EXTENSIONS OF REMARKS

NAVY SHIPBUILDING PLANS REQUIRE CLOSEST CONGRESSIONAL SCRUTINY—Part II

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Ms. ABZUG. Mr. Speaker, yesterday I included the first half of the transcript from a panel discussion on the "Robert MacNeil Report" on WNET-TV—PBS—in which my distinguished colleague from Colorado (Ms. SCHROEDER) participated.

Since the appropriations bill for the Department of Defense will soon be before the House, I would urge my colleagues to weigh carefully the arguments presented concerning the shipbuilding plans of the Navy.

The second half of this decision, which should provide guidance to my colleagues in tis matter, follows:

MACNEIL. Admiral Zumwalt, given the deficiency you said you saw in the Navy, what kinds of ships should we be building so that the Navy can fulfill the roles you see for it?

ZUMWALT. Well, I agree with the second scene of Admiral La Rocque there, and disagree with the first scene. In the first scene, he said that we could handle it, in the second scene he said we couldn't. He's right the second time. There is also something to be said for his views about the way in which we are doing less than an optimum job with regard to the construction of our ship program.

The views of the Chief of Naval Operations, the Secretary of the Navy, Secretary of Defense and the President of the United States each year get somewhat overruled by Admiral Rickover and his associates on Capitol Hill, and drive us in the direction of ever-costlier ships, and therefore reduced numbers . . .

MACNEIL. What do you think we should do?

LA ROCQUE. Instead of in the direction of a much larger number of lower-cost ships. There has never been any argument about the need to have nuclear propulsion in submarines, and in some aircraft carriers and some escorts to go with those nuclear aircraft carriers. But it's always been clear that when you go beyond that, and try to make every combatant ship nuclear-propelled, you're spending your money wrong because you build one huge, expensive combattant for every five that you could have if they were conventionally propelled.

MACNEIL. So you are advocating this building of more smaller ships.

ZUMWALT. A mix of ships. That program submitted by my successor was, I think, a good one and the efforts of Admiral Rickover to get it overturned in violation of Presidential policy are I think harmful.

MACNEIL. Admiral La Rocque, what kinds of ships should be be building, do you think?

LA ROCQUE. Well, first of all, I think you have to look at what the ships we have built today are for. And I agree with Congresswoman Schroeder; we've built the wrong kind of Navy. We've built the Navy to bomb and attack in Africa, South America, Southeast Asia under the euphemism of projection of military power ashore. So that we built a whole navy around a huge carrier force.

I would think that we ought to build no more attack carriers, then we would not have to build escorts to protect those carriers.

MAC NEIL. Would you stop building the ones that are planned . . . would you not build the ones that are in the works?

LA ROCQUE. No I would go ahead and complete those that are in the works. There's still a need for aircraft carriers, but the role is greatly diminishing, and that we must be attuned to. I think we need as Congresswoman Schroeder pointed out more in terms of anti-submarine capability. The only threat to the United States from the Soviet Union is from their strategic submarines and from their nuclear attack submarines, and that is where the United States Navy ought to be putting its emphasis, specifically on smaller ships.

We gave away in the past few years all of our anti-submarine warfare carriers. Admiral Zumwalt tried to get some smaller ones back in, was unsuccessful. But anti-submarine warfare is the most important role the Navy has to play today, and if it would get on with that instead of trying to build forces to invade South Africa or Africa anywhere, South America and Asia, this nation would be stronger and we'd have a better Navy.

MACNEIL. Thank you, sir.

Jim?

LEHRER. Yes, I just can't help but note that the kind of discussion that you all have been having thus far has not been happening on the national political scene; it's not even happening in Congress.

SCHROEDER. Oh, yes.

LEHRER. Well, but not on these kinds of things. I was just saying—Admiral Zumwalt you said a moment ago, for instance, that the Secretary of Defense has to say certain things because he was told to do so, for political reasons. Later on, Admiral Rickover has had a tremendous influence even though it doesn't necessarily set the pattern. What's going on?

SCHROEDER. Let me say that this really has been an incredible year, and I've been very surprised that the press missed it, because the Seapower Subcommittee in the House did something that was just unheard of. They have always rolled over and played dead and then they brought up whatever it was and usually they've just rubber-stamped it.

Now the one great exception that everyone knows is Admiral Rickover, because he was the one who really moved out for nuclear-powered submarines and people said no, and then he won and he turned out to be very right, and so people think he has undue influence and—you know—there's been all sorts of great things attributed to Admiral Rickover.

But the Seapower Subcommittee, for the last three years, has been listening to the Navy come in and cry. You know, good crocodile tears about we don't have enough ships, we've got overruns like you can't believe, the maintenance problem is terrible, and we never knew what to do, because practically everything they've ever asked for has been voted for, but every year the script is exactly the same.

This year they came in, asked for some ships, and went through the whole thing. The Committee looked at it, they laughed, and the Committee rewrote the entire budget. Absolutely rewrote the whole entire budget. All right, a hundred and sixty-seven Admirals in the Pentagon didn't have a clue of what happened, because they looked at it, and it didn't even look like what they brought over.

LEHRER. You see that as a good thing.

SCHROEDER. Well, it's the first time I've ever seen Congress really assert itself, and I think it shows you what a very serious issue there is upon which many reasonable people differ. But you get politics and everything into it, and it's very tough.

LEHRER. How do you feel about that, Admiral Zumwalt, Congress rewriting what the Navy wants?

ZUMWALT. Well, I think the Congress has every right to raise armies and maintain navies as the Constitution provides; I don't think this was, by any stretch of the imagination, a Congressional bill. It was a bill written by Admiral Rickover's study . . . and passed under the table.

LEHRER. What is the mystery of this man? Why can he do this?

SCHROEDER. Oh, no—I really would disagree there, because it really wasn't all that nuclear. What happened was the Seapower Subcommittee did pass a section called Title Eight a couple of years ago and we have had—you're right there—we have had a great debate going on as to whether or not we're going to comply with Title Eight, which says major combattants should be nuclear, and put the tonnage limit on it.

And they always come in and ask for conventional-powered major combattants. So the Committee did take all the major powered combattants — conventional-powered major combattants—and turned them into nuclear.

But the other thing they did was very interesting. They looked at those frigates and they wanted eight frigates. The President's just come in and asked for four more, part of his increase now is to have twelve frigates. The Committee looked at the frigates, and said, wait a minute, that's a single screw ship. We sent people out to look at it, they said it really doesn't have that much capability.

It had a ninety-five percent cost increase in two years; I mean, the thing is really expensive, and for a little more, you can get a ship that does much more.

LEHRER. But the bottom line is that you did rewrite it, and you added $1.1 billion to what the Defense Department had asked, and added nuclear ships.

Let me ask Admiral La Rocque how do you analyze Admiral Rickover's mastery of the Congress?

LA ROCQUE. I think that Admiral Rickover's done a fine job in trying to explain his point of view to the Congress, and they've obviously bought some of it. I don't think it's been undue influence on the part of Admiral Rickover. I can tell you that under all the Chief of Naval Operations I ever served, we put as much influence on the Congress as possible to get our way, and we've been pretty successful over the years.

I would agree with you, too, Mr. Lehrer—that this matter of looking at the role of the Navy has not been adequately examined. I appreciate Congresswoman Schroeder's comment that there's been more effort this year than in the past. But I think we have to get right down to the basic issue of what is it we want to build this Navy for? And not argue whether it's going to be nuclear or conventional-powered, or whether they're going to be high ships or low ships—that obfuscates the problem.

What we want to do is decide what it is we're trying to do with this United States Navy.

LEHRER. You can't help but ask the ques-

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tion too—and I would ask you, Admiral Zumwalt. In the heat of a Presidential campaign, with all these charges flying back and forth, is this the time to make major commitments in terms of the future of the Navy?

ZUMWALT. Well, I think a Presidential campaign is one of the few times when enough voters get seized with the issues that can begin to be the kind of awakening of the public that is very important. We have all kinds of confusion; you heard some of it tonight. Admiral LaRocque confuses the difference in strategic and conventional war, and he's not quite sure which it is that we will win and which it is that we will lose. It's just very important, I think, to have an awful lot of this kind of discussion against the backdrop of an issue that seizes the major attention of people, the election of a President.

And I think both of the great parties will be debating this from now until election time, and the people will be much more enlightened about this.

LEHRER. But are they really going to be more enlightened; that's the question.

ZUMWALT. I think so; I think so. You can only fool the people some of the time . . . [UNDERTALK] . . . and the more discussion there is, the likelier people are to understand the very serious debilitation that has come to pass in our armed forces. This is what, again, when Jim Schlesinger sought to try to get the facts out, and he is continuing to write and talk about it as are others who've had access . . .

MACNEIL. Admiral La Rocque wants to respond; Admiral?

LA ROCQUE. Well, I think anytime is a good time to discuss the role of the Navy and what it is that we need in the way of weapon systems. I think anytime is a bad time to indulge in personalities to try to make your point, and Admiral Zumwalt has tried to do that some tonight. I think Ronald Reagan has gone overboard and excited the Republican party and the President has had to respond.

Now I suppose, now that Admiral Zumwalt has doffed his naval hat and is running for office in Virginia, that he will be able to avoid personalities and demagoguery in true naval tradition; I hope he will.

LEHRER. Congresswoman Schroeder, you get the last word.

SCHROEDER. I would like to just say that the thing I am afraid of, so often happens, is we don't get to the actual nitty-gritty of the issue. We tend to get to the scare tactics; it becomes again, how much is ever enough and how do you really talk about what it should do in a calm atmosphere? Plus, don't forget the money involved. If you happen to be a shipbuilding contractor, there's a lot of money involved in these things . . .

LEHRER. Thank you.

Robert?

MACNEIL. Thank you all very much; thanks, Jim. Thank you.

Jim Lehrer and I will be back tomorrow evening; I'm Robert MacNeil. Good night.

THE HUMPHREY-HAWKINS BILL

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. LAFALCE. Mr. Speaker, there are many issues which we have to consider in regard to H.R. 50, the Full Employment and Balanced Growth Act. In the recent primary campaigns, candidates of all persuasions have been asked to express their views on this measure. I believe that it is important that we do not get swept away in the flurry of campaign rhetoric and sloganeering. Instead, we must take the time to carefully examine both the strengths and weaknesses of this legislation.

With that in mind, I would like to take this opportunity to share with you the excellent testimony of Mr. Charles Schultze, senior fellow, Brookings Institution, and professor of economics, University of Maryland, before the Employment, Poverty, and Migratory Labor Subcommittee of the Senate Labor and Public Welfare Committee on May 14, 1976. His testimony, which in my judgment makes it clear that many amendments to H.R. 50 are necessary before it is deserving of passage, follows:

THE ECONOMICS OF THE FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1976 (S. 50)

Mr. Chairman and Members of the Committee, the full Employment and Balanced Growth Act of 1976, S. 50, addresses the most important domestic problem of this decade—high and persistent unemployment. The chief obstacle to overcoming that problem, both politically and economically, is inflation. I believe that S. 50 does not sufficiently recognize that fact, and hence needs to be changed in a number of important respects. Moreover, the combination of the "employer-of-last-resort" provisions in this bill and the wage standards that go with it threaten to make the inflation problem worse. These sections, particularly, need extensive reworking.

THE IMPORTANCE OF FULL EMPLOYMENT

The emphasis which S. 50 puts upon the goal of full employment is, in my view, quite proper. We are a society in which not only economic rewards but status, dignity, and respect depend heavily on a person's place in the work force. The single most important contribution toward solving the major social problems of this generation—deteriorating inner cities, inequality among the races and between the sexes, high and still rising crime rates, poverty, insecurity, and hardship for a minority of our citizens—would be a high level of employment and a tight labor market.

However valuable some of the federal government's manpower training and other social programs may be, they cannot hold a candle to the efficacy of a tight labor market. Necessity is the mother of invention. When 4 million business firms are scrambling for labor in a highly prosperous economy, it suddenly turns out that the unemployable become employable and the untrainable trainable; discrimination against blacks or women becomes unprofitable. Instead of being the concern solely of bureaucrats in government training programs, the finding, counseling, training, and hiring of the disadvantaged becomes the goal of the entire profit-seeking private enterprise system.

In the second World War, to choose a dramatic example, we pushed the unemployment rate below 2 percent. And the result of that tight labor market was revolutionary. Black-white income differentials shrank faster than in any subsequent period; the income distribution became sharply more equal; employers scoured the back-country farm areas and turned poor and untrained sharecroppers into productive industrial workers, whose sons and daughters became the high school graduates of the 1950's and whose grandchildren will shortly begin to enter college in droves.

The importance that S. 50 attaches to high employment, therefore, is not misplaced. The nation cannot afford over the next decade to settle for a relatively sluggish economy and a high unemployment rate.

WHAT STANDS IN THE WAY OF FULL EMPLOYMENT?

The basic problem with achieving and maintaining full employment is not that we lack the economic tools to generate increased employment. The traditional weapons for stimulating economic activity—easy money, tax cuts, and government spending for worthwhile purposes—are perfectly capable of generating an increased demand for public and private goods and services thereby inducing employers to hire more workers. Moreover, we do not need to have the government hire people directly on special programs of public service employment as a long run device to reduce unemployment. The real problem is that every time we push the rate of unemployment towards acceptably low levels, by whatever means, we set off a new inflation. And, in turn, both the political and the economic consequences of inflation make it impossible to achieve full employment, or once having achieved it, to keep the economy there.

With unemployment now at 7.5 percent, the problem is not an immediate one. A rapid recovery could continue for the next year and a half or so, pushing the unemployment rate down steadily, without setting off a new inflation. But experience in the postwar period to date strongly suggests that once the overall rate of unemployment edges below 5½ percent or so, and the rate of adult unemployment gets much below 4½ percent, inflation will begin to accelerate. And since the underlying rate of inflation, even with good luck, is likely to be running at 4 or 5 percent a year, the new acceleration could lead to very high rates indeed.

The charts on the following pages illustrate the relationship between inflation and tight labor markets during the four inflationary periods since 1949—the Korean War, the inflation of 1955–'57, the Vietnam War inflation, and the current round, kicked off in 1973. Each panel of the charts depicts one of those four episodes. The dashed lines show the underlying rate of inflation, measured as the rate of wage increase adjusted for long term productivity gains. Nonfarm prices tend to follow this underlying rate of inflation, sometimes rising faster, sometimes slower, but eventually moving parallel with these adjusted wage costs. The solid lines show the adult unemployment rate, averaged over four quarters. With obvious variations in timing and magnitude, the central story is clear—as the adult unemployment rate is pushed down below the neighborhood of 4½ percent, the underlying inflation rate rises above its prior path. In the absence of major new tools for inflation control, pushing the adult unemployment rate by the 3 percent target of S. 50 would surely generate substantial inflation.

