure to appear again before your distinguished Committee. These sessions provide a valuable opportunity to review the economic and financial developments of the recent past and to discuss appropriate policies for the future.

We have no shortage of problems to deal with this year. The economy is in recession while intolerably high rates of inflation still persist. At the same time, we must take drastic steps to reduce our dependence upon foreign oil. These same three problems of recession, inflation, and high-priced oil also dominate the international scene and we must continue to work with our friends abroad in search of acceptable solutions.

Our discussions today take place within the context of three recent events: the formulation and submission by President Ford of a comprehensive program to cope with the interrelated problems of the economy and energy; the submission by the President of the budget for the coming fiscal year; and the release yesterday of President Ford's first economic report. The main elements of the Administration's program are familiar to you and I will not take your time this morning to review this program at any length. It does seem to me that your Committee is uniquely equipped to take a broad view of our economic situation and possible remedies, and it is to these that I wish to turn initially.

DOMESTIC ECONOMIC OUTLOOK

We have an economy with a short-run problem of recession and a continuing problem of inflation. There is no doubt about the recession; it may very well turn out to be the longest and deepest decline since World War II. There is also no doubt about the inflation. It dwarfs anything that we have experienced in our peacetime history. Both of these conditions must be brought under control.

Much of the current discussion concentrates almost exclusively upon the recession. This is understandable. Falling output and rising unemployment create economic hardship, which would be intolerable if continued for too long a period. Real output declined at a 9 percent annual rate in the fourth quarter and is again falling sharply during the current quarter. Unemployment rose above 7 percent by the close of last year and will probably exceed 8 percent this year before beginning a gradual decline. For 1975 as a whole the unemployment rate is likely to average close to 8 percent, far above last year's 5.6 percent.

The trend through the year, however, should be distinctly better than last year. In 1974, output was falling rapidly by the end of the year. By the end of this year, output will be rising. In 1974, the rate of inflation was in double digits by the end of the year. By the end of this year, it will be well below 10 percent. The Economic Report provides our best estimates on output, prices, and employment. As in other recent years, our own estimates are close to the consensus of private economic forecasts.

The forecasts may not be altogether convincing. Last year's forecasts—our own and most others—called for output to rise and inflation to fall in the second half of the year. That was not the way it turned out. Now, with the good news once again scheduled for the second half of the year and the bad news here in the present, some skepticism is inevitable.

Our case for a recovery in the second half of this year rests primarily upon cyclical forces. Inflation caused the supply of mortgage credit to dry up and sent the housing industry into a tailspin. With inflation gradually receding now, and the economy soft, short-term interest rates have declined sharply. This has renewed the inflow of funds to the thrift institutions and provided the essential precondition for a housing upturn.

Inflation also cut deeply into the real income of consumers as prices transferred income from most consumers to growers of grain and sugar and to owners of oil both here and abroad. Inflation also cut indirectly into real disposable income through higher effective rates of taxation. As a consequence, real consumer purchases fell 3 percent in the past year. However, now that the pattern of wage settlements has accelerated and the rate of inflation is subsiding, the real income of workers should be on the upgrade again in 1975. This, in turn, should lead to an increase in consumer spending, providing another element of support for the general economic recovery.

A third cyclical element that should turn around during the year is inventory investment. Businessmen are liquidating excessive stocks now, not only in the automobile industry, but also in a wide range of other industries. Since final demands in the economy will not fall away precipitously—for many reasons, including the automatic stabilizers built into our budget—the decline in inventory investment will end and will turn around and become a positive economic factor once again.

Thus, housing, consumer spending and inventory investment will all be contributing to a recovery from the recession during 1975.

There have been 5 cyclical contractions in the postwar period, 27 in the past 120 years. We have survived them all. From every indication, the present contraction will fall within the accustomed postwar pattern. I think there is no prospect whatsoever of a long and deep economic downturn on the scale of the 1930's.

Nonetheless, we are not prepared simply to let nature take its course. The Federal Reserve has already eased monetary conditions substantially. Similarly, the President

has recommended a $16 billion temporary tax rebate this calendar year to provide economic stimulus at a time when the economy is weak. This tax rebate is in addition to the estimated $17 to $18 billion that will be spent on unemployment compensation and public service employment programs in FY 1976. We advocate the $16 billion temporary tax cut not because the economy would not recover without it, but because it will make the recovery in the second half of the year more solid and certain.

Even so, there are no instant cures. Our current economic troubles grew out of multiple causes reaching back a decade or more. While special factors, of which food and fuel are the most prominent, were important, the most fundamental sources of our difficulties have been overstimulative monetary and fiscal policies. It is unrealistic to expect that the economic weakness can be cured overnight. A careful and balanced policy approach is required, and it will take time to yield its full results.

The worst policy of all, in my opinion, would be to both crank up federal spending and cut back taxes in a massive and permanent way. Those are the very policies that got us where we are now. That sort of advice ignores or minimizes the fact that inflation remains a problem of the first magnitude.

It also ignores or minimizes the fact that the enormous budget deficits have to be financed in capital markets that are already strained by a decade of inflation. The financial implications of a massive swing to fiscal ease are so disturbing that I want to discuss them with you subsequently at some length.

Even with a cyclical recovery beginning in the middle months of the year, the economic situation will remain difficult. Productivity has fallen. Gains in output later in the year should mean that productivity growth will resume. But prices, costs, and productivity will not quickly come into anything like the balanced non-inflationary relationship that existed before the mid-1960s. Inflation has become deeply imbedded in the economic system and it will not be removed in a matter of a few quarters.

LONGER RUN CONSIDERATIONS

We must face up to the fact that under the best of circumstances we will finish this year with the rate of unemployment and the rate of inflation far above acceptable long-term levels. From there, at least two paths branch out into the economic future. One choice would be to attempt to push the economy back to full capacity operations at breakneck speed without regard to the inflationary consequences. That is the wrong path to travel, because it would not work. In a very short time, inflation would again be rampant. We would then retrace the same sequence of events we have just been through, tumbling into another recession and shaking public confidence even more severely than at present.

The other path requires patience on the part of the American people. There must be vigorous growth in the economy so that we can steadily reduce unemployment. But some margin of economic slack must remain for a period of years to insure that inflation can be squeezed out gradually. There must be no early return to conditions of excess demand. If this seems an overly cautious approach, it might be recalled that in early 1965, after four years of recovery from the 1960–61 recession, the unemployment rate was still only slightly below 5 percent but the economy was relatively free from inflation.

In the remote historical past, periods of rapid inflation were followed by financial panics and an ensuing deflation. Since the economic and financial trauma of the 1930s we have been unwilling to accept that result and, quite properly, we have built safeguards into the economic and financial system to prevent any deep cumulative downturn from occurring. But we have not yet learned any way of avoiding the inflationary consequences when the economy is pressed too far, too fast. Price controls are no solution at all. They would destroy our market economy if used permanently in peacetime. Therefore, we must hold the economy within the zone of acceptable price performance and apply such other policies as may be required to deal with any structural unemployment that remains.

As we look to the longer run, much greater emphasis also needs to be placed upon the central role of capital formation in economic growth. Our own ratio of private investment to gross national product is much lower than that of other major industrial nations.

In turn, this is reflected in our much lower rate of growth in productivity.

In the future, we are going to have to do better. The capital requirements of the American economy over the next decade will be enormous. We will need up to a trillion dollars for energy alone. Beyond that, we will need extremely large sums for control of pollution, urban transportation, and rebuilding some of our basic industries where new investment languished over the past decade. In addition, there are the more conventional, but still mammoth, requirements for capital to replace and add to the present stock of housing, factories and machinery.

Yet in the face of these massive requirements, we are not providing adequate incentives for new investment. Over the past decade the inflation has led to high effective rates of business taxation and low rates of profitability, which in turn have greatly eroded the incentives for capital formation. It is not unfair to say that we are in a profits depression in this country. Nonfinancial corporations reported profits after taxes in 1974 of $65.5 billion as compared to $38.2 billion in 1965, an apparent 71 percent increase. But when depreciation is calculated on a basis that provides a more realistic accounting for the current value of the capital used in production and when the effect of inflation on inventory values is eliminated, after-tax profits actually declined by 50 percent from $37.0 billion in 1965 to $20.6 billion in 1974. A major factor contributing to this decline is that income taxes were payable on these fictitious elements of profits. That resulted in a rise in the effective tax rate on true profits from about 43 percent in 1965 to 69 percent in 1974. Thus, a realistic calculation shows that the sharp rise in reported profits was an optical illusion caused by inflation.

Since, in our economy, corporate profits are the major source of funds for new investment, and thus in the creation of new jobs, all of this has grave implications for capital formation and growth. That is perhaps seen best in the figures for retained earnings of nonfinancial corporations, restated on the same basis to account realistically for inventories and depreciation. It is the retained earnings that corporations have available to finance additional new capital (as distinguished from the replacement of existing capacity). In 1965, there were $20 billion of retained earnings. By 1973, after eight years in which real GNP had increased 36 percent, the retained earnings of nonfinancial corporations had dropped 70 percent to $6 billion. And for 1974, our preliminary estimate for retained earnings is a minus of nearly $10 billion. That means that there was not nearly enough even to replace existing capacity, and nothing to finance investment in additional new capacity.

It is a simple but compelling economic fact of life that increases in productive performance are required over time to support a rising standard of living.

Yet, as a Nation, we are rapidly expanding public payments to individuals but neglecting to provide adequate incentives for new investment. Since 1965, in real terms, economic output has increased by one third while government transfer payments to persons more than doubled. On the other hand, private investment expenditures—upon which the economic future of all of us inevitably depends—have failed to keep pace, rising by only a bit more than one fourth.

It is imperative that we make better provision for the future. This means that we must place much greater emphasis upon saving and investment and much less upon consumption and government expenditure. Today, recession, inflation, and energy policy dominate the discussion of economic events and policy. We must take determined action to deal with these interrelated problems. At the same time, however, we must begin to shift the long-run balance of domestic priorities away from consumption and government spending and toward investment and increased productivity. I believe history will judge us, not on how we handle our short-run problems such as recession, but on our ability to deal with the more fundamental problems of the allocation of resources and capital formation. If, as a Nation, we fail to address these problems, we will fail to attain the prosperity and the rising standard of living that the American people can achieve. Our goal should be to enlarge the economic pie, not just to redistribute it.

FINANCING FEDERAL BUDGET DEFICITS

Federal budget deficits are estimated to total $87 billion in fiscal years 1975 and 1976—$35 billion this fiscal year and $52 billion next year. I have made no secret of the fact that I feel that such deficits are large by any standard and that they pose a substantial problem. Let me make my conclusion on this issue quite clear. Although they will inevitably impose strains on the financial markets, I believe those deficits will be manageable if—and I want to stress this—if they do not become significantly larger and if they are temporary in duration.

It is true that financial conditions normally ease substantially during a recession and normally they remain easy well into the period of recovery. There are two main reasons for this: First, some private demands for credit are closely related to the pace of business activity and decline sharply during a recession period. Short-term business borrowing to finance inventories is a prime example.

Second, the Federal Reserve customarily "leans against the wind" during a period of recession and seeks to expand, or at least maintain, the rate of growth in money and credit. Therefore, interest rates can be expected to decline and the availability of credit to increase as a normal part of the cyclical process.

It must be considerations of this general nature which lead some observers to conclude, too readily in my opinion, that the financing of large Federal deficits in the current recession is a routine matter, largely devoid of any particular economic significance. I respectfully disagree.

The current recession is an outgrowth of a long period of inflation that has left private financing demands much heavier than usual. There has been the market decline in profits I mentioned earlier and a serious erosion of the liquidity base of households and businesses. The decline in the stock market has in many cases virtually ruled out the sale of new equity as a source of funds.

For these and other reasons, there has been an unusually large supply of private debt issues coming into the market. Our latest projections show that net new corporate bond issues, which rose from $12½ billion in 1973 to $25 billion in 1974, will advance even

farther to some $30 billion or more in 1975. While corporate capital spending programs are being cut back, there will still be a very heavy volume of corporate long-term borrowing. Furthermore, the state and local fiscal position has changed drastically. Their surpluses have melted away, tax receipts are affected by the recession, and state and local borrowing needs will be substantial.

Some slackening in private demands for short-term credit is underway and more can be expected. Yet by any previous recession standards, total private demands for credit—both short and long term—are likely to remain fairly large.

Federal requirements will, of course, have to be met. But there are risks in such a situation. First, if private demand does not fall back spontaneously to make room for the larger Federal borrowing, credit demand will outrun supply, interest rates will be driven higher, and some private borrowers will be crowded out. Judging from past experience, the housing industry would be likely to suffer. Indeed, its recovery might even be aborted. At the worst, financial factors might be such a binding constraint as to dampen the normal cyclical recovery that would otherwise occur.

The second risk is on the inflation side. Some observers suggest that, in order to avoid any strains on the credit markets, the Federal Reserve should undertake whatever rate of growth in money and credit is required to insure that Federal and all other borrowing requirements are met at stable or declining interest rates. This approach, however, could be a sure formula for still higher inflation rates when the recovery gets into full swing—if not sooner.

The key to successful financing of the large Federal deficits lies in diligent restraint of Federal expenditures. Large as they are, the $85 billion in deficits projected for fiscal years 1975–76 can probably be accommodated, although they will produce some strains in the financial markets. However, if Congress were to push Federal expenditures much beyond the budgeted levels, it would not be possible to retain much optimism as to the result. Either the recovery would be delayed or more inflation would be experienced in the future.

In previous recessions one could be more relaxed about the financing of temporary Federal deficits.

This recession began, however, with the financial markets under considerable pressure. If the Congress will work with us in a joint effort to restrain expenditures, we can probably move through the period ahead without undue difficulty, but it would be a mistake to ignore the possible adverse effects of having to finance large Federal deficits. In my opinion, the projected deficits for fiscal 1975–76 are—in the context of our expectations about the course of the economy—about as large as our financial system can tolerate without doing more harm than good for the economy.

THE DOMESTIC ECONOMY AND THE ENERGY PROGRAM

In addition to the temporary measures designed to cushion the impact of recession and promote recovery, President Ford is recommending a comprehensive program to achieve self-sufficiency in energy in ten years. The essence of the program is the reduction of energy consumption through the use of the market mechanism. Under the President's program, energy price increases and other measures will enable us to achieve an estimated 1 million barrels per day savings on imported oil by the end of this year and another 1 million barrels per day by the end of 1977. From a macroeconomic point of view, the program is designed to be neutral in its impact on total demand. An additional $30 billion will be collected in the form of taxes and fees but it will then be returned to the economy, mostly in the form of permanent tax reductions and payments to nontaxpayers.

The introduction of such a program, many of whose effects cannot be predicted with absolute precision, is bound to be controversial. There probably would never be an ideal time for such action. The plain fact of the matter is, however, that many non-economic considerations dictate the necessity of prompt, credible action to move toward energy independence.

With our own economy in recession, it is important to insure that the energy program has as neutral an impact as possible on the overall economy. In particular, this requires that the timing of the economic impact be carefully considered. Taken in conjunction, the temporary $16 billion tax cut to stimulate the economy and the various energy taxes are designed to exert their maximum stimulus in the second and third quarters of this year and then to taper off to a position of neutrality by the end of 1976. A table attached to my statement provides an estimate by quarters of the direct budget impact.

One undesired, but unavoidable, impact of the energy program will be a temporary inflation effect. Our best estimate is a one-shot increase in the general price level of roughly 2 percent. It should be stressed that the rate of inflation is increased by this amount once only, not on a permanent basis.

It is a valid question whether any program seeking to reduce energy consumption through a sizable shift in relative prices can confidently be described as neutral in its impact. Its neutrality is, of course, only with respect to the net effect on economic activity. Energy intensive industries and higher income taxpayers—to mention only two examples—will feel a disproportionate impact. Furthermore, there are uncertainties and gaps in our knowledge which preclude a definite and precise estimate of all the effects. To the best of our ability, however, we have put together an energy program which should be neutral in its total impact on economic activity. At the same time, it represents a comprehensive and balanced national energy policy that will effectively reduce our reliance on insecure sources of energy.

FOREIGN ECONOMIC OUTLOOK

The picture I have given you of the U.S. economy also portrays only too well the economic situation in most other major industrial countries. As the industrialized nations have become more interdependent, their economies increasingly march in step together. In 1972–73, the industrialized nations experienced virtually simultaneous boom conditions. Now most have moved into a generalized condition of minimal or negative growth and substantial unemployment in the face of continuing price pressures.

The recession which most major countries are experiencing is the worst since World War II. Collectively, our partners in the Organization for Economic Cooperation and Development (OECD) saw their growth rate fall to 1½ percent last year from 6½ percent in 1973. Toward the end of last year the Secretariat of the OECD was predicting 2¼ percent growth for the area in 1975, again excluding the United States. From the reports I have heard from my colleagues abroad recently, however, I judge that this estimate will have to be revised downward.

Japan and Germany, like the U.S., are experiencing a more pervasive slowdown in economic activity than expected only a few months ago. To a lesser degree, the outlook for the French, British and Canadian economies has also weakened. There is considerable evidence of loss of confidence on the part of both consumers and investors, with consequent damage to investment and jobs.

Reduced levels of consumer spending, along with high interest rates, have led to continued retrenchment in business plans for plant and equipment expenditure.

Unemployment has also become a problem abroad. Declines in average hours worked, increases in part time work and actual declines in employment, particularly in the manufacturing and construction sectors, are characteristic. Unemployment rates in Europe are in many cases approaching postwar highs, and in the case of France, unemployment has already reached a postwar record. As in the United States, unemployment levels may well increase further before levelling off and starting down again toward the end of the year.

Intolerable inflation rates abroad have recently shown signs of easing. But for much of last year, far from abating in most countries they climbed to even higher levels under the pressure of the oil price increases and escalating wage and salary demands. Double digit inflation rates were recorded in 22 of the 24 OECD countries in 1974. Excluding the United States, the OECD inflation rate was over 15 percent for that year, as compared with 8½ percent in 1973 and an average of 4¼ percent in the previous ten years.

All of the OECD countries hope to bring down their inflation rates in 1975, but none expects to achieve a level which it would consider satisfactory. Of the other OECD countries, price increases of less than 10 percent are forecast for only Germany and Switzerland. Japan, Italy and the United Kingdom still face the prespect of rates above 15 percent for 1975.

For the policy maker searching for the means to restore both price stability and growth, the difficulty has been compounded by record wage demands. In many countries, wage increases in 1974 averaged more than 20 percent—well above inflation rates—and in Japan they approached 30 percent. The extent to which these pressures can be moderated will be a key factor in determining the success of efforts to reduce inflation in 1975.

In my talks with other finance ministers, I find an acute awareness that economies are caught in a two-way stretch and that it would be dangerous to focus on only one source of the tension. Individually and together, governments are reappraising their policies as time passes and the situation changes. In several countries, government policies have shifted, just as they have in the United States. Most Governments are moving cautiously, however, seeking to absorb slack gradually so as to avoid giving a new boost to inflationary pressures. Germany—which had the best record on inflation in 1974—has relaxed previous restrictive policies significantly, and Britain has also moved progressively to stimulate its economy.

Canada has moved modestly toward less restraint in both budget and monetary policy. France on the other hand, has sought to maintain restraints. Japan, laboring under a cost of living increase of 25 percent in 1974 and facing demands for another 30 percent increase in wages, has also kept restraints taut despite a 6.7 percent decline in output in the fourth quarter.

One implication of the depressed outlook for major economies this year is that foreign demand will not be of much assistance in achieving early recovery. The volume of international trade may well decline in 1975. Another, more heartening, implication is that there could be greater progress against inflation than earlier foreseen. There is a possibility that the world wide slump may lead to more softness in the prices of basic commodities than has been incorporated into most forecasts. With higher unemployment rates, wage demands may turn out to be somewhat more modest than anticipated. Inflationary pressures could thus subside somewhat more rapidly than expected, if

governments can resist pressures for excessively stimulative policies.

INTERNATIONAL PAYMENTS

Never in peacetime has the pattern of international payments shifted as sharply and as suddenly as it did last year under the impact of the OPEC cartel's quadrupling of oil prices. The OECD countries, which had a combined current account surplus of $2½ billion in 1973, faced a deficit of perhaps $37½ billion in 1974. Countries which had been accustomed to exporting capital and transfering real resources to the developing countries found themselves unable to pay for their own imports with their exports. They have been forced to become borrowers—on a scale out of all proportion to previous experience.

The announcement that the United States had a $3 billion merchandise trade deficit in 1974 (census basis) occasioned headlines here in Washington. This was a deterioration of less than $5 billion from the 1973 balance. With the trade surplus of the OPEC countries rising—in rough order of magnitude—$60 billion in 1974, there had to be an equivalent deterioration in the trade balances of the oil importing countries as a group. Since the U.S. was importing not much less than a quarter of the oil and our oil import bill rose $18 billion, our trade position clearly strengthened relative to most of the oil-importing world. Germany was the only important industrial nation to experience an increase in its surplus on trade account.

Record deficits in the oil importing countries had their counterpart in record surpluses of the oil exporters. We estimate that in 1974 the thirteen OPEC countries received about $90 billion from oil exports, or roughly four times the amount they earned in 1973.

In addition, their other exports amounted to about $5 billion, bringing their total receipts to $95 billion. During this same period, the OPEC nations spent approximately $35 billion—or a little more than a third of their export receipts—on imports. This left a balance of approximately $60 billion available for investment abroad.

OPEC needed to find investment outlets for this balance, and oil importing countries needed to borrow these funds. Our rough and tentative estimates suggest that in 1974, the OPEC countries invested their surpluses as follows:

Some $21 billion, or about 35 percent of the surplus, apparently went into the Eurocurrency market, basically in the form of bank deposits.

Some $11 billion, or 18½ percent, flowed directly into the United States. Available figures suggest that of this amount, roughly $6 billion went into short and longer-term U.S. Government securities, while some $4 billion were placed in bank deposits, negotiable certificates of deposit, bankers' acceptances, and other money market paper. As best we can tell, less than $1 billion was invested in property and equities in this country.

Some $7½ billion, or about 12½ percent, is believed to have been invested in pound sterling denominated assets in the United Kingdom, some of it in U.K. government securities, some in bank deposits, some in other money market instruments and some in property and equities. This amount, I should note, is quite apart from the large Eurocurrency deposits there.

Some $5½ billion, or about 9 percent, may have been accounted for by direct lending by OPEC countries to official and quasi-official institutions in developed countries other than the U.S. and the U.K.

The rather wide distribution of OPEC capital flows among markets in the oil importing nations explains in part why the massive shifts in financial assets did not lead to the financial crises that some envisioned. OPEC funds did not move to one or only a few attractive capital markets, as once was feared. The United States, with the largest capital markets, received directly only 18½ percent of the total, an amount substantially less than OPEC's increased receipts from oil sales to the U.S. The United States also continued to export large volumes of capital to other areas abroad, and our net capital imports last year, as measured by our current account deficit, were probably in the range of only $3 billion.

It appears that something approaching half of the OPEC investments last year were placed through the commercial banking systems of the major industrialized countries. The banks redistributed these funds exercising their traditional intermediation role in meeting the needs of borrowers throughout the world. Admittedly, the sheer volume of OPEC funds placed some strains on the banking systems. Probably few banks expect to continue to increase international lending at the 1974 rate. Banks as a whole may not be able to accept as large a portion of the OPEC surplus in 1975.

Changes in the methods of channeling OPEC investments were already evident in the course of 1974. Banks were increasingly playing the role of broker and assisting their OPEC clients in arranging direct placements. OPEC countries were relying more heavily on government-to-government credits, investment in longer-term securities of governmental and quasi-governmental agencies and lending to international institutions. There was also evidence of a small amount of OPEC funds being invested in corporate securities and real estate. As time passes, we are likely to see a more varied pattern of investment as well as increasing disbursements under OPEC commitments of assistance to developing nations.

That last year's totally unexpected and unprecedented shift in international payments flows occurred without financial crisis and without disruption of trade says a great deal for the soundness of the international banking system and the international capital markets, the network of intergovernmental financial cooperation, and the system of floating exchange rates.

Nevertheless, I recognize that at times concern has been expressed about the magnitude of exchange rate fluctuations under the present regime. We recently witnessed a temporary episode of large fluctuations in individual rates, when the Swiss franc appreciated by about 5 percent against the dollar within a span of a few days. These abberations tend to reflect market reactions to specific, immediate developments—in this case probably to a bank failure and the decline in U.S. interest rates—but become subsumed as the market adapts to broader economic trends.

As has generally been the case, this most recent experience has had only a minor impact on a broader measure of the dollar's "exchange rate": the dollar's average value, relative to the currencies of all of the major industrial countries, declined by only about 1 percent before a reversal was set in motion. Taking a more relevant period of comparison, the dollar's average exchange rate is still at the level reached after the major exchange rate realignments of 1971 and 1973, despite nearly two years of generalized floating since the latter realignment. Throughout this period of generalized floating, our intervention policies have been directed to the avoidance of disorderly exchange market conditions and not to the achievement of maintenance of any particular rate.

INTERNATIONAL COOPERATION

The experience of the past year has served to reinforce our conviction that the financial aspects of the oil situation are manageable. Nonetheless, we have recognized the possibility that some countries might encounter particular difficulty in meeting their financial requirements and turn to restrictive actions which could disrupt the world economy. To reduce that risk, the United States developed a comprehensive series of proposals involving expanded use of the resources of the International Monetary Fund, the establishment of a new "solidarity fund" to provide a "safety net" for members of the OECD, and a Trust Fund to provide the concessional assistance needed by the poorest of the developing countries. Other countries also had suggestions for new financing arrangements. These proposals have been the subject of intensive consultation and negotiation over the past months.

Finance Ministers around the world have developed a whole family of committees and informal groupings in which they can meet periodically to consider the world's economic and financial needs. The great value of this network—including the Group of Ten, the Interim Committee of the IMF and the IMF/IBRD Development Committee, as well as smaller, less formal groups—was demonstrated by the agreements reached at a series of meetings here in Washington in mid-January. In the course of these sessions, a consensus was reached on a number of measures which will provide additional financial security for the near future and strengthen the monetary system for the longer term:

—Agreement was reached among the major OECD countries that a new Solidarity Fund, a financial support arrangement along the lines of the United States proposal for a $25 billion "safety net", should be established at the earliest possible date. This arrangement is to be available to provide supplementary financing, if the need arises, to participating OECD countries which follow cooperative economic and energy policies.

Detailed work on this new arrangement is to be completed promptly.

—Agreement was reached among IMF countries that IMF resources would continue to play a role in 1975 to the extent needed. As one expression of this intent, it was agreed that the IMF oil facility should be continued on a limited basis during 1975. Borrowing from oil producers and others for this facility will be limited to about $6 billion (or 5 billion SDR's), less than some countries originally favored. This agreement was preceded by considerable discussion of different methods of using IMF resources. One approach is to use the Fund's resources in effect as collateral for loans as is done for the special oil facility. A second approach is to mobilize the Fund's resources directly for lending. In the end, it was agreed to do both. There will be some new borrowing and also increased direct use of IMF resources to meet the needs of nations in difficulty. Contributions from oil producers and industrial countries to subsidize interest costs of the IMF Oil Facility for the very poorest countries may also become a feature of the facility in 1975.

Agreement in principle was also reached to increase IMF quotas of member countries by approximately one-third, subject to agreement on a related package of amendments to the IMF Articles of Agreement. The major oil exporters' collective share of the total IMF quotas will be doubled in order to call for greater participation and a greater voice for these countries in the activities of the International Monetary Fund. Quota increases will be dependent upon the agreement of countries when such use is economically justified.

Agreement in principle was also reached to lines of a number of other amendments to the IMF Articles, with the particulars to be worked out over the months ahead. These

amendments are designed to improve the structure of the IMF and bring it more in line with current realities. One amendment supported by the United States will provide that member countries are no longer required to maintain their exchange rates within narrowly fixed margins, but can float their currencies—A practice which is not legally permissible under the IMF Articles as now written.

Considerable progress was also made toward narrowing differences with respect to the broader question of gold and its role in the international monetary system. It was agreed in principle that the official price of gold—and hence its central function as "numeraire" of the monetary system—should be abolished and that obligations on the part of members to pay the IMF in gold, and on the part of the IMF to receive gold, should be ended.

Progress was also made toward replacing the existing prohibition against members of the IMF buying gold in the private market with safeguards assuring that this freedom would not be used to return gold to the center of the monetary system. Our aim is to arrive at workable arrangements which will take gold out of the center of the international monetary system, while also allowing countries greater freedom to utilize their gold holdings. It is my hope that the entire package of quota provisions and amendments, including those relating to gold, will be ready for approval at the Interim Committee meetings scheduled for this June.

Less progress was made at these meetings than had been hoped in organizing assistance for developing countries, some of which face very serious difficulties. As I mentioned earlier, there was some support for measures to subsidize interest rates for loans to these countries from the IMF oil facility. The United States proposal for a new facility—a Trust Fund managed by the IMF which would channel funds to the poorest of the developing nations on concessional terms—remains under study. It continues to be our hope that adequate arrangements can be devised, and that the OPEC nations will provide an appropriate part of the contributions to this effort.

Oil consuming countries have also made considerable progress in concerting their energy policies. Last fall agreement was reached among a number of consuming countries on the International Energy Program which was an outgrowth of Washington Energy Conference in February of 1974. We have developed an unprecedented program to limit individual and collective vulnerability during emergencies created by supply interruptions. Under this arrangement, participating countries have agreed to:

Build a common level of emergency self-sufficiency, which would allow them to live without imports for a certain period.

Develop demand restraint programs to cut oil consumption by a common rate without delay if necessary.

Allocate available oil to spread shortfalls among participants should there be supply interruption.

Concrete plans are also now being laid to coordinate programs of energy conservation and longer term development of new sources of supply. The new solidarity fund, by providing financial assurance and promoting confidence, will support accelerated efforts in the energy field. And consumer solidarity in both energy and finance will prepare the way for a fruitful dialogue with the oil producing countries.

U.S. participation in the solidarity fund will involve commitments requiring the endorsement of the Congress.

I hope the Congress will recognize the importance of this arrangement in furthering our economic goals and, following presentation of the detailed agreement, endorse U.S. participation without delay.

With the passage of the Trade Act of 1974, the new round of multilateral trade negotiations can move into substantive bargaining. The February meeting of the Trade Negotiations Committee will open this stage of negotiations that are the most comprehensive ever attempted. They will deal not only with the traditional trade problems of tariffs and nontariff barriers, but also with overall reform of the international trading framework.

Getting the trade negotiations underway is more important now than ever because of current world economic conditions. These negotiations should help forestall unilateral measures which attempt to shift economic burdens to other countries, and which, if widespread, could have a depressing effect on the world economy.

THE CHALLENGES AHEAD

Mr. Chairman, the past year has seen the development of the high degree of consensus necessary for effective actions to deal with the multiple problems of recession, inflation, and a disruption in the world energy balance. While there still remains room for honest differences as to the course to be followed, I believe that the scope for disagreement has become increasingly smaller.

Certainly we cannot afford, either in this country or abroad, excessively stimulative policies which could only lead to further escalation of an already intolerable inflationary spiral.

Nor can any country afford not to take prompt steps to ensure that the current recession does not deepen and is instead succeeded by a resumption of the sustainable growth of production and productivity necessary to maintain the health of economies around the world.

And we cannot afford to delay programs of strong action to create a new energy balance.

The President has placed before the Congress an effective program to address all of these problems. He has expressed his desire and evidenced his willingness to work with the Congress in carrying out that program. We recognize that Members of the Congress have views of their own—views that are held with the same degree of conviction as we hold ours within the Administration. Our hope is that we can find reasonable means of reconciling those differences, so that together we can provide America with the leadership it needs at this critical hour.