Unless the inflationary consequences of low unemployment are tackled, it will prove impossible to get the economy to that level and keep it there. The first problem is political. When unemployment is rising, layoffs are high and for every person actually unemployed many more are afraid for their own jobs. Hence, it is easy to generate political support for the fiscal and monetary measures necessary to stimulate employment, even when inflation is high (witness the 1975 tax cut and $75 billion deficit). But when unemployment is falling, even though still large, layoffs decline; concern about unemployment shrinks while concern about inflation rises. Taking the measures necessary to reduce unemployment still further becomes politically impossible when inflation begins to accelerate.

Most of the economics profession would agree that holding the rate of adult unemployment at 3 percent would lead to inflation. There is, within the profession, a division of opinion about whether the resultant

inflation would be a high but steady rate or an ever-accelerating rate. If the latter view is correct, then keeping employment to the 3 percent target would eventually become impossible, since no economy could stand an ever increasing rate of inflation. One of the reasons we do not know the answer to this controversy is that the political consequences of inflation have been such that the nation has never persisted in holding adult unemployment to 3 percent for many years running.

I believe, therefore, that a realistic view of both the economics and the politics of inflation and unemployment lead to one central conclusion: The stumbling block to low unemployment is inflation; the supporter of a full employment policy must of necessity become a searcher for ways to reduce the inflation that accompanies full employment.

S. 50 AND INFLATION

There are a number of ways in which tight labor markets lead to inflation. One of these is the acceleration of wage increases which begins to occur well before the overall unemployment rate has been reduced to reasonable levels. In this context, it is useful to look at the structure of the labor market during periods when the unemployment rate is lower than it is during today's recession, but higher than we would like it to be.

Table 1, on the next page, presents some estimates of how unemployment would be distributed among various groups, and the nature of that unemployment when the economy operates at an overall unemployment rate of 5 percent. Despite the still high overall unemployment, the rate among men from 25 to 64 years of age is well below 3 percent, and among women 45 to 64, about 3 percent. Teenage and young adults, however, who constitute only one-quarter of the labor force make up over one-half of the unemployed.

TABLE 1.—STRUCTURE OF UNEMPLOYMENT WHEN THE OVERALL RATE IS 5 PERCENT

Group	Unemployment rate (percent)	Average duration (weeks)	Number of unemployed spells per year
Male:			
16 to 19	13.9	4.0	1.8
20 to 24	7.3	4.5	.9
25 to 44	2.7	5.7	.3
45 to 64	2.2	6.6	.2
65 plus	3.0	NA	NA
Female:			
16 to 19	15.2	4.0	2.0
20 to 24	8.4	4.1	1.1
25 to 44	4.9	4.3	.6
45 to 64	3.1	5.2	.3
64 plus	2.9	NA	NA

Addendum: Males and females age 16 to 24—percentage of labor force, 24; percentage of unemployed, 51.

Source: 1973 structure of labor force and unemployment (when the unemployment rate was 4.9 percent). Estimates of durations and spells adapted from George Perry, "Unemployment Flows in the U.S. Labor Market," "Brookings Papers on Economic Activity, 2:1972," table 3, p. 259.

The unemployment among teenagers and young adults, under such labor market conditions, arises not so much from a continuing inability to find a job, but rather from a number of short spells of unemployment, as many young people go from one unattractive job to another. The 16–19 year old, for example, would average two spells of unemployment a year, of about four weeks' duration each.[1]

The central problem is that when the overall unemployment rate gets down into the neighborhood of 5 percent, the job market for experienced prime age workers becomes very tight. There are many unfilled job vacancies and not many unemployed in this age group. The large number of younger unemployed workers do not move in to fill these vacancies. As a consequence, wages are bid up sharply and prices begin to rise, even though the overall unemployment rate is still high.

One approach to this problem lies in the whole panoply of job counseling, training, and placement services for youth. Federal efforts in this direction should be continued and expanded. And a carefully structured public service program for youth could also contribute. (Strangely, the "employer-of-last-resort" program in S. 50 is restricted to adult workers.) But in all honesty, the record of recent years does not warrant a confident hope that such programs can be the principal solution to the problem.

GOVERNMENT AS EMPLOYER OF LAST RESORT

Sec. 206(d) of S. 50 establishes a major new policy—the federal government is pledged to become the employer-of-last-resort for those who cannot find work elsewhere. Sec. 206(e)(4) provides that a person shall be eligible for an employment opportunity under this section if, among other things, he or she has not refused to accept a job that pays whichever is the *highest* of either the prevailing wage for that job or the wage paid in the government-created "employer-of-last-resort" job. In turn, Sec. 402 sets up a standard for wages in the "last resort" jobs which are bound to be highly inflationary.

Under Sec. 402(c)(i), for example, the wage paid for a "last resort" job in which a state or local government is the employing agent must be equal to that paid by the same government for people in the same occupation. But in states or cities with union agreements for municipal employees, and in many cases even without union agreements, the wage for a low-skill or semiskilled municipal job is often far higher than the wage paid for the same jobs in private industry. Given the provisions of Sec. 206(d), a person can turn down a private industry job and still be eligible for a "last resort" job, so long as the latter pays more than the former, and in many cases it will. Table 2 shows the wages paid by several randomly selected municipalities for low-skilled jobs. As you can see these are very substantially above minimum wage levels. An unskilled laborer, earning say, $2.50 an hour in private industry, can afford to quit, take unemployment compensation for four to six weeks (or whatever time might be needed to be eligible), then claim a last resort job paying (on municipal wage scales) $3.50 to $4.50 an hour, and come out way ahead.

This would show up in heightened form in any "last resort" jobs created in construction work, since Sec. 402 requires Davis-Bacon wages which in practice are set at the construction union wage scale in the nearest large city.

It is clear that in any area where municipalities or non-profit institutions pay higher scales for relatively unskilled or semi-skilled labor than does private industry, the wage scales in private industry will quickly be driven up to the higher level. Otherwise there would be a steady drain of labor away from private industry into "last resort" jobs. A new and much higher set of minimum wages would be created!

TABLE 2.—MEDIAN HOURLY WAGES IN MUNICIPAL GOVERNMENT [1]

[Dollars per hour]

City	Occupations					
	Janitors, porters, and cleaners	Laborers, class A	Laborers, class B	Park laborers	Refuse collectors	Truck drivers (heavy, other than trailer)
Cleveland, Ohio	3.83	----------	4.36	4.36	4.93	4.67
Kansas City, Mo	3.67	3.34	3.06	----------	4.42	5.13
Atlanta, Ga	3.38	4.16	3.53	3.68	4.00	4.35
Portland, Oreg.[2]	(4.80)	(5.17)	----------	(5.75)	----------	(6.08)
San Diego, Calif	4.08	4.58	----------	4.18	5.24	5.75

[1] Except for Portland, the numbers are the median wages for workers in the indicated occupations based on U.S. Labor Department municipal wage surveys taken in various months during 1975.

[2] The data for Portland are equal to median wages as reported in September 1973, adjusted upward by 10 percent, as a "guesstimate" of the wage increase since then.

The direct and indirect effects of this on the inflationary problem would be extremely serious, once the bill was in full operation. Labor would become very scarce over a broad range of semi-skilled and unskilled jobs in private industry. Wage rates would rise sharply and prices would follow; the size of the government's job programs would grow rapidly, as workers left lower paying private jobs for the higher wages stipulated in Sec. 402.

Once you begin to ask how to correct this problem, the dilemma of any 'government-as-employer-of-last-resort" provision becomes clear. As pointed out earlier, when the unemployment rate is below 5 or 5½ percent, most unemployment is not long term. Among adult males unemployment often consists of a period of four to eight weeks after a layoff before a new job is found. Among many teenagers unemployment in such times is not a steady thing, but a period between two relatively low paying jobs. What wages do you pay in the "last resort" jobs? If you pay low enough wages so as not to attract many people from their existing jobs, you have a very unattractive program. Many private jobs are low-paying, and the only way to avoid attracting people from private industry is to set the "last resort" wages very low indeed. But then, except in periods of high unemployment, when even very low paying jobs aren't available, who wants the program? If you set the wage somewhat higher—even if not absolutely high—it will still exceed the wages of many people with a current job in private industry. If so, it will begin to cause an exodus from private industry, and drive up wages and prices.

Table 3, based on Labor Department Surveys of area wage structures, attempts to measure how far below the prevailing (median) wage for selected low-skill occupations, wages would have to be set in the last resort jobs in order to avoid attracting large numbers of workers from private industry. The first line of numbers for each city and occupation indicates the wage discount that would have to be applied to insure that the wage did not exceed the wages of more than 10 percent of the workers in private industry. The second line shows the discount needed to keep the last-resort job from being more attractive than 20 percent of the private jobs in the same occupation. Thus, in order for a last-resort laborer's job in Buffalo not to attract more than 10 percent of laborers in private industry, it would have to

[1] The unemployment duration estimated in Table 1 understates the true duration since many young people, discouraged at finding attractive jobs, drop out of the labor force for awhile.

be paid at a rate of 37 percent below the area median wage for laborers. If the wage were set 28 percent below this median, it would still pay better than laborers wages received by 20 percent of the private work force.

TABLE 3.—PERCENT WAGE REDUCTION BELOW PREVAILING WAGE NEEDED TO PREVENT SPECIFIED PERCENTAGE OF WORKERS FROM LEAVING PRIVATE EMPLOYMENT; SELECTED CITIES

City and percentage cutoff	Occupation		
	Janitor porter and cleaner	Laborer	Shipping packer
Buffalo, N Y.:			
10	−18	−32	−37
20	−16	−22	−28
York, Pa.:			
10	−29	−34	−11
20	−25	−17	−10
Cleveland, Ohio:			
10	−6	−29	−27
20	0	−20	−15
Kansas City, Mo.:			
10	−22	−35	−30
20	−13	−21	−21
Richmond, Va.:			
10	−20	−28	−37
20	−17	−15	−35
Portland, Oreg.:			
10	−13	−31	−21
20	−6	−26	14

Source: Based on BLS area wage surveys; the 1st line for each city and occupation is the wage at the 10th percentile of workers, and the 2d line is the 20th percentile wage. Linear interpolations were used within the class intervals published by BLS.

Special public service employment during periods of recession is a useful tool of counter-cyclical policy. Government-financed summer employment for school age youths makes sense. And, in good times, public service employment, paid at unemployment compensation rates, may be the most appropriate way to provide for that relatively small number who have exhausted their unemployment compensation. (This would, however, imply unequal pay for equal work.) But the concept of government as employer of last resort is not a workable method of pushing the overall unemployment rate down to very low levels.

DEALING WITH INFLATION

I have no magic answer for how to reduce the inflation which accompanies full employment. But there are a series of steps, each of which could contribute.

1. As mentioned earlier, there should be continued emphasis on programs to make unemployed youths more qualified for the main stream job vacancies which increasingly appear as the overall unemployment rate is reduced. On an experimental basis, a government wage subsidy to employers who hire disadvantaged young workers for permanent career jobs should be tried.

2. Substantial, tough action is needed to deregulate areas of the economy where government itself stifles competition and holds up prices. Transportation is a key example.

3. Actions which reduce the competition from imports should be avoided. Import threats probably do much more than anti-trust to keep prices down.

4. That part of the bill which directs the President to develop and submit a plan for counter-cyclical employment creating measures, including public service employment, should be retained. The government as employer-of-last-resort section should be dropped. At the same time, as I indicated earlier, several other methods to help achieve low unemployment without inflation could be added: public service employment for those who have exhausted unemployment compensation; and, on an experimental basis at first, a program of wage subsidies to employers for providing long term jobs to disadvantaged youth.

5. Finally, and most importantly, we need an incomes policy. It cannot be across-the-board wage and price controls; they can't be maintained very long, and they are ultimately far too rigid for a dynamic economy. But we do need to find a way to work out some kind of social compact, perhaps along the lines that Callaghan and Healy are trying to work out in Great Britain. In particular, any sophisticated approach to the joint attainment of full employment and price stability should incorporate use of the tax system as a means of attaining a social compact. There are a number of different alternatives, no single one of which should be locked into a long term bill like S. 50, but all of which should be part of the arsenal which a President could, from time to time, propose as part of the annual full employment and balanced growth plan. My colleague, Arthur Okun, has suggested several examples of how this might be done: in return for labor accepting a wage guideline, offer to reimburse labor, via a working man's tax cut, for any overall price increase that is out of line with the wage guideline, and finance part of the cut with a temporary surcharge on corporations; offer employers and workers an option—either to sign whatever wage contract they want *or* to sign a contract within the wage guidelines and receive a temporary reduction in social security payroll taxes.

S. 50 already contains an implicit, but not generally recognized directive to the President to spell out wage and price guidelines. Sec. 104, establishing the full employment and balanced growth plan, requires the President to set forth goals for "full purchasing power" at levels necessary for reaching goals of the Act. But the only way to set forth an explicit goal for the wage component of purchasing power is to stipulate a wage guideline to go with an employment target; and the only way to specify a purchasing power target for profits is to specify a set of guidelines on general price movements, to go with the wage, employment, and production targets.

RESTRUCTURING S. 50

I think that there would be merit in reorganizing the bill so that it jointly addressed the inflation and unemployment problems, and explicitly pointed in the direction of preventing the inflation acceleration that goes with low unemployment.

The planning and target-setting part of the bill should be rewritten to specify both unemployment and price stability goals: the policy goal would be to undertake those structural and incomes policies needed to approach both goals simultaneously. Many of the sections of the present bill, including the manpower training parts, would then become a means of reaching full employment without accelerating inflation. The hidden incomes policy sections should be made explicit, directing the President to develop guidelines and indicating the desirability of using tax policy as a possible adjunct to incomes policies.

Finally, the targets for unemployment and price stability should be made more flexible. The present bill sets an ultimate target of 3 percent adult unemployment which is roughly consistent with a 3½ percent overall rate if "adult" means over 18 years of age, and 4 percent if "adult" means over 21 years of age. But such targets should not be absolute. For example, in a situation like the middle of 1973, with inflation beginning to go into double digits and the adult unemployment rate at 3.8 percent, I cannot imagine that, for the year ahead, the federal government would pursue a policy of increasing budgetary stimulation or easier money in order to reach a mandated target of 3 percent. Hopefully, we would never be in that situation again. But no one can be sure in an uncertain world. As I read the present bill, after 1980 (assuming enactment in 1976) each year's target for unemployment would have to be no higher than 3 percent (for adults), regardless of the rate of inflation. I do not think that such a rigid specification of targets each year is consistent with the purpose of the bill which is to be a long term guideline for economic policy. Nor do I think the goal for unemployment should be expressed in terms of adult unemployment. The individual distress and social problems caused by high unemployment among youth warrant attention as well as does unemployment among other workers.

Even with the specific anti-inflation measures suggested above, we do not know how low the unemployment rate might be pushed, without running into the inflation barrier. The goals set forth in the Act, therefore, must be quantitatively imprecise. I would suggest that they be rewritten in language which directs the President to present long-run plans for reducing the inflation that heretofore has accompanied low levels of unemployment and simultaneously to outline the actions needed to reduce unemployment towards the lowest rate sustainable over the long-run. The specific proposals and plans that he presents each year, in response to this directive, will in any event, be widely debated before the Congress and in the media. It is unrealistic to expect that the simple inclusion of a single numerical target for unemployment, like 3 percent, in a planning bill of this type will somehow force a President to take action to get there, regardless of the consequences.

AN AUTOMATIC MAJORITY

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. LENT. Mr. Speaker, much ado has been made about this so-called "veto-proof" Congress. This situation, while unpleasant for some of us, is one that we all can live with. On the international level, however, another "automatic majority" exists, but this situation is one which is not tolerable, and it threatens world peace.

The majority to which I refer is the one which swings into action each time there is an opportunity in the United Nations to do something unfavorable to Israel. We are all aware of the U.N.'s blatant anti-Israel actions, such as the resolution condemning Zionism as a form of racism. My attention was recently drawn to another action, not as dramatic perhaps, but in a way just as disturbing.

Israel, despite justifiable apprehension, consented to have three members of a special committee of experts appointed by the World Health Organization—WHO—visit Israel and Israeli-administered areas for the purpose of preparing a report for the WHO's assembly. That report, surprisingly, was generally favorable to Israel, indicating that health services in Israeli-occupied Arab territories, while far from perfect, have been showing "slow but steady" improvement since 1967.

The WHO, at its annual assembly in Geneva last week, refused to consider the report by a 65-to-18 vote with 14 abstentions. The motion to table was put forward by India on behalf of the Arab nations and the group of so-called

"developing countries." The United States, of course, voted against the motion, and the U.S. representative, Dr. S. Paul Erlich, said it was the first time in his long experience "that we have failed to consider a document submitted to the assembly."

Mr. Speaker, it would be too kind to call this situation absurd. When a world health body becomes so politically motivated, there is cause for great alarm, and further room for doubt about the U.N.'s ability to cope with the massive problems facing the world today. I hope that the Congress will continue on record in favor of even-handed treatment of all nations by a body which is supposed to serve all nations.

INFLATION—ITS CAUSES AND POSSIBLE CURES

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. TRAXLER. Mr. Speaker, inflation hurts every American. In an effort to involve young citizens in finding solutions to this national problem, the Bay County Economics Club and the Second National Bank of Bay City, Mich., jointly sponsored an essay contest on "Inflation—Its Causes and Possible Cures."

Mr. Harrison Plum, secretary-treasurer of the Bay County Economics Club was kind enough to forward to me the winning essay by Mr. Ira J. Kreft, a sophomore at Alpena Community College. I found Mr. Kreft's analysis and suggestions valuable and I wanted to share them with my colleagues and all Americans.

The text of Mr. Kreft's essay follows:

INFLATION—ITS CAUSES AND POSSIBLE CURES

(By Ira J. Kreft)

WHAT IS INFLATION?

Inflation, a serious problem facing the United States, is commonly defined as a rise in the general price level or a decline in the real purchasing power of the dollar.

Inflation is measured with price indices. The three most common indices are the Consumer Price Index, which is the relative dollar cost at different points in time of a specific market basket of goods, including food, clothing, automobiles, and doctor's fees; the Wholesale Price Index, which is the relative dollar cost at different points in time of a market basket of wholesale commodities; and the GNP Implicit Price Deflator, which is the relative dollar cost at different points in time of all goods and services produced in the United States economy.

When evaluating inflation with either the Consumer or GNP Price Indexes, it must be remembered that they are overstated 1 to 1.5% because of price increases due to product improvement and government required safety and emission-control features, which are not distinguished from pure price rise.[1]

WHAT ARE THE CAUSES OF INFLATION?

Inflation occurs when aggregate demand, which is all the money people, businesses and governments spend, grows more rapidly than aggregate supply, which is the nation's capacity to produce real goods and services. Once this condition exists, which is called demand-pull inflation, it is usually followed by cost-push inflation. Cost-push inflation, which has a spiralling effect, occurs when wages increase to keep up with inflation and are followed by price increases by the employer to maintain his profit margin. This causes prices to go up in other industries because their employees want to stay ahead of inflation. The overall effect is that the employees are fighting a losing battle, because as their wages increase, so do prices.

Some of the factors that make aggregate demand grow faster than aggregate supply are consumer expectation of rising prices, excess money creation and spending by the government, and "manufactured" shortages.

In order to have cost-push inflation, labor must be able to exert pressure on the employer for wage and salary increases; and the employer must have the ability to pass the increases to the consumer in the form of higher prices.

WHAT ARE THE DANGERS OF INFLATION?

The economic progress of the United States depends upon capital investment. To maintain even a constant level of operations, ever increasing amounts of capital are needed. The usual reinvestment model is based upon the idea that depreciation will protect enough assets, by reducing income taxes, to replace fixed assets when needed; however, when inflation exists, this concept is undermined. Approximately 90% of all capital comes from reinvested profits and capital consumption allowances.[2] To illustrate the seriousness of the problem created by inflation, assume the following: a corporation erected a warehouse in 1940 at a cost of $100,000 (when the GNP Implicit Price Deflator Index was 43.9) to be depreciated over its life of 20 years. If depreciation protects assets equivalent to the total of the depreciation charges, $100,000 of assets exist in 1960 to replace the old warehouse with a new one. However, the GNP Implicit Price Deflator Index was 103.3 in 1960; consequently, a new warehouse, identical to the old one would cost $235,300. Because of inflation, higher dividends are paid, which misleads the investor as to the company's dividend potential. Unions may be encouraged to push for wage increases, based upon inflated earnings, which the company must pass on to the consumer thus promoting cost-push inflation. The company also pays taxes on inflated earnings, that don't really exist.

If domestic inflation is greater than foreign inflation, investments will go to foreign countries and imports will be less expensive than domestic products. Inflation also involves a redistribution of income from those on fixed income, such as social security and pensions, to those on variable incomes, such as salesmen and workers whose pay is determined by cost of living escalators. If there is too great a redistribution of income, as there was in Germany following World War I, there may be social unrest and a serious threat to continuing democracy in the United States.

WHAT ARE POSSIBLE CURES?

Two basic ways of trying to bring aggregate demand into balance with aggregate supply are fiscal policy and monetary policy. Fiscal policy may involve decreased government spending, increased tax rates, or a combination of the two. This would have the effect of reducing aggregate demand. Monetary policy would involve action by the Federal Reserve System to decrease the supply of money, raise the interest rates, or a combination of the two. By making money more expensive, monetary policy has the effect of reducing long-run consumption.

The two previous measures are suitable for demand-pull inflation; however, for cost-push inflation, other measures must be used. A wage-price review board could be created, in the same fashion as utility regulatory commissions, with the power to scale down proposed increases which exceed what can be justified by economic criteria. This commission would review wage and price increases in industries with market power, such as the auto industry, trucking, and heavy manufacturing. Another possible solution is to levy a tax on employers granting excessive wage and salary increases to make the employer put more pressure on labor rather than the consumer.

Recently, the use of inflation escalators, called indexation, have become popular in contractual arrangements, where the amount paid in the future is adjusted for inflation according to an index. If the entire economy, including the tax system, was based upon indexation and accompanied by strict monetary policy, inflation could be broken and as it decreased so would wages thus avoiding layoffs due to decreased demand. Any of the policies mentioned above could be used, but judgment must be used to elicit the desired effect on the economy.[3]

[1] Reynolds, Lloyd G., *Economics*, 4th. Edition, Richard D. Irwin, Inc.

[2] Federal Reserve System.

[3] Laing, Jonathan R., "On The Escalator", The Wall Street Journal, Wednesday, March 10, 1976.

RECENT INTEREST IN APPROPRIATE, OR INTERMEDIATE TECHNOLOGY

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. BROWN of California. Mr. Speaker, over the past year the subject of intermediate technology has been frequently discussed in several committees of the Congress. The term has not been precisely defined but in general has referred to a less complex, less capital intensive, more labor intensive, frequently smaller, more decentralized, and environmentally benign type of technology appropriate to the specific needs of a community or particular area of the country or world. It is sometimes referred to as "appropriate" or "light capital" technology.

Because of the growing world pressures on energy and materials supply, the environment and capital markets resulting from growth in larger and more complex technologies, which some analysts also blame for the unique combination of inflation and unemployment which we have suffered over the past several years, strategies of encourage emphasis on intermediate technology programs have flourished. The Foreign Affairs Committee last year approved a new section to the foreign aid bill—section 107, Public Law 94-161—authorizing an intermediate technology emphasis in foreign aid. The Appropriations Committee, in the committee report accompanying the foreign assistance appropriation bill (H.R. 12203) passed March 4, 1976, said:

> The Committee expects AID to more rapidly to implement section 107 of the Foreign Assistance Act, which authorized $20 million over the next three years for activities in the field of "intermediate" or "light capital" technology.

The committee report devotes nearly four pages to the subject of intermediate technology—pages 14-15, 61-63—and should be read by those interested in a further discussion of the subject.

At the instigation of leading Members of Congress, the Community Services Administration has commissioned a major study of the subject, completed in February 1976, entitled "The National Center For Appropriate Technology," which may lead to additional efforts.

The House, in the ERDA authorization bill, H.R. 13350, adopted a section 111 on May 20. Section 111 directs the Administrator of ERDA to prepare a detailed proposal to carry out an intermediate technology program within ERDA, such a proposal to be submitted to the Congress with the 1977 ERDA annual report. In a similar effort, the language of the report to accompany the NSF authorization bill, H. Rept. 94-930, contains language suggesting that NSF encourage initiatives in intermediate technology research and development, as well as education.

The interest in appropriate, or intermediate technology did not, as usual, originate in the Congress. It is a genuine "grassroots" issue, but one that is rapidly reaching a higher level of awareness.

The State of California, in a move which demonstrates that States can act at least as rapidly and as effectively as the Federal Government, has established an Office of Appropriate Technology in the Office of the Governor.

In order to describe this new California office, I would like to insert in the RECORD the Executive order which established this office, and a short background paper on the subject:

EXECUTIVE ORDER NO. B-18-76

Whereas, we live today in an era of limited resources; and

Whereas, technologies must be developed which are less wasteful, less costly, less bureaucratic, and less harmful to people and the environment than the technologies of the past; and

Whereas, state government must assert leadership in developing small-scale technologies appropriate to an era of limited resources;

Now, therefore, I, Edmund G. Brown Jr., Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:

1. There is established in the Office of Planning and Research the Office of Appropriate Technology.

2. The Office of Appropriate Technology shall assist and advise the Governor and all state agencies in developing and implementing less costly and less energy-intensive technologies of recycling, waste disposal, transportation, agriculture, energy, and building design.

3. The Office of Appropriate Technology shall be directed by the State Architect.

In witness whereof, I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 12th day of May nineteen hundred and seventy-six.

EDMUND G. BROWN, JR.,
Governor of California.

Attest:

MARCH FONG EU,
Secretary of State.

BACKGROUND PAPER, OFFICE OF APPROPRIATE TECHNOLOGY

The recognition that we live in a world of limited resources requires a conserving technology. As government tries to adapt to the new realities of diminishing resources and changing values, we must find ways to carry out our responsibilities in ways that are less wasteful, less costly and bureaucratic, less harmful to people and our environment. We need to encourage tools, techniques and processes in our economy—as well as in our communities and institutions—that are simple, direct, small scale and inexpensive: a balanced technology that is appropriate to maintaining the health of California's people, economy, and environment.

To assist in this period of transition, the Governor is creating an Office of Appropriate Technology to act as a catalyst in the areas of job development, resource conservation, environmental protection, and community development. The actions of the office will be directed toward developing human scale technologies and ways of thinking which promote wise use of resources, more harmonious connections with the natural world, and smaller, more workable governmental and social institutions.

Government now intervenes in just about every area of people's lives and yet our problems remain unsolved. Through appropriate technology there can be less need for government intervention to control the myriad, and often unanticipated effects, of "advanced" technology. Appropriate technology is here now and can be applied to many areas of our everyday life in ways that create new and satisfying jobs, save energy, and improve the quality of life:

Inexpensive, simply constructed solar hot water heaters can greatly reduce our present dependence on natural gas and electricity.

Renewable energy sources can be put to work to heat and cool our homes and work places.

Small scale intensive agricultural and farmers markets on unused land in and around our cities can provide families with fresh vegetables and healthy exercise.

Non-polluting mini-transit systems and bicycle ways can make getting around the city easy and inexpensive.

New uses for old buildings saves money and maintains neighborhood stability.

Plumbing and sewage systems can be simplified using modern biological techniques to reduce pollution, conserve water, materials and rebuild the soil.

Use of locally available materials and careful climate-based design can reduce housing costs and improve quality through greater individual choice and diversity.

Sim Van der Ryn, State Architect, will be Director of the Office of Appropriate Technology (within OPR) assisted by staff and consultants required to carry out the functions of the office. OAT will remain small, relying on cooperative working agreements with other State agencies and the use of outside consultants on specific projects to perform most of the work.

The work program of the office will include:

Seminars featuring distinguished authorities in the field of energy, environment, economics, technology designed for State policy makers and the general public.

Demonstration projects—working prototypes illustrating various appropriate technology concepts which are self-teaching examples.

Evaluation of prototype appropriate technology for use in State projects.

Public access, educational process, information center and public events.

Advisory panels of distinguished experts to advise on application of appropriate technology to ongoing State projects in areas including alternative energy, agriculture, waste management, transportation.

Mr. Speaker, I am bringing this subject to your attention because of its growing importance, and with the hope that each Member of Congress will become interested and informed on this new approach to technological growth.

PERSONAL EXPLANATION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mrs. SCHROEDER. Mr. Speaker, on May 21, 1975, I was absent. Had I been present I would have voted as follows:

Rollcall No. 291, "nay."
Rollcall No. 292, "yea."
Rollcall No. 293, "yea."
Rollcall No. 294, "nay."
Rollcall No. 295, "yea."