TABLE 1.—DIRECT BUDGET IMPACT OF THE PRESIDENT'S ECONOMIC AND ENERGY PROPOSALS

[In billions of dollars]

	Calendar years							
	1975				1976			
	I	II	III	IV	I	II	III	IV
Energy taxes	+0.2	+4.1	+12.6	+7.6	+7.6	+7.5	+7.5	+7.5
Return of energy tax revenues to economy:								
Tax reduction	0	−3.2	−9.0	−9.0	−5.6	−7.9	−6.3	−6.4
Nontaxpayers			−2.0				−2.0	
S. & L. Governments	0	−.5	−.5	−.5	−.5	−.5	−.5	−.5
Federal Government	0	0	−.8	−.7	−.8	−.7	−.8	−.7
Temporary tax cut	0	−6.1	−7.9	−.6	−.8	−.9	0	0
Net effect	+.2	−5.7	−7.6	−3.2	−.1	−2.5	−2.1	−.1

THE NEED FOR A CONSUMER AGENCY

Mr. RIBICOFF. Mr. President, President Ford recently wrote to me and Senators PERCY and JAVITS, asking that the Senate postpone consideration of legislation creating an Agency for Consumer Advocacy—ACA. But my colleagues and I, convinced of the urgent need for ACA, have decided to work for passage of the legislation this year.

Because this legislation will soon be considered by the Senate, I ask unanimous consent that a column on the subject, written by Ernest B. Furgurson, and published in the Washington Star, April 23, be printed in the RECORD.

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

FORD AND CONSUMERISM

(By Ernest B. Furgurson)

The Consumer is all of us, which means a lot of votes.

Thus Mr. Ford's letter to three key lawmakers began in positive tones. "In the interest of protecting the American consumer," it said, "I am directing . . . I am asking . . . I urge . . . I renew my request . . . I will soon request . . . I also intend to ask . . . I am determined. . . ."

But then he got to his punch line: He is flatly opposed to creation of a federal consumer protection agency, which appears likely to clear Congress this time after repeatedly failing by narrow margins in earlier sessions.

The President's "however" style is straight in line with his predecessor's record on consumer agency legislation—endorse it in principle, obstruct it in practice.

Ford voted for a modest House bill in 1971 before it succumbed to filibuster in the Senate. But now, it is obvious that the only way it can be killed again is by bluff, and sure enough that is what Mr. Ford is doing.

The Senate has changed its rules to make it possible for 60 voters, rather than two-thirds of those present, to cut off a filibuster. At least two of those who voted against cloture last year have been replaced with supporters of the bill. That probably means a filibuster cannot kill it this time.

However, the same two-thirds still is needed to override a veto—and the President is

implying without stating that he will veto the measure once it passes. And he might, but the threat remains bluff, because the bill's backers believe they have enough support this year to push it through even past the veto.

Parliamentary prospects aside, it may seem odd that any President contemplating running for re-election would stand against a bill serving The Consumer. On precedent, the measure will have overwhelming backing in both committees and on the House floor. In opposing it, the President is backing the acknowledged swell of consumerism across the country.

Mr. Ford explains his opposition on traditional conservative grounds of not adding to the federal bureaucracy and holding down the budget. But in fact the proposed payroll of the agency is peanuts, relatively speaking.

Its advocates maintain the agency actually would function against inflation, by challenging the price-rigging in which some regulatory commissions indulge.

Under the circumstances, it is not disrespectful to speculate about the role of Mr. Ford's old golfing and socializing buddies here in his switch against the consumer agency.

It happens that Ford Motor Co., the National Association of Manufacturers and the Chamber of Commerce are among the leaders in the general business opposition to the agency. And it happens, too, that the President's closest after-hours companions for years have included Rodney Markley, William Whyte and Bryce Harlow, who are the high-paid Washington representatives of Ford Motor, U.S. Steel and Proctor & Gamble, respectively, plus a list of other oil, manufacturing and business lobbyists.

None of that is incriminating, of course, but it would be less notable if the President also had occasional hot cocoa with Ralph Nader, for example, or hobnobbed with other consumer advocates like Carol Foreman and Esther Peterson. That, however, doesn't happen.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, I have spoken before of the ratification of the Genocide Convention as a responsibility of the United States to the U.N. As the most influential of nations, the course of world opinion is undeniably affected by every decision we make. It follows then that the U.N., as an international organization, has an amount of influence which is directly related to the support which we give it. This has always been the case, yet this body seems to be unaware of the situation. The United States has always spoken out in favor of the U.N. as a potentially effective means of attaining world peace, yet we fail to take action which would indicate that support In failing to ratify the treaty we do a double disservice: we forfeit the power of our support with seemingly empty words and we leave the U.N. to fend for itself.

The Subcommittee on International Organizations and Movements of the Committee on Foreign Affairs commented in their report:

The United States, through its failure to become party to all but a few of the human rights treaties, has become increasingly isolated from the development of international human rights law. This failure impairs both our participation in the U.N. work in human rights and our bilateral efforts to persuade governments to respect international human rights standards.

There are at least 29 human rights conventions which the U.S. has not ratified. Even alleged inconsistency between provisions of the conventions and the U.S. Constitution would not justify outright rejection by the Senate since reservations may properly be attached to ratifications to preserve the integrity of the U.S. Constitution.

I believe that there are no reasons remaining which would warrant any further delay to the acceptance of the Genocide Convention. I call upon this body merely to see and fulfill its responsibility.

CHILD NUTRITION PROGRAM HEARINGS

Mr. HUMPHREY. Mr. President, on April 22, the Subcommittee on Agricultural Research and General Legislation of the Senate Committee on Agriculture and Forestry began hearings on our child nutrition programs.

In my statement regarding these hearings, I attempted to suggest some of the main issues which need to be faced concerning these programs. I also pointed out that I have introduced legislation to move the school lunch program toward a universal basis.

We need, as I indicated, to expand the level of participation under this program. Unfortunately, the administration's block grant proposal would lead to increased prices for school lunches and further decreases in the level of participation.

At the hearings, the administration did not have any answer to the question as to how the proposed $700 million reduction in Federal funding would be made up by State financing.

It was quite clear that the administration plans to proceed and introduce legislation along these lines, although it has been over 2 months since the block grant proposal was announced.

I suggested that these hearings be looked on as a way of addressing the problems and issues of the child nutrition programs.

At this time when our Nation is suffering from a recession, I certainly would not go along with the administration's proposal which would emasculate these programs to the detriment of all our citizens.

Mr. President, I ask unanimous consent that my statement be printed in the RECORD.

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

STATEMENT OF SENATOR HUMPHREY

I welcome the initiation of hearings on the National School Lunch and Child Nutrition Programs in order to determine their content and direction in the coming years.

The Administration earlier this year indicated its intention to seek legislation which would replace all existing child nutrition programs with a single program of block grants to the states. To date, I am happy to say, I have not seen any legislation introduced along those lines.

My reaction to the Administration's proposal was to describe it as an "anti" child food assistance act and a "blockbuster" rather than a block grant. I hope that we can use these hearings to examine the programs in order to strengthen and improve them rather than risk setting back the work and progress of 30 years in meeting the needs, health and well-being of the 31 million American children who participate in these programs.

At our February agricultural hearings in which Secretary Butz participated, I argued that the Department should not be so obsessed with the fact that over half of the budget at the Department is concerned with what some people refer to as "welfare programs." I pointed out to the Secretary that it is up to the Congress to legislate and the Department to administer the laws as written. I hope that this message has gotten through to Secretary Butz.

I look on these child nutrition programs as vital to the health and welfare of our nation and its future. And the Department of Agriculture should recognize that it has a major stake in supplying the commodities on which these programs are based.

One of the major programs which we need to examine is the school lunch program. I have recommended that a universal school lunch program be developed so that all school children would receive at least one balanced and nutritious meal each day.

We have seen the enrollment in this program decline as the prices for school lunches have steadily gone upward. For each 5 cent increase in the cost of a meal, it is estimated that there is a 5 to 10 percent loss in participation. In my view, food is as important as books. The Administration's block grant proposal, on the other hand, would cause an additional seven to ten million students to drop out of the school lunch program.

We need to take the initiative in freeing school administrators from performing a welfare function when their real business is education. We should be looking for ways to simplify this program and relieve school administrators of the paper work connected with it.

I was happy to hear from the Minnesota Director of the Child Nutrition Programs, Mr. Charles Matthews, that:

"The most effective legislative change which we would recommend to help stop the loss of paying students in the lunch program would be the adoption of a universal school lunch program with only a nominal charge, if any."

This is the direction which I sincerely believe that we should be moving toward in our school lunch program.

In the meantime, we should give careful consideration to the provision under Section 5 of S. 850, whereby the eligibility level for reduced price lunches would be increased to 100 percent above the poverty level. This section would be one important step in strengthening this program.

These hearings should also give special attention to the special supplemental food program, commonly referred to as W.I.C. (Women, Infants and Children).

This program is designed to provide high protein diet supplementation to low-income women, infants and children found to be at nutritional risk. The idea of the legislation is to reach people during those critical periods when nutrition intervention would do the most good for them and give the taxpayers the best return for their dollar.

This program has already brought strong and favorable responses from the States and recipients under the program. My bill, S. 822, and S. 850 propose to make a number of important changes to extend and further strengthen this program.

Under this legislation, funds for administrative expenses would be increased, with nutrition education and outreach included under the administrative cost section.

S. 882 also envisions the establishment of a National Advisory Council on maternal, fetal and infant nutrition, which would be composed of administrators, health professionals, nutritionists, W.I.C. directors and W.I.C. participants. This council would meet with the Secretary of Agriculture on a regular basis and provide him with the best pro-

fessional thinking and information regarding this program.

I believe that the W.I.C. program is one of the more exciting and important initiatives which we have undertaken in recent years in the health and nutrition area. This Congress must make every effort to see that the program is strengthened and improved.

Our hearings also need to examine the summer food program and the school breakfast program. I believe these programs meet significant needs and should be extended.

The Congress, through S. 1310, has already moved to provide a 90-day extension for the summer feeding program so that planning can go forward for this summer's activities. However, we need to get away from such last minute actions regarding these programs. We need to find ways of reviewing and planning these programs in a more orderly fashion.

I also would recommend that these hearings take a careful look at the whole area of U.S.D.A. purchase and donation of commodities and the issue of providing cash in lieu of commodities. The Minnesota Director of Child Nutrition Programs estimates that discontinuing the commodity distribution program would require an additional cash reimbursement of at least ten cents per meal.

We also will need to look at the commodity program for institutions which the Administration has proposed to eliminate.

We should take a careful look at the actual meals offered from the standpoint of nutrition and reducing waste.

I hope that the Administration will be cooperative in these hearings. The child nutrition programs meet a critical need, particularly at this time of economic recession. Let us together look for ways of making improvements in these programs rather than destroying what has been built with care and hard work.

A NATIONAL DAY OF REMEMBRANCE

Mr. BAYH. Mr. President, on April 8, the House of Representatives passed House Joint Resolution 148, a resolution to designate April 24, 1975, as "National Day of Remembrance of Man's Inhumanity to Man." It now appears that the resolution will not reach the Senate floor, and I believe this is unfortunate.

The designation of April 24 as a "National Day of Remembrance of Man's Inhumanity to Man" would be a fine tribute to the millions of men, women, and children who have been mercilessly massacred by ruthless and unscrupulous governments at various times in history. I believe it would have been most appropriate to review through the resolution what is regarded to be the first instance of deliberate genocide in the 20th century—the savage massacre of the Armenian people by the Ottoman Turkish Empire in 1915.

Traditionally, Armenian-Americans and their kin throughout the world have observed April 24 as a day of mourning. It was on the night of that day 60 years ago that 200 intellectuals, community leaders, and prominent citizens of the Armenian community were herded into the desert and executed. This event marked the beginning of the Ottoman Empire's systematic plan to exterminate the whole Armenian Christian population within its borders.

Over the next 3 years, 1915–18, 1½ million Armenians were massacred. The entire population was uprooted from their ancestral homeland in what is now the eastern region of Turkey. The able-bodied men were murdered, sometimes in full view of their enslaved families. Then, all the remaining women, children, and elderly were forced to leave their belongings and march to the remote deserts of Der-el-Zor. Along the way, these helpless people were subjected to torture, rape, and slaughter by roving bands of Ottoman soldiers. Any survivors of these brutalities died one by one from exhaustion, starvation, and disease. As Henry Morgenthau, American Ambassador to the Ottoman Empire at the time, commented:

> Whatever crimes the most perverted instincts of the human mind can devise, and whatever refinements of persecutions and injustice the most debased imagination can conceive, became the daily misfortunes of this devoted people. I am confident that the whole history of the human race contains no such horrible episode as this. The great massacres and persecutions of the past seem almost insignificant when compared to the sufferings of the Armenian race in 1915.

Beyond the brutal deportations and heinous murders, the Ottoman government attempted to obliterate all traces of the 3,000-year-old American civilization. Libraries, churches, and schools were destroyed. Books, paintings and irreplaceable antiques were burned. Every possible attempt was made to wipe out any trace of the Armenian people—who perhaps are the oldest of the civilized races in western Asia and were the first nation in the world to accept Christianity as its state religion.

Nevertheless, despite the odious crimes of the Ottoman government, the Armenian people survived. In 1918, through the efforts of President Woodrow Wilson, the boundaries for a free and independent Armenia were established. The little Republic was formally recognized by the United States. However, weakened and demoralized by the genocide, the Republic of Armenia fell 2 years later—this time to the Soviet Union. Today, there are tens of thousands of Americans that are of Armenian descent living in the United States, enjoying and upholding the principles of liberty and justice we all cherish so dearly, but the scars of the crimes committed against their ancestors and kin still remain.

Mr. President, the world must never forget the gruesome brutality and injustices suffered by the Armenian people. nor must the world ever forget the other atrocities committed against humanity in this century or any other century. Unfortunately, we cannot remake the past. However, man can use the past to remind him what he has done wrong in order to help him in the future to do what is right. It is only fitting that April 24, the start of the first genocide in the 20th century, be dedicated as a "National Day of Remembrance of Man's Inhumanity to Man." I regret that opposition from the Ford administration prohibited us from voting on the important resolution which would have accomplished this.

GENERALS AND ADMIRALS USE 500 SERVICEMEN AS SERVANTS

Mr. PROXMIRE. Mr. President, 500 military servants are serving generals and admirals in 34 States and 25 foreign countries or possessions at a cost of about $5 million annually.

Each of the Joint Chiefs of Staff has five servants to clean house, tend bar, do the laundry, answer the phones, cook, put on parties, and chauffeur the officer around. At $10,000 per man, this means our Joint Chiefs are spending $50,000 apiece each year for their own personal luxuries.

RACE IS A FACTOR

The racial breakdown of these 500 servants indicates that the Navy and Marine Corps are continuing their policy of racial bias. Every one of the 126 Navy servants is a Filipino. Although the Navy has informed me on numerous occasions in the last 3 years that it was changing its racial policies of using Filipinos in servant positions, it is obvious by the new statistics that they have made no adjustments.

Eighty-five percent of the Marine Corps servants are black—22 out of 28. The racial distribution for the Army is 120 caucasian, 34 black, and 6 other for a total of 160. Sixty-four of one hundred fifty-eight Air Force servants are black.

I asked the Assistant Secretary of Defense for Manpower why generals and admirals need servants when the highest ranking civilian authorities in the Pentagon do not.

The Assistant Secretary replied that generals and admirals need the servants to help keep up their houses. He pointed out that they live in "large, old houses" while civilians can live where they want.

What the Secretary did not point out was that these poor generals and admirals who are forced to live in "large, old houses," do so free—at no personal expense. The homes are provided by the taxpayer. And anyone taking a drive along the local generals' or admirals' row knows that these "large, old houses" are often worth up to a hundred thousand dollars or more.

Not only do the generals and admirals get large homes free but they then have the gall to say that because they live in these free quarters, they should have servants to help keep house.

The military servant program has been cut down in recent years from 1,722 to 500 as a result of 3 of my amendments and the pressure from local communities where these servants are at work.

I have urged the residents of every community to ask their local generals and admirals why their tax dollars should go toward supporting a personal servant for these officers. Why should a general have a servant while the Secretary of Defense does not require one? Why should we have military servants at all in our free society?

PENTAGON ASKS $1 MILLION FOR OFFICERS

The only response from the Pentagon to my requests to abolish this program came just this month. The Department of Defense has put $1.1 million into the defense budget to find some alternative method of pampering the generals and admirals without giving them servants.

This is an astonishing development. Instead of simply doing away with the program, the Pentagon wants to substitute over $1 million to find better ways of assuring the good life for our highest ranking officers.

The servant program is an aristocratic racial hangover from another era. It should be stopped without further foot-dragging.

Mr. President, I ask unanimous consent that a list of the 500 servants and the generals to whom they are attached be printed in the RECORD.

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

LIST OF 500 SERVANTS AND THE GENERALS

ALABAMA

Ellis, Vincent A., Commanding General, US Army, Missile Command, Redstone Arsenal, Ala. (1)

Maddox, William J., Jr., Commanding General, US Army, Aviation Center, Ft. Rucker, Ala. (1)

Rogers, Felix M., Comdr., Air University, Maxwell AFB (2)

ALASKA

Hill, James E., Comdr. in Chief, Alaskan Comd., Elmendorf AFB (1)

Gamble, Jack K., Comdr., Alaskan Air Comd., Elmendorf AFB (1)

Latham, Willard, Commanding General, US Army, Infantry Brigade, Alaska (1)

ARIZONA

Albright, Jack A., Commanding General, US Army, Communications Command, Fort Huachuca, Ariz. (1)

CALIFORNIA

Adams, Ronald T., Jr., Comdr., AF Inspection & Safety Center, Norton AFB (1)

Baldwin, Robert B., Comdr., Naval AF, US Pacific Fleet, San Diego (2)

Bradley, Omar N., General of the Army, Beverly Hills, Cal. (4)

Carmody, Martin D., Commandant, 12th Naval District, San Francisco (1)

Fegan, Joseph C., Commanding General, USMC Recruit Depot, San Diego, Calif. (1)

Gilkeson, Fillmore B., Commandant, 11th Naval District, San Diego (1)

Gonge, John F., Comdr., 22 AF Military Airlift Comd., Travis AFB (1)

McLaughlin, George W., Comdr., Sacramento ALC, AF Logistics Comd., McClellan AFB (1)

Pitts, William F., Comdr., 15 AF, SAC, March AFB (2)

Salzer, Robert S., Comdr., Naval Surface Force, US Pac. Fleet, San Diego (2)

Schoning, William M., Comdr., 1 Strategic Aerosp. Div., SAC, Vandenberg AFB (1)

Roberts, Elvy B., Commanding General, 6th USA, Presidio of San Francisco (2)

Ross, Marion C., Commanding General, USA Training Center, Fort Ord (1)

COLORADO

Baker, Royal N., Vice Comdr., Aerospace Defense Comd., Ent AFB (1)

Allen, James R., Supt. USAF Academy (2)

Clay, Lucius D., Jr., C-in-Chief, NORAD/CONAD, Ent AFB (2)

Pattillo, Charles C., Comdr., Lowry TTC, Lowry AFB (1)

Vessey, John W., Jr., Commanding General, 4th Infantry, Fort Carson (1)

Wier, James A., Commanding General, Fitzsimmons AMC, Denver (1)

DISTRICT OF COLUMBIA

Cushman, Robert E., Commandant, USMC (5)

Anderson, Earl E., Assistant Commandant, USMC (3)

Robinson, Wallace H., Jr., Director, Defense Supply Agency (2)

Beckington, Herbert L., Deputy Chief for Plans & Operations, HQ, USMC (2)

Mclaughlin, John N., Chief of Staff, HQ, USMC

Holloway, James L., III, Chief of Naval Operations (5)

Kidd, Isaac C., Jr., Chief of Naval Material (3)

Bagley, Worth H., Chief of Naval Personnel (2)

Talley, George C., Jr., Deputy Chief of Naval Operations (2)

Long, Robert L. J., Deputy Chief of Naval Operations (2)

Houser, William D., Deputy Chief of Naval Operations (2)

Price, Arthur H., Jr., Deputy Chief of Naval Operations (2)

Moran, William J., Office of Chief of Naval Operations (2)

Finneran, John G., Deputy Ass't Secretary of Defense (2)

Bayne, Marmaduke G., Commandant, Nat'l War College (2)

Custis, Donald L., Surgeon General of the Navy (2)

Hayward, Thomas B., Director, Navy Program Planning (2)

Murphy, Daniel J., Director, Antisub Warfare & Ocean Surveillance Programs (2)

Weschler, Thomas R., Director, Logistics J-4, Joint Chiefs (2)

Perry, Oliver H., Jr., Chairman, Inter-American Defense Board (2)

Tidd, Emmitt H., Commander, Naval Recruiting Command (2)

Rectanus, Earl F., Dep. Ass't. Secretary of Defense (2)

Flanagan, William R., Chief of Legislative Affairs (1)

Carnahan, Ralph H., Commandant, Naval District of Wash. (1)

Inman, Bobby R., Director of Naval Intelligence (1)

Kerwin, Walter T., Jr., Vice Chief of Staff, USA (3)

Weyand, Frederick C., Chief of Staff, USA (5)

Cowles, Donald H., Dep. Chief of Staff/Operations, USA (2)

Deane, John R., Jr., Chief R&D and Acquisition, USA (2)

Elder, John H., Jr., Director, Plans & Policy, Joint Chiefs (2)

Foster, Ralph L., Director of the Army Staff (2)

Graham, Daniel O., Director, DIA (2)

Gribble, William C., Jr., Chief of Engineers, USA (2)

Kornet, Fred, Jr., Dep. Chief of Staff/Logistics (2)

Kjellstrom, John A., Comptroller of the Army (2)

Maples, Herron N., Inspector General, USA (2)

Moore, Harold G., Dep. Chief of Staff/Personnel, USA (2)

Rowny, Edward L., Representative for SALT, Joint Chiefs (2)

Taylor, Richard R., Surgeon General, USA (2)

Walters, Vernon A., Dep. Director, CIA (2)

Wilson, Samuel V., Dep. to Director, CIA (2)

Woolwine, Walter J., Commandant, Industrial College of the Armed Forces, Fort McNair (2)

Aaron, Harold R., Ass't. Chief of Staff for Intelligence USA (1)

Beatty, George S., Jr., Director, Inter-American Defense College, Fort McNair (1)

Bernstein, Robert, Commanding General, Walter Reed Hospital (1)

Delmar, Henry R., Comdr., Military Traffic Management (1)

Lee, James M., Legislative Liaison, Office of the Secretary, USA (1)

Brown, George S., Chairman, Joint Chiefs (5)

Jones, David C., Chief of Staff, USAF (r)

Ellis, Richard H., Vice Chief of Staff, USAF (3)

Boswell, Marion L., Asst. Vice Chief of Staff, USAF (1)

DeLuca, Joseph R., Comptroller of the Air Force (2)

Evans, William J., DCS/R & D, USAF (2)

Fish, Howard M., Dir., Defense Security Assistance Agency (2)

Hill, James A., DCS/Programs & Resources, USAF (2)

Johnson, Warren D., Dir., Defense Nuclear Agency (2)

Nunn, Donald G., The Inspector General, USAF (2)

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GEORGIA

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Charles Myer, Commanding General, US Army Signal Center & Ft. Gordon, US Army School, Ft. Gordon (1)

Thomas M. Tarpley, Commanding General, US Army Infantry Center & Commandant, Infantry School, Ft. Benning (1)

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William A. Boyson, Comd. Gen. Tripler Army, Med Center, Hawaii (1)

Harry Brooks, Jr., Comd. Gen, 25th Infantry Div., Hawaii (1)

Harry W. Brooks, Jr., Commd. Gen., 25th Infantry Div. (1)

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Maurice F. Weisner, Comdr in Chief, US Pacific Fleet, Pearl Harbor (3)

William St. George, Dep. & Chief of Staff to Commander, US Pacific Fleet, Pearl Harbor (2)

James H. Doyle, Jr., Commander, Third Fleet, Pearl Harbor (2)

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William P. Mack, Superintendent U.S. Naval Academy Annapolis (3)

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Kaufman, Robert Y., Deputy Director, Joint Strategic Target Planning Staff, Offutt AFB (2)

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Kelly, John R., Jr., Comdr., San Antonio Air Logistics Center, Kelly AFB (1)

Maloy, Robert W., Vice Comdr., Air Training Comd., Randolph AFB (1)

Petit, Robert L., Comdr., Sheppard Technical Training Center, Sheppard AFB (1)

Smith, Howard P., Jr., Comdr., USAF Security Service, Kelly AFB (1)

VIRGINIA

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Hails, Robert I., Vice Comdr., Tactival Air Comd., Langley AFB (2)

Murphy, James S., Comdr., 20 NORAD/CONAD, Ft. Lee AFB (1)

Cousins, Ralph W., C-in-C, Atlantic Fleet, Norfolk (3)

Michaelis, Frederick H., Comdr., Naval Air Force, U.S. Atlantic Fleet, Norfolk (2)

Adamson, Robert E., Jr., Comdr., Naval Surface Force, Norfolk (2)

Turner, Stanfield, Comdr., 2nd Fleet, Norfolk (2)

Plate, Douglas C., C-in-C, U.S. Atlantic Fleet, Norfolk (2)

Downey, Denis-James J., Chief of Staff, Supreme Allied Comdr., Atlantic Fleet, Norfolk (2)

Williams, Joe, Jr., Comdr., Sub. Force, U.S. Atlantic Fleet (2)

Rumble, Richard E., Comdr., 5th Naval District, Norfolk, (1)

Depuy, William E., Com. Gen., USA Training & Doctrine, Fort Monroe (2)

Miley, Henry A., Jr., Com. Gen., USA Materiel Command, Alexandria (3)

Talbott, Orwin C., USA Training & Doctrine, Fort Monroe (1)

Vaughan, Woodrow W., USA Materiel Comd., Alexandria (2)

Fuson, Jack C., USA Transport Center, Ft. Eustis (1)

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Kissinger, Harold A., Deputy Director General, North Atlantic Treaty Organization Integrated Communications System Management Agency, Belgium (2).

Cantlay, George G., Deputy US Military

Representative, North Atlantic Treaty Organization Military Committee, Belgium (1)

Seith, Louis T., Chief of Staff, SHAPE, Shape, Belgium (3).

Shaefer, Richard F., Dep Chairman, NATO Military Committee, Brussels (2).

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Hanson, Carl T., Chief, Navy Section, U.S. Military Group, Brazil, Rio De Janeiro (1).

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CANAL ZONE

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Rosson, William E., Commander in Chief, U.S. Southern Command, Quarry Heights, Canal Zone (2).

Richardson, William R., Commanding General, 193d Infantry Brigade, Fort Amador, Canal Zone (1).

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Davison, Michael S., Commander in Chief, U.S. Army Europe/Seventh Army (3).

Almquist, Elmer H., Jr., Deputy Commander in Chief, U.S. Army Europe/Seventh Army (2).

Blanchard, George S., Commanding General, VII Corps, U.S. Army Europe (2).

Desobry, William R., Commanding General, V Corps, U.S. Army Europe (2).

Knowlton, William A., Chief of Staff, U.S. European Command (2).

Burton, Jonathan R., Commanding General, 3d Armored Division, U.S. Army Europe (1).

Fitzpatrick, Thomas E., Jr., Commanding General, 32d Army, Air Defense Command, U.S. Army Europe (1).

Heiser, Rolland V., Commanding General, 1st Armored Division, U.S. Army Europe (1).

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McDonough, Joseph C., Commanding General, 8th Infantry Division, U.S. Army Europe (1).

Meyer, Edward C., Commanding General, 3d Infantry Division, U.S. Army Europe (1).

Sweeney, Arthur H., Jr., Commanding General, U.S. Army Material Management Agency, Europe (1).

Wagstaff, Jack G., Chief, Military Assistance Advisory Group, Germany (1).

Nutting, Wallace H., Commanding General, 1st Infantry Division (Forward), U.S. Army Europe (1).

Nance, James W., Deputy Chief of Staff, Commander in Chief, U. S. European Command, Vaihingen (1)

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Cragg, Ernest T., Chief of Staff, Allied AF Southern Europe, Naples (1)

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Johnston, Means, Jr., Commander in Chief, Allied Forces Southern Europe, Naples (3)

Turner, Frederick C., Commander Sixth Fleet, Gaeta (2)

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Steele, George P., II, Commander SEVENTH Fleet, Yokosuka (2)

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Stilwell, Richard G., Commanding General, Eighth U.S. Army, Korea/Commander in Chief, United Nations Command/Commander, U.S. Forces Korea (1)

Flanagan, Edward M., Jr., Deputy Commanding General, Eighth U.S. Army, Korea (1)

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THAILAND

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Burns, John J., Comdr, 7 AF, Pacific Air Forces, Nakhon Phanom Aprt (1).

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Elliot, Frank W., Jr., Comdr, The US Logistics Group, USAFE, Ankara (1).

Zais, Melvin, Commanding General, Allied Land Forces Southeastern Europe, Turkey (3).

Hollis, Harris W., US Representative, Permanent Military Deputies Group, Central Treaty Organization, Turkey (2).

Hamilton, Colin C., Jr., Chief of Staff, Combined Mil Planning Staff, Central Treaty Organization, Ankara (1).

Galloway, James V., Chief, Joint US Military Mission for Aide to Turkey (1).

UNITED KINGDOM

Rosencrans, Evan W., Comdr, 3 AF, USAF Europe, Mildenhall, England (1).

Shear, Harold E., Commander in Chief, U.S. Naval Forces, Europe, London (3).

Longino, James C., Jr., U.S. Defense Attache, U.S. Naval Attache and U.S. Naval Attache for Air, U.K., London (1).

FINANCING THE DEFICIT—IV

Mr. HUMPHREY. Mr. President, the April 9 issue of Financial World magazine contained a remarkably candid and wide-ranging interview with Dr. Andrew Brimmer, former Governor of the Federal Reserve System and now a professor at the Harvard Business School. Dr. Brimmer has so much to say on so many aspects of monetary policy, and we in Congress need advice in this area so badly, that we can all benefit greatly from a careful consideration of his views.

Let me call special attention to a few of Dr. Brimmer's statements. In response to a question on whether the Federal Reserve is easing money and credit sufficiently, Dr. Brimmer says:

> Nope. They're not. The Fed in my judgment ought to push on and get short-term rates down another half to three-quarters of a point . . . I think the Fed funds rate has to get below 5 percent.

Unfortunately, in the few short weeks since Dr. Brimmer gave this interview, interest rates, instead of declining further, have begun to move back up. I think we in Congress have a responsibility to insist that the Fed conduct its policy in such a way that this upward trend in interest rates is reversed.

This is what Dr. Brimmer says when asked whether private borrowing will be "crowded out" by Treasury borrowing:

> I've been appalled at the degree of credence that the market has given that argument. I'm disappointed that the argument was made by the Secretary of the Treasury, and to some extent shared by the Chairman of the Federal Reserve Board . . . At this juncture the one doubt I see on the horizon vis-a-vis a vigorous recovery beginning, say, the third quarter of this year, is the Federal Reserve. . . . If the Fed refuses . . . to permit short rates to get down to the neighborhood of 5 percent, there will be a reversal of rates in the market. . . . Some borrowers who could make good use of the funds . . . wouldn't be accommodated. That would be "crowding out", and it would be unfortunate, and I think the Fed ought to be held responsible for that.

What Dr. Brimmer is saying is important for each of us in Congress to understand. If interest rates rise and some borrowers are "crowded-out," it won't be the result of some mysterious automatic force, it will be the result of deliberate Federal Reserve policy. Such a policy would be highly inappropriate. Congress must not permit such a policy to be followed.

I point out what Dr. Brimmer says about this question of the role of Congress in overseeing the Fed:

No one else supervises the Fed, and Congress must provide oversight. . . . I'm recommending that Congress set up a bureau staffed by economists who understand monetary policy so it can serve the two banking committees and the Joint Economic Committee in a way parallel to what the Budget Committee is doing. Frankly, the Fed just outguns Congress on this in terms of intellectual capacity, technical skills and so on. There's no one in Congress—let me repeat—there's no one in Congress who has the resources in terms of staff, information and so on to monitor the Fed.

Dr. Brimmer's proposal is one which I think Congress would be well advised to consider seriously—and promptly. At this time of economic crisis, the Nation cannot afford congressional neglect or ineptitude with respect to its oversight responsibilities in the field of monetary policy. Fortunately, Congress has been moving recently to improve its monitoring and its understanding of monetary policy. We must continue to do so.

Mr. President, I ask unanimous consent that this important interview from Financial World be printed in the RECORD.

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

U.S. MONETARY POLICY: A CRITICAL VIEW

(Exclusive Interview With Dr. Andrew F. Brimmer, Former Governor of the Federal Reserve System)

A.H.K.—"No institution has come under more scrutiny and received more criticism in recent months than the Federal Reserve Board. In an effort to shed some light on the reasons for this, as well as to examine monetary policy in this country today. FINANCIAL WORLD sought an exclusive interview with Professor Andrew F. Brimmer of the Harvard Business School. Dr. Brimmer, a Ph.D in economics, served as Assistant Secretary of Commerce, worked in the N.Y. Federal Reserve Bank and, prior to his current stint at Harvard, was one of the seven governors of the Federal Reserve.

"Readers can disagree with the forceful views that Dr. Brimmer presents here, but no one can quarrel with his integrity, his intelligence, his efforts and his considerable insight into the role of our central bank in today's economy. As the President said to him on his retirement from the Fed: 'You can always look back with great pride on the outstanding contributions you have made to a more efficient and responsible government.'"

Mr. KINGON. Is the Fed easing money and credit sufficiently?

Dr. BRIMMER. Nope. They're not. The Fed in my judgment ought to push on and get short-term interest rates down another half to three-quarters of a point. The federal funds rate still seems to be stuck in the neighborhood of about 5½%. I think the fed funds rate has to get below 5% and I believe the galaxy of other short rates such as bills and commercial paper must cluster in the neighborhood of 5%. In other words, we need short rates down somewhat more to assure that the recovery will be financed. The Fed is still moving, but slowly, and it appears to have gotten stuck again.

Mr. KINGON. It's almost trite to use the phrase "pushing on a string," but in recent testimony Chairman Burns used the expression that the banking system was "awash with liquidity," and he said the problem was just a question of confidence. Do you buy that?

Dr. BRIMMER. Not at all. You see, something happened to the financial system, including the financial position of the corporate sector, in 1973–74. In liquidity, the corporate sector just has been wrung out. If you look at corporate balance sheets and look at the ratios of short-term liabilities to total liabilities over the last half-dozen years, there has been a steady attrition in the availability of internally generated funds. The corporations (those are nonfinancial corporations) have had to turn increasingly to the outside market, and in so doing they have just had to go to short-term sources: commercial banks, commercial paper. We know that profit margins have been eroded. The banks need to fund this sort of stuff and get their balance sheets in better shape, otherwise they cannot finance the long-term investments required. The corporate sector cannot finance additions to the capital stock out of bank loans and commercial paper, etc. And so the financial system has to be reliquefied, not just the banks. The banks themselves, however, have to do something to help the corporate sector.

Mr. KINGON. Governor Sheehan recently expressed disappointment that in his judgment the banks weren't being sufficiently accommodative in their lending but looking rather to repair their liquidity. But hasn't everybody from Chairman Burns and Comptroller Smith on down, in the last six months, been warning the banks over and over again to restore liquidity? Isn't it critical for them to repair their own liquidity at the earliest possible moment?

Dr. BRIMMER. Well, only if those public-policy instructions are appropriate. I think they are wrong. I personally would not have made that speech Arthur made in October in Hawaii. I differed with the majority of the board when I was there over the capital position. This came up more often in terms of holding-company acquisitions, when the board majority was much more ready to refer to capital inadequacy as a reason for turning down applications. I joined, but I always made additional points. I thought it was improper to use the capital-adequacy argument as a basis for turning down individual applications when really in a number of cases the capital position of that particular bank or holding company was not any worse than generally existed. I wanted to do it on competitive grounds and other reasons. I have another point to make. It is impossible for banks to sell any equity in markets like this, so telling the banks to improve your capital by accumulating equity simply tells them you just accumulate undistributed profits—distribute less in dividends, save more of your earnings to add to equity because obviously you can't sell any new common stock, or very little. The lending side is entirely a different matter, and I feel strongly on that. But I'm saying—just as logic says—you can't improve your equity position when the equity markets have fallen apart. And if you insist that the banks retain a large share of their earnings while they are paying out dividends, who is going to buy their stock anyway? It's counterproductive, and I would want to see the Fed ease off on its demand for the improvement of bank capital.

But Jack Sheehan is talking about something else. And I talked to him about it. Think back to September 1974. The Federal Reserve Board sent out some lending guidelines prepared by the Federal Advisory Council. Those guidelines say to banks: Be stingy, tighten up, be judicious! I asked one of the Federal Reserve Board members two weeks ago, "Has the Fed done anything to let the banks know these guidelines are no longer applicable? Has the Fed sent out its counter-instructions, counterguidance?" The answer is no. Until the Fed turns around and tells the banking community that the instructions given six to seven months ago are no longer applicable, nothing will happen. I have been checking. Very few banks have liberalized. They are saying, "How can we do that?" I was talking to one in Philadelphia, one of the big banks, and they said: "We are under pressure to improve our capital, and yet we know that in our area there are businesses that could use bank loans. We've got the money, but by the standards adopted last September they don't qualify." So the Fed needs to unwind those instructions. The Fed has to be adept and back off.

Mr. KINGON. Comptroller Smith told me a few months ago that he foresees some rather large loan losses coming up this year and he implied they would be at some large banks. Do you see this as being a very bad year in that regard?

Dr. BRIMMER. Bad. But not as horrifying as many people perceive. After all, the banks have been accumulating large loss reserves and they can charge those bad loans to those reserves. They have adequate reserves. But here again, if bank examiners take the view that loans are now bad because the economy is bad, and if we write them off, the banks will be caught in a tailspin. I think we ought to learn something from the 1930s. In retrospect many of those banks which went under wouldn't have gone under if the Fed, and the bank examiners and the comptroller and so on, had realized what was happening. You see, a rising tide lifts all boats, including good loans. But a falling tide lowers all boats, including loans which—when the economy was operating reasonably close to capacity and with reasonably good cash flow, and when the markets were strong for the output of the firms and so on—loans which wouldn't be bad. I have a very strong view on that. Frankly, this is a time for bank supervisors to be tolerant, to wait a bit before trying to correct historic mistakes. Many of these problem banks have been around as problem banks for years. Many of them have had classified loans for years. This is the wrong time to try to make them upgrade the situation in one fell swoop. They can't upgrade it.

Mr. KINGON. What is your suggestion as to the right monetary policy, say, for the next six months? For the monetary aggregates M1, M2 and M3, for instance? At what rate would you like to see them grow?

Dr. BRIMMER. Well, remember now, I am not a monetarist, and you know from my papers that I take this as an index of our generalized credit conditions and so on. The work I did said 10% would be ideal, and 8% minimum, so I'm one of the early authors of the 8%–10% growth of M1. Let me be quite clear on this because it gets complicated. The Fed ought to be quite generous in the provision of reserves and try to make the money stocks grow through the summer. I would like to see a high growth rate over the next six months. But by year-end the Fed ought to be prepared to back off. When I say a high growth rate I don't mean indefinitely. I mean I really want the Fed to run a contracyclical monetary policy. So 6% is too small and 7% is not good. So in answer to your specific question: 8% as a minimum, 10% would be better, and held, say, at least six months.

Mr. KINGON. In your judgment, does the Fed approach this whole concept of money supply in the right way? Is there a better way to do it? What would you do differently?

Dr. BRIMMER. I think the Federal Reserve System needs basic reform. From time to time questions have been raised as to whether the Open Market Committee ought to be abolished and that the full authority for monetary matters should be vested in the Board of Governors. I have not come to that. I think the Committee should continue to exist. I think the Committee structure is not at fault. It is the functioning of the

Committee that I find at fault. I've been giving a great deal of thought to it. You see, I've got the minutes of the Open Market Committee. I've got more at home. I've got all of them and have been looking at voting habits, records, patterns. Over the last few years the Committee has become relatively weak and the chairman has become excessively strong, so his views have acquired far more weight relative to the rest of the Committee than was historically the case. That's a deficiency. My own view is that the Committee does not have as thorough-going debates as it could have and that the diversity of opinion which I know exists does not show through. And it does not carry as much weight as it should. The Committee is now run more by voice than by vote, and while every member has a vote, each member doesn't have an equal voice.

Now, it might be personalities or what not, I don't know. But I differentiate that with structure. Many people to whom I speak are worried about the Committee. I'm afraid they are ending up making proposals for structural changes which are not necessary. I wouldn't change the structure of the Committee right now. There are a few minor technical things I would do and some not so minor. For example, as to a few minor ones: certain of the regions should change rotation on the Committee. I think Chicago and Cleveland are on every other year, but some of the others like Boston, Philadelphia and Richmond I think are on every three years. But the situation has obviously changed and we could enhance that and give more voice, for example, to the President of the Federal Reserve Bank of San Francisco. We don't have enough variation. I would restructure the variation so that he would be on every other year. But these are minor.

One fundamental thing I would do, and it's been kicked around for some time: the term of the chairman [of the Fed] is four years, and the way the terms have developed the incoming President does not get a look at that for two years. I would change that. A proposal was made in the 1960s endorsed by the then Board, and Bill Martin was all in favor of it, which would revamp the term so that the chairman would be designated six months after the President assumes office. It would give the President a chance to get into office, get settled, deal with the more urgent matters and then, in a somewhat more leisurely, systematic way, review the situation at the Fed with respect to the term of the chairman. That's a six-month lag. I think that ought to be enacted.

Let me tell you one other thing. The President is now handicapped by the terms of the Act which prohibits the appointment of two members from the same district. I wouldn't change that. But I know a situation developed where it would have been highly desirable if there could have been more flexibility. In other words, a good person was not put on the Board because of the wrong district. This is what I would do. I would definitely say that no more than one from each district, except that the chairman could be from any district. These are the kinds of things I hope to see.

Mr. KINGON. You would keep the Open Market Committee as it exists within these changes?

Dr. BRIMMER. Yes. I would change the way it functions, as I said. I would definitely shorten the information time lag. I would be more forthcoming with the projections of the long-range targets. Maybe I wouldn't want to say it every six months, but I definitely would say at least once a year what the general strategy of monetary policy would be.

Mr. KINGON. Would you be in favor of opening up the Open Market Committee, in your revised format, to people other than the Federal Reserve? What I'm asking is—along the lines of Great Britain, where the Bank of England is really an arm of the Exchequer?

Dr. BRIMMER. No, I would be dead set against that. The Federal Reserve represents the exercise of constitutional responsibility by the Congress. We forget the source of the Fed's authority: Article I, Section 8, which reserves to the Congress the authority to coin money, determine the value thereof. Some lawyers tell me that to get rid of that you need a constitutional amendment and not just legislation. But even so I think there is the need for some degree of distance between the central bank in this country and the Executive, because the central bank is such a powerful institution. It is responsible to Congress, and I wouldn't want to confuse these. And, let me be clear, my views are independent of whoever is in the White House. Not only have I been at the Fed under Mr. Johnson, Mr. Nixon and Mr. Ford, but I've looked at the record. Since Woodrow Wilson's time, every President would have found it convenient to have access to the Fed in giving instructions. The country would've been worse off. We do need more response, and that's what I'm doing in changing the term of the chairman and some other things. Let me point out to you something I've said many times before: If you look at the record, both Lyndon Johnson and Richard Nixon had a crack at the Fed almost once a year in terms of appointment, so the Chief Executive has had an opportunity to influence the composition of the Fed. Mr. Nixon appointed six—or he had a chance; he left before the final one went through the pipeline. But he had approved Phil Coldwell's appointment as my replacement. Six times he had a crack at the Fed! Lyndon Johnson had five. So when we sit down and look at tenure and so on, the Fed isn't as isolated from political influence as much as one might think. I've been delighted to see individual board members, once they are there, don't behave in a partisan way.

Mr. KINGON. What about the actual operation of monetary policy in controlling the monetary base—the way they establish reserves, the targets for federal fund rates, the targets for the monetary aggregates, etc.? Are you satisfied that the Fed goes about all that in the right way?

Dr. BRIMMER. No. Let's put it this way: It goes about it in the right way given the limitations open to it. But the alternatives presented to the Fed are not ideal. The monetarists would just substitute the base of the money stock with a given growth rate and the hell with it. We know that the financial debris that would flow from that the country could not tolerate. I would try to improve the operations of monetary management within the framework as given. I think it would be better if nonmember banks were subject to reserve requirements. It would be better if the Fed were not stuck with Reg. Q and similar things. These are all techniques. But I think buying and selling government bonds in a money market as highly developed as ours is the best way to go about it. As I get abroad I see other central banks longing for such a money market, looking, hoping they had one. Now, operating techniques could be open to question. If between meetings the open-market manager can't get on target, he asks the chairman rather than the Committee, so there is the chance for bias that way in the sense that there could be a divergence. It is also clear that the Committee does not give the market enough run, they intervene too frequently—I mean they are likely to run in. They are in and out of the market every day, and I think that is unnecessary. I would tolerate wider fluctuations in the funds rate and somewhat wider variations in reserve supply because I would like to put the market to test a little bit and force the banks to use the discount window more.

Mr. KINGON. With the heavy Treasury borrowing on tap for later in the year, do you subscribe to the view that we'll have a liquidity crisis of some significance? Do you see interest rates reversing and rising rapidly again? Will the private sector be "crowded out"?

Dr. BRIMMER. I've been appalled at the degree of credence that the market has given that argument. I'm disappointed that the argument was made by the Secretary of the Treasury, and to some extent shared by the Chairman of the Federal Reserve Board. We know that for an economy as depressed as this one, the only way to get it moving is to have a substantial tax cut. And for that to be effective it has to be financed. And so the Federal Reserve has to provide the reserve. At this juncture the one doubt I see on the horizon vis-a-vis a vigorous recovery beginning, say, the third quarter of this year, is the Federal Reserve. Let's face it, somebody is always crowded out. The markets are never clear with all the demands being satisfied. But we are talking about the flow of funds through the market with credit demands being satisfied at some configuration of interest rates which we think is appropriate. In my view we need a configuration of interest rates which would have short rates somewhere in the neighborhood of 5% for a good part of this year right on through this summer.

Mr. KINGON. What will happen to long-term rates?

Dr. BRIMMER. Long-term rates will come down a bit. They need to come down a bit from where they are, but not anything like short rates. We need bank lending rates to get down to less than 7% if the corporations are going to be able to handle their business better. The long rates have to come down somewhat, but I don't have a point estimated for where long rates, say, corporate bonds, are going to be. But if the Fed refuses, for whatever reasons—and I have some indication as to what its reasons are—to permit short rates to get down to the neighborhood of 5%, there will be a reversal of rates in the market. The large demand for funds would be met with rising rates and some borrowers who could make good use of the funds—and I'm not talking about those on the outer fringes. I'm talking about the basic work that has to be done—wouldn't be accommodated. That would be "crowding out," and it would be unfortunate, and I think the Fed ought to be held responsible for that. That's a bad thing.

Mr. KINGON. Let me return to the arguments of—if you'll forgive me—the Burns, Simons, Greenspans, et al. If we increase the money supply too much, won't we fan the flames of inflation once again? A) are you concerned with the resurgence of inflation if we go up in the monetary aggregates on the order you propose? B) Are their fears realistic?

Dr. BRIMMER. Let me answer the second one. I don't talk about whether they are realistic. I would say that the analysis which leads them to that conclusion is faulty. The source of inflation is not simply the growth of money. The inflation in this country is generated by aggregate demand pressing against limited capacity to produce. We have such enormous backlogs of excess capacity in this country and high rates of unemployment that the potential is so far beyond the actual output in this country, and will be for the next year or so, that we ought not to be concerned about rejuvenation of inflation because of excess demand. Let's remind people that operating rates in manufacturing are down to 70%, and even if you might want to throw away some of that capacity as useless, you wouldn't add more than 3 or 4 percentage points because of that. In certain large textile operations, the operating rate are below 60%. So we've vast excess capacity. So aggregate public-policy management ought to be

directed toward stimulating output. And if looked at in that way, then what is needed is more money to finance output and not less money because you are afraid of rejuvenating inflation in the near term.

Mr. KINGON. You are not concerned then with running large deficits and the fear expressed by the other side of monetizing the deficit?

Dr. BRIMMER. What are you talking about? You have to monetize the deficit. Otherwise it is not going to get financed. I could respond to their argument on two grounds: First, analytically, as I've done. The analysis suggests that there is substantial room here to absorb this. In fact we ought to be running big deficits to have the public sector make up for the shortfall in the private sector. Secondly, I have no ideological hangups about the size of the deficit. Whether the government is big or small doesn't interest me at all, and whether the government rather than the private sector gets a bigger share of the credit doesn't interest me at all. The private sector ought to get what it needs and the government ought to get what it needs. But now let me go on to give my prescription. Have a sizable growth of money and credit in '75, finance the deficit, accommodate the Treasury, get the economy moving again. But then, by yearend, the Fed ought to be easing off, and a year from now the Fed ought to be running a policy of restraint. Now, that's going to take guts, and that's what I want the Fed to have. It's what I meant earlier when I said the Fed has to be prepared to run a contracyclical monetary policy. Supply the credit now and be less generous six to nine months from now.

Mr. KINGON. If the Fed turns expansionist along these lines, how much further can interest rates decline without triggering some rather severe international repercussions?

Dr. BRIMMER. Certainly in the neighborhood of 5%. That's another half to three-quarters of a point to go. It can do that without opening up gaps between our rates and rates abroad sufficiently large as to lead to a serious depreciation of the dollar and sizable outflows of short-term funds. Now, how is that to be accommodated? The Fed still has almost $20 billion of unused swaps. I haven't gone back to count it up but my hunch is that most of that is with our principal trading partners; three or four countries account for half of that. The Fed ought to be using it. I've been distressed to hear the comments, "Oh, look what's happening to the exchange rates. The Fed has to keep short rates high again." There's another way to deal with the differential between short rates in this country and abroad. The point is that in a world of floating exchange rates that differential shows up in the exchange value of the dollar. The Fed ought to be intervening in the foreign exchange market much more vigorously, much more actively, and it ought not to be concerned about the losses in the foreign exchange market. The Fed enters the domestic market whenever necessary to accomplish whatever monetary policy objectives with which it is concerned, and it doesn't ask whether it makes or loses money on the bond portfolio. So it has no business asking whether it makes or loses money on the foreign exchange operation. That's the way you deal with the gap on the foreign exchange market.

Mr. KINGON. While we're talking about the international monetary scene, what policy do you espouse insofar as restructuring the international monetary mechanism? Do you foresee in some way the inclusion of gold? What will eventually materialize?

Dr. BRIMMER. As far as I'm concerned there's no reason at all to try to enhance or safeguard or restore the role of gold. I think the decision was made earlier to replace gold with SDR's, and I think that was a good decision and I subscribe to it. It wouldn't make much difference at all whether the central banks sold out their stock of gold at whatever price they wish in the marketplace. What I would object to is the fiction that central bankers are unconcerned with gold as money. They're not. It's a commodity as far as central bankers are concerned.

Mr. KINGON. I get the impression that our allies abroad are not willing to let go of gold.

Dr. BRIMMER. Some are not. Not only the French, but some of the others.

Mr. KINGON. Doesn't this make the elimination of gold as the monetary reserve asset improbable?

Dr. BRIMMER. Yes, but its wrong-headed.

Mr. KINGON. What would you prefer, and what do you think is going to happen?

Dr. BRIMMER. I prefer that gold be phased out.

Mr. KINGON. You'd use SDR's based on a basketful of currencies?

Dr. BRIMMER. Yes; that's a good way to do it. It's a numerator, and let's treat it as such. After all, that's central banking on an international scale. Now, what do I expect to happen? First, I expect the myopia of gold to increase rather than diminish. People look out and see the market price of gold and calculate what their reserves are in terms of their money, or feel sad if they don't have any. I think that will lead to a kind of continuation of the role of gold. I think that's a bad thing and unfortunately an awful lot of people in the United States, some in official positions, are also confused on the big question. There is a lingering attraction toward gold, a reluctance to give it up. But if we exercise a great deal of leadership along the line I suggest by pushing rigorously toward SDR's, we will end up softening opposition to some extent.

Mr. KINGON. On a long-term basis, given the postwar history of the country and the times when monetary policy and fiscal policy were not operating in tandem, are you encouraged or discouraged about the long-term efforts to fight both inflation and recession?

Dr. BRIMMER. I'm encouraged because we keep trying. We have typically failed, but the thing I find most comforting is that we haven't given up. We have made some horrendous mistakes. But there is now, I believe, a general commitment to using a combination of monetary and fiscal policy to help optimize the growth of employment in our land and to deal with the rate of inflation. It's true we are now using it to fight a recession, but no one in authority—the Congress or anyone else—said: Let's go so far with the restimulative policy to get the rate of unemployment down to 4% in a year or two. So there seems to be a willingness to pursue the middle course. We're cursing our luck that we got into such a bad situation, but we still seem to be committed to trying to get out.

Mr. KINGON. The way the structure is set up now on both the fiscal and the monetary side, do you think it's possible to coordinate them sufficiently so as not to slip easily over either line?

Dr. BRIMMER. Well, I don't know. Let's not overlook the major innovation that just occurred in the Congress. Despite the opposition Congress has set up a Budget Committee, and I've been amused by the arguments about the jurisdiction between the Budget Committee and Appropriations Committee, but notice Congress did pull it off. It did it on prodding from the Executive and so on, but Congress is reforming itself. I think the Congress is going to end up understanding fiscal policy better and have a better control of it. It's going to confuse monetary policy, so let me tell you something now. I'm recommending that the Congress set up a bureau staffed by economists who understand monetary policy so it can serve the two banking committees and the Joint Economic Committee in a way parallel to what the Budget Committee is doing. Frankly, the Fed just outguns the Congress on this in terms of intellectual capacity, technical skills and so on. There's no one in the Congress who has the resources in terms of staff, information and so on to monitor the Fed. I recommend that that be done. The Congress has come a long way now to position itself to monitor fiscal policy, and it should move here also.

Mr. KINGON. What was your reaction to the Reuss, Proxmire and Humphrey efforts to direct the Federal Reserve monetary policy more specifically and have the Fed indicate its objectives to Congress prior to enactment?

Dr. BRIMMER. Well, mixed. I've appeared before the House Banking Subcommittee on Monetary Affairs and in my testimony I argued against the specific target of the money supply with a number on it. I said, "You should give general instructions. You should express your view, or resolution, or something of that sort. If you have to have a variable, do it in terms of bank credit." And I worked with the Committee staff to try to do this. I favor this, but I favor Congress expressing its views to the Fed. No one else supervises the Fed, and the Congress must provide oversight. In the absence of that kind of criticism and counseling, the Fed would've been even more sluggish than it has been.

Mr. KINGON. Governor Sheehan exposed bringing all the banking regulators under the Fed, and Governor Bucher came up for the old Robertson plan to divorce the Fed from banking regulations and limit it to monetary affairs. Which do you favor and why?

Dr. BRIMMER. Remember, my first job was in the New York Fed for three years. I had written about the Fed in the intervening years and had absorbed the conventional wisdom along with everybody else. The Fed has to have a little bit of bank supervision. The tripartite division was all right and so on. But basically the Fed needs the bank supervisory function to perform its central banking duties. Frankly, in helping draft the charter for the central bank in the Sudan back in 1956–57, I wrote that in. I had responsibility for that particular section. Once I was at the Fed, I turned more and more to Governor Robertson's feeling that you really did need a separate supervisory agency, a unified agency which would strip the Fed, the Comptroller, the FDIC, and I later said even the Home Loan Bank Board, of its supervisory responsibilities and put them in one place. There was strong opposition to that. Dewey Daane reacted strongly. I still think that's a good idea. I'm talking about bank examinations, bank-holding company structures, that sort of stuff. The Fed doesn't need all of that. But if it is to be done by somebody else, I think there needs to be much stronger coordination. And the Fed is the only one who can do that because it has more broader-based responsibility than anybody else. So if we continue the present arrangement I think the role of the Fed has to be enhanced, and it will. And I don't know how widely known it is, but frankly the Fed usurped the Comptroller of the Currency's authority on the capital requirement. It just did it. It concluded the control was too lax and couldn't get any agreement on what to do, and the Fed just did it. In that kind of a contest the Fed has to win because it is the one who in the end has to come to the rescue, and bankers know this. Member banks with national charters faced with bucking the Comptroller or bucking the Fed will be reluctant to buck the Fed. It's just the nature of the situation. So I go back to the Robertson idea.

Mr. KINGON. Corporations in the last few years—Lockheed and so on—have gotten into difficulty and some are consistently rumored now to be in some difficulty. How far should the Fed's bailout activities to troubled firms,

financial and industrial, extend? What should be the guidelines?

Dr. BRIMMER. I think the Fed has to be lender of last resort. It has to be ready to step in to rescue the weak if necessary. It is hard to know just what standards the Fed uses. The Lockheed thing, I'd put aside. That was a failing company. For overriding reasons the government didn't want it to fail. The Fed shouldn't have been in there bailing out and it wasn't. I was sorry to see the Chairman of the Federal Reserve Board on that committee. Some of us on the Board opposed that. That was no place for him. That's strictly Administration rescue using the government's credit. The central bank has no reason to be in there. What I want is objective standards. I want to publicly determine them and set criteria. I think the Fed has to do it and the Fed does it. It proclaims that it's not, but I objected strongly to a handful of cattle-feeders wandering in to see the Chairman and then ending up with the Chairman sending out a letter to four Federal Reserve Bank presidents saying: Make certain that the bankers in your district are sensitive to the needs of local borrowers, which they read as saying: Make sure the banks lend the cattle-feeders. Was that the proper use of Fed authority? I think not. And it was seen as Fed authority, with the Chairman doing the writing, and no one distinguished between the Chairman and the Board in that case. And I don't know whether cattle-feeders deserve that higher priority. Maybe they didn't, maybe they should've been encouraged to sell off that herd and get meat prices down or something. So I think we do need guidelines. They ought to be publicly determined. They ought to be drawn up by the Fed, laid before a congressional committee and simultaneously put in the public domain in the Federal Register for comment, and monitored. That's what I want to do, and I remember distinctly somebody raised a very useful question. When the Fed stepped in to save the commercial-paper market—and as a byproduct some large companies with commercial paper outstanding benefited—why didn't the Fed save the Four Seasons? They had commerical paper. How do you decide one and not the other? This is a tough question. Are they interested only in the big ones and not the small ones? After all, they risk their capital too. You see, there's been no debate on these, no resolution on these.

When I first came out with the credit-allocation scheme in 1970 the whole system was horrified, with one or two exceptions. In 1971 Proxmire introduced a bill in the Senate to implement my scheme with differential reserve requirements which would have had some clear and determined priority. At that time the Board voted four to three against the legislation. Governors Robertson and Maisel had some minor variations. They preferred different approaches, but the idea was good, and I thought Proxmire's bill was all right, since he was implementing my scheme. I had some reservations about technicalities.

In the summer of 1974 Henry Reuss introduced a bill with variations to accomplish the same thing. The vote at the Fed was six to one against the proposal.

Mr. KINGON. Looking back at your experience at the Fed, what is your overall appraisal of the central bank in terms of doing what it is supposed to do?

Dr. BRIMMER. I've been associated with a number of different institutions—the Commerce Department, a couple of universities and so on. In my judgment the Federal Reserve is one of the most professional institutions around. It is made up of smart, dedicated people. It sticks to its business. It doesn't meddle around. It doesn't confuse its objectives. The Federal Reserve did not conduct monetary policy in 1972 to get Richard Nixon reelected, and I'm certain it will not conduct policy to get anybody defeated or anything. Look at other countries: banks are parts of governments, and they kill to save a party or person. Not here. The Fed is—rumors to the contrary—an open institution in the sense that it provides a hell of a lot more information about what it's doing than anybody else. You can see what the Fed is doing every week, and what it has done. And you learn ninety days later what the reasons were, what its objective were. Think back, nobody else does that.

We discussed the Open Market Committee. No one has ever accused anybody in the Open Market Committee of making money for himself. No scandals. It's a first-rate institution. What would I change about the Fed? I would revamp the system, going back to what I said. For example, there is a serious question about the composition of directors of the Federal Reserve banks, and where they came from and so on. I did a study back in '71 which appeared in the Federal Reserve Bulletin on characteristics of the Federal Reserve bank directors which said that it was too narrow a base. The canvas was just too narrow. The Fed was not a representative institution, and there's still some doubt about that. Many people think the Fed ought not to be representative and that it ought to be professional and that you want directors who can help the Fed in its task wherever they come from. The relationship between the Fed and the member banks? I think it is ridiculous to pretend that member banks own the Fed. That's a legacy, so if I were redoing it I would clean up all that. As far as I'm concerned those are trivial matters. I'm more concerned with behavior than I am with structure. But there are certain things I wouldn't do. I would not make the Fed subject to the Treasury or the Executive. I would keep politicians out of the Fed, off the Board, and I would follow the rules rigorously. I am not unhappy with the Fed's structure. I would do some things, but I wouldn't make major revisions. I don't feel an urgency about it as I do about behavior, about performance.

MISPLACED ENERGY PRIORITIES

Mr. GRAVEL. Mr. President, I would like to draw the attention of my colleagues to a new study by the Natural Resources Defense Council called "Bypassing the Breeder." The report is by Thomas Cochran, a nuclear physicist; Gustave Speth, an attorney; and Arthur Tamplin, a biophysicist.

The subtitle of the NRDC study—"A Report on Misplaced Federal Energy Priorities"—tells the story.

The authors show in this study that the price of developing the liquid metal fast breeder reactor is even higher than is indicated by the billion-dollar cost over-runs of the program. The real cost is in opportunities missed—opportunities to develop our desirable energy alternatives.

The report indicates that the breeder reactor cannot produce electricity economically for the next 30 years, if ever. It uses the Atomic Energy Commission's own cost-benefit model and AEC data to show that the potential benefits of the program may be zero or negative. The report says that, using the most realistic figures, the cost benefit analysis shows that "for every $10 spent on developing the breeder, the public will get back only $1 or less in lower energy costs."

Most important, by again using the AEC's own data, the authors show how solar, geothermal, fusion and bioconversion power, coupled with a conservation program, can apparently eliminate any need for the dangerous breeder. The study says these clean alternatives can supply 86 percent of our energy needs by the year 2020.

At the every least, say the authors, we have the time to thoroughly investigate our inherently preferable alternatives. The breeder need not be developed at the present break-neck speed.

Or perhaps I should say "break-the-bank" speed. Mr. President, the cost of the breeder program is now put at $10 billion. This year alone, the Energy Research and Development Administration is asking for nearly half-a-billion dollars for the breeder's research and development. That is about a third of our energy budget—some 9 times what we will spend on all the solar options in the same year; 18 times the government's geothermal expenditure; 4 times the fusion budget; 21 times the conservation budget. This is indeed a case of misplaced priorities.

In the words of the report, the breeder promises to be "even more hazardous and problematic than today's reactors." Among other dangers, there appears to be a chance of nuclear explosion in a breeder, unlike today's reactors.

A breeder reactor program involves the production of thousands of tons of plutonium every year. Plutonium is one of the deadliest poisons known to man. The tiniest particles of this actinide can cause lung cancer.

And perhaps even worse, plutonium is the material of atomic bombs. It has recently become well known that the technology of nuclear explosions is not inaccessible. The AEC itself said that only the acquisition of the plutonium itself—less than 20 pounds of it—may deter terrorists or others from constructing atomic weapons. What will be the effect on our civil liberties as we are required to protect tens of thousands of tons of this material? Not to mention, of course, the effects of a successful theft of plutonium.