DICKINSON QUESTIONNAIRE RESULTS

HON. WILLIAM L. DICKINSON

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. DICKINSON. Mr. Speaker, each year I send an annual questionnaire to my constituents. I find the results of the questionnaire very helpful and I would like to share the results with my colleagues:

DICKINSON QUESTIONNAIRE RESULTS

"Reduce government spending" was the sentiment I noticed most while reviewing the responses to my 12th Annual Questionnaire. Over 10,000 persons responded to the poll and I am most gratified by the great interest they exhibited in the important issues facing us as a nation.

Only in defense, crime control and energy research and development did a clear majority favor spending more. About 65% felt federal spending should be reduced in every agency even if programs they personally favor might be reduced. Tax dollars should not be used to finance campaigns for the U.S. House and Senate, said 83% of the people—I agree!

In other results, less than one-third believe the news they read, see and hear is generally fair and accurate while more than half do not. The overwhelming majority think public employees should not be allowed to strike and that voluntarily unemployed persons such as strikers and college students should not get food stamps.

Personal service received from the new U.S. Postal Service was given a very negative rating. Changes must be made in the Social Security program, nearly half responded.

In foreign affairs, strong support for the C.I.A. was indicated, but about as many people think the U.S. should get out of the U.N. as think we should stay in.

RESULTS OF THE 12TH ANNUAL BILL DICKINSON QUESTIONNAIRE

[All figures expressed as percentages; because of rounding all totals will not exactly equal 100 percent]

1. Do you believe the news you read, see and hear is generally fair and accurate?

Yes	33.77
No	57.65
Undecided	8.65

2. Should essential local, state and federal government employees such as police, firemen, sanitation workers, teachers, etc., be allowed to strike?

Yes	21.91
No	73.11
Undecided	4.96

3. Should voluntarily unemployed persons such as college students and strikers receive food stamps?

Yes	10.58
No	85.13
Undecided	4.24

4. Should the U.S. maintain an intelligence gathering system (like the C.I.A.) in other countries?

Yes	81.84
No	13.46
Undecided	4.68

5. Do you believe the U.S. should continue to be a member of the United Nations?

Yes	42.64
No	42.20
Undecided	15.14

6. Should federal tax dollars be used to finance campaigns for the U.S. House of Representatives and the U.S. Senate?

Yes	10.58
No	82.91
Undecided	6.09

7. Do you believe the federal government should reduce spending in every federal agency even if programs you favor may be reduced?

Yes	65.28
No	28.12
Undecided	6.59

8. To eliminate political influence, in 1970 the U.S. Post Office Department was reorganized and given "independent" financial status. How would you rate the performance of this new Postal Service?

Excellent	1.12
Good	10.19
Fair	37.33
Poor	51.24

9. Last year, for the first time, the Social Security system paid out more in benefits than it received in taxes. To keep the program operational, some changes must be made. Which one of the following proposals do you prefer?

(a) Increase employee and employer Social Security taxes	15.07
(b) Decrease Social Security benefits	15.92
(c) Change the Social Security program to allow new workers to contribute to a private savings program	46.99
(d) No opinion	21.99

10. Federal spending involves your tax dollars. Should we spend more, less or the same on the following?

Defense:	
More	57.99
Less	11.95
Same	30.05
Education—College Level:	
More	20.37
Less	52.27
Same	27.34
Elementary and High School level:	
More	35.34
Less	37.32
Same	27.14
Welfare:	
More	4.06
Less	83.12
Same	12.80
Health:	
More	27.41
Less	43.83
Same	28.74
Veterans benefits:	
More	13.66
Less	50.52
Same	35.80
Foreign aid:	
More	4.99
Less	86.27
Same	8.73
Crime control:	
More	63.47
Less	13.43
Same	23.09
Highways:	
More	22.06
Less	28.15
Same	49.77
Mass Transportation:	
More	29.60
Less	39.11
Same	31.27
Energy Research and Development:	
More	60.42
Less	17.12
Same	22.44
Environment and Conservation:	
More	34.57
Less	34.04
Same	31.38
Age:	
18 to 21	1.53
22 to 35	27.57
36 to 50	28.84
51 to 65	28.34
Over 65	13.20
Voting preference:	
Republican	28.53
Democrat	24.49
Independent	49.96

"COAL SLURRY PIPELINE—2" ENERGY VERSUS TRANSPORTATION ISSUE

HON. JOE SKUBITZ

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. SKUBITZ. Mr. Speaker, yesterday I made a statement before the House concerning a so-called coal slurry pipeline bill, H.R. 1863, which can be found on page 15521, of the RECORD. This legislation would grant Federal powers of eminent domain to coal slurry pipelines.

Legislation to grant the Federal right of eminent domain to builders of coal slurry pipelines has been presented by its proponents as an energy measure.

It is not an energy measure. It is a transportation measure and should be so regarded by the Congress.

Coal produces energy. The vast reserves of Western low-sulfur coal hold a bright promise for the provision of a substantial portion of this Nation's energy needs.

But a coal slurry pipeline cannot produce a kilowatt of energy. The legislation before the Interior Committee simply represents a plan to superimpose an additional transportation mode on an existing system.

At present, only one—relatively small—coal slurry pipeline is in operation in the United States. Its operations are not significant to the total coal transportation picture. Yet hundreds of millions of tons of coal are transported satisfactorily, efficiently, and economically.

If no more coal slurry pipelines are built, coal will continue to be transported—even if production in the West increases many times over. Railroads haul more than 60 percent of all the coal mined in this country. It is a profitable portion of the rail business. Testimony delivered before the Interior Committee indicates that the railroads are ready, willing and eager to haul every nugget of coal that can be produced.

So we do not need coal slurry pipelines to provide us with coal for energy. If the coal is mined, it will be moved.

The only real energy issue involved in this measure is an indirect one—the fact that the transportation of coal, however accomplished, will consume energy.

Coal slurry pipelines will consume more energy than would the use of unit trains for the same job. There are steps involved in the slurry pipeline process—pumping, dewatering, drying—which are not necessary in the movement of coal by unit train.

According to a study done for the Wyoming Department of Planning and Economic Development, the total coal slurry operation would consume about 750 Btus per ton-mile versus 300 Btus per ton-mile for unit train movement of coal.

In another study, the Hudson Institute estimated that a 1,300-mile rail operation using diesel power would be three times as energy-efficient as a 1,000-mile coal slurry pipeline using electric power.

So coal slurry pipelines are not producers of energy; they are consumers of energy—to a greater degree than the transportation mode pipeline promoters would like to supplant. Yes, I said supplant, not supplement.

Yet another misapprehension about the coal slurry pipeline is the notion that it would result in the production of less expensive energy than could be produced with the use of coal transported by rail.

Certainly, the cost of transportation will play a role in the cost of electric power produced by coal. It is a relatively small component, but it is there.

Based on all the evidence thus far produced, however, there is no valid basis for the assumption that coal slurry pipelines could transport coal more economically than unit trains. A study done for the National Science Foundation, which is a part of the Interior Committee's hearing record, has determined that it would cost twice as much to build a coal slurry pipeline as to upgrade an existing rail line for equivalent service.

The pipeline cost figure so often thrown around is an estimate of $750 million for a 1,036-mile pipeline from Wyoming to Arkansas. Frankly, it is difficult to place too much credence in that estimate, because of the way it has been used. In one pronouncement by the promoters, the cost is pegged at $750 million in 1975 dollars; in another, the cost is said to be $750 million when completed at the end of the decade, assuming historical inflation trends return.

The estimate is ominously reminiscent of the estimate of $900 million advanced in 1968 for the 850-mile Alaska oil pipeline. That estimate was inflated to $2 billion in 1973; it is now $7 billion and the pipeline is not completed.

Estimates of pipeline operating costs are similarly elusive. The ones advanced by proponents are obviously based on a perfect, trouble-free operation—and this is just not realistic.

The alleged pipeline cost advantage over railroads is supposed to come from the fact a high percentage of the pipeline costs will be fixed costs, while the major portion of the rail costs would be variable operating costs. Fixed costs being less directly vulnerable to inflation, the assumption is that, over a period of years, the rail would climb higher than the pipeline rate. This dependence on high inflation seems at odds with the statement I quoted earlier assuming low inflation to keep pipeline construction costs down.

It is revealing, I think, that the rate comparison most often cited by pipeline proponents is one calculated by the president of a utility corporation, not a potential pipeline operator. One would be inclined to assume such a person would have ready access to figures upon which to base computations, at least so far as his own operation goes.

Mr. Floyd Lewis, president of Middle South Utilities, on page 749 of the Interior Hearings Report on Coal Slurry Pipeline Legislation (Serial No. 94–8) cited the comparison that $14 billion would be saved over 30 years by the use of pipeline-delivered coal in preference to rail-delivered coal.

Mr. Lewis does not document how he arrived at such figures and as far as I can perceive, the figures were arrived at by plucking from the air a pipeline rate of $7 per ton versus a rail rate of $11.80 per ton. Neither figure has any validity. Most authorities believe the initial pipeline rate would be higher than the initial rail rate.

The error was then compounded by applying unequal inflation percentages to the two rates. Four percent was applied to a small percentage of the pipeline rate, producing a rate, after 30 years of $8.40 per ton. Five percent was applied to the entire rail rate—not a percentage thereof—to produce a rate, after 30 years, of more than $50 per ton.

All this proves, I submit, is that if you allow one team to choose the ground, make the rules and apply them capriciously, you should not be surprised at the final score. After all, is it not significant that the individual who supplied the figures will be a huge consumer of coal who is interested in keeping the price of coal as low as possible? Naturally, in the make-believe land of speculation one in Mr. Lewis' position would like to have the threat of potential competition and keep the railroads from raising their rates.

To sum up, I think it is clear that in the legislation under consideration we are not talking about a measure to increase the supply of energy—it would not do that. We are not talking about a measure to fill an imagined gap in the transportation system—there is no gap. We are not talking about a measure to reduce the cost of energy—because there is no reason to believe that would happen.

We are, I suggest, talking about legislation to grant a special and totally unprecedented privilege to a small group of promoters seeking to use our legitimate concern about the Nation's energy needs as an opportunity to pocket some fast bucks.

In my next statement, which will be Tuesday, June 1, 1976, I shall speak to "Rail Transportation of Coal—a Backdrop to the Coal Slurry Pipeline Issue."

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on May 30, 1776, the Continental Congress accepted the recommendation of one of its committees and resolved to advise the Colonies to once again regulate the price of salt. The committee had reported that "avaricious, ill designing men," taking advantage of the earlier removal of price controls, were "extort(ing) from the people a most exorbitant price for salt." Congress expected the legislatures of the respective Colonies to pass the necessary pricing regulations, taking care that suppliers were assured of sufficient profit so that they would not be discouraged from importing their product.

HELPING THE POOR HELP THEMSELVES—NEW DIRECTIONS

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. LONG of Maryland. Mr. Speaker, a generation ago the Earth was inhabited by about 2.5 billion people, of whom almost a billion were the poor of the underdeveloped lands. Partly in pity, partly in alarm, and imagining that a lesson could be learned from the swift success of the Marshall plan in Europe, the United States launched a foreign aid program for the underdeveloped nations.

In the years since, $200 billion were given, loaned and reloaned for economic aid and military aid. Counting the interest paid on what we borrowed to give and lend, the cost of foreign aid to the United States has totaled more than a quarter of a trillion dollars.

The results of this massive outlay are sufficiently known: There are now 4 billion people, of which about 1½ billion are poor. Although per capita income has risen here and there, frequently quit apart from foreign aid, any journey into the villages and the countryside will reveal that the poor are not only still with us but have grown with the population, which itself is proliferating to the extent that another century may see the Earth so crowded, so depleted of minerals and fossil fuels, so fouled in its water and air, so torn with misery and hatred that the present may well be looked back upon as the good old days.

What to do? There is much urging that our foreign aid has failed because we have not spent nearly enough. Yet a little scribbling on an envelope can demonstrate that no scale of conventional aid could be sufficient to raise the world's poor by a quantum margin. One development project, proudly aimed at raising the income level of 11,000 poor families, is scheduled to cost $1,000 per family. At this rate, it would cost $300 billion—a hundred times what could be realistically forthcoming—to reach the majority of poor in the non-Communist developing world.

At the same time it has dawned on many that foreign aid has not fulfilled its promise, so are being glimpsed the limits on ability to continue foreign aid. The huge deficits, the inflation of prices and interest, the shortages of energy, the destruction of nature's heritage are all evidence that the shortage of capital in the developed nations must inevitably lead to a new and more restrictive philosophy of foreign aid.

Sooner or later a choice must be made—and better that it be sooner. On the one hand, we can let foreign aid continue to discredit itself through its failures and its inequities. On the other hand, we can try something new, or almost new—actually something so old that it has been rediscovered and given a new name: "Intermediate technology" or "appropriate technology" or, as I call it, "light capital technology."

Heavy capital aid has heretofore been stressed partly out of sophistry and inertia, but also because it is profitable to politically influential firms. It is also enticing for the ruling elites in the recipient nations because of the money to be made on port developments, airport construction, dams, steel mills and similar projects, and partly for this, U.S. Government officials have found it a useful diplomatic tool. To large numbers of the aid bureaucracy and the professors in the growth field, it has been the only kind of technology in which they had any expertise. You teach what you know.

The U.S. philosophy of growth, thus oversold to the developing world, is one of bigness, speed, complexity, and disregard for what it is doing to the Earth, the water, and the air. It is beginning to dawn on thoughtful people—even Presidential candidates and Congressmen—that a new philosophy of growth is needed, even for the developed nations. Leaders of developing countries, of course, will be slow to welcome the proposition that now the United States and Western Europe have achieved industrial greatness, the latecomers should accept a permanent role of inferiority. No role, however, need be permanent. Whatever the ultimate goal, it is plain commonsense that before the developing countries can run, they must walk. And to get from a crawl to a walk, they must first try light capital technologies.

The Congress has made clear through authorizing legislation and through Appropriations Committee report language that it views light capital technology as a new and important focus of U.S. foreign aid and development policy.

In section 107 of the Foreign Assistance Act, Congress has authorized the allocation of $20 million for a private sector effort in the development and dissemination of light capital technologies, and the fiscal year 1976 Appropriations Committee report on foreign aid

directs AID to move rapidly to implement this program with the aid of small, innovative organizations and without dissipating the $20 million in overhead of contracting organizations or of AID. The fiscal year 1977 Appropriations Committee report on foreign aid appropriations states that light capital technology activities are expected eventually to expand beyond the $20 million under section 107 and that the ultimate goal should be endogenous development in poor nations.