And yet, if the breeder program continues at its present rate, we may have no choice but to turn to this life-threatening energy source. This policy is irresponsible in the extreme. As the authors conclude:

> Almost everyone, we believe, would prefer to bypass reliance upon the breeder reactor and move directly into using solar, geothermal and fusion energy and energy conservation. The real LMFBR [breeder] debate centers around whether it is possible to make this leap. We join many experts in believing that it is. Yet, unfortunately, no one will ever know the answer to this question if the present LMBFR program is permitted to continue. By swelling the bureaucratic and industrial forces committed to the LMBFR and by draining away R&D funds that are essential to the timely development of the alternatives that could replace the reactor, the LMBFR is its own self-fulfilling prophesy.

Mr. President, it is not possible to reproduce here the 50-page economic analysis produced by the NRDC as an appendix to the breeder report. The appendix is available from the Natural Resources Defense Council at 917 15th Street NW, Washington, D.C., 20005.

I ask unanimous consent to have printed in the RECORD the report itself.

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

BYPASSING THE BREEDER

At a time of soaring power costs, federal energy officials are giving prime attention to the development of a new nuclear power source which for the next thirty years or longer will not be able to produce electricity as cheaply as existing sources.

At a time when the wisdom of a national commitment to nuclear fission power is increasingly doubted, federal energy policy is according highest priority to the development of a new type of fission reactor which promises to be even more hazardous and problematic than today's reactors.

At a time when new non-fission energy alternatives, including solar, geothermal and fusion energy, are poised for major breakthroughs, federal energy funding is heavily weighted towards a nuclear development program which is experiencing cost overruns of such magnitude that they will severely restrict the funding available for these alternatives.

Such disquieting ironies are the trademark of the federal government's program to develop the Liquid Metal Fast Breeder Reactor (LMFBR). Raised to preeminence by a President who later confessed that "all this business about breeder reactors and nuclear energy is over my head," [1] the LMFBR has been oversold by its proponents to the point that it is now one of the great white elephants of the day.

The LMFBR's dominance of the energy research and development scene stands out clearly in recent budget estimates. During the coming fiscal year the new Energy Research and Development Agency (ERDA) plans to spend $1.66 billion on direct energy R&D. Of this amount, over $490 million is to be spent on the LMFBR program. This is roughly a third of ERDA's budget for energy R&D and more than the combined allocations to fossil energy development ($311 million), solar energy development ($57 million), geothermal energy development ($28 million), advanced energy research ($23 million) and energy conservation ($32 million).[2]

The total cost of developing the LMFBR is now estimated to be $10 billion,[3] and this estimate, made by proponents of the program, must be judged as conservative. Already the LMFBR program has experienced tremendous cost overruns. Two years ago total program costs were put at less than half of today's estimate.[4] The principal test facility of the program, the Fast Flux Test Facility (FFTF) was originally planned to cost $87 million,[5] but the latest estimate is $933 million, more than a tenfold increase.[5] Congress was told in 1973 that the proposed Clinch River Breeder Reactor Plant (CRBRP), the first LMFBR demonstration plant if one overlooks Fermi-I—Fermi-I, the first commercial LMFBR plant, experienced a partial core meltdown and has subsequently been shut down—would cost $700 million. Today, the estimate is over $1.7 billion.[6] There is no sound reason to believe these trends will not continue.

These figures indicate at a minimum that the LMFBR program could cost the American taxpayer a very substantial sum. It would be reassuring if such expenditures could be justified, but they cannot. Unfortunately, the LMFBR program is neither needed nor desirable, for several reasons.

First, economic analysis of the potential of the LMFBR [7] indicates that, contrary to Atomic Energy Commission expectations, the new reactor cannot be commercially competitive with existing energy sources until after the year 2010. Yet the current LMFBR effort is aimed at having the new reactor developed by 1990, more than two decades before it could be economically attractive. The LMFBR program is thus quite premature and could be delayed substantially without incurring any risks relative to meeting future U.S. energy needs. The sense of urgency and crisis that program supporters have promoted to garner support for the LMFBR has no foundation in fact.

On simple economic grounds, then, the push to develop the LMFBR should be postponed. Moreover, such a delay would provide the time needed to show what many experts now believe to be the case—that environmentally preferable, non-fission energy options can be made available in time to eliminate the need for the LMFBR altogether. Recent estimates of the potential contribution of solar, geothermal and fusion energy together with energy conservation measures indicate that these sources alone can more than account for the energy expected from the LMFBR in the year 2020, when the reactor is projected to have maximum impact. Indeed, they can account for the energy expected from all fission reactors at that time.[8]

These considerations indicate that a major LMFBR effort is not needed now and perhaps never will be. And the risks of continuing the present drive to commercialize the LMFBR are great. The most serious danger is that the LMFBR program will proceed as now planned, consuming the $10 billion presently estimated and plenty more besides, cutting deeply into energy R&D funds, and holding back the development of the preferable non-fission technologies. Then, having spent enormous sums the country will find itself with a reactor which must eventually be used only because of the great public and private investments in it and our failure to have developed appropriate alternatives. Our error will be compounded because any attempt to deploy the LMFBR widely would raise the energy-environment confrontation to an unprecedented intensity.

Our recommendation in light of these conclusions is that ERDA take the opportunity it now has to break with the mistakes of the past, that it postpone for a decade or so any push to commercialize the LMFBR, cancelling the CRBRP and relegating the overall program to a relatively low-priority effort, and that it accelerate the development of attractive non-fission alternatives such as solar, geothermal, fusion and energy conservation. Much can be learned during the coming decade—most likely we will learn that the breeder can be bypassed—and the delay would impose no penalty on the nation.

BREEDER IMPACTS: UNPRECEDENTED RISKS

The LMFBR program has proceeded in the face of mounting apprehension within the scientific community concerning the human and societal hazards of nuclear fission reactors, apprehension which would only be increased by the LMFBR. As evidence of this apprehension, scientists from many nations at the 23rd Pugwash Conference on Science and World Affairs in September, 1973, concluded:

"1. Owing to potentially grave and as yet unresolved problems related to waste management, diversion of fissionable material, and major radioactivity releases arising from accidents, natural disasters, sabotage, or acts of war, the wisdom of a commitment to nuclear fission as a principal energy source for mankind must be seriously questioned at the present time.

"2. Accordingly, research and development of alternative energy sources—particularly solar, geothermal and fusion energy, and cleaner technologies for fossil fuels—should be greatly accelerated.

"3. Broadly based studies aimed at the assessment of the relation between genuine and sustainable energy needs, as opposed to projected demands, are required."

Addressing the risks of the LMFBR specifically, the Pugwash scientists concluded that the LMFBR would not eliminate any of the hazards we now associate with nuclear power but in critical respects would actually heighten them. The principal advantage of the LMFBR is its ability to produce or "breed" unprecedented quantities of plutonium. Today's nuclear reactors also produce plutonium, but the LMBFR is designed to produce more of this nuclear fuel than it consumes. By the year 2020, the AEC projected total plutonium generation to exceed 30,000 tons, principally from the LMFBR.[9]

Unfortunately, as events are making us painfully aware, plutonium is probably the most dangerous substance known.[10] It is fiendishly toxic: a millionth of a gram has been shown capable of producing cancer in experimental animals. Plutonium-239, the principal isotope of the element, has a half-life of 24,000 years, so that its radioactivity is undiminished within human time scales.

Plutonium is also the substance from which nuclear weapons are made. An amount the size of a softball is enough for the production of a nuclear explosive capable of mass destruction. Scientists widely recognize that the design and manufacture of a crude atomic bomb is not a technically difficult task,[11] a fact dramatized recently when a Massachusetts Institute of Technology undergraduate successfully designed a nuclear weapon for an educational television program.[12] The only real obstacle to the building of homemade atomic bombs is the availability of plutonium itself, and now, first with the proposed use of plutonium in today's reactors and even more with the introduction of the LMFBR, this final obstacle would be removed. In the "plutonium economy" envisioned by the AEC, a plutonium black market and nuclear theft and terrorism become high probability events—threats real enough to have spurred nuclear proponents to urge the creation of a federal security system that would meddle with our civil liberties on a vast scale.[13]

In addition, the LMFBR itself is considered even less safe than today's light water reactors. The LMFBR core, where the heat is generated, is far more compact than a light water reactor core, and instead of water the LMFBR uses liquid sodium—an opaque and highly reactive element—as coolant. Partial loss of coolant—"voiding"—in a breeder increases the nuclear reaction in the core rather than reducing it. The LMFBR's operation is extremely sensitive to fuel motion and loss of coolant from the core in accident situations, leading to the possibility of an explosive nuclear runaway. In the event of a meltdown, the breeder's highly enriched fuel can rearrange itself into a more compact configuration with the possibility of small nuclear explosions of sufficient force to breach the reactor containment. There are major uncertainties in defining the explosive potential of the breeder, which are all the more worrisome considering the several tons of plutonium in it.[14]

For these reasons, a decision to commit this nation to the LMFBR may prove to be the most significant technological decision since the Manhattan Project. The breeder reactor decision is literally a decision for all people and all time. Any action which actually increases the likehood that the breeder and the plutonium economy will become realities should be taken only with the most compelling justification.

BREEDER ECONOMICS: MISSING BENEFITS

The stated justification for the LMFBR runs along the following lines. As the nuclear power industry expands the U.S. is slowly depleting its low-cost uranium reserves, with the result that the price of

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uranium is rising and is expected to continue to do so. The principal substitute for uranium is plutonium, a man-made element produced in nuclear reactors. Since the LMFBR generates about twice as much plutonium as today's reactors, its use would tend to expand greatly the supply of nuclear fuel, perhaps 50-fold, and accordingly hold down its price.

Because of the LMFBR's advantage as a plutonium producer, the AEC in the mid-1960's made achieving its early commercialization the agency's highest priority objective. The current program is geared to achieving commercial introduction in about 12 years, *i.e.* in about 1987.

How sound is the economic case for the early commercialization of the LMFBR? Not very, we believe. The most useful methodology for pulling together the many variables which determine whether the current LMFBR program can be justified economically is cost-benefit analysis. The AEC performed three cost-benefit analyses of the LMFBR program, the latest appearing first in the Draft and then with revisions in the Proposed Final Environmental Statement for the program. Not surprisingly, constrained to justify its own project, the AEC consistently found that program benefits outweigh the costs. Significantly, the Environmental Protection Agency ruled that the AEC's Draft Environmental Impact Statement was inadequate largely because of deficiencies in the AEC's cost-benefit analysis.

When cost-benefit methodology is applied to the LMFBR program, the results are very sensitive to the assumptions made regarding (1) the capital cost difference between the breeder and conventional reactors; (2) the anticipated supply of uranium; (3) future electrical energy demand; (4) the rate at which conventional reactors penetrate the utility market; (5) the discount rate; (6) the R&D cost of the breeder program; and (7) the reactor performance data for the breeder. The first three of these are extremely important.

The AEC succeeded in making the LMFBR appear atractive by making very favorable, but very unrealistic, assumptions in each of the seven areas listed.

In the introduction to its recent proposed final impact statement for the LMFBR program, but not in the cost-benefit analysis itself, the AEC was apparently forced by the press of events, including the recent deferrals and cancellations of planned reactors, to abandon its unrealistic assumptions regarding future energy demand and LMFBR introduction date. Using what the AEC now considers more reasonable assumptions in these two areas, but without changing any of the other AEC assumptions, the net benefits of the LMFBR program drop to zero. In other words, by the AEC's own reckoning the present breeder program can no longer be justified economically. See Appendix, pp. 44–48. In the Appendix to this report, we have evaluated the economic merits of the LMFBR program using the AEC's cost-benefit methodology but looking outside the AEC to independent opinion as to what assumptions should be made in each critical area. Taking this approach, we demonstrate that the expected economic benefits of the breeder are only a small fraction of the R&D costs. For every $10 spent on developing the breeder, the public will get back only $1 or less in lower energy costs. In sum, when assumptions based on the work of expert authorities outside the AEC are used, the present LMFBR program simply cannot be justified economically. Only when a series of highly unrealistic assumptions are made does the analysis suggest that the LMFBR program will produce net economic benefits.[15]

These results indicate that the commercial introduction date of the breeder can be delayed substantially, probably two decades or more, without economic penalty. The poor performance of the LMFBR in cost-benefit analysis stems from the fact that during much of the period of the analysis (1987-2020) the LMFBR cannot compete economically with alternative sources largely because of its high capital costs, so that only a limited number of LMFBR's are constructed. For example, until the price of uranium rises sufficiently to offset the high capital costs of the LMFBR, utilities will continue to prefer today's reactors. Using the data set out in the Appendix, we have estimated that not until after the year 2010 can it be expected that the LMFBR would gain a competitive edge over present-day reactors.[16] This date is approximately two decades beyond the LMFBR commercial introduction in the current program schedule. Similar conclusions have been reached by others. David Rose, writing in *Science*, stated recently:

"I estimate that the breeder will almost surely be attractive when U_3O_8 reaches $50 a pound in 1974 dollars. That will not happen in the first few decades of the 21st century. In the meantime, nuclear power is in no danger of losing out to other fuels, and there does not need to be a crash breeder program. Economic introduction at A.D. 2000 would be a sign of technological good fortune, not of resolving an energy crisis with a time limit." [17]

In sum, the current rush to introduce the breeder is hardly justified. Postponement would impose no penalty, and it would focus attention and effort on the promising non-fission alternatives to the LMFBR.

ALTERNATIVES TO THE BREEDER: NEW POSSIBILITIES

A fission-free option to the LMFBR which can provide reasonably priced and environmentally acceptable energy almost certainly exists and can be made available within a suitable timeframe. The claim that the LMFBR or other breeder reactor is in any sense necessary must be rejected—the breeder is no more necessary than we make it by refraining from developing other technologies. What is proposed here is an energy program which should be able to provide an adequate supply of fuels and electric power without the commercial utilization of breeder reactors. Moreover, as we shall show, heavier reliance upon the various aspects of this program would facilitate phasing-out all fission reactors, leading to a fission-free energy economy.

In brief outline, there are several major efforts the adoption of which is central to an alternative energy program: [18]

An intensive effort to develop the various forms of solar energy should be undertaken following the recommendations of the expert panels convened under National Science Foundation auspices, "An Assessment of Solar Energy as a National Energy Resource" (1972) and "Solar and Other Energy Sources: Subpanel IX Report" (1973).[19] In estimates which it believed were not the highest possible, the first of these studies concluded that its recommended R&D program could result by the year 2020 in solar energy providing 35% of the nation's total building heating and cooling load, 30% of the nation's gaseous fuel, 10% of its liquid fuel, and—most important for present purposes—20% of the electrical energy requirements.[20]

A major R&D effort devoted to exploitation of geothermal resources for electric generation should be launched. The Cornell Workshop on Energy and the Environment (1972) concluded that "[i]t appears that geothermal energy alone is capable of meeting all American power requirements for several centuries if the hot dry rocks resource proves to be practical." [21] The Cornell Workshop, the National Science Foundation, and others have recommended that a program to establish the feasibility of hot rock geothermal in the next few years be given highest priority. Projections of the electric power available from geothermal resources range from 80 to 400 GWe in the year 2000, depending on assumptions made about the hot rock potential.[22] The AEC recently estimated that geothermal heat could supply 6% of our electricity in the year 2020,[23] but it is clear that the percentage could be much higher if hot rock geothermal develops as expected.

The current effort to develop fusion power should be expanded. The AEC recently stated that a "successful, vigorously supported fusion program would be expected to lead to construction of a demonstration power reactor that would begin operation in the middle 1990's." [24] The agency anticipated "commercial introduction of fusion power plants on a significant scale beginning in the early 21st century." [25] Thus, it now appears that the demonstration fusion power plant is not far behind the LMFBR demonstration plant and that fusion plants can be available commercially for much of the period during which it was assumed the LMFBR would be critically needed. The AEC's overall estimate is that by the year 2020 about 8% of our electricity could come from fusion.[26]

Organic wastes provide another source of fission-free energy that should be developed. Here the AEC estimates that organic wastes could account for 5% of the demand for electricity in the year 2000 but only 2% in 2020 due to more efficient practices in the solid wastes area.[27]

All of the above year 2020 percentage contributions, *e.g.* 20% for solar, 6% for geothermal, etc., are based upon a year 2020 energy demand that assumes a continuation of extremely rapid growth in electricity demand. Such projections can yield an electricity consumption in the year 2020 that is over *fifteen times* today's, a result widely regarded as completely unrealistic. For illustration, the electricity growth projection used by the AEC to justify the LMFBR program is set out on the following page. The steepness of the curve staggers the imagination. Several studies of the future demand for electricity have been carried out using more sophisticated forecasting techniques and taking into account the effects of the increasing price of electricity and other market factors. These studies suggest that actual future demand will be less than half of that projected by the AEC.[28] Moreover, as a supplement to market influences, it is apparent that the U.S. is moving towards a national energy conservation policy along the lines recently suggested by the House Committee on Science and Astronautics, the Council on Environmental Quality, the Ford Foundation Energy Policy Project and others.[29] These groups all suggest that U.S. energy growth can be roughly halved without serious adverse repercussions on the American economy or lifestyle. When both market and policy influences are taken into account, we believe it is reasonable, in fact, conservative, to assume that electricity demand in the year 2020 will not exceed 50% of the AEC's astronomical projection.

Table 1 summarizes some of the data presented in the preceding paragraphs. It shows that it is not unreasonable to expect that over 80% of the electricity demand projected by the AEC for the year 2020 can be accounted for principally by a combination of solar, geothermal, and fusion energy together with more accurate forecasting of energy demand. This percentage is larger by a substantial margin than the contribution expected of the LMFBR by the AEC in 2020 (50%) and, indeed, is larger than the contribution the AEC expected from nuclear fission generally (70%). Accordingly, an energy program designed to achieve these objectives could wholly eliminate the need for the LMFBR even if it failed in major respects.

Table 1 indicates that other sources, principally fossil fuels, could be called upon to provide the remaining portion of U.S. electricity needs in 2020. It is likely that our

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abundant supplies of coal will be relied upon for several decades as a significant power plant fuel. Thus, quite apart from the question of whether the LMFBR is introduced, the development of environmentally responsible means of mining and utilizing coal must be an essential and high priority national objective. The contents of an R&D effort aimed at achieving this objective have been discussed by numerous authors.[30] Elements include strict regulation of surface mining, more efficient and safer technologies for mining deep coal, stack gas cleanup, new combustion technologies and coal gasification and liquification.

TABLE I.—ENERGY SOURCES FOR ELECTRICITY PRODUCTION IN THE YEAR 2020 WITHOUT THE BREEDER

	Trillions of kilowatt hours	Percent of AEC projection	Source
AEC projection	27.6	100	(1)
New energy sources:			
Solar	5.5	20	(2)
Geothermal	1.7	6	(3)
Fusion	2.2	8	(4)
Organic wastes	.6	2	(5)
Total	10.0	36	
Correction for market factors and energy conservation	13.8	50	
Total accounted for	23.8	86	
Remainder for other sources (principally fossil fuels)	3.8	14	

[1] Proposed final EIS for LMFBR program, vol. IV, p. 11.1–25.
[2] NSF/NASA, "Solar Energy as a National Resource" (1972), p. 3. Proposed final EIS for LMFBR program, vol. IV, p. 11.1–19.
[3] Proposed final EIS for LMFBR program, vol. IV, p. 11.1–20.
[4] Proposed final EIS for LMFBR program, vol. IV, p. 11.1–22.
[5] Proposed final EIS for LMFBR program, vol. IV, p. 11.1–21

The funding needed for this alternative energy strategy would not be unacceptably high. It is significant that the last of the AEC's official projections of future LMFBR expenditures, $8 billion to program completion, exceeds a recent Federal Power Commission estimate of the total R&D costs of developing all non-nuclear technologies, including coal gasification, solar (direct and indirect) and geothermal technologies, advanced steam cycles, MHD, fossil fuel effluent controls, and a variety of energy storage system.[31] The FPC estimate of $6 billion, however, does not include the cost of developing fusion systems, which is expected to be comparable to that of the LMFBR.[32]

The last refuge of the breeder proponent is the argument that the LMFBR is needed as an "insurance policy." The above considerations indicate that this is simply not the case. Ample insurance exists partly in pursuing a variety of non-conventional energy sources and energy conservation and partly in realizing that the AEC would insure us against a non-existent risk—the risk that our electrical generating capacity will actually grow as that agency projected. Moreover, relegating the LMFBR program to a low-priority status and foregoing any expensive push towards demonstration and commercial reactors for from one to two decades does not permanently eliminate the LMFBR option. If within about a decade it becomes clear that possible non-fission options are not going to be available, consideration can be given at that time to reinitiating the program. The idea that there is a penalty for such a postponement, is, as we have seen, wholly spurious.

WHAT SHOULD BE DONE WITH THE LMFBR PROGRAM?

Almost everyone, we believe, would prefer to bypass reliance upon the breeder reactor and move directly into using solar, geothermal and fusion energy and energy conservation. The real LMFBR debate centers around whether it is possible to make this leap. We join many experts in believing that it is. Yet, unfortunately, no one will ever know the answer to this question if the present LMFBR program is permitted to continue. By swelling the bureaucratic and industrial forces committed to the LMFBR and by draining away R&D funds that are essential to the timely development of the alternatives that could replace the reactor, the LMFBR program is its own self-fulfilling prophesy.

As a way out of this quandary, we suggest an option to the present program which meets the objections of both optimists and pessimists and therefore should command general support. First, federal energy officials should delay the LMFBR program a decade. We have seen that the program is premature and that there is no penalty in such delay. During this period, the LMFBR effort should be recast as a low-priority program centered on the FFTF, and current plans for going ahead with the costly Clinch River demonstration plant should be cancelled. By greatly reducing the overall costs of the program, funds will be freed for the accelerated development of solar, geothermal, fossil, fusion and conservation technologies, and the tremendous public and private investments which could foreclose the option of ever stopping the LMFBR will be avoided. The 10-year postponement would also provide a period during which several types of data which bear critically upon the desirability of the LMFBR program could be gathered and assessed. First, more accurate information on uranium availability and future energy demand could be obtained. Second, during the coming decade knowledge regarding the potential of solar, geothermal, and fusion energy should increase dramatically with appropriate funding. And, third, this grace period could also be used to answer critical health and safety questions raised by the LMFBR with far more certainty than now present.

The problems associated with the present reactor program strongly suggest that we are only perpetuating and compounding a bureaucratic blunder by pursuing the current LMFBR program. The alternative strategy suggested here would provide an opportunity to correct that mistake—before it is too late. Construction is scheduled to commence on the Clinch River demonstration plant towards the end of this year, with the necessary approvals coming much sooner. Once these hurdles are cleared, it will be far more difficult to reorient this increasingly massive program.

FOOTNOTES

[1] Office of the White House Press Secretary, Remarks of President Nixon at the AEC Reservation, Hanford Works, Hanford, Washington, September 26, 1971.

[2] U.S. Energy Research and Development Agency, Summary of Budget Estimates, Fiscal Year 1976, February, 1975.

[3] The Atomic Energy Commission's Proposed Final Environmental Impact Statement for Liquid Metal Fast Breeder Reactor Program, WASH-1535 (December, 1974), Vol. IV, p. 11.2–33 (cited herein as "PFEIS, LMFBR"), estimates that an additional $8.1 billion must be spent to develop the LMFBR. Approximately $2 billion has already been spent.

[4] In July, 1973, the AEC estimated total program costs at between $4 and $5 billion. AEC, Determination Pending Preparation of NEPA Impact Statement, 38 Fed. Reg. 19855 (July 24, 1973).

[5] U.S. General Accounting Office, "Staff Study, Fast Flux Test Facility Program," January, 1975, p. 7.

[6] The cost overruns associated with the proposed Clinch River demonstration plant are discussed in detail in the Appendix to this report, at page 9.

[7] This economic analysis is contained in the Appendix to this report.

[8] The non-fission alternatives to the LMFBR are discussed at pages 10–16 of this report.

[9] PFEIS, LMFBR, Vol. IV, p. 9.1–47.

[10] J. Gustave Speth, Arthur R. Tamplin and Thomas B. Cochran, "Plutonium Recycle: The Fateful Step," *The Bulletin of the Atomic Scientists* (November, 1974), p. 15, addresses plutonium related hazards.

[11] Mason Willrich and Theodore B. Taylor, *Nuclear Theft: Risks and Safeguards* (1974); AEC, "The Threat of Nuclear Theft and Sabotage" (Rosenbaum Report), *Congressional Record*, April 30, 1974, p. S6621.

[12] *New York Times*, February 27, 1975 ("Bill Asks Curb on Plutonium Use To Prevent Building of Homemade Bomb").

[13] AEC proposals for a federal security system are discussed in "Plutonium Recycle: The Fateful Step," *op. cit.*, and the sources cited there.

[14] Thomas B. Cochran, *The Liquid Metal Fast Breeder Reactor: An Environmental and Economic Critique* (1974), Chapter 7.

[15] Appendix, pp. 39–44.

[16] Appendix, pp. 48–49.

[17] David J. Rose, "Nuclear Electric Power," *Science* (April, 1974), p. 357.

[18] This program is elaborated and more extensively referenced in Natural Resources Defense Council, Comments on the Draft Environmental Impact Statement for the Liquid Metal Fast Breeder Reactor Program: Alternative Technology Options, printed in PFEIS, LMFBR Vol. VI.

[19] NSF/NASA Solar Energy Panel, *An Assessment of Solar Energy as a National Energy Resource*, National Science Foundation, Washington, D.C., December 1972; Alfred J. Eggers, *et al., Subpanel IX Report: Solar and Other Energy Resources*, National Science Foundation, October 27, 1973.

[20] *An Assessment of Solar Energy, op. cit.*

[21] Cornell Workshop on Energy and the Environment, Summary Report, Committee on Interior and Insular Affairs, U.S. Senate, May, 1972, pp. 114–15.

[22] See, *e.g.*, Walter J. Hickel, *et al, Geothermal Energy*, NSF/RANN-73-003, University of Alaska, 1973, p. 7; Dixy Lee Ray, Chairman, AEC, *The Nation's Energy Future: A Report Submitted to President Richard M. Nixon* (1973).

[23] PFEIS, LMFBR, Vol. IV, p. 11.1–20.

[24] PFEIS, LMFBR, Vol. III, P. 6A.1–191.

[25] PFEIS, LMFBR, Vol. III, p. 6A.1–179.

[26] PFEIS, LMFBR, Vol. IV, p. 11.1–22.

[27] PFEIS, LMFBR, Vol. IV, p. 11.1–21.

[28] The electricity demand issue is discussed in detail in the Appendix, pp. 21–28, and in NRDC Comments on Draft LMFBR EIS, Alternative Technology Options, *op. cit.*

[29] Conservation and Efficient Use of Energy, Report of the Committee on Science and Astronautics, U.S. House of Representatives, December 18, 1974; Council on Environmental Quality, "The Half and Half Plan For Energy Conservation," printed in *Fifth Annual Report of the Council on Environmental Quality* (1974), p. 475; Energy Policy Project of the Ford Foundation, *A Time to Choose* (1974), Chapters 3–6.

[30] See, *e.g.*, PFEIS, LMFBR, Vol. III, pp. 6A.2–1 through 6A.2–51, and the references cited there; *The Nation's Energy Future, op. cit.*; Hammond, *et al., Energy and the Future* (1973), Part I.

[31] Federal Power Commission, Report of the Task Force on Energy Conversion Research to the Technical Advisory Committee on Research and Development, November, 1973, DRAFT.

[32] PFEIS, LMFBR, Vol. III, p. 6A.1–189.

THE ARMENIAN STRUGGLE FOR HUMAN FREEDOM

Mr. JACKSON. Mr. President, today the Armenian people are commemorating the most somber event in their long history—the cruel massacres of 1915. Throughout the world, wherever Arme-

nian people are free to do so, they will gather together to recall the tragedy which took so many innocent Armenian lives 60 years ago. They will also demonstrate their solidarity with their Armenian brethren in other parts of the world who share their heritage but not their freedom.

The Armenian people have persevered. They have enriched the free societies which have allowed them to flourish. Yet they are still among the victims of the senseless oppression which plagues minorities under intolerant regimes.

Americans of Armenian descent, by underscoring today the long struggle of the Armenian people for human freedom and human dignity, are also giving expression to the traditional humanitarian concerns of our own great country. We share the anguish of their past and their aspirations for a future of peace and freedom.

Mr. President, I commend to my colleagues a timely and moving article in the New York Times entitled "1915 Genocide Is Still Vivid to Armenians Here."

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

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

[From the New York Times, Apr. 24, 1975]

1915 GENOCIDE IS STILL VIVID TO ARMENIANS HERE

(By Richard F. Shepard)

New York, a city of survivors, will be reminded today by its small but articulate Armenian community of one of the century's first and worst genocides, which wiped out half of its compatriots who lived in the Turkish part of Armenia 60 years ago.

Even now, there are few among the 50,000 Armenian-American New Yorkers who were not personally touched, through the experiences of grandparents or parents, by the Turkish massacres of 1915 that led to the desolation of eastern Anatolia and left Armenia as a small state, now a Soviet Republic, on the Russian side of the border.

The observance of the day of remembrance, which commemorates April 24, 1915—when the Turks rounded up and killed more than 200 Armenian leaders in Constantinople as the prelude to a general extermination—actually began yesterday. Last evening, a procession of several thousand Armenians, with some Greeks and Cypriots in the line of march, wound their way from the golden-domed St. Vartan Cathedral at 34th Street and Second Avenue through midtown by way of the United Nations and filled St. Patrick's Cathedral.

At a service there, Mayor Beame read a proclamation declaring the anniversary as a "day of memory and dedication to human rights." Archbishop Torkom Manoogian, primate of the Armenian Church Diocese, in a sermon referred to the genocide and called it a victory because "we are here and we were not supposed to be."

TWO GOALS

Today's events, sponsored by a number of organizations, have a common thrust: to recall to the world the brutalities of 60 years ago and to call for Turkish acknowledgement of the atrocities. Samuel Azadian, deputy commissioner of the city's Department of Highways and chairman of the procession yesterday, quoted a remark by Adolf Hitler during World War II, as he prepared his own programs of extermination: "Who talks nowadays of the extermination of the Armenians?"

"We are not doing this for revenge against the Turks or for bloodlust," said Mr. Azadian, whose mother and sister survived the massacres. "We have to say what happened because it might prevent other genocides."

The Diocese of the Armenian Church of America, with the co-sponsorship of the Greek Orthodox Church, the United States Catholic Conference, the American Jewish Committee, the Islamic Center of Washington, the Council of Churches of Christ of the U.S.A., and the United States Conference of the World Council of Churches, will continue its conference, "Religion's Role In a Violent World," at St. Vartan's meeting halls, with sessions at 9 A.M. and 2 P.M. The conference ends tomorrow.

The Prelacy of the Armenian Apostolic Church of America, will sponsor at 9 A.M. today a "Survivor's Pilgrimage" to the Statue of Liberty, of 60 people who escaped the killings of 1915. A silver chalice will be presented to the Museum of Immigration there.

At 6:30, the prelacy will offer a special program honoring both survivors and young Armenian-Americans at the Felt Forum in Madison Square Garden. Among the speakers will be Barbara Tuchman, the Pulitzer-prize winning author whose grandfather was Henry Morgenthau, United States Ambassador to Turkey in 1915 and a prime figure in calling attention to the Armenian plight.

At 1 P.M., local branches of three major Armenian political parties, united in one action for the first time in their long histories, will hold a mass demonstration to protest "Turkey's continuing violation of human rights" and Turkey's failure to make reparations or to admit to the annihilation. This will start at Madison Avenue and 26th Street and will move along to the United Nations, where a formal complaint will be presented to United Nations Secretary General Waldheim. In Dag Hammarskjold Plaza, proclamations by Mayor Beame, and Governors Carey and Byrne, taking note of the occasion, will be read.

Robert Morgenthau, the Manhattan District Attorney and another grandchild of Henry Morgenthau, will also speak.

THE OPPOSITION

A Congressional resolution that would have designated today as a day of remembrance passed the House, but has not been voted upon by the Senate, where it was reported, the State Department, worried about negotiations with Turkey and Greece over Cyprus, strongly opposed the measure.

At the New York Armenian Home for the Aged, 137-31 45th Avenue, in Flushing, Queens, a suggestion that elderly survivors dredge up what they recalled of their terror-stricken childhood reduced many to tears. An aide said that most did not even speak of it among themselves.

However, Nevart Prudian, a pleasant-looking 67-year-old woman who is a cook at the home, which has an appetizing Armenian menu, offered to tell her story because she felt it was important for the world to know.

"I was 6 or 7 years old in Erzerum, in eastern Turkey, when the soldiers came to the house in April, 1915, and pushed us out," she said, speaking through an interpreter. "We walked to a town where they separated the men from the women. They threw the men into the water and killed them. The Euphrates was red with blood.

MARCHED INTO DESERT

"I was with my mother and two younger sisters. The sisters died on the march. We tried to bury them, but the next day we saw the dogs at the grave," she said.

The Armenians were marched hundreds of miles into the Mesopotamian Desert. The Turks, Mrs. Prudian said, took the young women and raped and killed them as they went.

"People were dying of thirst and exposure on the way," she continued. "Pregnant women were killed with knives. We walked from that April until the next February, stopping here and there, but nobody did anything for us. You would see people fighting each other for a bit of garbage to eat, for an orange peel."

Unlike many companions on the march, Mrs. Prudian finally reached an American-run orphanage in Syria and in 1908 was married in Beirut.

"I often dream of those things," she said, adding, when asked what her experiences all meant for the rest of the world. "I want peace, brotherhood, love, a piece of land for Armenians where I can go."

The story repeated with infinite variations according to a particular experience, is told not only by survivors but also by their descendants. Yet few of those interviewed said they harbored a personal bitterness for the Turks.

Archbishop Torkom Manoogian said that there were several aspects to the observance.

"One is for the Armenians to commemorate events of the past to preserve their unity with their history," he said. "One million or one and a half million Armenians were massacred in a premeditated genocide by the Turks. This generation followed the example of its ancestors by not denying their Christian faith when the Turks forced the Moslem religions upon them."

POSITION DETAILED

Archbishop Karekin Sarkissian, Prelate of the Armenian Apostolic Church in America, said, "We all feel this way about the Turks: You cannot suppress a whole nation. If they admit something wrong was done, then we can see about remedies. We can sit and talk. But today we are faced with a situation they do not acknowledge. They not only do not accept the fact but they do not concede that they had anything to do with it."

This consciousness affects all levels of American Armenian life. Armenians in America number a half million, with concentration in California and pockets in Boston and Detroit, as well as in the New York area, where many have moved out of traditional Manhattan neighborhoods to such areas as Queens and Bergen county.

Many are well-educated, reasonably affluent and active in professions, the arts, business and public life a change from the days when first and second generations clustered in rug-dealing and photoengraving. They go to Armenian churches, either the traditional ones or Protestant and Roman Catholic, and their children go to Sunday schools and even Armenian day schools. Identity is a central issue among Armenians as it is among other ethnic groups.

In Watertown, a town with a fair-sized Armenian population, the public library has issued a call, according to the Armenian Reporter, a Queens English-language weekly, for copies of the New Yorker that carried the three installments of Michael Arlen's quest for his Armenian indentity.

The library was swamped with requests for copies. The writer, son of the British author, described how he learned about himself and his heritage.

3D GENERATION IS MILITANT

"The third generation is more active than the second," said Edward K. Boghosian, editor of the Armenian Reporter. "There's been a revival stimulated by the civil rights movements—if you have black power, why not Armenian power—and because the third generation doesn't have the problems of deciding what they are as the second did."

Melik Ohanesian, the 44-year-old owner of the Dardanelles Restaurant, 86 University Place, was born in France but came to New York as a youngster. His father and mother were among those who fled Turkey unscathed.

"You are always conscious of being Armenian," he said. "Armenians do not hate the

Turks, I cannot hate a Turk. We want history to be built on the truth.

"My daughters are young," he said. "But they have the feeling of being Armenian as well as American, even though they might not know the Armenian language. This is how we survive with our culture. We are, I call it, the last of the Mohicans."

HEARING ON FOOD AID AND AGRICULTURAL DEVELOPMENT

Mr. HUMPHREY. Mr. President, on April 17 the Foreign Agricultural Policy Subcommittee, which I chair, of the Senate Committee on Agriculture and Forestry, held hearings on the subject of food aid and agricultural development.

This hearing was extremely useful and informative in exploring this issue. I wish to share with my colleagues the statements of two of the witnesses, Douglas Ensminger, professor of rural society at the University of Missouri, and John W. Mellor, professor of agricultural economics at Cornell University.

These two witnesses had a great deal to offer in terms of ways of improving our food aid in order to stimulate agricultural production in food deficit countries. Mr. Ensminger pointed out that agricultural development is a step-by-step process, in which any outside assistance must be flexibly tailored to meet the particular circumstances of the country involved.

He also suggested that the U.S. land grant universities are uniquely equipped to assist developing countries in their food production programs because of their experience in bringing American agriculture along from its earlier more simple state. He made it quite clear that any assistance must be relevant to the present level of development for the recipient country and not too sophisticated to be applied on a broad scale, including small farmers.

Dr. Mellor, in his testimony, emphasized the importance of food aid as a way of stimulating additional food production in the developing countries. He suggested that food aid could be utilized to increase employment in the developing countries, thereby creating additional demand for food which would provide additional production incentives for local farmers.

Dr. Mellor also pointed out that our food aid had without doubt played a major role in expanding the markets for U.S. food products, and he suggested that, undoubtedly, there are future Japans or Taiwans among the developing countries now receiving our concessional food assistance.

Mr. President, these hearings were an important beginning in reviewing and strengthening this vital program. We will be conducting additional hearings in the coming months, and I look forward to using this information to strengthen the program for the decade ahead. I ask unanimous consent that the statements of these two witnesses be printed in the RECORD.

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

INTRODUCTORY REMARKS BY DOUGLAS ENSMINGER

Given the sense of urgency in helping the developing countries close their food gap, essential if millions of people aren't to face death from malnutrition and starvation, the temptations will be great to encourage the formulation of big national programs calling for large sums of money.

While agricultural development will be costly, pressure to commit and spend money is not likely to result in providing the kind of assistance the small farmer needs and must have if he is to adopt and apply improved agricultural practices on his farm. Money must be viewed as a needed resource, to be available and drawn on only when self-help efforts warrant matching efforts with added development funds.

During the past two decades, agricultural programs in the developing countries have, in all too many cases, been imposed on the small farmers. The need is to create within the small farmer a desire for help in improving his production. This I'll call the suction method. Too much of the past effort to assist the small farmer has been through the use of the squirt gun-imposed method.

Since I feel confident the U.S. will in the future, as it has during the past two decades, continue to share its food resources with the countries having food deficits, I want to record what I feel to be important considerations in formulating future food aid policies and programs. These are:

A. U.S. food aid policies and programs must be flexible in order to assure coordination with the developing countries' agricultural policies and programs.

B. The developing countries presently define their food needs as (1) meeting within-country market demands, and (2) meeting major humanitarian needs resulting from adverse weather conditions causing droughts, floods, etc. Food to meet the poverty gap is almost always left out in figuring food needs. The poverty gap is the food people need and would buy if they had the money. These are the 40% of the people in the developing countries locked in poverty.

My deep concern is with respect to policies for making U.S. food available to the developing countries in meeting their market demand deficits. In the past, countries grew dependent on U.S. food to support within-country policies of cheap food for the consumer. While this was an attractive policy from the point of view of political leaders, it was a "disincentive" to production. There was neither incentive nor profit for the producer in "cheap food" policies. Furthermore, readily available cheap food for the developing countries has in the past made it possible for countries to place their development priorities on industrialization at the sacrifice of agricultural development.

Important to future food aid programs will be an understanding about how the funds paid in the country's currency, and into a within-country U.S. account, will be spent within the country. Looking back on India the past two decades, had the policy from the early days of food aid been that the bulk of the P.L. 480 rupees paid into the U.S. account in India had been assigned for agriculture-related development, India would most likely be self-sufficient in food today. Here I have in mind modernizing India's irrigation system, increasing the acreage under irrigation, digging and drilling wells, leveling and contouring land, improving drainage, and building farm-to-market roads. All these programs could have provided employment to the unemployed and contributed to improving India's agricultural production base.

Credit institutions to serve the credit needs of the small farmer could have been greatly strengthened through assigning to them additional P.L. 480 funds. Another use to which these funds could have been assigned would have been in developing needed agriculture-related institutions for research and manpower development.

I now want to place before your Committee a specific recommendation and outline a role the U.S. Land Grant Universities' Colleges of Agriculture can play in assisting the third world countries develop the needed institutions to assist the small farmer modernize his production methods.

I am also leaving for the Committee a copy of a lecture I gave this past Monday evening at the State University of New York at Buffalo on "Social and Cultural Constraints to World Food Production." Had I written this for the Committee I wouldn't have changed one word. The lecture focuses on the need for agricultural technology being relevant and within the small farmer's capacity to manage. A case is made for assisting the third world countries develop a national network of institutions to serve the needs of the small farmer. The importance of strong political commitments by the developing countries to give priority to agriculture is emphasized as a prerequisite of U.S. commitment to assist the third world countries with their agricultural devolopment.

SOCIAL AND CULTURAL CONSTRAINTS TO WORLD FOOD PRODUCTION [1]

(By Douglas Ensminger)

I know of no more meaningful way to give prominence to my lecture theme than to share with you an article that appeared in the Popular Bluff, Missouri, newspaper, the Daily American Republic, on December 13, 1974. The article follows:

"A BETTER MOUSETRAP BUT NO PATH

(By Don Oakley)

"The introduction of highly productive varieties of rice, wheat and other crops—the so-called "green revolution" which held so much promise of meeting the food needs of the world's expanding population—has been much criticized of late. It's claimed that because of the world-wide shortage of fertilizer, farmers in the developing countries are actually worse off than before.

"This is not true, counters soil scientist Robert F. Chandler, former director of the International Rice Research Institute. While the high-yield plants are designed to be responsive to fertilizer, they have other properties bred into them, such as resistance to disease, which gives them the edge over traditional varieties.

" 'Even without fertilizer,' says Chandler, 'the high-yielding varieties will yield more.'

"Another creator of the green revolution argues that the trouble is that, like Christianity, it has never really been tried.

"Although 35 per cent of the total wheat area in Asia and 20 per cent of the rice area were planted with high-yield varieties in the 1972–73 season, 'this is not enough,' says J. George Harrar, president emeritus of the Rockefeller Foundation.

" 'I feel very frustrated,' he is quoted by Science magazine. 'It's said that if you build a better mousetrap the world will beat a path to your doorstep. We built a better mousetrap, but people didn't come.'

"In the meantime, the development of even better plant varieties is being conducted by a host of international research organizations covering all the major crops and regions of the developing world.

"Show us a better way, challenges Harrar. 'What is the alternative? These supercritics have not got an answer.' "

True, the scientists have built a better mousetrap. Also true, the great majority of the small farmers in the third world countries are not beating a path to the improved mousetrap.

While I do not claim to have all the answers, I feel confident in saying I do have an understanding about some of the reasons why the small farmers in the developing countries have not beaten a path to the new agricultural technology. One has only to recall historical events which were of world significance to understand how many times

[1] Presented as The Cowper Lecture at a Symposium on Feeding a Hungry World at the State University of New York at Buffalo; Buffalo, New York; April 14, 1975.

leaders sought to arouse public concern. While said differently, there was always the implication that future generations would be significantly affected by the response of the people to the then existing world crisis. Implied was the support given to a particular solution would be in the best interest of mankind.

Today, 1975, there is the very great potential that the world's population will grow faster than agricultural production, resulting in a world food crisis. I advisably say, the potential exists that agricultural production will not be able to keep apace with population growth and this will result in food demands being in excess of supplies.

The UN-sponsored World Population and Food Conferences, both held in 1974, must be viewed as two of the most significant conferences ever attended by political leaders of the world. The significance of these conferences is that the leaders have been alerted to the certainty that the world's population will double by the turn of the century. Once the world's political leaders understood the increasing demands on agriculture a doubling of the population implies, they were compelled to accept the urgency for examining all feasible alternatives to increasing agricultural production within the developing countries.

The magnitude of the food crisis was forcefully brought before the world's political leaders by FAO's projection of population and food production growth rates through 1985. For the developing countries, FAO projected a population growth trend of 2.4% per annum, an agricultural production growth trend of 2.6% per annum, and a food demand trend of 3% per annum. By 1985, the developing countries will face an annual market demand food deficit of between 80 and 90 million tons. Estimating food cost ten years hence is pure speculation, but it will be a safe assumption that annual costs to the developing countries of importing 80 to 90 million tons of food grain will be between $16 and $20 billion dollars by 1985. Even if the food were available in the U.S., the developing countries would still face a food deficit crisis simply because they will lack the funds to meet this magnitude of expenditure on food imports. It is one thing to visualize the potential for the major food exporting countries to produce the needed food, but an entirely different matter when it comes to transporting and distributing it through the marketing channels to the people.

The one message the world's political leaders attending the Rome 1974 World Food Conference clearly received was while the U.S. should be expected to share its food resources in the future as it has in the past, the primary responsibility for meeting the growing food needs of the people in the developing countries must rest with the developing countries. A second message from the 1974 World Food Conference was that priority emphasis for increasing agricultural production in the developing countries should be focused on the small farmers.

We cannot move with confidence in formulating world-wide systems for increasing agricultural production without knowing and understanding something of the past. The past I wish to bring into the analysis concerns the low social and political status given agriculture in the developing countries. Agricultural production to meet human needs was of marginal concern for the vast areas of the world long under colonial rule. The status of agriculture and concern about food enough to meet all the people's needs has changed little as the areas previously under colonial rule gained independence and became new republics. To the elitists who are now the core of the power structures of the developing countries, poor, hungry, ignorant, unemployed people continue to be viewed as being as much a part of the landscape as are the trees, the mountains, and the water that flows in the rivers.

While many of the developing countries are to be given credit for legislating and implementing land tenure reforms, the small farmers are still at a disadvantage. The two basic agricultural resources—land and water—are not equitably available to the small farmer. The small tenant farmer finds the more he invests and the harder he works, the larger is the share that goes to the landlord, leaving little incentive to the tenant to increase his agricultural production. The tenant is also always at a disadvantage in getting needed production credit. Because he seldom has reserve funds, he is forced to market at the time of harvest when prices are generally on the downturn.

Essential to understanding the persistent lack of political commitment of the developing countries to agriculture is an analysis of the role of the U.S. the past two decades in generously contributing its food surplus to the developing countries as they faced food shortages. The methods of making the U.S. food surpluses available contributed significantly to the developing countries' continuing to assign low status to agricultural development. While the U.S. must share in having contributed to the developing countries' not being under pressure to give priority to agriculture the past two decades, we should understand that throughout the colonial era, food crop agriculture was low status and to the small farmer it was subsistence agriculture. As the colonial empires crumbled following World War II, and scores of new, independent, self-governing nations emerged, the newly formed governments recognized they had to be concerned about their people when adversities created food shortages. Because of a known availability of U.S. food surpluses, and the legislation Congress passed for sharing our food surpluses, the food recipient developing countries were able to support agriculture price policies favoring cheap food for the consumers—most of whom were poor. While supporting agriculture price policies oriented toward cheap food for the consumer was politically popular for the governments in power, the "cheap food" policies were major deterrents to agricultural production. There was no profit, only major risk to the farmer, in investing in agricultural inputs and selling on an uncertain and low price market.

While I do not in this lecture propose discussing how food should be shared in the future, I do want to emphasize so long as the political leaders in the developing countries can assure food enough to meet the needs of the elitist and some for their poor people, they are likely to place their development priorities on industrialization at the expense of agriculture.

I now want to examine the social and cultural constraints the developing countries will face as they develop policies and formulate programs directed toward increasing production on the small farms. I have always seen the potential of making positive gains in bringing about change when the social structure and the cultural values are understood and worked from within. I view the social and institutional structure, and cultural values, in much the same way the carpenter views the grain in wood. For the carpenter to plane against the grain is difficult, many times destructive, and, more frequently than not, leaves major blemishes in the finished wood. By working with the grain, the carpenter can shape the wood into many designs to serve many uses.

For most of the small farmers throughout the developing countries, two generalizations come close to characterizing them. Their primary interest in the land they farm is to produce enough to meet the subsistence needs of their families. And the only known security they can count on in producing enough to meet their families' subsistence needs is to follow the handed-down, traditional agricultural practices of the past. By following the traditional practices, the farmer looks to himself for his know-how. Since his objective is to produce to meet the family's subsistence needs, he has under his control most of the requisite agricultural inputs.

Having observed the small farmer in India over a 19 year period, I am confident about the potential for increasing his production. That rice (paddy) yields per acre in India are only one-third the yields in Japan and Taiwan is convincing proof the potential is great to up yields. My summation of the small farmer is that most of the changes sought have been beyond his means and managerial competence. And the institutions serving agriculture are not small farmer oriented. While a few small farmers make the transition in one great step from producing to meet family subsistence needs to producing for the market, most do not. The need is, therefore, for a step-by-step transformation from traditional agriculture toward modernized agriculture. Modernized, as used here, refers to increasing reliance on science and technology. Instead of expecting the small farmer to immediately change from producing to meet subsistence needs to producing for the market, a more meaningful approach, from the cultural point of view, would be for the first change to emphasize production to improve the family's level of living.

I can recall two experiences out of U.S. agriculture to support the imperative of relating the need to increase production to family values, expressed in wants and needs. When the U.S. Congress passed the first soil conservation act in the Roosevelt era, we expected farm families to be interested in carrying out soil building practices on their farms for the sake of saving the soil for future generations. But American farmers didn't respond to saving the soil for the sake of soil conservation. When farm families were encouraged to put down in writing the priority family values, and then assisted in working out a farm plan that included good soil conservation practices, they could then see carrying out of a good farm plan was the way to realize the family values, expressed in wants and desires. Soil conservation gained wide acceptance only when the families could see its relevance to family living.

The second illustration comes out of the Farm and Home Administration. Prior to the Farm and Home Administration, the small farmer subsisted and functioned outside credit and marketing institutions. By working out a farm and home plan that related farm plans to family needs, the small farmers responded, increased their production, and had an excellent credit payoff record.

Basic to the value changes essential if the small farmer is to look to his land to produce so his family can live better, will be the availability of simple consumer goods the family feels are important to improving their level of living. The simple consumer goods the farm family will want to purchase should be processed in small industries within the rural areas. It is this process of improving agriculture, providing alternative employment opportunities, and producing value oriented consumer goods that will bring about an awareness that a better and more secure way of life is achievable for all the rural people.

The methods of introducing new technology will significantly influence the process of changing the rural culture and increasing agricultural production on the small farms. Initially, the new technology should be first-step technology. What we have witnessed the past two plus decades of introducing technology into the developing countries has been largely oriented to introducing the most

advanced, complex, and sophisticated technology applied in the developed countries. In transferring from the developed to the developing countries the most advanced technology, much of the transferred technology has not taken cultural roots. But the basic concern must be that by concentrating on transferring the advanced technology to the developing countries two distinct cultures are emerging in the developing countries—the elitists, who have resources and are competent to manage and utilize the advanced technology, and the poor people, most of whom are rural, who lack both resources and competence to integrate the advanced technology into their economy and culture.

If the small farmer is to significantly improve his yields, enough to provide a better and more secure way of life and more to sell on the market, he must be aided with agricultural technology within his resources and competence to apply and manage. If the newly introduced agricultural technology is to be relevant to the small farmer, it must be labor intensity, with limited reliance on expensive inputs of oil derivatives. For the small farmer in Tanzania whose major food crop is maize (corn), and whose primary source of power (energy) for farming is human labor, a village blacksmith to make and repair hand tools would be an appropriate start in introducing first-step technology related to making human labor more productive.

I recall as vividly as if it were yesterday India's early efforts to introduce the mold board plow. The introduction of the mold board plow was related to the need to introduce green manure crops to put more organic matter into the soil. The small farmers accepted the need to plant green manure crops and purchased the mold board plows. When the plows became dull or a point was broken off, they took them to the village blacksmith for sharpening and repair. Because the village smithy didn't know how to put a new point on the plow shear, he told the farmer the government had again cheated him by having talked him into buying the new plow. Since the plow couldn't be repaired, it was discarded and the introduction of green manure crops seemed another abortive effort to introduce new agricultural technology. With a new start, this time by training the village blacksmith in repairing and sharpening the plow, green manure crops were successfully introduced into the Indian villages.

The choice of technology, both for the small farmer and the rural-based small industries, will determine whether or not technology plays the role it has the potential of playing in increasing agricultural production on the small farms and in the small industries in the rural areas. From the time the developing countries began to breathe as new republics, they have been confronted with either/or development choices. One set of forces pressed for policies and programs to rapidly modernize their economies through the transfer, adoption, and application of advanced technology. In opposition were the traditionalists, who resisted emphasis on modernization and industrialization. Except for the People's Republic of China, there doesn't seem to have been any in-between position in support of modest progress through a step-by-step introduction of technology within the reach of and for the benefit of all the people.

As I reflect on and about India's now 28 years of independence and 23 years of development experience, I would conclude India has, as do the other developing countries, an alternative choice to the communes which have contributed to the People's Republic of China's great achievements in increasing agricultural production as well as raising the quality of life for the 650 million peasants. I know of no experience more relevant to the world's present need for a working model in how to introduce technology into traditionally rural cultures than that of Mahatma Gandhi's. Gandhi's approach to rural development started with the people. He saw agricultural development as being basic to rural development, and he looked to the handicrafts and small industries to provide alternatives to agriculture for people to earn a living. He knew and supported people having consumer goods needs and looked to the small industries to provide the basic family consumer goods.

Gandhi was for change, but always in moderation and within the capacity of the people to give both leadership to change and to integrate the change into their culture and economy. Gandhi was forever searching for innovations, new technology. But he wanted technology that was within the capacity of the people to apply and he wanted the technology to work for the benefit of all, instead of a few.

Gandhi's support of basic education was evident in his searching for an approach to education that would be people development oriented and would contribute to developing people's attitudes and competence to do things for themselves. Gandhi wanted people to have competence to solve problems and make maximum use of the environment as the most basic resource available to the people. Gandhi deplored ignorance, knowing ignorance breeds stagnation, and stagnation breeds poverty.

It is of interest to note Gandhi was not alone in pioneering rural development in India. Rabindra Nath Tagore was also in the forefront in pre-independence India in experimenting, testing, and developing innovative approaches to increasing agricultural production and raising the level of living of India's village poor.

Basic to both Gandhi's and Tagore's rural development approaches was decentralization of administration. Both wanted the responsibility for leadership in development to be with the people. Both men recognized that the rate and quality of development would be in direct relation to the people's competence to integrate the new technology and that the technology introduced should be capable of contributing to the betterment of all the people.

Gandhi knew all too well the meaning of taking the first step in the thousand-mile journey. The difference in the Gandhian approach and the Western approach of an all-out effort to introduce the most modern technology, was that Gandhi saw the need for all the people to advance and for the technology selected for introduction to be within the competence of all the people and for the benefit of all the people.

After two decades in development, some 40% of the people in the third world countries are locked in poverty. These are the people who were left out of the development process, both as participants and as beneficiaries. Millions of people who were bypassed in the developing countries today face death from starvation the decade ahead. Surely the time is now for the political leaders of the developing countries to ask and answer the most fundamental question they will ever be called upon to answer. That question is what kind of a level of living will be culturally acceptable and economically achievable for all of their people. It was answering this very question that lead the People's Republic of China to the communes. I think I know the kind of level of living Gandhi would approve as being accepted and economically achievable not only for the people of India but also for most of the people in the developing countries. It would be an opportunity to earn enough to assure freedom from hunger, a shelter (house), minimum clothing, education for the children, medical services for the family, and to feel a sense of security and well-being. To achieve this simple level of living would, for most of the people in the world, give a sense of fulfillment. Furthermore, it is economically achievable.

In the U.S., science and technology are closely related to bigness, labor efficiency, and cost benefit analysis. When Western technology and Western economic theory have been imposed on the developing countries, they have been totally insensitive to rural ways of thinking, with land being viewed as another factor of production. To the people in the rural areas of the developing countries, farming is a way of life. Their land is their security in meeting family subsistence needs. The one resource the developing countries have in common and in abundance is human labor. When the economic approach of the industrialized West is imposed on the developing countries, with its emphasis on bigness, labor efficiency, and cost benefit analysis, labor is looked upon as an expense. For the developing countries, labor should be viewed as a capital resource, in the same way money is an investment resource for the U.S. Idle money in the U.S. economy is non-productive; idle labor in the developing countries is not only non-productive, it has a negative value in that it neither produces nor does it maintain itself. By following the Western economic approach to development, and its success measured in Gross National Product, the developing countries have imposed advanced technology on the people and sacrificed self-help programs. Development has been for the people, not through the people. Monetary and materialistic values have replaced human values.

India's experience during the fifties in putting together an integrated agricultural program to involve and benefit all the village cultivators, illustrates how programs in the developing countries have been wrongly evaluated when applying the traditional Western input/output economic analysis. The program I am referring to was India's Intensive Agriculture District Program. It had a four-fold objective: 1) to emphasize the necessity for government policies that would provide farmer incentives, assure needed inputs, especially fertilizer and improved seed, commit needed financial resources, and assign competent staff to the program, 2) starting with research, to put together a package of practices within the resources and competence of all cultivators (small, medium, and large) that were to be field-tested and adapted to farm conditions and then recommended through extension for farmer adoption, 3) to transform existing or create new institutions oriented to and capable of providing all the cultivators the services and inputs related to the recommended package of practices, and 4) to provide markets that were farmer oriented and trustworthy.

The Indian Intensive Agriculture District Programs was sabotaged through straight input/output analysis. The analysis and evaluation was on measuring agricultural production in the short run. Always left out was an evaluation of both effort and progress on the part of government to formulate and implement the needed policies and followthrough on its commitments with respect to assigning competent staff, marketing policies, and making needed inputs available. Evaluations ignored the process of transforming institutions created for and managed by the elitist, for the elitist, and having them accept the small farmer as coming under their program. The process by which the small farmer moves from a reliance on traditional practices to feeling secure with new technology never entered into the evaluations.

Since the greater economic returns in agricultural production always come from

working with the larger farmers, programs over the past two decades that have been designed to contribute to increasing production on all farms—small, medium, and large—have been started and dropped. Programs that encompass all the farmers are time-consuming, difficult, and have a long-term payoff. Now, two decades later, we see the implications of following a Western input/output economic analysis. The small farmers have been bypassed.

Basic to the process of changing traditional societies into which the small farmer is interlocked is development through education of people as human beings. Here I want to distinguish between the traditional institutional approach to education with formal classes, divided into primary and secondary schools and colleges, and non-formal education. The traditional form of education is achievement and promotion oriented, and leaves out of the educational process the involvement of all the people in a process of learning the people's relationship to their environment. It is the education of the minds of rural people that must be the objective of education if the advances sought in agriculture are to be realized. Those who are to be called upon to modernize their agriculture must grow in understanding of science and technology. They must be competent to make decisions base on alternatives.

Those who will be doing the big thinking and designing the grand plans for mobilizing the world's resources to assist the developing countries increase production per acre on the small farms should accept with both understanding and humility that, in the final analysis, what happens will be decided by the small farmer and the families who live by farming as a way of life. Here I want to state a basic and fundamental development truth. It is that all development takes place through people and institutions made up of people. When applied to agricultural development, the message must be read to mean the rate and equality of the agricultural development will be in direct relationship to the rate and quality of the development of the farm people who will make the decisions, achieve improved living standards, and contribute to meeting the nation's growing food needs.

Today the small farmer, from whose land the increases in agricultural production must come if all people are to have food enough, lives outside the institutions serving agriculture. As he follows his traditional practices, he has no need to relate to the established institutions and services for agriculture. Furthermore, the established institutions related to agriculture in the developing countries aren't oriented to the needs of the small farmer. In general, and accepting the exception, the present institutional infrastructures serving agriculture in the developing countries are controlled by an elitist power structure and are oriented to serving the elitists (large farmers) in agriculture.

If the small farmer is to respond to the world's need for him to increase his agricultural production, either the existing institutional infrastructure serving agriculture must be transformed or a new institutional infrastructure to which the small farmer can relate must be created. In the simplest of terms, the research institutions must give priority to developing a package of practices that are within the farmer's resources and competence to organize and manage. The government must have policies oriented to the needs of the small farmer, and it must carry out its policies if it is to gain the confidence of the small farmer. There must be needed institutions to deliver the recommended agricultural inputs. Credit must be available and oriented to the small farmer's needs. And markets must be trustworthy and backed by price policies which will protect the small farmer's investment as well as assure him against losses in case of adverse weather conditions.

The process which must take place is one in which the small farmer's agricultural needs are met and the institutions gain the confidence and trust of the small farmer. Whereas today the farmer places his total trust in the handed-down tradition, he will change as he finds the total institutional infrastructure trustworthy and oriented to his total needs.

I am both hopeful and optimistic that out of the emerging food crisis the political leaders in the third world countries will come to understand that increased agricultural production on the small farms must be related to policies and programs which are oriented to improving the family's level of living. While we in the U.S. search for more humanistic values and learn to adjust to a less wasteful industrial economy, we must continue to help the third world countries achieve a more secure and self-fulfilling level of living for all their people. We should join in helping all people throughout the world achieve freedom from hunger.

Confronted, as the political leaders of the third world countries are, with the population-food crisis, they face choices which will have far-reaching implications. The choices are either to continue to support development policies that favor the elitist, exclude the poor, and commit millions of people to death from malnutrition and starvation, *or* commit the nation's resources to improving the quality of life for all the people through programs that place priority on change through the people for the benefit of all the people.

In bringing my lecture to a close, I want to express my confidence in the good common sense of the smaller farmer. I only hope those who join in helping the developing countries, and the leadership within the developing countries, will always keep in mind it will be the farmer's and the farm family's decision either to change or not to change. For the small farmer to adopt new agricultural practices, he must see both gain in his level of living and increasing security for his family. But aren't these things all people seek out of life?

In our anxiety to be helpful, I hope we will forever keep in mind we can be helpful only when the third world countries' political leaders first commit themselves and their countries' resources to improving production on the small farms. Finally, we must understand the small farmer is much like we are. He must see change as benefiting him and his family. The small farmer can be assisted in change, but change must come from within. While there must be big money for agricultural development in the third world countries, the things I have talked about require more common sense in their application than they do big money.

Time is running out. Time is now for the political leaders of the third world countries to return development to the people and to support development policies which will contribute to achieving a level of living economically feasible, culturally acceptable, and fulfilling for all the people.

A Strategic and Priority Role for the U.S. Land Grant Universities in Helping the Developing Countries Increase Production per Acre/Hectare on the Small Farms

The UN World Food Conference held in Rome in December, 1974, highlighted the necessity of the developing countries giving the highest priority in their national plans to increase production per acre/hectare on the small farms. The urgency for giving immediate priority to increasing production per acre/hectare on the small farms is the almost certainty the developing countries will by 1985—just 10 years hence—face an annual food deficit of between 80 and 90 million tons. The cost to the developing countries to import the needed food to meet their projected deficits by 1985 would be between $16 and $20 billion dollars. Since this is a cost beyond the means of the developing countries, they must, within the next decade, either increase production on the small farms or millions of their people will die of starvation.

It is to provide the kind of help the developing countries now need and must have if they are to succeed in the next decade in feeding their people that a significant assignment of world importance now challenges the U.S. Land Grant Universities.