An amendment to the Inter-American Development Bank authorization bill and Appropriations Committee report language direct the U.S. representatives to the multilateral development banks to take leadership in making light capital technologies a focus of the multilateral banks' development activities and in allocating a steadily increasing share of the banks' resources to light capital activities.

The Energy Research and Development Administration authorization bill—reported to the House—urges ERDA to focus on intermediate technologies.

Other report language and views go on to direct that innovative credit institutions be created to provide small loans to large numbers of small farmers and craftsmen. "AID should focus on generating attitudes, abilities, and institutions in poor countries to make appropriate technologies 'home-grown' and 'home-created' capital and thus with the aim of making economic development endogenous rather than exogenous."

Light capital technologies "should be produced within the poor countries themselves, again through techniques emphasizing labor and the saving of capital. Home-grown technology not only minimizes the need for foreign aid, but, more importantly, it creates jobs in towns and smaller cities and generates the income to buy the greater output of farm and industry.

"Home-grown technology also creates a body of skills which are needed for maintenance and repair. It means a growing number of entrepreneurs close enough to the production process to constitute a new class of inventors such as the United States generated in our own Eli Whitney—the cotton gin—Isaac Singer—the sewing machine—Cyrus McCormick—the reaper—and John Deere—the steel plow."

AID must confer prestige on those who work in light capital technologies so that those involved will have a career interest in promoting this approach.

National appropriate technology institutes in developing countries should be encouraged to help institutionalize the development of appropriate technologies in poor nations. Regional appropriate technology institutes should be developed to encourage quicker communication between and among developing countries with similar soil, climatic, and other conditions.

So far as multilateral banks are concerned, the fiscal year 1977 Appropriations Committee report on foreign aid states that the committee strongly reiterates its view that activities in the field of intermediate or appropriate or light capital technology be a focus of activities in all sectors by the multilateral development banks. Further, the committee expects to receive responses from the U.S. representatives of these institutions regarding the banks' activities to date and their program for the future in light capital technology. These responses are expected to include a policy declaration on light capital technology, details on past and proposed activities and pilot projects, and a timetable according to which a steadily increasing share of the institutions' resources will be directed toward light capital activities.

These are broad policy outlines but the extent and success of the program will depend on the answers to a number of questions.

First. What kind of organization will be set up to carry out the section 107 intermediate technology program?

Second. How will the multilateral banks respond to the directions given to our U.S. representatives to take leadership in making light capital technology a focus of the banks' activities and to allocate increasing shares of banks' resources to light capital technology?

Third. How can political leaders, entrepreneurs, and tillers of the soil in developing countries be induced to embrace light capital technology?

Fourth. What credit institutions can be set up to provide the small loans and the appropriate technological guidance?

Fifth. What should the role of developed nations be in providing ideas, materials, and equipment, without, at the same time, stifling efforts of the developing nations gradually to make light capital technology home grown?

Sixth. Are developing nations capable of home-grown technologies?

Seventh. How can various technology programs in different industries and nations be coordinated and cross-fertilized?

Eighth. How big a program should be envisioned? Is bigness a threat to a program whose philisophy is "small is beautiful"?

Ninth. What is the role of sophisticated capital infrastructure in a growing light capital technology? Complementary or competitive? Which comes first?

Can this new approach be expected to succeed? Who can say, after so many past hopes and promises have left us with little beside the hope that the promises will be forgotten?

But this much can be said.

The resources to be committed are small.

Light capital technology supplements, rather than displaces, the approaches of the past.

It builds on what we have learned about human nature—that the human spirit thrives on its own accomplishments, and shrivels when it must live at the indulgence of others, however wise or well-meaning.

There are vast, untapped resources of ingenuity and effort in the lesser developed world ready to be tapped.

Light capital technology offers a new hope at a time of despair.

If ever mankind needed hope, it is now.

ACHIEVEMENTS OF TWO REPORTERS

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. WOLFF. Mr. Speaker, the New York Daily News, one of the newspapers that serves my district, can take pride in the achievements of two of its reporters who have received recent wide recognition for their series on child care in New York City. Stewart Ain, a constituent of mine, and William Heffernan of the News spent 3 months planning and developing their series on child care, and their diligence and professionalism has won deserved recognition. The six-part series on child care won an honorable mention from the Robert F. Kennedy Journalism Awards. It was cited from out of 500 entries from across the United States. It was cited for a special achievement award by the Deadline Club, the New York City chapter of Sigma Delta Chi, which is the society of professional journalists. It has won an honorable mention from the Newspaper Guild's Heywood Broun Award. It was runner-up in the public service media award of the New York chapter of the Public Relations Society of America and it was cited by the Women's Press Club in New York.

This is quite a list, and Mr. Ain and Mr. Heffernan have a right to be proud of the series. It is journalism at its best, and it is a pleasure for me to join with many others in applauding Stewart Ain and William Heffernan.

LET US STOP THE REVOLVING DOOR AT FEA

HON. FLOYD J. FITHIAN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. FITHIAN. Mr. Speaker, this Nation today faces a crisis in confidence—confidence in Government. Americans, I believe, want to have faith in their Government and their elected officials. They are, however, consistently confronted with charges of conflict of interest.

In one bureaucracy after another, it becomes evident that high ranking Government officials who are now making rules and guidelines for the sale of various commodities worked for the companies they now regulate. Many of these high ranking bureaucrats then leave Government service to take lucrative jobs in those regulated industries. The revolving door—business to Government to business—simply does not serve the public interest.

The revolving door bureaucrat might well be partial to his former or future employers, and might even be swayed by the prospects of eventual employment in a regulated industry. Steps must be taken to prevent potential conflict of interest in Government service.

The laundry list of bureaucratic agencies which have figured prominently in the business-Government-business shuffle reads like a Who's Who of Bureaucrats. Agencies such as the Food and Drug Administration, the Federal Trade Commission, Environmental Protection Agency, the Federal Power Commission, Security and Exchange Commission, and countless other agencies and Government departments have found themselves caught in the revolving door.

The revolving door, however, has been most obvious in the field of energy policy and energy regulation, especially the Federal Energy Administration. It is difficult to distinguish between the administration's proposals and policies, and the self-interested concepts put forth by the oil industry. Administration policies are usually greeted by cheers from the big oil magnates. Is it a coincidence that many former employees of oil companies now occupy key decisionmaking positions in Government agencies, including the FEA?

These oil bureaucrats exercise responsibilities that bring them into daily contact with the companies they regulate. They assist in the development of energy policy, supervise substantial Federal budgets, administer the regulations which implement policy, and make key decisions on adjustments and exemptions for various industries.

At the Federal Energy Administration, dozens of employees have ties to the major oil companies, as well as the smaller "independents." The Government Accounting Office's report to Senator ABOUREZK last year indicated that FEA had 65 individuals, at GS-13 level and above, with ties to oil companies. One of the Nation's largest companies—Exxon—is also No. 1 in former employees working for the Federal Government.

The restrictions of section 207 of title 18 of the criminal code prohibit any former officer or employee of the Federal Government from participating in a matter in which he has involved himself while in Government service for at least 1 year after leaving the Government. Despite this criminal statute, the revolving door swings steadily between Government and business.

Today I will offer an amendment to H.R. 12169, the bill to extend the life of the Federal Energy Administration. This amendment would expand the 1-year limitation to 3 years. Thus it would prevent a Federal employee who goes to work for a company regulated by FEA, from using his influence in Government on his employers behalf, for a period of 3 years. By stretching the limit from 1 to 3 years, it is hoped that conflicts of interest could be reduced to a bare minimum, that governmental regulatory policies would be less influenced by the industrial giants they regulate, and the public interest would be placed first, not second, or last.

I firmly believe that public faith and public trust in Government would be partially restored if we can close the revolving door between Government and business. By making it more difficult to move from Government to business, it would also indirectly discourage business employees from taking temporary positions with the Government that are no more than way stations between jobs in regulated industries.

I ask that my colleagues in the House join with me today to strike a major blow for confidence in Government by stopping the revolving door at the Federal Energy Administration.

HOUSING FOR RURAL PEOPLE

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. AuCOIN. Mr. Speaker, recently the Rural Housing Alliance held a conference on rural housing in Portland, Oreg. The conference was attended by 150 people from Oregon, Washington, and Idaho. Mr. Clay Cochran, executive director of the Rural Housing Alliance, gave the keynote address at that conference.

I found Mr. Cochran's comments interesting and provocative and, as our Nation continues its effort to devise a viable national housing policy, I would like to share them with my colleagues:

HOUSING FOR RURAL PEOPLE

(By Clay L. Cochran)

The Rural Housing Alliance [1] was organized in 1966 and opened its first office in January 1967. Our original emphasis was on self help housing for farm workers. Before the first year was out, it was apparent that the fragile support for self help housing was crumpling under the impact of the cost of the War against Vietnam. It became apparent that, useful as self help might be, not much would be accomplished without some commitment to housing rural people in any way whatever. So we broadened our agenda to include the total rural housing problem and called a meeting, the first National Rural Housing Conference. That conference not only laid out a rough agenda for rural housing, it produced a platform for the future entitled, "People Have a Right" to decent housing. The conferees also called for the creation of a continuing lobbying organization to fight for new legislation and money. That organization is the National Rural Housing Coalition with which many of you are acquainted and to which I hope most of you belong.

Both the Rural Housing Alliance and the National Rural Housing Coalition are membership organizations subject to the control of dues-paying members. RHA is supported by a modest amount of income derived from the sale of literature, dues and funds from the Department of Labor. The Coalition is totally dependent on non-tax-deductible funds because it is a lobby. It supports itself on dues, sales of informational materials and services, and gifts which are not tax deductible.

The $15 per year for RHA dues are minimal and provide a subscription to The RHA Reporter, a monthly, and the right to a free copy of most of the literature we produce, along with the opportunity to help shape national housing policy in an organized manner. The coalition dues are $10 to $49 per year depending on type of membership, and the cost of its excellent weekly, The Congressional Round-Up, is $25 for individuals and $100 for organizations. Any one genuinely concerned with rural housing should be a contributor to the Coalition and RHA, but the contributions to the Coalition should be as high as you can make them because contributions and subscriptions to its materials are its life blood.

The struggle for decent housing has gone on for a long time and this is no time to adjourn for tea. Please consider becoming a part of both organizations if you are not already so. In Cushing Dolbeare, the Executive Secretary of the Coalition, rural people have a spokesperson in Washington and indeed all over the country whose dedication, intelligence and knowledge are rare indeed. Sometimes her pay is six months overdue.

When we started nearly 10 years ago there was nothing which could be remotely described as a rural housing movement. Indeed, although the cold figures had lain on the table for many years, few people realized that nearly two-thirds of the substandard housing in this country was located outside metropolitan areas, i.e., it was rural. In the intervening 10 years we have at least made it clear that there is a terrible rural housing problem and that the existing programs are not adequate *to deal with it* despite all the improvements we have made in this period.

WHY AFFLUENCE AND LEAKY SHACKS?

Why, we ask ourselves, should the richest nation on the earth, containing 6% of the world's population and consuming 40% of its energy each year, have so many people living in housing which is bad for their health, a danger to their neighbors, and degrading to the human spirit? The answer is relatively simple. The wealth in this enormously rich nation is maldistributed and millions of those at the bottom of the income pyramid just don't get enough income to make it possible for them to purchase decent housing. The time when people could squat on a piece of land and build their own house from local materials is long gone,[2] partly because somebody owns everything, partly because in most areas we do not permit that kind of housing.

WE WANT THE POOR TO GET OFF THE EARTH

In the process of "improving standards" (sometimes for the consumer, sometimes for his neighbor and frequently for his lender), we have raised the permissible standards for housing, water and sanitation until we have priced millions of people out of the system. In most areas now we do not permit the poor to house themselves, and we refuse to establish policies to provide whatever assistance they need to help themselves. In simple truth, we have told them to get lost, to get off the earth.

REDISTRIBUTE INCOME OR SUBSIDIZE

If we are going to solve the housing problem, we either have to redistribute wealth and income directly, or we must do it indirectly through the transfer of income or, in the case of housing, housing subsidies.

This we refuse to do on any scale under one pretext or another.

It is not, God knows, that we are opposed to public subsidies. In the next Fiscal Year, the Federal government will make available somewhere in the neighborhood of $17 billion in housing subsidies.[3]

But to whom do we distribute this subsidy? Is it true that the poor are "eating up the seed corn" as the propagandists for the privileged so constantly fear? Hardly.

First, I need to make sure that you understand what we mean by "tax expenditures." It is a relatively new concept. A tax expenditure is money which the government deliberately does not collect; it allows a taxpayer under certain circumstances to keep money which would otherwise go for taxes. It is a staggering source of concealed subsidies in our system.

WHO GETS THE SUBSIDIES?

For FY 1977 the total Federal subsidy for housing will be about $17 billion. About $3

Footnotes at end of article.

billion of this is what most people think of as housing subsidies, that $3 billion which winds its tortuous way through the rhetoric and tears of the Congress covering the cost of subsidized housing going back 30 years. The other $14 billion is in the form of tax expenditures about which nobody says hardly a word. And who gets that $14 billion?

HOUSING-RELATED TAX EXPENDITURES, 1977

[Dollars in millions]

	Individual	Corporate	Total
Deductibility of mortgage interest on owner-occupied homes	$4,710		$4,710
Deductibility of property taxes on owner-occupied homes	3,825		3,825
Financial institutions, excess bad debt reserves		$570	570
Exclusion of interest on State and local debt (30 percent of total tax expenditure)	417	945	1,362
Tax credit for purchase of new home, as amended by Public Law 94-45	100		100
Depreciation of rental housing in excess of straight line	455	125	580
Expensing of construction period interest and taxes	570	1,065	1,635
Deferral of capital gain on home sales	890		890
Housing rehabilitation: 5-yr amortization	40	25	65
Exclusion of capital gain on home sales if over 65	50		50
Total	11,057	2,730	13,787

Note: The Budget for fiscal year 1977 shows that tax expenditures for mortgage interest and property tax deductions are an estimated $8,500,000,000, and direct housing subsidies are $4,300,000,000.

Source: Table F-1, Special Analyses: Budget for Fiscal Year 1977.

The top 1% in income—those with incomes of $50,000 a year and above—will get 10% of all housing subsidies; the bottom 14% in income—those with $3,000 a year and below—will get 7% of the subsidies. To put it another way, the bottom half of the population in income gets a quarter of the total tax subsidy.

Ninety percent of the top 1% are subsidized on their housing. Less than 10% of the lower income people get a housing subsidy.

SUBSIDIZE THE RICH—DON'T CODDLE THE POOR

So we not only have a shocking and indecent maldistribution of income in this country which makes it impossible for many lower income people to afford decent housing, but we aggravate that maldistribution by enormous subsidies to the middle and upper income groups through tax privileges.

People are getting a lot of fun out of saying, "there is no such thing as a free lunch," but we had better laugh with some caution because, although a society as a whole may get no free lunch, there are a lot of individuals who hardly eat anything but social manna.

But in trying to figure out why we have a housing problem, we find more than maldistribution of income and the maldistribution of Federal subsidies. The game is rigged better than that.

ON THE SAD STORY OF THE FEDERAL TAX SYSTEM

Since World War II, by multifarious and not infrequently nefarious devices, we have steadily lowered the tax rates on corporations and the well-to-do, and raised Federal taxes on moderate and low income people, specifically via the Social Security tax. This has not only increased the relative burden on lower income people directly, but indirectly because business passes on its share of those taxes in prices. But worse than that: In these 3 decades, by cutting Federal taxes on one excuse or another—like encouraging investment, a favorite excuse—we have forced the state and local taxing systems to bear an intolerable proportion of the total costs of government. And how do the state and local governments collect taxes? Mostly by sales taxes and property taxes.

THE BURDEN OF LOCAL PROPERTY TAXES

Local property taxes are so high in many places that if we gave a family a decent home, they could not keep it because they could not pay the cost of utilities and property taxes. Those same property taxes on well-to-do people are not a burden. In the first place, they can pay them without missing a cocktail a year; in the second place, they deduct them from their income taxes and end up paying as little as 30 cents on the dollar, while the poor person is paying 100 great big round coppers on the dollar.

The system is rigged against moderate and low income people on housing. Yearse ago, Secretary Romney said 80% of the American families could no longer afford a new home. I think that was true then, and is more true now. I need not remind you that the cost of utilities has been skyrocketing since then, so that the cost in some areas is a greater burden than local taxes. My own electric bill—for the same usage—has more than doubled, and my gas bill has nearly tripled.

METROPOLLYANNA

Why should the housing problem for rural people, whether it is the cost of buying a home or the cost of rent, be proportionately so much worse than in the cities? First, because the incomes of rural people are only about 75% of urban people, and the maldistribution is worse; and that income and the maldistribution of it, including welfare aid, is a product of a very significant influence in our society, one which I call metropollyanna.

Metropollyanna is the belief, usually unspoken, that sooner or later all of the people in small towns and rural areas are going to move to the city and live happily ever after. As long as people in our society believe that the problems of rural people can be solved if they move to town, just so long will we be able to keep our conscience clean by not thinking about their problems while they live in rural areas.

The belief in metropollyanna is as real as anything you ever heard of, and it stands in the way of everything we do, not only in housing but in education, health, public transportation .... you name it .... in rural areas. Worst of all, people who believe in metropollyanna are like "Typhoid Mary's," i.e., they don't know they are sick and doing terrible things to people around them. It is possible to run a test on Mary, but we have not yet figured out a way to prove to a believer in metropollyanna that he has a bad infection he should do something about. Sadly enough, many if not most small town and rural people also believe in metropollyanna. It's a plague!

WHERE DO WE GO FROM HERE?

So where do we go from here?

Right on down the road we've been stumbling on for 10 years!

We have to continue to study the system, criticize it, hustle it where we can, and demand that changes be made both in people's thinking and in the distribution of resources.

I give you one firm, undeviating absolute truth today: The housing problem is a political problem. It was created by the system, and it can only be cured that way. The housing problem can be cured only in the Congress and the State legislatures and the county courthouse and city hall. If you look somewhere else, you are just playing with yourself. Have fun!

THE HIGH ROAD AND THE LOW ROAD

In working on the rural housing problem we learned to roughly segregate parts of the program. We refer to "the high road and the low road." The high road is what we should do as a society. The low road is what we may be able to do this year, puttering and patching.

On the high road, we must continue to insist that people have a right to decent housing and to the right to own their own home, and create programs which make that possible. We need to expand existing programs to that end, in HUD and FmHA—mostly FmHA, because HUD does not do much outside the larger towns. We also need the RHA program of lending money for home ownership at low rates of interest, but also allowing postponement of payment on a second trust until the family can afford to make the payments. And we need the Emergency Rural Housing bill to establish a housing program patterned after the Rural Electrification Administration program: consumer controlled, building housing and selling or renting it at prices people can pay without starving the kids, and solving the problem in 5 years.

That's the high road . . . or at least it is the high road as we see it now. We keep learning.

THE LOW ROAD

The low road this year is money, appropriations and loan authorizations and the use of existing programs.

This is the fourth straight year that the administration has tried to kill the farm labor housing program, the one which permits an inadequate 90% grant and a 10% loan at 1% interest. We must save and expand that program.

Of course, Mister Ford says that he has a substitute for it, the Section 8 program, but he also says that by the end of FY 1977 he is going to produce a total of 4,000 new Section 8 units! At best, we could expect a quarter of those in rural areas.

For the third year, the administration has tried to kill the self help housing program. They say it is not cost effective. It costs too much per unit for TA. But they make no effort to reduce those costs, much of them buried in FmHA's inadequate administrative budget or its recalcitrance at the state and local level—not everywhere, but plenty where. And the administration's Mister Lynn, the late local genius at HUD, apparently missed part of his arithmetic lessons because he can add up the TA costs but he can't add up the savings to the government from the reduced cost of interest subsidies. I think we should give up on him, but not on the self help program.

THE LOW ROAD IS A HARD ROAD

The trouble with the low road, as Cushing Dolbeare has observed in her quiet way, is that we go on fighting the same battles over and over again, year after year, in the Committees, the Congress, the administration, and the courts. It's like having to run our legs off to stay in the same place.

But, we still have to fight to get an adequate FmHA staff not only to expand the program but to keep it from getting into trouble with packagers and delinquencies. Last year, Congress thought it had provided 1,000 new regular positions, but the administration managed to cut that to 400, plus 200 part-timers and another 100 temporaries.

WE MUST JEOPARDIZE THE MORAL FIBRE OF THE POOR

We are going to try again to get Section 504 grants for rural people, home repair grants. Those grants were knocked out in 1966 by one Congressman who feared that grants to the rural poor would undermine their moral fibre. I remind you of those figures in the 1% who get 10% of all the tax expenditure subsidies. One has to admire the rich for the strength of their moral fibre, and pity the poor whose moral fibre is so fragile they can hardly eat right without putting it in jeopardy. Lower income people in the cities can get rehab grants, so they must either have better moral fibre or the Appropriations Committees which control their funds must be irresponsible.

Anyway, we want those rehab grants, and I say to you that any single Congressman or Senator from this area can get them for us if he understood and wanted to. Try it.

Footnotes at end of article.

THE SORRY TALE OF RENT SUPPLEMENTS

We have already been licked for two years on rent supplements which we hoped, this year alone, would give us 7,500 low rent units in rural America. First the administration said that it was not enough for Congress to pass a law, that it also had to give them specific appropriation language. This was nonsense, but the Congress obediently did as it was told the second year. Now the administration says it still will not provide rent supplements because it likes Section 8 better.

So last week, for the third time, we went to court on rent supplements. We beat the administration on the 502 interest credit program and saved that billion dollars a year; we forced them to put out the farm labor housing money one year; and now it is rent supplements. (No wonder that Nixon-dominated Supreme Court is trying to shut the people out of the Federal courts.) And, we are confident we will win. All we have lost is two years and a little of our faith in the system.

Look again at those figures. Rent supplements would have given us 7,500 units this year alone, compared to the total of 4,000 Section 8 units promised by HUD through next year. Now do you understand why they like Section 8 and dislike rent supplements?

THERE IS NO SUBSTITUTE FOR PUBLIC HOUSING

And we continued to fight for the restoration of the public housing program. With limited success so far, but there is nothing wrong with the public housing program, and there really is no substitute for it in housing low income people. That's why it was done in. Sure there were some monstrous failures in some of the larger cities, but these were human errors and were made in an effort to hold down costs. Just because a program slips occasionally is no grounds for abandoning it. If that were true, we would all have learned to weave cocoons long ago and would be resting safely underground somewhere vegetating until the trumpets sound utopia.

IN CONCLUSION

The national organizations in the rural housing field, the Rural Housing Alliance, the Housing Assistance Council, the National Rural Housing Coalition are not great powerful groups despite what the trailer shack dealers said last year. We cannot finance elections and throw money around or launch big propaganda campaigns to show people the light. But you must believe me when I say that regardless of where people come from they can understand facts, and analysis based on facts, and they can take action on things that seem decent and make sense. And that is the way we have come—that road through a couple of dozen amendments to the law (some miniscule in importance, some important). We have come on the basis of action-oriented research, on holding up the facts to view, on pleading for equity and justice.

But there is a limit to what can be done in Washington. Members of Congress are far more interested in what the folks back home say than they are in what we say. And that's where housing loses out. The folks back home are not talking to the Congress, or it is the wrong folks. So that Congress feels that helping people get housing is a political liability. They vote right often, feeling in their guts that they are jeopardizing their jobs.

Nothing much is going to change until the people in small towns and rural areas and the great central cities do their work, until they ask that things be done so that the Congress knows a lot of people care . . . understand and care.

We do, indeed, need to send some messages to Washington on the right of people to decent housing they can afford to pay for.

Few good things in this world come big and dramatic. They come slow and hard. "It is not, as we know from experience, too hard to gain an inch here and an inch there, and these inches becomes feet and the feet become yards and this is the road we travel."[5]

FOOTNOTES

[1] Originally called the International Self Help Housing Association, a creation of the American Friends Service Committee based on the early work done in the San Joaquin Valley by Bard McAllister and Howard Washburn, and traceable in a clear line back to the Self Help Housing program in Nova Scotia, the program of the Extension Service of St. Francis Xavier University.

[2] Aside from the fact that millions of the poorly housed are old or disabled, or they are children without a practicing father.

[3] Don't be frightened by that figure; it is only one cent of each dollar of the Gross National Product.

[4] Known to our fathers as "feeding the birds through the horses."

[5] Cushing Dolbeare, Cherry Hill, N.J., March 1976.

MONTGOMERY WARD & CO. PROMOTES 21-DAY FLAG SALUTE

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. McCLORY. Mr. Speaker, in a little more than 2 weeks—Monday, June 14—the Nation will celebrate Flag Day. The flag of a nation is as much a part of its identity as its name. Those who seek to defile us, haul it down. Those who seek to honor us, honor it.

And no American can ever forget the exaltation of the flag raising February 19, 1945, atop Mount Suribachi on Iwo Jima by four gallant U.S. Marines who literally fought their way to the summit. As a photograph, and now a statue near Fort Myer in northern Virginia, it says better than words what the flag as a symbol means to a nation and to its people.

Mr. Speaker, in honor of the Bicentennial, Montgomery Ward & Co., a Bicentennial Corporation by designation of the American Revolution Bicentennial Administration—ARBA—is promoting a 21-day flag salute in the 3-week period between Flag Day and July Fourth.

This special commemoration of our Nation's 200th birthday has been recognized as an "Official Bicentennial Event" by the ARBA.

By flying the flag daily during those 21 days, all Americans can participate in a personal way in the Bicentennial, a proclamation of pride in where we have been as a country and where we are going during the third century of our life as a free and independent nation.

Montgomery Ward is a national organization headquartered in Chicago. Many hundreds of my constituents are employed there. It has branch outlets in my district and Leo Schoenhofen, board chairman of MARCOR, Inc., parent company of Ward's, and Edward S. Donnell, board chairman of Montgomery Ward, both are constituents of mine.

Managers of Montgomery Ward stores in 2,300 communities are offering to assist local Bicentennial committees and other organizations in planning Flag Day and 21-day flag salute programs.

The company also has made available to all Members of Congress decorative flag standards for desk display. A miniature American flag and a miniature Bicentennial flag flank a gilt American eagle.

Mr. Speaker, I wish to thank Montgomery Ward, its officers and employees, and to congratulate them for their contributions to our Bicentennial and to Flag Day.

THE SECOND WAR BETWEEN THE STATES—PART VIII

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. HARRINGTON. Mr. Speaker, today I am inserting the last of an eight-part series concerning regional economic development which appeared in the May 17, 1976, edition of Business Week. This final segment discusses some of the steps that should be taken in order to close the growing economic gap between the South and the industrialized North, and avoid a sectional conflict between these two regions.

By entering this excellent series into the RECORD, I have attempted to demonstrate the growing regional crisis that currently exists in the United States, and the need for comprehensive policy to address it. As the wealthiest Nation in the world, the United States now has the means with which to solve its regional imbalances. If the problem continues unchecked, however, even our abundant resources will not be able to reverse a trend that threatens to wreak havoc on all sectors of the American economy.

The text of the eighth installment follows:

A POLICY FOR DOMESTIC DETENTE

The meteoric rise of Georgia's Jimmy Carter, based on appeal to voters of all races and regions, is clear evidence that the rapid rise of the South and the concomitant decline of the North has changed the face of U.S. politics. The critical question for the nation, however, is when this phenomenon will change the content of public policy.

If the war between the states is to be avoided, then the nation must embark on a path that will minimize the problems of "creative destruction," caused by the growth of the South and most experts would agree that the major steps to be taken, some of which may be unpleasant, include the following:

Federal policy's uneven impact on the various regions must be reviewed and redirected toward slow-growth areas.

"It is necessary," says University of Texas economist Bernard Weinstein, an expatriate from the State University of New York, "to find out just who is sending what to whom. The whole slew of federal programs must be reviewed in terms of whether the North is still subsidizing the South." Virtually all experts would agree that the South's need for net subsidies has long since passed, and most favor a more even-handed policy. Weinstein, among others, thinks it is time that the pendulum swung. "The South should be subsidizing the North," he says.

The North and Far West must cut back selected services and slim their fiscal profile.

Even if federal policy is gradually switched back toward the slower-growth regions, the broad underlying shift of economic activity would require a careful pruning of public

outlays. New York City, for example, has maintained a system of tuition-free colleges despite the fact that most private and state universities have more than tripled their tuition charges in the last 20 years. "A city ought not to be involved in a university," says Roy Bahl of Syracuse University, "though at one time, New York's tax base could afford it." On the other hand, he cautions, service cuts can be pushed too far. "A cut in services makes the area less attractive and could accentuate the decline."

The entire fabric of state-local relationships may have to altered.

With tax bases dwindling, more and more cities find it difficult to maintain services adequately, especially education. New Jersey's Supreme Court found last year that inequities that had arisen in that state's school system could be remedied only by uniform state financing. This clearly signals less local autonomy in education. In other areas, public employee wages and pensions have spiraled out of hand, adding new dimensions to the perils of municipal finance. As a result, states will assume an increasing share of management and financial responsibilities previously reserved to the localities, perhaps including the negotiations of municipal employee wage levels.