The U.S. Land Grant Universities contributed significantly to the development of rural America and the present high productivity of American agriculture by keeping the focus on the family farm. Through research and extension education, the U.S. Colleges of Arigculture contributed to the development of agriculture, rural America, and the high level of living of farm families in the following specific ways:

Developing the basis for formulating agriculture policies

Providing the background for land reform legislation

Giving leadership in organizing cooperatives and many other institutions needed to service agriculture and the rural farm families

Assisting and encouraging private industry to contribute services to agriculture, especially feed dealers and agri-industries (fertilizers and chemicals)

Developing and on-farm testing a continuous flow of new agricultural technology

Through extension, working directly with farm families, both as individuals and in groups, helping in adopting, in applying, and in organizing and managing the new technology to increase farm production and make family life more secure and satisfying

It is to help the developing countries in the perfection/transformation and development of integrated, nationwide institutional infrastructures to serve the needs of the small farmers that the U.S. Land Grant Universities are uniquely qualified to perform a service of world significance. The following components should be included in an integrated institutional infrastructure oriented to the needs of the small farmers for each of the developing countries:

It will be necessary to have national policies that place priority emphasis on allocation of money and manpower to agriculture development and assure the availability to farmers of the inputs to be recommended in a package of practices, especially improved seed, fertilizer, and credit.

Since emphasis is to be placed on increasing production per acre/hectare on the small farms, resource allocation must be small farmer oriented in contrast to major irrigation and development of new lands.

Since the small farmer will not, on his own initiative, take major risks in making investments in new agricultural inputs, it will be necessary to have agriculture price policies that provide for governmental guaranteed prices to insure the farmer against losses, including losses due to adverse weather, as well as provide him an incentive to adopt the new agricultural inputs.

Agricultural research institutions must be developed to a competence level where recommendations will first have been on-farm tested and oriented to the small farmers' resources, primary source of energy (hand and animal power), and within his competence to organize and manage.

Extension must be staffed by people who can interrelate to the small farmer, and their recommendations must be trustworthy and in complete coordination with the institu-

tions responsible for delivering the agricultural inputs.

Institutions, both government and nongovernment, must either exist or be developed to serve the needs of the small farmer in providing the agricultural inputs (seed, fertilizer, pesticides). The highest priority must be given to meeting the credit needs of the small farmer. The farmer must be able to rely on these institutions and develop confidence in them.

The marketing institutional infrastructures will be a determining factor in the small farmer's decision whether to continue his traditional practices and produce only for his family's survival needs or to accept the new technology and produce some for the market. The way the government operates its pricing and crop insurance program will be a decisive influence in the farmer's decision and whether or not the nation's food needs are met.

Land tenure legislation must provide an incentive to all who till the soil to invest in agricultural production (both funds and increased labor), confident that they, not the "landlords," will be the beneficiaries of increased production.

The development of national institutional infrastructures, both government and nongovernment, to serve the needs of the small farmers in the developing countries is an achievable objective in the next ten years. Many of the needed institutions and starts on agriculture policies presently exist in many, if not all, of the developing countries. But the need exists for the developing countries to create the missing institutions, to perfect those presently in existence, and to integrate them all into a nationwide institutional infrastructure oriented to the small farmer.

The U.S. Land Grant Universities, through the Colleges of Agriculture, are unequally equipped to play a leadership role on behalf of the United States in assisting the developing countries with the development of an integrated institutional infrastructure needed to serve the needs of the small farmer. Large numbers of the U.S. Colleges of Agriculture have worked abroad and made major contributions in developing research and training institutions. College after college has on its staff as many as fifty of its faculty who have solid experience of working in the developing countries. The Colleges of Agriculture know from U.S. experience how important it has been to U.S. agriculture to have a total integrated institutional infrastructure oriented to the needs of the family farm. The U.S. Land Grant Universities can assist the developing countries in developing their own culturally oriented institutional infrastructure to serve the needs of the small farmer, with less cost and greater acceptance by the developing countries than will be possible either through the U.S. Government or some aid giving agency sending teams of uncoordinated consultants, each working on a piece of the institutional infrastructure.

Other things, of course, need doing. Fertilizer plants must be built. Available productive land must be brought under cultivation. Irrigation schemes that are economically feasible must be undertaken. These and other big schemes can be done through loans with built-in technical and manpower assistance.

What the U.S. knows about agricultural development and the essential role of institutions to serve agriculture can be translated into helping the developing countries get on with the job of bringing the small farmer to center stage. The small farmer can, if effectively assisted, over the next ten years increase agricultural production and contribute toward producing enough to meet the nutritional needs of all the world's people.

Food Aid and Agricultural Development*

(By John W. Mellor, Cornell University)

INTRODUCTION

Food aid can play a major positive role in encouraging low income nations to choose a strategy of economic development which provides accelerated growth in employment, consequently broadened participation of the poor in economic growth, effective attention to increasing agricultural production and as an eventual by-product, reduced rates of population growth. Such a role for food aid is consistent with the fact that demand for food is at least as much subject to the national policies of low income nations as the supply of food; that the extent to which nations emphasize food production is substantially a product of their policies with respect to food demand; and, that these are in turn very much related to the nature of the political system and its sources of support. A Government which is based on broad support of the majority of people must at least in the longer run be concerned with increasing the incomes and employment of those people and matching that income with larger food supplies on which to spend it. Conversely, a government that is not clearly assured of food supplies in the short run, dare not engage in the politics of rising expectations for the mass of its people. Rather, in those circumstances, it must be repressive of the poor and follow narrowly based, elitist approaches to growth, with little emphasis on agriculture. Then, slow growth in agricultural production is matched by slow growth in demand as the rural sector stagnates and as employment is contained by capital intensive, urban oriented, industrial development.

In succeeding sections I develop this argument: first, demonstrating the relation between food supply and broad participation in economic growth; and second, showing the key role domestic food production plays in an employment oriented strategy of growth. In this context I indicate the complementary and even catalytic role which food aid can play in that process. This is followed by a brief statement of the conditions for effective development of agriculture and the characteristics of a successful agricultural policy. From that is outlined an effective food aid strategy and its associated measures for developing indigenous agriculture. I close with a summary statement of the case for food aid over other forms of aid. Throughout I recognize that inappropriate food aid policies may be quite counterproductive.

*Testimony prepared for the subcommittee on Foreign Agricultural Policy of the Committee on Agriculture and Forestry, United States Senate, April 17, 1975.

FOOD SUPPLY AND DEMAND—THE RELATION TO EMPLOYMENT

When incomes of the poor are increased there is an inevitable increase in the effective demand for food—indeed providing the poor with the financial means of improving their health and well being through improved diets is a principal objective of increased employment. Thus in India for a $1.00 increase in income of the landless labor class, occupying the lower 20 percent in the income distribution, 60 cents is spent on grain and 85 cents is spent in total on food (Table 1). This increased demand for food cannot be met by a simple redistribution of income, for a similar $1.00 reduction in income of the top five percent in the income distribution only reduces demand for grain by five cents. The increased demand must be met by increased supplies. Otherwise prices will rise and government will be forced to fight the incident "inflation" by the conservative fiscal and monetary policies which can work only by reducing the employment and incomes of the poor. Thus increased incomes and employment of the poor go arm in arm with increased supplies of food.

THE KEY ROLE OF DOMESTIC FOOD PRODUCTION

Accelerated growth in domestic food production serves a dual role in a high employment, broadly participatory strategy of growth. First, it supplies the basic "wages goods" necessary to back the increased purchasing power of the expanded labor force. That point is elaborated in the preceding section. Second, increased agricultural production achieved through the improved technology of the "green revolution" offers net additions to national income which provide major stimulus to growth of demand, employment and output, in other sectors of the economy.[1] Thus, development of the agricultural sector has a crucial positive role to play in economic development and not simply a passive role of providing food for a growing population or as a reservoir for labor that the urban sector cannot yet absorb.

[1] This important point is spelled out in a general way in Lele, Uma J. and John W. Mellor, "Jobs, Poverty and the 'Green Revolution'," *International Affairs*, Jan., 1972; in a more technical manner in John W. Mellor and Uma J. Lele, "Growth Linkages of the New Foodgrain Technologies," *Indian Journal of Agricultural Economics*, Vol. XXVIII, No. 1, Jan.–Mar. 1973; and with a detailed specific application to India in John W. Mellor, *India and the New Economics of Growth*, The Twentieth Century Fund (forthcoming 1975).

TABLE 1.—DIVISION OF INCREMENTAL EXPENDITURE AMONG EXPENDITURE CATEGORIES, BY RURAL EXPENDITURE CLASS, INDIA, 1964–65

	Bottom deciles (mainly landless agricultural and nonagricultural laborers)	3d decile (laborers with less than 1 acre)	4th and 5th deciles (1–5 acres)	6th, 7th and 8th deciles (5–10 acres)	9th decile (10–15 acres)	Lower ½ of 10th decile (15–30 acres)	Upper ½ of 10th decile (30+ acres)
Mean per capita monthly expenditure	8.93	13.14	17.80	24.13	30.71	41.89	85.84
Allocation of an additional rupee of expenditure:							
A. Agricultural commodities	.79	.69	.59	.52	.46	.40	.33
(a) Food grains	.59	.38	.25	.16	.11	.06	.02
(b) Nonfood grains	.20	.31	.34	.36	.35	.34	.31
(i) Milk and milk products	.07	.11	.12	.13	.13	.12	.09
(ii) Meat, eggs and fish	.02	.03	.03	.03	.03	.03	.02
(iii) Other foods (a)	.01	.05	.07	.09	.10	.12	.16
(iv) Tobacco	.01	.01	.01	.01	.01	.01	.01
(v) Vanaspati		.01	.02	.02	.02	.02	.01
(vi) Other oils	.05	.05	.04	.04	.03	.02	.01
(vii) Sweetners	.04	.05	.05	.04	.03	.02	.01

TABLE 1.—DIVISION OF INCREMENTAL EXPENDITURE AMONG EXPENDITURE CATEGORIES, BY RURAL EXPENDITURE CLASS, INDIA, 1964-65—Continued

	Bottom deciles (mainly landless agricultural and nonagricultural laborers)	3d decile (laborers with less than 1 acre)	4th and 5th deciles (1–5 acres)	6th, 7th and 8th deciles (5–10 acres)	9th decile (10–15 acres)	Lower ½ of 10th decile (15–30 acres)	Upper ½ of 10th decile (30+ acres)
B. Nonagricultural commodities	.21	.31	.41	.48	.54	.60	.67
(a) Textiles	.09	.08	.07	.08	.07	.06	.07
(i) Cotton textiles	.09	.08	.07	.06	.06	.05	.03
(ii) Woolen textiles				.01	.01	.01	.02
(iii) Other textiles				.01			.02
(b) Nontextiles	.12	.23	.34	.40	.47	.54	.60
(i) Footwear		.01	.01	.01	.01	.01	.01
(ii) Durables and semidurables (b)	.01	.01	.01	.02	.02	.03	.05
(iii) Conveyance (c)	.01	.01	.02	.02	.03	.05	.10
(iv) Consumer services (d)	.02	.02	.02	.03	.03	.04	.06
(v) Education (e)	.01	.01	.02	.03	.03	.05	.11
(vi) Fuel and light	.07	.07	.06	.05	.05	.04	.03
(vii) House rent (f)		.01	.01	.02	.03	.04	.08
(viii) Miscellaneous (g)		.09	.16	.22	.27	.28	.16
Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Mellor, John W. and Uma J. Lele, Growth Linkages of the New Food Grain Technologies, "Indian Journal of Agricultural Economics," vol. XXVIII, No. 1. January–March 1973.

It is particularly important, in the context of food aid, to see the relationship between economic growth strategy and population growth. It is now clear that the interacting forces of lack of employment, lack of education, high infant mortality and poverty generally, are associated with high birth rates. Conversely birth rates will remain high in a nation so long as a major portion of its population is denied participation in economic growth—that is what the poor nations were trying to tell us at the Budapest meetings. And, as stated above, participation of the poor in growth greatly increases the demand for food. Thus, quite contrary to some arguments, gaining control of the world's population requires that much more food be supplied to the poor, not less.[2] Domestic programs of food production supply the food and through direct and indirect effects provide a favorable environment for providing the employment, income and purchasing power for buying that food.

In this context a complex point about price effects of food aid and price policy can be seen. Food aid need not depress domestic agricultural prices *if* it is accompanied by measures which expand employment of lower income people and hence expands demand for food commensurately—but similarly such demand increasing policies should not be undertaken lightly by governments unsure of the reliability of their grain supplies.

[2] See John W. Mellor *Population, Resources and Jobs—A Summary Statement*, Dept. of Agricultural Economics, Occasional Paper No. 77, Cornell University USAID Employment and Income Distribution Project 1974. See also John W. Mellor *India and the New Economics of Growth*, The Twentieth Century Fund, Chapter 10 (forthcoming, 1975).

THE POSITIVE ROLE OF FOOD AID

The preceding section shows that there is great advantage to pursuit of broadly participatory increase in human welfare and associated reduction in population growth through a strategy that emphasizes the complementary elements of increased food production and increased employment. However, pursuit of such an objective and strategy is fraught with grave risks for a government—risks which food aid may reduce.

First agricultural development is at best a complex and slow process. While measures to increase employment and incomes of the poor may quickly succeed, measures to increase agricultural production may be delayed—and yet their eventual success may require political actions and support that themselves create immediate additions to demand for food. A government may understandably feel trepidation at the threshold of such an accelerating gap between its food needs and domestic capability. A politician may not be assuaged by the economists advice that the problem is only a short term one—for both know where they will be in the long run. We see this problem in the context of broader political and economic events in Tanzania, Chile and perhaps now in Ethiopia.

It is here perhaps worth emphasizing the distinction between domestic policies which create a food shortage as part of a process which lays the groundwork for a more egalitarian society and one which does so as part of a process of maintaining a narrowly based society. In the former case much of the problem arises from increase in demand and possibly from production setbacks accompanying a restructuring of the institutional framework which may lead to later increases in production. In the latter the problem arises despite stagnant demand, because of a refusal to reorganize the institutional framework. Further, the magnitude of a food shortage is likely to be much greater in the former case than the latter.

Second, weather induced year to year changes in agricultural production are large compared to either the changes in demand or in supply that accompany changes in development policy. Thus, as will be shown later, an increase in the trend of agricultural production of one percentage point, say from three percent to four percent is indeed revolutionary in its implications to growth strategy. And yet weather may easily cause single year declines in production of 10 to 20 percent (Table 2). What is a government to do if it has just implemented a significant program of employment growth and then is hit by a ten percent reduction in food supplies? Perhaps a prudent government, facing such possibilities would opt for a more narrowly based strategy of growth which was not so dependent on growth in food supplies and rising expectations of the masses. Food aid could provide the insurance necessary to encourage a prudent government to take those risks. It is clear, that for food aid to be effective it must be reliable. A nation cannot tune its longer term economic and political processes to an aid program which is on the one hand essential to that process and which is on the other hand subject to rapidly changing political and economic fashions.

TABLE 2.—ESTIMATES OF FOODGRAIN PRODUCTION, INDIA, 1949-50 TO 1971-72

[In million metric tons]

Year	Official estimates of production	Percent change from previous year	Growth rate	Trend line of production	Input estimates of production	Percent change from previous year	Growth rate
1949–50	60.8	0		60.8	60.8	0	
1950–51	55.0	−9.5	2.2	62.5	60.4	−.7	2.6
1951–52	55.6	1.1		64.2	61.0	1.0	
1952–53	61.8	11.1	4.8	66.0	64.2	5.2	3.2
1953–54	72.4	17.1		67.8	68.6	6.8	
1954–55	70.8	−2.2	2.8	69.7	68.7	.1	2.6
1955–56	69.4	−2.0		71.7	70.8	3.1	
1956–57	72.5	4.5	4.2	73.7	72.0	1.7	2.9
1957–58	66.7	−8.0		75.7	73.6	2.2	
1958–59	78.9	18.3	3.4	77.8	76.9	4.5	2.6
1959–60	76.9	−2.5		80.0	79.2	3.0	
1960–61	82.2	6.9		82.2	80.5	1.6	
1961–62	82.9	.8	2.1	83.9	82.6	2.6	2.0
1962–63	80.3	−3.1		85.7	84.4	2.2	
1963–64	80.7	.5	2.1	87.5	85.7	1.5	2.4
1964–65	89.3	10.7	2.1	89.3	87.0	1.5	2.9
1965–66	72.3	−19.0		91.4	88.0	1.1	
1966–67	74.2	2.6		93.5	91.8	4.3	
1967–68	95.0	28.0	2.8	95.6	94.9	3.4	2.9
1968–69	94.0	−1.0		97.8	99.6	4.9	
1969–70	99.5	5.8	2.2	100.0	104.8	5.2	2.9
1970–71	108.4	8.9	3.3	102.3	106.7	1.8	3.5
1971–72	104.7	−3.4	2.3	104.7	110.6	3.6	3.5

Source: Mellor, John W., "India and the New Economics of Growth", The twentieth centuryfund (forthcoming 1975), ch. II, table 2.

The preceding analysis shows how terribly misleading is the triage analogy in the context of food aid. First, of course, the analogy is inapt—individual casualties on the battlefield may die and disappear, nations of people do not. As much as some of the partisans of the view might wish it, Bangladesh's 75 million people will not disappear for lack of American aid. The question is not whether Bangladesh will survive—indeed it is inevitable that in a few years there will be millions more Bengalese; but rather, is the ground work being laid for the broadly participatory system of growth which will eventually bring down birth rates and stabilize population. And further will that base be laid and the final increase in population occur from a 50 million basis (for which it is now too late, but was not in the early years of independence from Britain); a 75 million base (as of now); or an even larger base (for the future).

Continued shortage of food only ensures that governments will narrow their political base to a group to whom it can supply adequate food and for whom other material goods may be relatively more available. To continue the analogy of Bangladesh it has already had 25 years of failure to develop the basis for a broadly participatory process of growth, while the population grew by what would in 1946 have been called an impossible to sustain amount. In my view the changes in government system in Bangladesh in recent months are fully consistent with the food situation but do not bode well for improvement of that situation.

In a similar vein it is not surprising that Mrs. Gandhi's government laid great emphasis on increasing employment in 1970 when government held stocks of grain were being built rapidly to what were generally considered uncomfortably large levels, and has talked, and acted, much less on this point more recently when refugees, drought, and high world prices have wiped out those reserves.

In this context, it should be recognized that once a nation opts for a low employment elitist approach to growth, perhaps because of lack of food, that then reduces the demand pressure to increase agricultural production and ensures lack of the attention necessary to success in agricultural development.

The preceding is not to say that food aid is necessarily facilitatory of a broad based strategy of growth. Even narrowly based governments need some control of food supplies. They may pursue a program of capital intensive growth and not even provide the minimal resources for agriculture necessary to support that minimal growth in demand for food. Food aid may then facilitate further neglect of agriculture and continuation of a narrowly based strategy of growth. Indeed for a low income nation with a political system built on a narrow urban base, or wealthy rural landlords, it may be convenient to meet much of urban demand for food from food aid so that it will not be necessary to unsettle rural areas with the organization and change incident to rural development. It is clear then that effective food aid requires choices—but, fortunately, not the morally repugnant choices of triage metaphor.

Thus a food aid policy effective in reaching long run goals of increased agricultural production, broadened participation in growth and eventually reduced rates of population growth will favor countries which first foster rapid growth in employment through encouraging small and medium scale industry, broad based rural development and expanded trade and second which take effective long run steps for increasing agricultural production.[3] For economic reasons, it is likely that both efforts will be more successful in countries with broadly based political systems which lend themselves to considerable decentralization in operation of programs.

Given favorable circumstances in the receiving country, food aid will be more effective if it is associated with an international trade environment facilitative of increasng labor intensity in the low income countries and with specific development assistance to agriculture. Such assistance can of course be no more than a marginal addition to a nation's basic effort, and thus its success depends on the nature of the development process itself and the dedication of the receiving nation to that process. Nevertheless food aid itself may encourage that dedication—and it is presumably in this area that the humanitarian would bargain with food aid. However, to bargain effectively the means of developing agriculture must be understood.

THE MEANS OF DEVELOPING AGRICULTURE

The specific requisites of agricultural development differ across areas and over time. One basic generalization does stand out as important. In low income nations, agriculture, in contrast to industry, is a large existing sector already commanding the bulk of an economy's land, labor and even capital resources. It is using those resources at low levels of productivity, a condition due not to the ignorance of farmers but to the lack of modern high yielding technology appropriate to the specific conditions facing those farmers and the necessary set of supporting investments and institutions.[4] From this we can state the essential prerequisites of modernizing agriculture.

First, and most basic, local research institutions are needed for developing new high yielding varieties of crops and livestock suited to indigenous conditions. In contrast to a decade ago, this need is widely recognized, and yet there seems still to be more lip service than action. This need is perhaps greatest for the small farmer because in the past the crops he grows have been most neglected. The U.S. participation in the International Research Institutes is a useful step for meeting this need. That activity needs to be expanded and much more needs to be done to develop national research systems which can plug into the international grid.

Second, there needs to be a vast development of rural institutions for facilitating the spread of new technology—these include credit, marketing and extension and may include revised systems of land tenure and community organization as well. As in the case of research the key characteristic of these institutions is their requirement of large numbers of trained people. Thus one of the prime development requisites is the means to enlarge the quantity of trained personnel and to facilitate organization of these personnel into effective organization. As always, the more the effort is intended to reach the large numbers of small farmers the greater the requirement for trained personnel. Programs for the poor are personnel intensive and hence inconsistent with narrowly based elitest education. The United States has played and can continue to play an effective role in expanding capacity to train personnel in developing countries and to help fill the short run gaps with technical assistance.

Third, a modernizing agriculture requires an immense investment in physical works and supplies. Irrigation systems need to be built, roads constructed, even domestic airlines built to integrate the far corners of a country and fertilizer imported. These require such large quantities of resources that they are unlikely to be accomplished without a broadly participatory government which at once can mobilize local rural resources for much of this task and which is dedicated to allocating massive quantities of resources to the rural sector. Again, while the necessary institutional and political structures are being built, foreign aid can play a useful role. Food aid itself releases domestic resources and adds to government resources and so is effective in this context, as is financial aid for fertilizer imports, building of irrigation structures and similar investments.

Given the complexity and variability of development and the understandably complex mix of objectives there is no clear way to state a measurable set of criteria for food aid and related assistance. One can however make general judgments and provide some rank ordering of priorities. In this I would reiterate the earlier statement that in this context it is well to recognize that complementary relations between a more egalitarian society and one which meets the objectives set here and hence to distinguish policies that may impede production growth in the short run as part of a process of broadening a polity, from those policies which impede production growth as part of a process of maintaining narrow participation in the polity.

THE CHARACTERISTICS OF SUCCESS IN RURAL DEVELOPMENT

Successful rural development will increase the supply of grain, diversify agriculture to a wider range of crops and livestock and be associated with accelerated growth in national income and hence in the demand for food.

For the bulk of low income nations for whom basic food production is barely exceeding population growth, success in agricultural development is raising the rate of growth of grain production from 2½ or 3 percent to 4, or, at the most, 5 percent. That degree of acceleration is difficult to detect, given the oscillations in weather and the concomitant growth in demand. As in the case of Taiwan, which is a great success story in rural development, the very success of agriculture may stimulate growth in demand of such a magnitude that it can only be met by increased imports—imports however which can soon be commercially financed within this pattern of growth. To illustrate characteristics of agricultural growth, Table 3 shows for India, past rates of foodgrain production increase and the potential for the future given a favorable national and international environment. Note that India has indeed experienced significant acceleration in growth subsequent to onset of the "green revolution" in the middle 1960's and that there is potential for further modest acceleration. Note also that the proportion of increments to production dependent on fertilizer increases steadily from about ten percent in the early 1960's to nearly 80 percent in the next decade. Fertilizer reflects a complex of technical changes including new high yielding crop varieties.

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[3] See Uma J. Lele and John W. Mellor, "Jobs, Poverty and the Green Revolution," *International Affairs*, Jan., 1972 for a more complete exposition of these conditions.

[4] For a full statement of these points see John W. Mellor, *The Economics of Agricultural Development*, Cornell University Press, Ithaca, N.Y. 1966; for an operationally oriented analysis emphasizing administrative and institutional aspects and based on massive project experience, see Uma Lele, *Design of Rural Development*, Johns Hopkins University Press, July 1975 (forthcoming).

TABLE 3.—CHANGE AND SOURCES OF CHANGE IN FOODGRAIN PRODUCTION AND MARKETINGS, INDIA, 1949–50 TO 1983–84

[In million metric tons]

Year	Estimated production attributable to specific inputs (percent of increased production from previous period attributable to each input in parenthesis)				Rate of growth between periods in parenthesis		
	Unirrigated land	Irrigated land	Intensification labor	Fertilizer	Input estimate of total production	Domestic marketings from the foodgrain sector	Domestic marketings plus imports[1]
1949–50	47.5	13.3	0	0	60.8	31.0	[2] 35.7
					(2.4)	(2.3)	(1.7)
1956–57	52.7	15.5	2.9	.9	72.0	36.4	(37.8
	(46)	(20)	(26)	(8)	(2.8)	(2.4)	(4.5)
1960–61	54.4	16.7	7.6	1.8	80.5	40.0	45.1
	(20)	(14)	(55)	(11)	(2.0)	(2.2)	(2.6)
1964–65	54.8	18.1	9.8	4.3	87.0	43.6	49.9
	(6)	(21)	(34)	(38)	(3.5)	(4.5)	(3.0)
1971–72	52.7	23.8	14.9	19.1	110.6	59.3	61.3
	(−9)	(24)	(22)	(63)	(4.2)	(5.4)	(4.9)
1978–79	56.9	26.8	18.8	45.2	147.7	85.8	85.8
	(11)	(8)	(10)	(70)	(4.7)	(5.8)	(5.8)
1983–84	56.9	31.6	22.2	74.8	185.5	113.8	113.8
	(0)	(13)	(9)	(78)			

[1] Assumes no imports for 1978–79 and 1983–84.
[2] Import figures for 1949–50 were not available. Therefore 1951–52 figures for production and imports were used. See Appendix Tables 3 and 9. The growth rate given is for 1951–52—1956–57.

Source: Mellor, John W., "India and the New Economics of Growth," the Twentieth Century Fund (forthcoming 1975), ch. II, table 1.

As incomes rise in the context of rising employment, demand for vegetables and livestock products rises rapidly. This is favorable to employment growth since in most low income countries such commodities are produced by labor intensive techniques. It requires complex diversification of the economy which can be assisted through technical aid.

Most important the short run pressures on agriculture's capacity to produce are exceedingly heavy as a rural, employment oriented strategy gets underway. It is conceivable that in such a strategy the need for food aid and the eventual scope for commercial exports would grow. The currently low income nations contain potential Britains and Japans as well as Denmarks and New Zealands.

THE PATTERN OF EFFECTIVE FOOD AID

Food aid effective in alleviating poverty and fostering improvement in the long term world food-population balance would be—

(1) oriented towards countries effecting broad participation in growth through employment and rural development programs.

(2) long term in nature so that countries may adjust their development plans accordingly. This requires appraising our own capacity to produce and many long run decisions as to how that capacity is to be deployed.

(3) associated with technical and capital assistance to the agricultural sector of low income nations. Within this context family planning assistance could also become effective.

(4) associated with international trade policies which are consistent with an employment oriented pattern of growth.

It is clear from this presentation that the details of effective food aid can be stated in general terms, are in practice highly complex, and most important, must be seen and offered as complementary to the totality of aid policies and in the context of other elements of foreign policy.

WHY SPECIFICALLY FOOD AID?

The basic argument in opposition to food aid is that aid in that form will depress agricultural prices in the recipient nation and in other ways reduce incentives for production of food not only thereby serving to reduce long run food supplies but to inhibit more generally that very strategy of growth which promises most, in the long run, for reducing birth rates. As pointed out above the price problem can not only be met by appropriate action on the demand side, but such changes on the demand side are the *sine qua non* of any program to relieve poverty.

On the positive side, while increased assurance of a growing food supply is necessary to an overall strategy of poverty alleviation, the U.S. has such a capacity to produce food that the cost to our society of the added several million tons involved in a significant food aid program is probably considerably less than the average payments otherwise needed to maintain a generally healthy agriculture or than the cost of transferring those resources elsewhere. If the question is posed: does the United States have highly productive resources of land and personnel and institutions that would best be kept in agriculture and tuned to a high level of production with food aid as the marginal recipient of that output; I would reply yes. I would add that attention needs to be given to how that resource is mobilized and used so that it does not serve as a price and income depressant to American farmers. Although the problem is not insoluble neither will it solve itself.

Finally, food aid can be used to structure growth strategies in a manner leading not only to more rapid alleviation of poverty but in a direction which will lead some countries to greater demand for and capacity to pay for commercial imports. Thus the very structuring of American agriculture to assist in food aid may create the very demand which will eventually justify that production on a commercial basis. The alternative of winding down American agriculture after the passing of a short term crisis of shortage may represent a permanent opportunity missed.

OIL DEPLETION ALLOWANCE

Mr. HATHAWAY. Mr. President, in the New York Times of Wednesday, April 23, Mr. Maurice F. Granville, the chairman of Texaco Oil Co., was quoted as saying, in response to the partial repeal of the oil depletion allowance, the following:

We must frankly state that the United States Government has thus far set a striking example of how not to solve the nation's energy problems.

This continuing series of negative steps is undermining the ability of the energy industry to take constructive action. Without adequate earnings, there cannot be adequate capital investment. Without adequate supplies, there cannot be greater energy independence for the United States.

Exxon's chairman, Mr. J. K. Jamieson, was also reported to have said this loss of capital would hamper development of domestic energy resources.

These gentlemen sound very pious, but I think I may have located another reason for the oil companies suffering a capital shortage—executive salaries. Last year, according to Business Week, Mr. Granville's salary rose 68.3 percent, from $273,748 to $460,761; and Mr. Jamieson's rose from $596,666 to $676,667, or 13.4 percent. These figures might be good for us consumers to keep in mind while we are waiting in line at the gas pumps to pay 55 cents for a gallon of gas.

I ask unanimous consent that the text of the attached article from Business Week be printed in the RECORD.

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

THE RICH REWARDS OF OIL'S TOP MEN

The gusher of $11-per-bbl. oil that propelled the profits of the big international oil companies to new heights in 1974 also proved a bonanza to their top executives, according to proxy statements released by the seven largest U.S.-based integrated oil concerns.

Among the executives who received the largest raises in 1974 were Chairman Maurice F. Granville of Texaco, Chairman H. J. Haynes of Standard Oil Co. of California, and Chairman Rawleigh Warner, Jr., and President William P. Tavoulareas of Mobil Oil Corp. Texaco, Socal, and Mobil are—with Exxon Corp.—co-owners with the Saudi Arabian government of Arabian American Oil Co., the world's largest oil company.

The other three big international oil companies—Shell Oil, Gulf Oil, and Standard of Indiana—have no interest in Aramco but have other interests in rich Middle East oil reserves.

In 1974, the seven companies had aggregate sales of $137-billion and earnings of $9.4 billion. Their 16 top executives in 1974 got pay hikes ranging from 4.7% (Chairman John E. Swearingen, Standard of Indiana) to 68.8% for Granville of Texaco.

NO REFLECTION

Curiously, the largesse voted to the top executives by the compensation committees of their boards of directors seems to have little relationship to the 1974 earnings performance of the companies. The top executives of Standard of Indiana received relatively modest 4.7% increases, even though the company racked up the best profit performance of the group, earning $970.3-million on sales of $9.3-billion. Standard of Indiana's 10.4% profit margin was the best of the group, which averaged a 6.8% return on sales.

The companies that rewarded their executives most handsomely stood at the bottom of the profitability rankings. Mobil, whose 5.1% return was the lowest of the group, awarded Chairman Warner a $96,333 raise, while President Tavoulareas received an even bigger hike of $99,750.

Texaco, whose 6.6% return was below the group average, was also generous. Chairman Granville's $187,013 raise was the largest won by any officer in the group, amounting to an increase of 68.6% in his total cash compensation.

STILL TOP MAN

The highest-paid executive in the industry remained J. Kenneth Jamieson, chairman of Exxon Corp. Jamieson, who received $676,667 in 1974, was at the helm of a corporate behemoth that earned $3.1-billion on sales of $41.9-billion in that year. Jamieson's $79,334 increase, a hike of 13.2%, was much less than the $121,824 raise awarded Socal's newly promoted Haynes, who was running a smaller company that earned $970-million on sales of $17.1-billion.