In the older industrial regions, of course, many of the states are nearly as hard-pressed as their cities, which means that they in turn may have to bargain for federal assistance. In its recent annual report, the Joint Economic Committee cited the need to regularize such aid. "The federal government cannot completely offset the effects of economic decline, but it is necessary to provide assistance to cushion the impact of decline on public services."

Renewed emphasis will have to be placed on equalization of economic opportunity.

Ironically, the Northeast could significantly ease its burdens by encouraging greater economic opportunity in the poverty pockets of the Deep South and Puerto Rico. Such heavy loads as welfare payments and outlays for bilingual educational programs in northern cities need to be eased. "The education of both Appalachian whites and Negroes of the core South is inferior to that of the majority of the Southern population," says Harvary's John Kain. "A strong argument can be made for programs that are aimed at these groups, not after they have arrived in the metropolis but while they are still in the rural South. Enforcement of equal opportunity laws for government contractors and subcontractors is already increasing the openings for Southern Negroes, and these efforts should be stepped up. Broader legislation is also desirable."

Federalization and greater standardization of welfare should be pressed.

This will lessen interregional frictions in two ways. The overextended cities of the Northeast will gain from larger amounts of federal support—assuming they have the will to restrain further rises in benefits—for what according to most experts is a national rather than local problem. Second, disadvantaged groups in the rural South—actually the region that would receive the largest proportion of the increase in federal welfare payment—would find their economic positions improved, so pressures forcing them to migrate would be eased.

The tax code should be changed to provide a better balance of incentives between home ownership and renting and between new and existing structures.

The absence of a rental tax deduction comparable to the federal exemption of mortgage interest and property taxes on owner-occupied housing results in the renter bearing a high tax burden. This benefits the South, where home ownership predominates, relative to the metropolitan areas in the North. Furthermore, the JEC finds that "federal policies have encouraged new housing construction at the expense of rehabilitation and have supported the rapid turnover of real estate holdings." Alan Campbell, president of the National Assn. of Schools of Public Administration, questions "whether home ownership is still such a desirable pattern." Says he: "We've built in a subsidy for high energy usage and the spread city that ought to be reviewed."

Environmental constraints in the Northeast must be selectively eased and the pressures to do this should not be resisted.

"People up in the North are griping about the lousy environment," says Walter Isard of the University of Pennsylvania, "but there's a trade-off. You can't have all the industry that gives you the tax base for a fine educational system and great environmental quality, too." An obvious prospect is that pressures will mount to develop the oil and gas resources of the Atlantic Coast area. If substantial, these reserves could reduce the Northeast's energy problem.

A high-level body of experts to formulate explicitly regional growth policies is long overdue and should be created.

If the U.S. is ever to have anything resembling a coherent and efficient growth plan, sophistication and objectivity must be added to the current melange of local boosterism and self-interest. Isard feels that this could best be accomplished by the creation of a President's Council of Regional Advisers, comparable to the present Council of Economic Advisers. In its recently released 1976 report, the JEC calls for a commission whose responsibilities would include "proposals designed to provide the Congress, the Executive, and the public with information necessary for the development of effective regional economic policies."

Unfortunately, the gap between the worlds of economic necessity and political reality is wide. In some respects, of course, the possibilities for a smoothing out of regional benefits and burdens have never been better because of the many factors that have made the regions more alike. Northerners who have resettled in the South often provide some leavening to the political atmosphere of their new region, where, as the University of Houston's Bill Thomas puts it, "there are still a lot of rural counties that aren't too sure about trusting the state government, let alone the federal."

GROWING TOGETHER

The concept that Southern politics is becoming less conservative is endorsed strongly by Michael F. Macleod, executive director of the House Republican conference. "If representatives are going to win the New South," he says, "they are going to have to become more moderate."

Although surging population growth will provide the South with greater Congressional representation, much of its raw political power is eroding. At its power peak, in 1956, the South could claim the chairs of 12 of the Senate's 19 standing committees. Now, the South's share of chairmanships has fallen to 9 of 23 committees, and it has lost such key chairs as Ways & Means and Agriculture. Recent changes in Congressional rules have greatly reduced the importance of the seniority achieved by some Southern legislators. A Southern Congressional leader can no longer immobilize a committee single-handedly.

Differences in the phases of economic development through which the various regions are passing will complicate the process of arriving at a workable regional policy. The South's relative abundance of energy riches further accentuates the tendency to me-firstism. James M. Howell, senior vice-president of First National Bank of Boston, has concluded, "You're going to have a tough row to hoe to persuade Southerners that the country is only as strong as each of its parts." As for the Northeast, another senior banking official believes that only now is a dim awareness emerging as to the true magnitude of its losses. "When they realize the full extent of what's happened," he says, "there's going to be an awful lot of bitterness back East."

And so the lines are drawn for a coming war between the states. Reason and fair play could ease its anguish, but these are rarely found during wartime.

REPRESENTATIVE LENT ON THE ARAB BOYCOTT

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. LENT. Mr. Speaker, a matter which has been of grave concern to many Members of Congress is the Arab economic boycott of Israel and firms in this country doing business with Israel. This boycott is insidious not only because it results in a foreign country's dictating to the United States and its citizens a form of discrimination, but primarily because the whole concept of the boycott is counter to all the principles of nondiscrimination and freedom of choice which Americans hold dear.

It is the stated policy of the Ford administration to oppose the boycott in all forms, and this policy is slowy being implemented. However, it must be up to the U.S. Congress, which oversees Federal agencies, to insure that no antiboycott laws are being violated and to enact new laws where necessary. Recent revelations have clearly indicated that the provisions of the Securities Exchange Act and Export Administration Act dealing with nondiscrimination must be strengthened. Further, the Federal Government, through its contract award procedures, can prevent the awarding of government contracts to firms which participate in the Arab economic boycott of Israel.

The Oversight and Investigations Subcommittee of the Committee on Interstate and Foreign Commerce, on which I serve, recently issued a report indicating that the Arab boycott is greater in scope than was indicated by the Commerce Department during hearings we held last summer. It is clear now that there are perhaps hundreds of American corporations and banks, doing upward of $1 billion of business annually with Arab States, which are aiding the Arab economic boycott.

On April 8, 1976, I joined with my colleague from New York, Mr. KOCH, and more than 60 of my colleagues in sponsoring the Foreign Boycotts Act, H.R. 13125. This measure strengthens the Export Administration Act of 1969 which makes it the national policy of the United States to prevent American firms from participating in economic boycotts imposed by foreign countries against other nations friendly to the United States. It also improves the disclosure provisions of the Securities Exchange Act of 1934.

On September 30, 1975, I had introduced legislation which provides that no information obtained under section 7(c) of the Export Administration Act, including the so-called Arab boycott re-

quest forms, shall be withheld from Congress.

In addition, I was pleased to join with numerous colleagues on April 9, 1976, in writing to the chairman of the Armed Services Procurement Regulations Committee, urging the amendment of existing procurement regulations to prevent the awarding of Government contracts to American firms, firms which participate in the Arab boycott against Israel. In that letter, we recommended that contractors be required to certify that they and their subsidiaries are in no way supporting or furthering restrictive trade practices fostered by a foreign country against another country friendly to the United States.

Last November 20 the President issued an Executive order directing the Secretary of Commerce to issue regulations prohibiting U.S. exporters from "answering or complying in any way with boycott requests discriminating against U.S. citizens or firms on the basis of race, color, religion, sex, or national origin." I have not been fully satisfied that this order is being effectively carried out, but I believe that the goals expressed in that order must not be compromised.

I had hoped for congressional approval of my bill, H.R. 9932, to allow limited congressional access to confidential reports filed by American firms under section 7(c) of the Export Administration Act. The Oversight and Investigation Subcommittee subsequently, on December 8, 1975, obtained the confidential material from then Secretary of Commerce Rogers Morton under threat of a contempt of Congress citation. That issue aside, the boycott information received by the subcommittee is disquieting in that it reveals that boycott requests from Arab nations are more widespread in practice than originally contemplated and, further, that there is a significant amount of compliance with these requests by U.S. companies. These facts point out the need for additional legislation to strengthen the antiboycott provisions of the Export Administration Act. The Koch bill to accomplish this end has been introduced, and it is my sincere hope that it will receive early consideration by the International Relations and Interstate and Foreign Commerce Committees, and eventual approval in the House and Senate.

RESOLUTION PASSED BY THE SERVE YOURSELF AND MULTIPLE PUMP ASSOCIATION

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. MOORHEAD of California. Mr. Speaker, a resolution recently passed by the Serve Yourself and Multiple Pump Association in southern California points out some of the very real problems facing our country in the event legislation requiring divestiture of the oil industry is passed.

The resolution was brought to my attention by James L. Beebe, Paul T. Erdos and Bill Thompson and reads as follows:

This resolution, adopted unanimously by the attending board of directors and members of the Serve Yourself and Multiple Pump Association at a special meeting on May 26, 1976, is made with reference to the following:

"Whereas divestiture of the oil industry would shred the entire fabric of the United States economy with its resultant disastrous impact on every citizen; and

"Whereas certain individuals, both present Members of Congress and candidates running for office, have proposed legislation which would require oil companies to undergo vertical divestiture, resulting in the dismemberment of the integrated companies and creating a severe imbalance in the supply, refining, and distribution of oil, with the end result being that the supply of refined products to independents will be in jeopardy; and

"Whereas Congress has consistently established as one of its highest energy policy goals the maintenance of the competitive viability of independent oil companies and dealers; now therefore be it

"*Resolved*, That the Serve Yourself and Multiple Pump Association and its members, collectively and individually, do hereby request, need and demand, that the Members of Congress of the United States of America defeat any proposed legislation on the divestiture that has been politically inspired, and ensure the competitive posture of the oil industry by retaining the small refiners and entitlements exemption. Adopted this, the 26th day of May, 1976."

ANNOUNCEMENT OF HEARINGS BY THE SUBCOMMITTEE ON DOMESTIC MONETARY POLICY REGARDING THE IMPACT OF THE FED'S MONEY POLICIES

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. NEAL. Mr. Speaker, the functions of the Federal Reserve System and its Open Market Committee, who decide the Nation's money policy, are a mystery to most people. Most people do not know how important money policy is to the prices of the goods they buy, the interest rates they pay, their job opportunities, wages and profits.

As chairman of the Subcommittee on Domestic Monetary Policy of the Banking, Currency, and Housing Committee, it is my intention to hold hearings to bring out into the open the impact of the Federal Reserve's money policy on our economy. In specific, we are inviting testimony on:

First. How money policy affects the cost of living;

Second. How it affects production and employment;

Third. How interest rates are affected by money supply changes, both directly and through changes in prices, production, and employment;

Fourth. How government spending and tax policies affect money policy and their relationships to prices, interest rates, production, and employment; and

Fifth. Whether Congress should set economic growth, unemployment, inflation, and interest rate goals and require the Fed to promote achieving these goals.

These hearings will tentatively begin on Tuesday, June 8, at 10 a.m. in room 2128 of the Rayburn Building. I hope that all those interested in testifying before the subcommittee will call the staff director, Dr. Robert Weintraub, at 225-7315.

FUEL-EFFICIENT AUTOMOBILES ABSOLUTELY NECESSARY IN LIGHT OF OPEC THREATS OF HIGHER OIL PRICES

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. DINGELL. Mr. Speaker, fuel-efficient automobiles are an absolute must if this Nation is to continue the drive toward reaching beneficial energy conservation objectives. The call for support of the energy efficient Dingell-Broyhill—Train—amendment to the pending Clean Air Act amendments, H.R. 10498, has been sent to the Members of the House in several documents that both Congressman JAMES BROYHILL and I have circulated and previously inserted in the CONGRESSIONAL RECORD.

Good cause for support of the Dingell-Broyhill—Train—amendment, containing those automobile emission control standards recommended by Administrator Train of the Environmental Protection Agency is the news report in the Washington Post, Thursday, May 27, 1976, which bears the warning of an expected increase in the price of imported petroleum from OPEC, the Organization of Petroleum Exporting Countries. The United States at this point does continue to rely on imported oil to adequately serve the requirements of the Nation.

If the OPEC cartel does increase its price to importing countries by the end of June this year as expected, it will be mandatory that U.S. consumers have fuel-efficient automobiles available for purchase.

Adoption of the Dingell-Broyhill—Train—standards is therefore mandatory. These standards have the distinct and documented advantage of providing for the manufacture of automobiles that will achieve improved gasoline mileage, conserve energy, and save consumers millions of dollars. Meanwhile, the Train standards Congressman BROYHILL and I are cosponsoring will provide for the same rapid improvement in air quality and health as does the committee bill, H.R. 10498, and the so-called Waxman proposal.

See previous CONGRESSIONAL RECORD inserts:

April 27, 1976, pages 11430–11436, FEA–EPA–DOT analysis of some effects of several specified alternative automobile emission control schedules;

May 11, 1976, pages 13453–13453, Dingell/Train auto air emission standards amendment to the Clean Air Act amendments; and

May 24, 1976, pages 15243–15245, Congressman JAMES T. BROYHILL of North

Carolina joins Congressman JOHN D. DINGELL of Michigan in cosponsorship of automobile emission control amendment—including the dissenting views of Congressmen DINGELL, BROYHILL, ROONEY, BROWN, MURPHY, MCCOLLISTER, STUCKEY, COLLINS, and KRUEGER.

The tighter standards contained in H.R. 10498 are not necessary and would only burden U.S. consumers with escalated costs for gasoline due to increased auto fuel consumption. The standards in the Clean Air Act amendments, title II, section 203, would result in a higher U.S. consumer payment to the OPEC cartel whether or not OPEC does increase its oil price by 4 or 5 percent, or more, or freezes it. Either way the American consumer will be unnecessarily stuck with inflated fuel costs if the House does not adopt the Dingell-Broyhill—Train—amendment.

The Washington Post report on threatened OPEC price increases follows:

OPEC SEEN LIKELY TO INCREASE OIL PRICE 4–5 PER CENT

(By Lewis M. Simons)

BALI, INDONESIA, May 26.—Ministers of the major oil-exporting nations flew here today to decide on an expected increase in the price of petroleum.

Bound by the extraordinary security measures of the Indonesian military, the ministers of the Organization of Petroleum Exporting Countries did not reveal their specific plans for the conference, which is to begin Thursday morning.

However, several sources close to the conference suggested that there was already basic agreement on an increase of about 4 or 5 per cent over the current price of $11.51 per barrel.