After Jamieson, the 1975 proxy statements indicate that the highest paid executives in the international oil industry are Mobil's Warner, $596,000; Gulf's Bob R. Dorsey, $544,264; Mobil's Tavoulareas, $489,750; Standard of Indiana's Swearingen, $487,491; Texaco's Granville, $460,761; and Exxon's President C. C. Garvin, Jr., $457,083.

THE OIL COMPANIES' BIG RAISES AT THE TOP

Company	Total cash payments[1] 1974	Total cash payments[1] 1973	Percent increase
Exxon Corp.:			
J. Kenneth Jamieson, chairman	$676,667	$596,666	13.4
C. C. Garvin, Jr., president	457,083	395,000	15.7
Gulf Oil Corp.:			
Bob R. Dorsey, chairman	544,264	490,000	11.0
James E. Lee, president	324,704	266,666	21.7
Mobil Oil Corp.:			
Rawleigh Warner, Jr., chairman	596,000	499,667	19.2
William P. Tavoulareas, president	489,750	390,000	25.6
Shell Oil Co.:			
Harry Bridges, president	410,000	365,000	12.3
J. B. St. Clair, executive vice-president	232,500	203,340	14.3
Standard Oil Co. (California):			
H. J. Haynes, chairman	$342,415	$220,591	55.2
G. M. Keller, vice-chairman	222,070	143,325	54.9
J. R. Grey, president	222,070	143,325	54.9
Standard Oil Co. (Indiana):			
John E. Swearingen, chairman	487,891	465,811	4.7
Robert C. Gunness, vice-chairman	331,265	316,188	4.7
George V. Myers, president	318,943	285,714	11.6
Texaco, Inc.:			
Maurice F. Granville, chairman	460,761	273,748	68.3
John K. McKinley, president	263,669	176,009	49.8

[1] Including salary, incentive awards, bonuses, and payments to savings plans, but excluding stock options, deferred compensation, and contributions to pension plans.

Data: 1975 proxy statements.

INDIAN HOUSING

Mr. METCALF. Mr. President, a year ago, with Senators MANSFIELD, MONTOYA, and others, I cosponsored an amendment to S. 3066, the omnibus housing community and development legislation, to provide a set-aside of traditional public housing contract authority specifically for Indian use. We proposed that amendment, in which the distinguished floor leaders, Senators SPARKMAN and TOWER, concurred, for reasons that we believe were critical. The debate and Senator MONTOYA's statement made the intent of the Senate amply clear; earlier HUD commitments were to be met and, in addition, Congress was providing $15 million specifically for fiscal 1975 and 1976 for Indian housing.

Unfortunately, by means of an arbitrary interpretation of law, the Department of Housing and Urban Development has subverted our intent that houses for Indian people be constructed without delay and in accordance with all commitments made to them.

When the Indian housing set-aside was proposed, its cosponsors were concerned that HUD's almost obsessive support for a large scale, leased housing program to replace the traditional public housing programs would eliminate for Indians the only programs that can actually benefit them.

Although HUD officials on several occasions had concurred that leasing was not feasible on Indian land, the agency had failed to request a penny for traditional public housing in its fiscal year 1975 budget request. This meant to us that HUD had no intention of continuing its Indian housing program beyond June 30, 1974.

It also was evident that HUD would not complete the production commitment it had made to Indians in 1969 of 6,000 units yearly through fiscal year 1974. This commitment totaled 30,000 units, yet less than 20,000 of these units had been allocated to the HUD field offices when Senator MONTOYA proposed the set-aside in March 1974—3 months before the commitment was to expire. We feared then and now that the delay in allocation is a moratorium in disguise.

Mr. President, the Indian housing set-aside provides $15 million annually in contract authority for fiscal years 1975 and 1976 for Indian public housing, including the mutual help program. The setaside would complete the balance of the 1969 commitment, then estimated at 4,700 units, and would extend the Indian programs for 2 more years at a production rate comparable to the earlier commitment. We all recognized at the time that our efforts would only make a small dent in the overall housing needs of Indian people, but also we would establish in law the congressional intent that the tragedy of Indian housing be ended.

Last November, at the national Indian housing meeting in Arizona, Secretary Lynn announced that 6,000 units would be allocated immediately to the field offices for Indian housing production. This was welcome news to tribal authorities who had been prohibited from submitting applications during the long moratorium. Secretary Lynn told the 700 conference participants that this allocation represented HUD's fulfillment of the set-aside provision in the Housing and Community Development Act of 1974.

This was not true. HUD documentation, presented at the conference, clearly showed that the Agency intended only to allocate the units in fiscal year 1975, not to fund them until fiscal year 1976 contract authority became available. The document also showed that the 15 million in fiscal year 1975 contract authority would be used to fund a total of 6,585 units allocated to the field in several previous fiscal years that had not reached the annual contract contributions stage.

Simply put, HUD intended to use most of the new contract authority, totalling 30 million, to fulfill its old, 30,000 unit commitment. Practically no funds would remain for the new commitment that Congress provided. Using HUD's production figures through November 14, 1974, I have calculated that the 2 year congressional authorization will result in a maximum of 1,800 new units—not the 15,000 or so units that Senator MONTOYA and Senator MANSFIELD strongly urged.

Mr. President, I ask unanimous consent to have printed in the RECORD the text of our letter to Secretary Lynn, dated December 13, 1974, and the Secretary's reply of January 29, 1975.

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

DECEMBER 13, 1974.

Hon. JAMES T. LYNN,
Secretary, Department of Housing and Urban Development, Washington, D.C.

DEAR SECRETARY LYNN: Among the many provisions of the omnibus housing legislation enacted this year in P.L. 93-383 was the set-aside of traditional public housing contract authority for Indian use only. This provision, Title II, Section 5(c), was introduced in the Senate in order to continue the production commitment made to Indians in 1969 by the Department of Housing and

Urban Development, and to continue it with programs that can actually serve Indian people living on tribal and other Indian lands.

When this provision was introduced, it was expected that it would contribute to the construction of 7,500 units annually for fiscal years 1975 and 1976. That is, in addition to the 30,000 unit commitment made in 1969, the provision was expected to build some 15,000 additional low-income units that are so desperately need by Indian people. We, the undersigned, are now concerned that the intent of this provision will not be carried out. We have attempted to analyze recent Indian housing production figures of your HPMC staff, and your recent statements to Indian Housing personnel in Scottsdale, and have concluded that only 1,100 units will be produced in fiscal years 1975 and 1976 instead of the 15,000 units that were intended by the legislation.

These are the facts as we see them: According to a 6 November 1974 memorandum from Morris Shroder to Sheldon Lubar, there were 6,558 units allocated to tribal housing authorities before the end of FY 74 that were not put under ACC. These units will, according to that memorandum, "exhaust the FY 75 funding set-aside." Is it your intention to use the FY 75 Indian contract authority for units that are already in the pipeline?

Furthermore, at the recent HUD Indian conference in Scottsdale, you stated that in FY 75 6,000 units would be allocated to the field. However, these units would not be put under ACC until FY 76 because you stated: "it takes 18 months" from time of allocation to ACC. It is our view that this lead-in time is unduly long, that the law intended for $15 million in contract authority to be spent in each of the fiscal years 1975 and 1976 for *new* commitments, and that 6,000 units do not constitute any new commitment. When FY 74 ended, not only were there 6,558 Indian units in the pipeline but there were an additional 4,900 units of the original 30,000 unit commitment that had not been allocated. If these are the units to be allocated in FY 75 for ACC in the following year, then Indian people will be receiving only 1,100 units of the new commitment legislated by Congress.

At another point during your Scottsdale appearance, you were asked if the units allocated in FY 74 could have been funded with FY 74 funds, specifically a portion of the $140 million appropriated by Congress last October, 1973, in P.L. 93-117. Your response was that they could have. We wonder why they were not.

Congress increased the contract authority for public housing by $260 million when it enacted P.L. 93-383. These funds were intended to help HUD meet prior commitments. There can be little question that the 1969 promise made to Indians of 30,000 units by the close of FY 74 constitutes a "prior" commitment that should be honored.

P.L. 93-383 provides HUD with authority to finance the construction of approximately 15,000 more units of Indian housing over a two year period. We are extremely interested in how you intend to implement this legislative mandate; your timetable for allocating units; and what steps are being taken to insure that processing will be speeded up so that more Indian people will be housed. Congress and the Administration share the goal of eliminating the bad housing conditions of Indian people. The tools are available, but it is up to you to implement them expeditiously.

Very truly yours,

Lee Metcalf, Floyd K. Haskell, James Abourezk, Joseph M. Montoya, Frank E. Moss, Mike Mansfield, Henry M. Jackson, Ted Stevens, William D. Hathaway, Pete V. Domenici.

U.S. Senators.

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., January 29, 1975.

Hon. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: This is in response to your letter of December 13, 1974, which discusses the number of Indian housing units to be funded for fiscal years 1975 and 1976 under the United States Housing Act of 1937, as amended by the Housing and Community Development Act of 1974. Like you, I am concerned that sufficient numbers of decent, safe and sanitary housing be provided for all Americans, including Indians. In that connection, I think it's important that we keep a stream of units allocated to our field office against which the Indian Housing Authorities can submit applications. We provided those authorizations in fiscal years 1974 and 1975 and certainly that principle will be taken into account in our fiscal year 1976 allocations.

At the outset, I think it may be helpful to clarify the use of some of the terms—at least as between "commitment," "allocation," "authorization," and "annual contributions contracts (ACC)." We receive the "authorization" from the Congress, "allocate" those units to our field offices and, after applications are received and approved, enter into an "ACC" with the entity that submitted the application.

Typically, it has taken about 18 months from the time we allocate the units until the ACC is signed and construction can begin. We agree the processing time is too long and we are making every effort to shorten it. However, the time necessary to complete the essential processing steps is only partly under HUD's control. In addition to problems encountered in the processing of public housing applications generally, the production of Indian housing is complicated by many special problems, including difficulties arising from the legal status of Indian trust lands, and problems arising from the necessity of coordinating HUD processing with processing of the Indian Health Service and the Bureau of Indian Affairs, which are integral members of the group of Federal agencies responsible for delivering the final product. The number of units that can be processed to ACC in fiscal years 1975 and 1976 by the Indian housing authorities is also limited by the current administrative capabilities of individual Indian housing authorities.

In that regard, we are engaged in a joint study with the Bureau of Indian Affairs to determine the relative housing needs among the Indian tribes—not only their physical needs, but their planning capacity and other software needs as well. Many of them do not yet have the capacity to determine and project their housing needs and how to satisfy them. We hope to have that information before the allocations are made in FY 1976.

You ask whether it is HUD's intention to use FY 1975 contract authority for units already in the pipeline. In a related question you ask why units allocated in FY 1974 were not funded with FY 1974 funds. The answer to the first question is "yes," because the statute is clear that the set-aside applies to all Indian housing placed under annual contributions contracts on or after July 1, 1974. The units allocated in FY 1974 could not have been funded with FY 1974 funds because the processing could not be completed to allow the contracts to be entered into prior to July 1, 1974. Consequently, the FY 1974 contract authority was carried forward for commitments in FY 1975 and thereafter. These monies are completely fungible and there is no way to identify which monies are from previous years.

Specifically, Section 5(c) of the USH Act requires, in part, that the Secretary: ". . . enter into contracts for annual contributions, out of the aggregate amount of contracts for annual contributions authorized under this section to be entered into on or after July 1, 1974, aggregating at least $15,000,000 per annum . . . to assist in financing the development or acquisition cost of . . . ." [Indian housing]

Thus, the statute does not provide for an additional allocation this fiscal year. The provision established a set-aside for FY 1975 and FY 1976 that may be satisfied out of all available contract authority (including the FY 1974 contract authority carried forward) by entering into annual contributions contracts on or after July 1, 1974. Therefore, entering into annual contributions contracts for Indian housing in the amount of $15,000,000 in FY 1975 and $15,000,000 in FY 1976 satisfies the statute.

Further, it would be unrealistic to allocate more units for Indian housing this year because the Indian Housing Authorities could not prepare and submit allocations for any more units than are already allocated and we could not process them.

The number of units for Indian and non-Indian housing that can be produced with the contract authority provided by Congress has been reduced substantially because of inflation. Entering into ACCs for more than 6,568 units in 1975, and 6,000 units in 1976 would require a greater amount of annual contributions authority than the statutory $15,000,000 per year. We cannot use more than that amount without cutting into the authorization available for non-Indian housing, which has been similarly affected by inflation. By using $15,000,000 of contract authority each year for Indian housing, HUD is maintaining the ratio of Indian to non-Indian housing expressed in the 1974 law, and is meeting our prior commitments to both the Indian and non-Indian parts of the country.

Even though the allocations made prior to and during the current year will result in satisfying the statutes' requirements for ACCs in FY 1975 and FY 1976, please be assured that we don't look upon this as our only obligation. These commitments will by no means finish the job of helping Indians get better housing. As you so aptly pointed out in your letter to me, the Congress and the Administration share the goal of improving the housing conditions of the Indian people. With the tools you have given us, we intend to give our best efforts toward carrying out that goal.

Sincerely,

JAMES T. LYNN.

Mr. METCALF. Mr. President, we outlined the intent of the set-aside, how we viewed HUD's administration of it, and how we proposed that HUD fund completion of the old commitment, using funds specifically appropriated by Congress for prior bona fide commitments. We said, "Congress and the Administration share the goal of eliminating the bad housing conditions of Indian people. The tools are available, but it is up to you to implement them expeditiously." Mr. Lynn's reply was an ably written defense of his delay tactic, and confirmed his intention to use new contract money to fund the old commitment while ignoring the intent of Congress.

Mr. President, others will analyze more fully the precise difficulties found by the administration to impede their execution of the law and our suggestions to remove that impediment.

However, as chairman of the Subcommittee on Reports, Accounting and Management, and one of the authors of the

Budget and Impoundment Control Act, I have some general interest in methods devised by this very resourceful administration and its predecessor to avoid implementing the law. It is an extremely costly exercise, to write and rewrite legislation, to tailor it as it were, to assure it will be implemented. But I agree with my distinguished colleague from New Mexico, Senator MONTOYA, that once again we should amend and rewrite, once again we should spell out the intent of Congress. I am therefore pleased to join in cosponsoring an amendment to the Emergency Housing Act to assure that Indian entitlements to housing will be met.

RESPONSE OF DR. RALPH LAPP

Mr. GRAVEL. Mr. President, last month I entered into the RECORD the 1972 testimony of Dr. Ralph Lapp, the nuclear energy consultant, regarding the emergency core cooling systems of nuclear power reactors. I noted at that time that Dr. Lapp, who was once a critic of nuclear power safety, has lately been arguing in favor of nuclear energy.

Dr. Lapp has responded to my remarks and asked that his response be entered into the RECORD. I am happy to comply, and I ask unanimous consent, Mr. President, that Dr. Lapp's statement be printed in the RECORD following these remarks.

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

(See exhibit 1.)

Mr. GRAVEL. Mr. President, I would wish only to add that, unlike Dr. Lapp, I do not find nuclear power irresistible. I would say, specifically, that Dr. Lapp and I disagree on the following:

The escape of radioactivity in a nuclear accident is not comparable to flood damage, because of the potential long-term radiation consequences: the contamination of land and genetic injury, for example;

Alternative energy sources are unavailable to us not in the sense that they are unfeasible, but only in the sense that we are declining to develop them;

It cannot be assumed that energy growth will be so rapid, now that energy prices are rising and conservation is becoming important, that coal will be unable to meet increased demand;

There is still disagreement regarding reactor safety, as highlighted by the resignation of Carl Hocevar from AEC work to join the Union of Concerned Scientists;

The central problem of nuclear power is still waste management, and the comparison of nuclear power radioactivity with dental X-rays rests on the assumption that wastes can be contained with virtual perfection through several centuries and longer, an assumption which ignores the fact that the United States still has no program for permanent waste disposal.

With these caveats, however—and with the additional note that I believe Mr. Ralph Nader's concern with the issue is sincere and intelligent—I am pleased that Dr. Lapp has given me this opportunity to present his further thoughts on the subject of nuclear power.

EXHIBIT 1

COMMENTS ON SENATOR GRAVEL'S CONGRESSIONAL RECORD INSERTION "NUCLEAR PROPONENT ONCE KNEW BETTER"

(By Dr. Ralph Lapp)

I am happy to note that you approve of my testimony given in January 1972 with respect to nuclear reactor safety. You will recall that I made a presentation of my views on this subject, specifically on the topic of emergency core cooling systems (ECCS) almost a year earlier to the Senate Committee on Public Works. This presentation preceded by several months the Atomic Energy Commission's issuance of its Interim Acceptance Criteria for ECCS.

You approve of my stand on nuclear safety as I expressed it in 1971–72 and apparently do not approve of what you interpret to be my views as of the present time. I am therefore taking this opportunity to inform you of the factors that have played a part in reshaping some—but not all—of my views on this subject. Much new information about reactor safety has come to light within the past three years and it is the responsibility of a critic to keep abreast of these data and to appreciate their significance.

As a long time critic of the now defunct Atomic Energy Commission, I always attempted to lay the basis for criticism in a substantial manner and to buttress my criticisms with a factual basis. To this end I have often resorted to rather technical, often highly footnoted, articles. I believe that the record will show that my nuclear criticisms, begun during the early 1950's, were based on presentation of facts and they were not keyed to any emotional sensationalism of the type Ralph Nader practices.

I would remind you that as an AEC critic I meticuluously avoided seeking contracts or consultantships with the AEC. At no time did I ever received any money from the AEC. During recent years I have accepted consultantships with the Senate Public Works Committee and with the General Accounting Office and the National Science Foundation, but I have continued to dissociate myself from any direct contractual relationship with the AEC or its offspring, the Nuclear Regulatory Commission and the Energy Research and Development Administration.

The nuclear risk situation today differs markedly from that of three years ago. During this time period we have had an exhaustive investigation of the ECCS issue and I believe that the issue has been thoroughly explored. Furthermore, we have available a draft version of an extensive reactor safety analysis in the form of the Rasmussen Reactor Safety Study (WASH–1400). While its findings are subject to modification based on critiques that have been made, I am impressed by the accident sequence mode of analysis, especially the fact that core-melt consequences have been studied so carefully. Whereas in 1971/72 I thought that a reactor core-melt would produce potentially catastrophic consequences, I now learn that such nuclear events are sharply circumscribed in terms of radioactive releases to the environment. It is pertinent to note that the Reactor Safety Study found core-melts to be more probable events than had been anticipated prior to the initiation of the study. The analysts did not attempt to sugarcoat their findings.

A major finding of the Reactor Safety Study is that large nuclear accidents, i.e. the type considered in the general category of the 1957 WASH–740 report, are exceedingly improbable. To my mind one of the important aspects of the Reactor Safety Study is that it makes risk comparisons. We live in an age of high technological risk and every day millions of Americans subject themselves to hazards, often unknowingly, that are far greater than those posed by nuclear hazards. For example, the seismic failure of certain dams in California is a flood threat that is many thousands of times more probable than death from a WASH–740 scenario.

Thus the whole framework of nuclear risk-taking is dramatically transformed by the WASH–1400 quantification of nuclear accident probability and consequence estimation.

I believe that the past three years have seen a radical change in the energy prospects for the United States and all of us have to make a reassessment of energy priorities. Whereas nuclear power was once an option for the future to be considered along with all other energy options, it has become clear that alternatives to nuclear power narrow down to a single choice, namely, coal. Therefore, in considering the nuclear risks we must also consider the coal risks, as well as the feasibility of exploiting our coal reserves.

During the past three years I have focused much of my effort on assessing the fossil fuel situation. While the Nation has an abundance of coal in minable form, there are very real limits to the rate at which this resource can be exploited, especially if we consider the manpower required to strip or deep mine the coal, the environmental risks in mining, the transportation problems including both accidents and train capacity, and the very real problems of effluent control. I believe that we must get all the coal we can get out with minimum environmental impact, but I also believe that we cannot depend on coal without a nuclear assist. During the next 25 years uranium can supply energy equal to 25 billion tons of coal; this makes nuclear power an option that is irresistible.

During the past three years there have been some profound changes in the federal management of nuclear energy. For example, the Atomic Energy Commission became an "open agency" in response to the initiatives of Drs. James Schlesinger and Dixy Lee Ray. This openness in nuclear development and regulation permitted me to have free access to information and to AEC scientific and technical personnel. I found that I was able to exchange views with AEC scientists and to explore issues in controversy. The creation of the Office of Safety Research under the direction of Dr. Herbert Kouts represented a significant advance in assuring competence in the reactor safety field. I know Dr. Kouts to be an eminently capable scientist and a truly honest individual. I believe that criticism of the AEC's safety program has resulted in an acceleration of safety research and this is manifest in the current ERDA and NRC budgets. In this area I believe that my criticisms of the AEC safety program were valid and that the agency was responsive to criticism. As a critic I could not wish for more.

During the past three years I have spent much of my time studying reactor engineering and in investigating reactor performance. As a nuclear scientist in 1971 I was too little aware of the details of nuclear engineering that are critical to understanding issues of nuclear safety. It was only through actual on-site studies of commercial nuclear power plants that I gained better perspective about these issues. For example, I learned first hand just how much redundancy is built into the reactor safety systems. Thus when an accident happens as was the case on March 22nd when a fire took place in the cable trays at Browns Ferry 1 and 2, the reactor operators were able to secure the plant through reliance on back-up systems. Critics of nuclear power do little good when they shoot from the hip with instant criticism and inadequate information about the accident.

In conclusion, I am happy that I was "a very convincing critic" of nuclear power in 1972—to use your words and I hope that you will find me as convincing in 1975—this time being up-to-date and recognizing the constructive events that have taken place during the past three years. I agree with you

that "we must not accelerate the development of nuclear power if it is unsafe for us and for those who will follow us." But I believe that the nuclear risks have been examined carefully and that they are reasonable risks considering other non-nuclear risks to which we are exposed. I share your concern that Americans be exposed to a minimum of penetrating radiation, but I also point out that nuclear radiation risks are very small compared to the risks of exposure to dental and medical diagnostic radiation. I point out, in addition, as I did in testifying this month before the House Ways and Means Committee, that without nuclear power the United States cannot hope to support a dynamic economy with adequate energy supplies. Alternatives such as solar energy cannot supply vital energy in the large scale needed over the next few decades.

THE MENTALLY RETARDED—A VAST POTENTIAL OF HUMAN RESOURCES

Mr. TALMADGE. Mr. President, in this age of high technology, we all too frequently overlook the vast potential of human resources that are represented by the mentally retarded in our country.

I am informed that there are today probably 500,000 adult Americans who, despite being mentally handicapped, have the capacity of performing useful and rewarding jobs in our society. Yet many of these people spend much of their lives in semiconfinement and in endless days of boredom and inactivity.

Fortunately, there is a growing recognition that the lives of many of the mentally retarded can be made productive, and more and more of them today are being provided with paying jobs—jobs that benefit not only the individual but society as well. This movement is being led by the many State and local associations for the mentally retarded working in cooperation with enlightened industries and other employers.

Mr. President, I am pleased to report the happy results of one such cooperative effort that is taking place in Georgia. The Chatham County Association for Mentally Retarded Citizens, located in Savannah, Ga., and Interstate Paper Corp. of Riceboro, Ga., have developed a novel plan for using adult retarded citizens to aid in reforestation activities in the coastal area of Georgia.

Under the plan, Interstate contracts with the association to provide manpower for the hand-planting of young pine seedlings in certain areas being reforested where a man can do a better job than a machine. The retarded citizens are paid for their labor and are supervised by the association.

The reforestation work by the retarded citizens and Interstate Paper Corp. was begun on an experimental basis last January. By the time the winter planting season was over, I am advised that the retarded persons had planted some half a million young pine trees. I understand the project will be resumed and perhaps expanded in the fall.

Mr. President, I think the Georgia project is dramatic evidence of what can be done to provide practical, useful job opportunities for the mentally retarded, and I ask unanimous consent to have printed in the RECORD two newspaper reports on the success of the project, one from the Savannah, Ga., Evening News and the other from the Liberty County Herald, Hinesville, Ga.

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

[From the Savannah Evening Press, Apr. 7, 1975]

IN THIS, EVERYBODY WINS

(By Ann Marshall)

A new job opportunity has opened for some members of the Chatham Association for Retarded Citizens: hand planting of pine seedlings.

The baby trees normally are planted by a machine. But, the mechanical process is unsatisfactory in odd-shaped, small pockets of land.

Some 15 retardees were hired by Interstate Paper Corporation of Riceboro during the 1974–75 planting season to handle these special sites.

Interstate Vice President William J. Verross called the result "excellent."

MUCH BETTER JOB

"We have found that these people do a much better job than machines in many instances," said Edgar L. Hart Jr., Interstate's woods manager, who directs the firm's reforestation activities.

Hart and an associate, Burney Riggs who heads personnel at Interstate, both have retarded daughters. They suggested the project of using mentally handicapped persons as tree planters.

"They can get into tight places where tractors can't go and they can get the pine seedling's tiny root in firmly.

"But the most important thing these people contribute is the care—even pride—that they give to their work," Hart said.

MORE EFFICIENT

"That makes them more efficient than any machine I know."

Verross said, "It's a program where everybody wins. The retarded citizens are given an opportunity to do something useful for which they get paid; we get an excellent tree planting job; and the forest resources and environment of the area are improved."

The retardee workday, from 9 a.m. to 3 p.m., includes travel time to a site within an hour's drive of Savannah—home for all those in the project.

They ride together from the Chatham Association headquarters on Eisenhower Drive and return there daily.

The group's planting rate has risen to at least 40 acres in five hours, at an estimated 600 seedlings to an acre.

HALF MILLION TREES

They are expected to put in half-million trees in some 800 acres this season, according to David Hagins, director of work projects activities for the Chatham Association.

Interstate pays the association under a contract agreement. The association then pays each retarded worker $2.10 per hour.

Under the contract. Interstate provides seedlings, planting equipment and sites, while the association recruits and supervises the workers and provides transportation to and from the planting sites.

On the work team, a "pacer" counts out seedlings from his shoulder pouch, dropping one each five feet.

Planters follow him with a "dibble," or planting tool, and set the seedling so that its roots are firmly covered after placing in the hole, opened some four or five inches with the dibble.

The trees are lined on rows 12 feet apart.

Interstate and the association plan to continue the contract for the 1975–76 planting season.

[From the Liberty County (Ga.) Herald, Mar. 27, 1975]

INTERSTATE PROGRAM AIDS RETARDED

A Georgia paper company in Riceboro and a retarded citizens group in Savannah have joined forces to develop a unique program for using mentally retarded persons to help reforest coastal Georgia.

Under an experimental program begun earlier this year, Interstate Paper Corp. of Riceboro regularly uses about 15 persons recruited by the Chatham Association for Retarded Citizens to plant young pine seedlings by hand on reforestation sites.

The experiment has worked so well that both Interstate and the Association plan to continue the program on an expanded basis this fall when pine-tree planting for the 1975–76 season begins.

"It's a program where everybody wins," says William J. Verross, vice president and general manager of Interstate Paper. "The retarded citizens are given an opportunity to do something useful for which they get paid; we get an excellent tree planting job; and the forest resources and environment of the area are improved."

Interstate Paper has provided reforestation services for landowners of coastal Georgia for several years. But before the handicapped program, all planting was done mechanically by tractor-drawn tree-planters.

Under the new program, the company is using the team of retarded persons to plant by hand some areas—particularly small and odd-shaped sites where machine planting is at a disadvantage. Hand planting supplements—not replaces—mechanical planting.

"We have found that these people do a much better job than machines in many instances," says Edgar L. Hart, Jr., Interstate's wood manager who directs the company's reforestation activities.

"They can get into tight places where tractors can't go, and they can get the pine seedling's tiny roots firmly into the ground in some terrain where the treeplanter won't do a good job," Hart says. "But the most important thing these people contribute is the care—even pride—that they give to their work. That makes them more efficient than any machine I know."

Hart and an associate, Burney Riggs, head of personnel at Interstate, come up with the idea for using mentally handicapped persons as tree planters. Their concern for finding useful and helpful work for retarded persons is very personal: both are fathers of retarded daughters and know the need to provide constructive tasks to persons of any age with a mental handicap.

Hart proposed the idea to the Chatham Association for Retarded Citizens and was accepted immediately. A contractual agreement was arranged whereby the Association is paid approximately the same per acre as commercial contractors for every acre of trees planted by hand. The Association in turn pays the retarded persons $2.10 per hour.

The Association recruits and supervises the workers and provides transportation to and from planting sites. Interstate Paper provides the seedlings, equipment and site preparation.

The team provides the labor in a workday starting at 9:00 a.m. and ending at 3:00 p.m. David Hagins, Director of Work Projects Activities for the Association, said, "The five-hour work day includes driving time." The members of the team are taken independently to the Association office and depart for the site at 9:00. They are picked up at 3:00 from the Association office and dispersed to their respective homes in the Savannah area.

The planting procedure begins when the workers open the bags of seedlings and sort them for placement in shoulder pouches worn and used by the two workers who can count. These employees are called "pacers."

Pacing up—or down—the prepared planting rows, the "pacers" drop the seedlings

every two steps approximately five feet apart. Other members of the crew follow behind and set out the seedlings with a hand tool known as a dibble. With the dibble, the worker opens a four or five inch slit in the ground, sometimes using his foot for extra pressure to open the slit to the proper depth. The worker then inserts the seedling into the hold, and again uses the dibble and foot pressure to pack the earth around the roots.

"Tree planting is not considered a physically difficult task but does require sufficient care and skill in planting at the prescribed depth and packing the roots firmly to prevent dying," Mr. Hagins said. "Even so, we recruit only healthy, physically strong persons for this project. Those who enjoy working outdoors.

He added, "The workers are now planting at least 40 acres in five hours. An estimated 600 seedlings are planted to an acre. The soil preparation is laid out for planting every six feet on rows on beds that are 12 feet apart."

Mr. Hagins, who works full time in training and finding employment for retarded persons, is enthusiastic with the number of acres planted to date. He expects 800 acres will have been planted by the Association workers in this first-of-a-kind program. "That is nearly a half million trees," he said.

Most of the hand planting thus far has been done within a two or three county area of Savannah. According to Mr. Hagins, the Association likes to set driving time one way at a one-hour maximum. The crew has been 55 minutes away from the Association office this planting season.

THE ESSENTIAL PURPOSE AND QUALITY OF AMERICA

Mr. MANSFIELD. Mr. President, the distinguished senior Senator from New Hampshire, Mr. McINTYRE, delivered this morning a most perceptive address at the convention of the American Bankers Association. In it he questions some of the most fundamental premises of American attitudes and perceptions. I believe the address raises questions that all Americans should ponder.

I ask unanimous consent that this address be printed in the RECORD and commend its thoughtfulness to the entire Senate.

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

ADDRESS BY U.S. SENATOR THOMAS J. McINTYRE

THE ESSENTIAL PURPOSE AND QUALITY OF AMERICA

Mr. Chairman, honored guests, members of the Governing Council, and friends:

In the interests of time, I am going to charge off the customary one-liners as a poor investment at 9 o'clock in the morning and get right into my message.

I didn't come here today to talk about banking. As your Association wisely acknowledged, the business of banking is *not* just banking. And because other speakers—the distinguished Martin Mayer, for one—will be talking about banking in specifics, I'm going to talk to you as fellow Americans who just happen to be bankers.

I am going to start with an assumption. I am going to assume that you agree with me that it will be neither legislation nor regulation that decides banking's fate in the months and years ahead, but the degree of confidence the American people have in their political system, their government, their leaders and their institutions.

By every measure, the last few years have seen a precipitous decline in public confidence. And while I couldn't begin to span the spectrum of cause and effect here this morning, I would like to invite you to join me in some soul-searching about trust and confidence that may not be altogether pleasant—but could be well worth our while.

Let's begin this exercise in introspection by giving it some perspective. Here we are on the eve of our Bicentennial celebration—an event that could signal the end of the beginning of our Nation—or the beginning of the end.

The question before us is this: Was the grand American experiment to be but a transitory flash across a few pages of history—a fleeting comet of hope that burned itself out in the dense atmosphere of concentrated crises?

Or would those crises—coming one upon another in recent years—turn out to be the final test and tempering of a nation that had to lose its innocence before it could find itself again? I suggest the answer lies in how honest we are with each other—and how honest we are with ourselves. And we can start by admitting the truth about our troubles.

To begin with, there is no way we can ignore the severity of the blows we have sustained since the early sixties—three assassinations, Indo China, the decline in American influence abroad, Watergate, endemic inflation, rising unemployment, the energy crisis and an economy in alarming disarray. But neither is it necessary to wallow in those agonies.

In my judgment our time would be better spent examining the fall-out from these rapid-fire crises, for in that problem lies the *real* challenge to survival. Inevitably, crisis shatters illusion. And when national crises shatter national illusions, then the restoration of public trust and confidence depends upon the credibility of explanation and solution. Clearly, neither the explanation of why these crises occurred, nor the remedies proposed, have satisfied the American people.

Polls tell us that fewer and fewer Americans accept the official account of the murders of John F. Kennedy, Robert Kennedy and Martin Luther King.

Polls tell us fewer and fewer Americans identify with either political party, that public respect for the Congress is at the same low tide as confidence in the President's leadership.

Polls tell us that on the eve of the collapse of Vietnam, only 16 percent of the American people favored sending more military aid.

Polls tell us there is only one country in the world that a majority of Americans would favor defending with American troops, and that country is our neighbor, Canada.

Polls tell us that millions of Americans are convinced that last year's fuel crisis was a hoax to line the pockets of the oil companies and the utilities.

And the official record reveals a disturbing breakdown in personal morality, a breakdown brought on by the growing feeling that there is a double standard of justice, that the high and the mighty escape the full consequences of the law, that being ripped off justifies ripping off someone else. We see this reflected not only in the statistics of secret crime, but in the proliferation of white collar crime—not only in tax cheating, but in check-bouncing.

The cynicism abroad in this land is the measure of mistrust, and it seems to me that if America is to survive, then the first order of business is to reopen the public dialogue on a level of candor and receptiveness we haven't achieved in more than a generation.

Back in 1843 a great statesman—born in my own New Hampshire and claimed as well by the Commonwealth of Massachusetts—defined what made this nation a nation—what made it a nation that could survive for centuries and centuries to come.

In his second Bunker Hill address, Daniel Webster made the forceful argument that the purpose and the essential quality of this Nation was *balance*. The force at the center of the Nation had to equilibrate, he said, or the result would be chaos. As long as this fundamental balance was maintained, the Nation would remain strong enough to accommodate diversity—and strong enough to survive adversity.

Implicit in what Webster said, was an appeal to the people not to let the class and regional rivalry then straining the Union destroy its balance.

But also implicit was an appeal to the nation's power structure to be alert to injustice and inequities, to be receptive to new concepts, to be respectful of diverse opinion, to be willing to compromise and to accommodate to changing circumstances and new realities. Again, all in the name of preserving that precious national balance.

Let me tell you why I believe the latter appeal *was*, and *remains*, the more compelling.

The social ethic of the Constitution holds that the *people* are the ultimate authority, does it not?

But the sheer mass of 220 million Americans—scattered and preoccupied with personal and parochial interests—leaves the immediate and primary responsibility for charting the *course* of the nation to the *power* structure of the nation.

Now when we consider that the power structure of the country is, in truth, that loose coalition of business leaders, political figures, old line labor leaders and opinion molders we call The Establishment, it would seem at first glance that ours is *not* a democratic republic—but an elitist regime.

Is it?

It was not supposed to be.

Even if we concede the practical need for a power structure, the social ethic of the Constitution is unmistakably clear . . . *and it demands that the power structure—The Establishment, if you will—be ultimately and forever accountable to the people.*

We—you and I—are part and parcel of The Establishment whether we like it or not. And so, in the context of this discussion, it is time to ask ourselves some questions.

Have we been accountable to the people? Have we met Webster's challenge to The Establishment to be alert and responsive to injustice and inequities, to be receptive to new ideas and concepts, to be tolerant of diverse opinion, to be willing to make necessary compromises, and accommodate to changing circumstances?

Have we made an honest effort to preserve the viability of the public dialogue . . . to keep the lines of communication open and responsive in order to build trust and confidence?

Or—under the stress of crises and the clamor for reform of the system, reexamination of values, reordering of priorities, and redefinition of national mission—have we hardened our defense lines around the status quo . . . and made bankrupt rhetoric and the cant of conventional wisdom our sole contribution to the public dialogue?

Let me drill a little closer to the nerve.

I have a strong feeling that you and I have a lot more in common than circumstantial membership in The Establishment.

Many of us are from the same generation and much the same background. We were reared in a simpler time, when value systems, authority and conventions were rarely challenged. In that sense, ours was a secure existence because it was singularly free from question if not from need. And when we grew up, even the wars we fought were fought with unswerving conviction and untroubled conscience.

In short, we came from a time and a society where it was deceptively easy to subscribe to "my country right or wrong" because to our knowledge our country never *did* anything wrong.

America was *good* . . . because it was good to *us*.

And within many of us, this conditioning nurtured a simplistic, single-dimension patriotism that rarely looked beyond the furls of the flag or the lyrics of the anthem and was sharply at odds with the sohpistication of our education and our adult experience.

We *knew* what America was, didn't we?

It was God-given bounty in endless supply. It was oil and steel. It was opportunity and enterprise. It was a way of life so righteous and rewarding we were honor bound to impose it upon other peoples and cultures whether they wanted it or not.

Moreover, there were spin-offs from this primitive concept of *what* America was . . . and *why* it was that we were no less self-deluding.

Did we not begin to equate right with respectability? Dollar success with omniscience in all matters? Conformity with competence? Traditional methods with eternal verities? Bigness with best?

If the answer is at least a qualified Yes, then perhaps this explains why the public dialogue broke down.

For under siege by its own convention-defying sons and daughters, and by some thoughtful non-Establishment adults the power structure of the country fell back to defend its vested interest in the status quo with an arsenal of rhetoric that bore little relationship to changing circumstances and new realities and was an affront to balanced judgments.

Consider some of that rhetoric:

When that quintessential figurehead of The Establishment, Richard Nixon, was toppled by Watergate, how did we respond?

Did we tell those who looked to us for balanced judgment that Watergate proved that the Founding Fathers' system of checks and balances still worked? Or did we call it "politics as usual?" Or cynically observe that Richard Nixon's only mistake was "getting caught?"

When the energy crisis caught us unawares, did we face up to it as the legacy of heedless exploitation of finite resources, the neglect of keeping refinery capacity up to demand, a pricing structure that encouraged waste and discouraged conservation, the failure to develop alternative sources?

Or did we blame it all on the embargo and the environmentalists?

Were we guilty of the same tunnel vision in explaining the current economic crisis?

Did we blame it all on inflationary government hand-outs and social spending? But discretely ignore the increasing number of industry giants seeking government bail-outs to help them socialize losses while they privatized profits?

Did we vent our moral outrage on welfare cheats . . . but save none of it for anti-trust violators, price-fixers, price gougers or government contract rip-off artists?

And when our exaggerated national pride was offended by the refusal of rebel forces in far off Indo-China to surrender to Government troops backed up by thousands of American advisors, soldiers, planes and equipment, how did we respond?

Did we say failure was due to our not doing enough? Did we call for more of the same? More money, more guns, more bullets, more Americans drafted from the ghetto while our sons were safe in college? Or did we admit to a colossal error in judgment and face up to the avalanching evidence that the cause we were supporting wasn't viable enough to support itself?

Now earlier I said that when national crisis shatters national illusion, the restoration of public trust and confidence depends upon the credibility of explanation and solution.

The Establishment's explanations for the crises I've noted won't wash, my friends. *They simply won't wash.*

But what concerns me now is The Establishment's post-crisis response. What solutions will the power structure offer for the American people's consideration?

Let me zero in on two, and tell you straight off that *they* won't wash, either.

Indeed, one of them could kill the *body* of America . . . and the other its *soul*.

Consider the Establishment's solution to the energy crisis? What does it propose to the American people?

More of the same. More oil wells, more refineries, more coal mines, more nuclear fission generating plants. All this in the face of disturbing evidence that our national sources of oil and natural gas will be gone in 25 years. That mining the tempting subsurface coal in the Western States could destroy the water supply and the food producing capacity of that region, that generating power through nuclear fission may not be cost effective, may never become fail-safe, but may become ever more vulnerable to theft, sabotage and terrorist blackmail.

Is this all we can offer the American people? This and higher and higher energy costs? I'm sure you've heard that some people are now paying more for electricity than they are on their home mortgages. And what does *that* do to public trust and confidence?

What ever happened to the vision, boldness and ingenuity of American enterprise? Did it, too, fall victim to the deluding comforts of the status quo and the rigidities of conventional wisdom?

Let me tell you a little story. A year ago, a native son of my State of New Hampshire died after a lifetime that spanned more than a century.

This man believed that the sun could be put to work to provide energy without pollution. In 1920 he invented a solar cooker. In 1938 he patented a solar engine that would produce 100,000 kilowatt hours of electrical power a year. In 1972 he secured another patent on a refinement of this engine.

But he never found anyone willing to invest in so much as building a prototype.

Some of you may have conjured up an image of an eccentric visionary no respectable investor in his right mind would take seriously.

You'd be wrong. The gentleman I'm talking about is the late Dr. Charles Greeley Abbot, a world-renowned astrophysicist who at the time of his death was the oldest member of the National Academy of Sciences, the past president of the prestigious Cosmos Club, and the long-time secretary of the Smithsonian Institution.

When a man of *his* credentials is not taken seriously by The Establishment, what more is there to say? Except to ask what America's energy situation would be today if The Establishment had listened to, encouraged, and underwritten Dr. Abbot's efforts fifty-five years ago.

But if The Establishment has defaulted in its responsibility to be receptive to new concepts and responsive to new challenges in the aftermath of the energy crisis, it has all but destroyed its credibility in the closing hours of the Indo-China crisis.

If ever a situation cried out for honesty with ourselves, it is here. For The Establishment has deluded itself—and misled the people—for a quarter of a century.

I can say this, because for a long, long time this particular member of The Establishment deluded *himself* about Vietnam, and I know I was not alone.

It was not until 1968 that I began asking myself why the light at the end of the Vietnam tunnel kept going out before we reached it. And finally it came to me that those rosy read-outs from the Pentagon and the State Department computers were the direct result of faulty programing.

Not only was the information fed into the computers of suspect accuracy, but motivation—the most crucial component of all—was never factored into the equation!

The entire analytical process was skewed from the outset by this glaring omission, and the blame rests squarely with The Establishment and its faulty assumption that the Government of South Vietnam was a bastion of freedom and democracy its people would fight to the death to defend.

It is now tragically self-evident that neither 56,000 American lives nor 150 billion American dollars could make that assumption fact.

And I say to you here and now: *The final, ultimate and most reprehensible betrayal of truth in this endless travesty is the misbegotten effort—already under way—to dump a load of guilt and anguish upon the American people for the fall of South Vietnam and Cambodia in order to save face for The Establishment and soothe the tender egos of those whose prophecies self-destructed before they self-fulfilled.*

The American people didn't sell out South Vietnam and Cambodia.

They gave their dollars. And they gave their sons. Fifty-six thousand Americans died in Indo-China. But so far as we know, *not one* Soviet or Chinese soldier fought on the side of the North Vietnamese.

The American people gave *34 times* as much military aid to South Vietnam as the Communist powers gave to North Vietnam. And let the record show that, by the CIA's own estimates, we gave the South Vietnamese $6.6 billion in assistance *since* the Paris peace accords were signed, while the Soviets and the Chinese were giving only $2.7 billion to the North Vietnamese.

The American people gave again and again and again . . . until to their everlasting credit they finally saw what the Establishment *still* refuses to see—that we were *not* supporting freedom loving democratic governments, but callous despots who rigged their own elections, jailed their political opponents, closed down critical newspapers, and wallowed in bribery and corruption.

They saw the paradox of an Establishment boasting of detente with the Soviet Union and the People's Republic of China but obsessed with crushing rebellions—inspired more by anti-colonialism and nationalism than by communism—in tiny Southeast Asian countries.

They saw the inherent flaw in a foreign policy that allied us with authoritarian regimes whose sole claim to our support was *not* that they stood for freedom, but that they spoke against Communism. They saw that the dominoes are falling not for lack of our support—but from their own inner rot.

They saw that from beginning to end, paradox, duplicity and self-delusion have presented us with an endless series of impossible options in Southeast Asia, including the final and agonizing choice of pledging more aid or risking the lives of those Americans still in Saigon to *South* Vietnamese reprisal!

No, my friends, the American people cannot—and *must* not—be blamed for the mistakes of The Establishment.

They deserve the Establishment's admission it was wrong.

They deserve the Establishment's pledge to see straight—and talk straight—from now on.

If the people are given the facts, if they are told the truth, if their judgment is respected by The Establishment, if the public dialogue is a two-way street, they will make what sacrifices are necessary; they will honor those national commitments that deserve to be honored.

There is nothing wrong with their compassion; nothing wrong with their courage; nothing wrong with their resolve.

But don't ever try to fool them again. Because they *know* better now.

. . In sum, then, on the eve of our Bicentennial there is no more pressing order of business than the restoration of public trust and confidence.

. . The first step toward that goal is to reopen the public dialogue.

. . The success of the dialogue will depend entirely upon the degree of honesty in which it is conducted.

. . If an Establishment which has not been honest in the past, which has been evasive, deceptive, self-serving and defensive, which has dealt not with new realities and changing circumstances but with old myths and illusions, refuses to change its ways, then we can bid what may be a final farewell to that precious national balance Daniel Webster defined as the essential *quality* and *purpose* of America.

That eternal font of conventional wisdom—Calvin Coolidge—once said that the "business of America is business."

With that in mind, I leave you with this thought:

If The Establishment refuses to learn, refuses to accommodate to new times, new conditions, new realities—persists in carrying on "business as usual"—we may all look up some day and see a sign in America's window.

And that sign will say—"Lost Our Lease."

CONGRESSMAN DANTE FASCELL HONORED

Mr. STONE. Mr. President, on March 26, 1975, my friend and colleague, Congressman DANTE FASCELL, was honored by the Key West Art and Historical Society at a reception in Key West, Fla.

Mr. Burt Garnett, president of the association, presented Congressman FASCELL with a plaque in recognition of his untiring efforts and interest in the historic restoration and preservation of Key West.

The Monroe County Tax Assessor, Joe Allen, gave a brief talk prior to the presentation of the award to Congressman FASCELL. Mr. President, I ask unanimous consent to have Mr. Allen's remarks printed in the RECORD.

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

We are here tonight to honor a man whose excellence in the field of public service on a National, State and Community level has distinguished him as one of the most outstanding men ever to serve our Country in Congress.

It has been well said that no man is indispensable; however, from my standpoint Dante Fascell approaches this ideal so closely that I find it hard to imagine how we would work out the many problems which confront your public officials in the field of government if he were not available for us to call upon.

I can well remember Dante Fascell's first introduction to politics. I was invited to attend a meeting in the Woman's Club Building on Duval Street attended by only a few including Dante, John Buckley, who later became his administrative assistant, and their wives. This meeting was one of his first of the successful campaign which sent him to the Halls of Congress.

A newspaper man friend of mine once wrote me that he was "tenacious as a tiger". I remembered this comment over the years and how true it described him in the years to come. When given a challenge, Dante always goes out to win and because of his persistence and endurance, distinguishes himself from most others in the political field.

Because of limited time, I will mention only a few of his contributions to the well-being of this Community and endeavor to confine them to the field of historical restoration and preservation of which we are particularly interested.

The projects which I am about to mention are generally taken for granted by our citizens. But let me tell you—each and every one of them was gained at a price. Someone had to exert an extra special effort, strain that muscle a little harder than average, to successfully accomplish that undertaking. Generally that person was our honored guest tonight, Congressman Dante Fascell.

As a County Commissioner I recall the effort he put forth to obtain the county beach site which had been declared surplus by the Federal government.

With the beach came the West Martello Tower, now our Garden Center, and the birthplace of our museum.

Then, the fight to obtain East Martello tract for the County to be used for airport purposes. This required a swap with the Navy which involved the re-routing of U.S. One paid for in part with Federal road moneys allotted to the County. With the airport tract came the East Tower, now home of one of the most outstanding museums in the Country. Before that, our Congressman successfully persuaded the Navy to permit Key West Art and Historical to occupy the Fort on a day to day basis. These negotiations did come easy and without opposition from many sources difficult to understand.

Dante successfully fought to obtain the Lighthouse Keepers quarters for Monroe County now used as a Military Museum. Outstanding were his efforts to make the light itself an integral part of the museum compound. I can never forget how "tenacious" he fought to keep the light out of private interests. Interests which were powerful on the national scene and which had the inside track and a head start on our organization. Dante never gave up and his success brought into being one of the City's most popular tourist attractions and historically important landmarks.

His latest achievement revolved around making Fort Taylor available to the public either as a Federal or State monument. When he experienced difficulties on a National level, he used his influence with State government to make it a part of the State Parks system.

Under his administration and through his efforts Fort Jefferson became a National monument and the heavy tide of deterioration and vandalism was stemmed and in its place came restoration and preservation.

Now, with the closing of the Navy Yard, Dante has moved in to throw a blanket of protection over the Naval Station itself and particularly such buildings as the Little White House, the old Coast Guard Building, and the Red Brick Post Office.

Why has Dante been successful in every one of his efforts in the field of restoration and preservation? Because he has an intimate feeling for the past, an appreciation of the Island's colorful history and a love and dedication for service to those whom he represents.

With all of this, he has remained quietly behind the scenes, often unnoticed and unrewarded while the glory went to others. Because of this I am happy to have the opportunity to be a part of some small effort to recognize his great service to Key West, Monroe County, his State and Nation. No one deserves it more.

It gives me great pleasures to present to our beloved Congressman Dante B. Fascell this small token of esteem and appreciation for his service to our City in the field of historical restoration and preservation.

SMALL BUSINESS COMMITTEE BEGINS IN-DEPTH STUDY OF BUSINESS TAX STRUCTURE

Mr. NELSON. Mr. President, the Senate Select Committee on Small Business has for many years been deeply interested in tax problems of the small business community. That vital sector of the American economy accounts for 97 percent of the total number of businesses, between 52 and 53 percent of the employment, and more than one-third of the gross national product.

Under its previous chairman, the distinguished former Senator from Nevada (Mr. Bible), the committee took the lead in developing a comprehensive small business tax simplification and reform proposal which was first placed before the Senate in June of 1970. That bill was subsequently refined and reintroduced in 1971 and 1973. In August 1974, nearly one-fourth of its provisions were accepted by the Ways and Means Committee for inclusion in the omnibus tax reform bill. That legislation, however, did not come before the full House or Senate for action last year.

POSITION OF SMALL BUSINESS HAS DETERIORATED

The difficulties of new, small, and medium-size independent business firms have not improved with the passage of time. The weight of Federal, State and local taxation, as well as the attendant paperwork burdens, grow heavier every year. Moreover, the inflation of 1974—with its 21-percent increase in the wholesale prices and the "deep recession" of 1974–75—with the sharpest economic contractions in sales and production since the Great Depression, have injured smaller businesses first and worst.

The 3 days of testimony which our committee took in February on small business tax needs, incident to congressional consideration of the Emergency Tax Reduction Act, revealed that profits of smaller businesses turned down earlier in 1974 than those of big business; that the equity securities market for financing smaller firms came to a standstill; and that interest rates offered to small businesses ranged from 12 to 18 percent for needed capital to pay essential bills.

SOME TEMPORARY RELIEF IN EMERGENCY TAX REDUCTION ACT

We are very pleased that Congress responded to the plight of these smaller firms with several relief provisions in the Tax Reduction Act. But that action is only temporary—for one, or at the most 2 years—with minor exceptions.

It is therefore urgent that Congress reexamine the business tax structure as it affects the entry and growth of new small business; and the ability of existing small and medium-size independent firms to expand, innovate, and survive in the considerably more complex economy of the 1970's.

Because of the short-term nature of the tax reduction bill, Congress must return to consideration of business tax questions within a very short time. We would hope that small businesses will receive the consideration that their numbers and importance in the economy

merit. As a part of this process, our committee wishes to develop sound and responsible small business proposals so that the final tax legislation will be equitable and responsive to the circumstances of the great majority of America's 12 million small industrial, commercial, and farm businesses.

NEED FOR LONG-TERM STUDY

In order to do this, we are hereby giving notice of beginning a sustained, indepth study of the business tax structure as it affects the variety of enterprises which are classified as "small business."

The preservation of the larger values of enterprise and freedom of economic choice, will involve digging deeply into the technicalities of the tax law, and serious research into the relationship between business and individual taxes and how past tax provisions have affected investment, savings, and productivity. However, the committee is making its commitment to this effort with the objective of assisting the Congress in every way possible, so that our Federal Government can arrive at policies which benefit our entire economy by harnessing more efficiently the dynamism of free private enterprise.

TAXES AFFECT THE QUALITY OF LIFE

The workload is great; but the stakes are also very high. Although the connections may be difficult for many people to perceive, there are few if any subjects of greater importance to the quality of life in this country than the tax system.

There is a tendency to take for granted the Nation's reliance on the business community to furnish us with the necessities of life—food, clothing, and shelter—as well as our reliance on business to deliver the daily conveniences and amenities which we seek. The business community is the source of useful employment for our citizens, and small business accounts for more than half of all of these jobs.

We must remind ourselves that the business tax system is a major influence on whether people will devote their efforts to these tasks; whether they will take the personal and financial risks to provide and improve goods and services; and whether they will ultimately feel rewarded for their labors.

The business tax system has a decisive impact on whether new and expanding businesses will become and remain viable. Thus, if a person still dreams the American dream of owning his own business and making it grow by his own efforts and talents, he must be concerned with how the tax system treats that enterprise. We in the Congress must likewise be sensitive as to how the tax system affects such smaller businesses relative to their larger and stronger competitors.

A NEW LOOK AT THESE ISSUES

In my view, national emergencies of various kinds over the years have precluded Congress from devoting the time and attention to these matters which they deserve. However, in my opinion, there are no higher priorities at the present time.

In conducting our inquiry, the committee will be contacting national and regional small business organizations, business and trade groups from all over the country, as well as business and law schools, research institutions, congressional committees, and Government executive departments and agencies, and urging them to join us in this work.

We expect that public hearings will commence in mid-June, and that the inquiry will last only so long as is necessary to develop a record which will be helpful to the Congress.

Our February, 1975, hearings gathered testimony that the present tax system is, in many ways, choking enterprise, risk-taking, and individual effort and freedom of choice, and in many ways frustrating economic growth.

These hearings confirmed that effective rates of taxation for larger business were, in many instances, lower than for smaller business, except for the very smallest corporations which earned less than $25,000. The evidence shows that while most small companies pay taxes at or even above the 48 percent statutory rate, one out of five large companies pays taxes at less than 43 percent, and that the 100 largest businesses, year after year, pay only between 25 and 30 percent of their income in taxes.

This seems to me to be a complete reversal of the American philosophy that the underdog is entitled to at least an even break. Our tax system seems to give the breaks to the big companies.

I am not suggesting nor implying that these figures result from illegalities on the part of big business. On the contrary. One reason for these advantages is that the big companies can afford the fees of expert accountants and lawyers who can guide them toward actions which are in strict compliance with tax laws and regulations which are so complex that only the giants know how to utilize them.

We need to examine whether such a tax scale is desirable, and whether the Government's policies developed over the years that produced this result are sound.

In my judgment, we must inquire into whether the sheer weight of tax reporting is keeping entrepreneurs buried under paperwork at their desks and diverting their time and talents from building the Nation's economy and their own businesses.

We must take a new look at our tax system in a perspective which is both fresh, and in the great tradition of the American enterprise system, which has brought greater material wealth to a greater proportion of the population than any other economic system in history.

CANADIAN AND BRITISH TAX SYSTEMS AS POSSIBLE MODELS

For instance, when we look at Canada and England, we find business tax systems which in several ways are far more advanced than our own. Canada, for example, will by next year have enjoyed a "small business deduction"—parallel to the U.S. surtax exemption—of $100,000 for 3 years. For the 2 years prior to that, their small business deduction level was at $50,000, and before that it was at $35,000. Our country has in the emergency tax reduction bill just raised the surtax exemption to $50,000 for 1975 only. The tax laws of both Canada and England recognize the distinction between small, medium, and large businesses with many provisions that have not yet found their way into our tax laws.

The experience of these systems should be studied vis-a-vis the American tax policies and will be a significant part of our investigation.

SUMMARY

Our committee study will be performed in order to be helpful in every way possible to the Senate in formulating legislation that will be good for the economy as a whole, as well as for smaller businesses, and will be good for every consumer by bringing forth the best efforts of American business persons.

It would be appreciated if all those who are interested in participating in this study would contact the Select Committee on Small Business, 424 Russell Senate Office Building, Washington, D.C. 20510, telephone 202/224–5175, as soon as possible.

THE FRAUD OF THE SOUTH VIETNAMESE STATE

Mr. CHURCH. Mr. President, there may be a few dreamers in high places capable of such self-deception that they can still convince themselves there is a potential reservoir of popular support for continued American involvement in South Vietnam. There is not. Nor is it true, as these same dreamers would have us believe, that opposition to U.S. participation is largely the work of some kind of elitist minority.

The minority of this question is the administration and the pathetically few bitter-enders still clinging to its fantasies. The overwhelming majority knows otherwise. From one corner of America to the other, in communities of every size and kind, the people have seen through this long charade.

The revulsion against our misadventure is so complete that no one outside the highest councils of government still harbors any thoughts that it is only a handful of influential eastern newspapers which resist further military assistance to Vietnam. For years, newspapers of my own State have questioned our purpose in Indochina. That is, of course, more true today than ever. Typical of the tone and commonsense of the Idaho press is a straight-spoken editorial from the Times-News of Twin Falls, Idaho.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD.

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

SOMETHING'S ROTTEN IN SOUTH VIETNAM

Something's rotten in the state of South Vietnam.

Day after day we read the grim dispatches from Asia detailing the collapse.

Day by day the North Vietnamese troops occupy new provinces abandoned by the retreating southern forces. First it was the ancient imperial capital in the north, Hue, which fell. Then DaNang on the coast and then strongpoint after strongpoint along the coast. Today Saigon controls only an enclave around the capital city and part of the rice-bearing delta region. Hour by hour the circle closes on Saigon.

In Saigon the political and military elites rant at the United States for its treachery. The collapse is the responsibility of the Americans who urged the war effort and now run when the going gets rough, they say.

That shrill message probably stirs guilt among many Americans who wonder whether this is really the "peace with honor" President Nixon promised. The self-doubt grows when we see pictures of miles of refugees trying to escape or a small child lost in the retreat crying by some roadside.

Where does the fault lie? What went wrong? Is the United States to blame? What is the heart of the matter?

Let's look at some clues.

The first clue is the Vietnamese army. A month ago it supposedly numbered about a million men. They were well equipped with American-made arms. They had learned to fight without the Americans, we were told.

Today we are told there are only a few divisions, perhaps 10,000 troops, manning the defenses of the Saigon enclave. What happened, then, to the other 990,000 troops?

Clue number two: There has been surprisingly little fighting going on.

With a few exceptions, the South Vietnamese have not been fighting Communist units.

The pattern has been panicked pullout by South Vietnamese troops and civilians. The northern cadres then just walk in and take over.

This is no blitzkrieg, no invasion from the north. It is a collapse from within the south. No great battle killed 990,000 South Vietnamese troops. Instead, 990,000 South Vietnamese surrendered or became armies of khaki-clothed refugees.

According to numerous eye-witness accounts, the typical pattern of the collapse of the South Vietnamese army was as follows. First the commander abandons his troops, leaving with his family and wealth. The officers see this, and begin evacuating their families and their possessions. Next the soldiers discover they are alone. They too panic, abandoning the civilians.

Soldiers mob planes sent to evacuate refugees, clawing their way aboard. Only the strongest soldiers make it.

Few Vietnamese civilians do.

When there is no escape, the frightened South Vietnamese troops go on a rampage of drunken looting, rape and murder.

The one thing they do not do is fight.

The conclusion is hard to escape. The South Vietnamese state is a fraud. It is rotten at its core. It is now falling under its own weight.

More than a nation it is the fabrication of a clique of military officers and politicians who have learned the language but not the substance of Democracy.

They used the language of Democracy to win the hearts and minds of the Americans but not of their own people.

Americans gave 55,000 lives and $150 billion in a sincere effort to help the people of Vietnam.

If Americans are to blame for the fall of South Vietnam it is only because they finally looked the Saigon clique in the eye and saw it for what it was.

The tragedy of Vietnam for Americans is we learned the truth so late.

ORDER FOR RECESS FROM TOMORROW UNTIL MONDAY, APRIL 28, 1975

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 12 o'clock noon, following a recess. I ask unanimous consent that when the Senate completes its business tomorrow it stand in recess until the hour of 12 o'clock noon on Monday.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, after the two leaders have been recognized under the standing order tomorrow there will be a period for the transaction of routine morning business of not to exceed 15 minutes, with Senators permitted to speak not in excess of 5 minutes each. At the conclusion of routine morning business the Senate will proceed to take up the emergency employment appropriations bill, H. R. 4481. Rollcall votes on amendments thereto and on final passage may be anticipated.

Also conference reports will be in order, they being privileged matters, and rollcall votes may occur thereon.

The measure, S. 917, having been on the calendar now for almost a month, is expected to be called up one day next week, and Senators are so advised.

RECESS

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 12 o'clock noon tomorrow.

The motion was agreed to; and at 4:37 p.m., the Senate recessed until Friday, April 25, 1975, at 12 noon.

NOMINATION

Executive nomination received by the Senate April 24, 1975:

DEPARTMENT OF JUSTICE

W. Laird Stabler, Jr., of Delaware, to be U.S. attorney for the district of Delaware for the term of 4 years vice Ralph F. Keil, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 24, 1975:

THE JUDICIARY

Dick Yin Wong, of Hawaii, to be U.S. district judge for the district of Hawaii.

Robert O'Conor, Jr., of Texas, to be U.S. district judge for the southern district of Texas.

HOUSE OF REPRESENTATIVES—*Thursday, April 24, 1975*

The House met at 12 o'clock noon.

Rev. Karekin Sarkissian, archbishop of the Armenian Apostolic Church of America, offered the following prayer:

Almighty God, we earnestly implore Thy grace of wisdom and courage upon the Representatives of this House so that they may render greater services to Thy people through peace, justice, and freedom.

This particular day reminds us of the 24th of April 1915 and the massacre of 1½ million Armenians in the Ottoman Empire in an attempt aimed at the extermination and deportation of the Armenian people from their ancestral lands.

While remembering this attempted genocide, recognized by this House on April 8 as "man's inhumanity to man," we thank Thee for having preserved the Armenian people from annihilation. We gratefully recognize their glorious rebirth and revival with a renewed spirit of dedication to the causes of justice and progress in the United States and all over the world.

May God abundantly bless America and all her people.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Geisler, one of his secretaries, who also informed the House that on April 16, 1975, the President approved and signed a joint resolution of the House of the following title:

H.J. Res. 335. Joint resolution to extend the effective date of certain provisions of the Commodity Futures Trading Commission Act of 1974.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1484. An act to authorize the President to use the Armed Forces of the United States to protect citizens of the United States and their dependents and certain other persons being withdrawn from South Vietnam, and for other purposes.

The message also announced that the Senate had passed with amendments a bill of the House of the following title:

H.R. 6096. An Act to authorize funds for humanitarian assistance and evacuation programs in Vietnam and to clarify restrictions on the availability of funds for the use of United States Armed Forces in Indochina, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 6096) entitled "An act to authorize funds for humanitarian assistance and evacuation programs in Viet-