Such an increase would be considered a compromise between those OPEC countries, led by Iran, demanding a rise of the magnitude of 15 per cent and those led by Saudi Arabia, in favor of holding prices at the current level.

Last September, OPEC raised prices 10 per cent and then froze them at that level until June 30. A new increase, if it is agreed to here, presumably would go into effect July 1, although there is some possibility of the freeze being extended several more months.

An increase of about 5 per cent would raise the barrel price around 50 cents and could mean a one-cent increase at the pump if it was passed along completely by the companies.

Asked if the conference would approve a 4 to 5 per cent increase, Indonesian Mining Minister Mohammroh Sadli said, "That sounds about right." Sadli, the only minister to speak to journalists so far, said Indonesia would take a "middle-of-the-road" position on any increase, going along with the majority.

According to sources close to the conference, the expected increase was agreed to last week at a meeting in Tehran between Iranian Interior Minister Jamshid Amouzegar and Saudi Arabian Petroleum Minister Sheikh Zaki Yamani.

Iran, with a population of 31 million and massive development plans, has run into a $3 billion budgetary deficit this year. Shah Mohammed Reza Pahlavi is seeking a sharp increase in oil prices to help offset this shortfall.

Saudi Arabia, largest exporter of crude oil, has a population of only 8 million on which to spend its vast wealth. Thus, the Saudis are content to keep prices relatively stable.

[Yamani told reporters at the conference's opening session Thursday morning that Saudi Arabia "will oppose any increase in price and we have a very strong position on that." Observers said, however, that a moderate increase is still a likely outcome of the meeting.]

By giving in to the Iranians and such populous oil states as Algeria, Saudi Arabia could join in a warning to Western oil-consuming nations that they must hold back inflation on products they sell to the OPEC states or risk anoher massive price increase.

In addition to the decision on a base price, the ministers are also expected to determine a new formula of price differentials for varying grades of crude oil. The third issue expected to come under discussion is whether or not to move the OPEC secretariat from Vienna. Geneva is considered a likely new location.

The issue of differentials is complex, with technical as well as economic and political implications. OPEC countries now charge a customer slightly more or less for their indigenous variety of oil than the base price, which is linked to a particular grade of crude oil known as Saudi Arabian light.

The differentials are determined largely by three considerations: density (lighter varieties are more valuable than heavy ones), sulphur content (low sulphur content is valued for antipollution efforts) and proximity of the oil to its destination.

However, these considerations are open to broad interpretation by individual member-states and there has long been disagreement on price differentials within OPEC.

Under this system, already in use by Algeria, differentials would be determined not by inherent qualities of the particular grade of oil but by its product yields. Thus, a grade of crude oil producing a high level of gasoline would be worth more than another variety that produced less valuable fuel oil.

The ministers arriving here were greeted in traditional Balinese style by two young couples wearing gold-threaded sarongs and carrying purple and gold umbrellas.

With dozens of armed police and soldiers keeping reporters and tourists away, the ministers had their necks garlanded with flowers. They were swiftly ushered into cars for the two-minute ride to the heavily guarded cottage complex where they are to be housed and to hold their conference.

Heavily armed troops are sprinkled all over the tiny island, stopping cars and motorcycles and demanding to see identification. About 150 journalists here to cover the conference have been told they will not be allowed into the meeting area—a huge, luxurious complex owned by the financially troubled Indonesian state oil company, Pertamina.

The extraordinary security is a result of a terrorist attack on an OPEC conference in Vienna last December, which has led to the possibility of moving OPEC out of that city. A number of ministers and other OPEC officials were kidnaped by the terrorists, led by the Venezuelan leftist known as Carlos.

Apologizing to reporters for keeping them outside the Pertamina cottage complex, an OPEC secretariat official said, "I'm afraid we're all prisoners of Carlos."

INCREASED LAW ENFORCEMENT SERVICES AT CORPS OF ENGINEERS WATER RESOURCES DEVELOPING PROJECTS

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mrs. KEYS. Mr. Speaker, on May 25, 1976, I introduced H.R. 14005, legislation to authorize the Secretary of the Army, acting through the Chief of Engineers, to contract with States and their political subdivisions for the purpose of obtaining increased law enforcement services at water resources developing projects under the jurisdiction of the Department of the Army. This legislation will provide a much needed increase in law enforcement services at peak-use times during the summer months at the hundreds of projects under the jurisdiction of the Corps of Engineers.

The report of the Secretary of the Army to the Congress on visitor protection services at Corps of Engineers lakes, dated December 1974, indicated that a reasonably significant level of criminal activity exists at a majority of corps lakes.

In northeastern Kansas, visitors to Milford, Tuttle Creek, Pomona, and Perry Lake total more than 6 million during the summer months, nearly three times the entire population of the State of Kansas. The strain on local law enforcement officials and their capacity to respond to emergency situations created by this influx of people outstrips what the local taxpayers can provide. The millions of people enjoying the recreational facilities at these lakes are left with little recourse in seeking help. This bill would authorize funds to be appropriated as may be necessary to insure continued enjoyment by visitors at lakes and to help with the growing problem of crime and the need for help to local officials.

I believe that passage of H.R. 14005 will provide the needed assistance to local law enforcement officials so that they will be better equipped to provide additional visitor protection services at peak-use times at Corps of Engineers lakes in the Second District of Kansas and throughout the United States.

NATURAL GAS SHORTAGE OF THE NATION

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. MURPHY of New York. Mr. Speaker, many of us are concerned that the year might end without enactment of legislation to alleviate the Nation's natural gas shortage. After consulting with a number of members within and without the Committee on Interstate and Foreign Commerce, Congressman KRUEGER and Congressman BROWN of Ohio and I have decided to introduce a compromise bill drawing upon both the Krueger-Broyhill bill that lost by only four votes in the House in February, and the Pearson-Bentsen bill that passed the Senate 58 to 32 last year.

The bill is very similar to the Pearson-Bentsen bill except that it omits "incremental pricing." It differs from the earlier Krueger-Broyhill bill in its more restricted definition of new gas, which specifies that only gas dedicated to in-

terstate commerce after January 1, 1976, would be considered "new gas." Gas covered by expiring contracts would not receive the deregulated price upon release. Its essential features include:

First. Decontrol of new onshore gas production.

Second. Phased decontrol of offshore natural gas production with FPC price-setting authority through 1980, but not after.

Third. Priority for agricultural users.

Fourth. Phasing-out of natural gas as a boiler fuel for the generation of electricity.

We have also deleted title I of the original Senate and Krueger-Broyhill bills, since that provision dealt only with the winter period of high demand, which has now passed by.

The need for legislation that genuinely addresses the hard choices that we need to make on energy is permanent. I urge your support of this important legislation, which is a genuine compromise, genuinely capable of bringing additional supplies, and actually possible of being signed into law.

MEDICAL DATA SENT BY SATELLITE FROM AMBULANCE FOR FIRST TIME

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. TEAGUE. Mr. Speaker, I want to bring to the attention of my colleagues another example of the application of health care systems and concepts developed for manned space flight to down-to-Earth medicine. For the first time medical data has been sent from a moving ambulance to a hospital by satellite. I am including the text of a NASA news release describing this program for the information of my colleagues:

Scientists and engineers at NASA's National Space Technology Laboratories—NSTL, Bay St. Louis, Miss., have sent medical data from a moving ambulance to a hospital by satellite for the first time.

A special portable transmitter and antenna developed by NSTL and the Science Services Laboratory operated by General Electric Co., permits continuous transmission of voice and medical data—including electrocardiograms—from the moving ambulance to the satellite and down to a hospital receiving station.

During demonstrations of the system last week on a highway near Bay St. Louis, communications from the ambulance were received at locations as far away as New Mexico. Receiving stations are equipped with an inexpensive receiver which helps make this form of remote health care economically feasible.

The new system could prove to be an important breakthrough in emergency medical care. Ultimately, it could lead to development of a special medical satellite which would relay emergency medical data not only from ambulances but also from remote hospitals, ships, offshore oil platforms and other remote locations to major medical centers for medical consultation.

The concept involved is similar to the telemedicine demonstration being conducted by the Johnson Space Center, Houston, Tex., at the Popago Indian Reservation in New Mexico, and use of the ATS-6 satellite for medical communications in Alaska. The NSTL system uses the data collection system on the GOES-3 satellite which transmits earth environmental information.

The new system was developed under a program sponsored by the NASA Technology Utilization Office in cooperation with the Southern Regional Medical Consortium. The Consortium is comprised of the University of Southern Mississippi, the Southeast Air Ambulance District, the Forrest General Hospital in Hattiesburg, Miss., and the Mississippi Governor's Office of Science and Technology.

LOUIS M. DEVITO—A GREAT WESTCHESTER CIVIC LEADER

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. OTTINGER. Mr. Speaker, on April 11, much of Westchester was saddened by the passing of my dear friend, Lou DeVito. At funeral services on April 14, a touching tribute to Lou was offered by Milton Jacobs which I would like to share with my colleagues.

The tribute follows:

TRIBUTE BY MILTON JACOBS

I am honored beyond description to have been selected by the DeVito family to deliver a formal statement in praise of my true and devoted friend, Louis M. DeVito, who left us in body, but not in spirit, on Palm Sunday, April 11th, 1976—a day all of us will remember with profound and unrequited sorrow, until we meet him once again.

It is most appropriate that those of us assembled, however briefly, pay honor to this extraordinary relative, friend and neighbor, this morning, for it is mandated in the Sayings of the Fathers, that:

"He who learns from his neighbor, (a neighbor like Lou DeVito), a single chapter, a single rule, a single verse, a single expression, or even a single letter, ought to pay him honor."

We all have learned so much from the life of our departed friend, far beyond the Chapter, rule, verse, expression or letter, that we more than readily acknowledge that we owe him this debt of honor. He taught us love, devotion, compassion, honesty and integrity in a lifetime where there has been a singular lack in this kind of moral character—and these characteristics of a good and decent life were not limited to his family alone. They were generously and in full measure given to his beloved City and its government, which he loved in a profound and passionate way.

I only knew Lou for a relatively short, but productive time, for we only became warm and close friends in 1971. But I do recall, as if told to me yesterday, what was said of him a long time before our friendship ever began. It was related many years before and many times over by the late Arthur Peyser, a distinguished and noted architect, and a rigidly stern but fair judge of human character and personality. He appraised Lou DeVito thusly:

"He is the most honest man I know. He does not have to be watched. You do not have to be on the job if he is there. The work will be done."

And so it was, I later found out—if Lou was there, you didn't have to worry any more. The job would always be done. He gave to all of us the feeling of abiding security, which so many of us lack in so many ways. The City knew for 16 years while Lou was a Councilman, that the job would be done, if he was there. And the County of Westchester has, in recent years, discovered that the job would be done if Lou was there.

And so it was in even greater measure with his family, I later found out, when we became friends. He was on the job with them—24 hours and more, if possible, a day, leading, loving, caring, doing—there was a never-ending search for their concerns, their problems, their aspirations, and their welfare. He was in essence—a one-man security system for all of us whom he touched. He made us feel safe and secure. He furnished the shield of a protective father to all who gave him a hand in friendship.

John Donne, a noted writer, who lived in the seventeenth century and who is best known for his "For Whom The Bell Tolls" quotation, wrote in this same quotation:

"Any man's death diminishes me, because I am involved in mankind. . . ."

Of course, that is so true for all of us assembled here today. But in the case of our departed friend, he was not just "any man", he was a "special man", an "extraordinary man" and the "diminishment" in this case, is a staggering and overwhelming loss, felt in all of the righteous quarters of this community.

Wherever I have gone in our City since Sunday, I have found a repetitive theme, a sense of loss in 5 simple words, spoken over and over again, with deepest and earnest remorse and conviction: "He Was a Good Man". This goes to the mind and heart of what we, who knew him, feel this morning—a legacy spoken in truth, and completely devoid of the frills of fancy prose, which would only have embarrassed a man who carefully expressed himself precisely and to the point. For "He Was a Good Man" and we know in this exceedingly difficult world of today, a good man is hard to find.

Young Sam Mosca lovingly observed yesterday about his Grandfather—that maybe the gates of Heaven needed urgent repair and perhaps that is why the Lord called for Lou so quickly. I like to think, I hope not sacrilegiously, that maybe the ills of this world were beginning to be too heavy a burden for the Lord to carry alone, and he needed a good and competent man to assist him. That is why Lou left in such a hurry. When someone needed him, you didn't have to ask him twice.

We know perfectly well and find solace in the fact that Lou will find favor with the Lord, for in the 24th Psalm, a Psalm of David, entitled, "The favored of the Lord", we see that he meets the specifications carefully drawn as if David surely had Lou in mind:

"Who shall ascend the mountain of the Lord? And who shall stand in His Holy Place? He that hath clean hands, and a pure heart; He who hath not lifted up his soul unto vanity; and hath not sworn deceitfully. He shall receive a blessing from the Lord."

Louis M. De Vito, our beloved husband, beloved father, beloved grandfather, beloved brother, beloved relative and friend—to all of us—He Was a Good Man.

MAY IS BETTER HEARING AND SPEECH MONTH

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. KEMP. Mr. Speaker, May is National Better Hearing and Speech

Month. Speech and hearing impairments comprise the largest single handicapping condition in America today. Ten percent of all children and adults in the United States have speech, language or hearing impairments which diminish their ability to communicate effectively. Children with communication disorders can experience difficulties in learning and find it hard to establish relationships with others. Communication disorders in adults can adversely affect social interactions and often create emotional problems which may interfere with the ability to earn a living.

Speech pathologists and audiologists strive to restore the communicative facility of those persons whose educational, vocational, personal, and social functioning and adjustment are impaired by speech and/or hearing handicaps. The diagnostic and therapeutic services required by persons so afflicted are made available through a variety of hospitals, rehabilitation centers, public and private clinics, psychiatric and retarded centers and private practitioners.

One of my constituents, Richard E. Allison, chief of the speech and hearing services division at the excellent West Seneca Developmental Center and Children's Psychiatric Center in West Seneca, N.Y., has brought to my attention a series of very fine brochures recently prepared by the American Speech and Hearing Association. I commend the association for its very fine work, and for heightening the public's awareness of this very important area of health.

TRANSPORTATION OF PRUDHOE BAY NATURAL GAS TO UNITED STATES

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. RUPPE. Mr. Speaker, the Subcommittee on Energy and Power of the Interstate and Foreign Commerce Committee, under the able chairmanship of Mr. DINGELL, has been holding important and extensive hearings on the several bills which have been introduced concerning the transportation of the Prudhoe Bay natural gas to the United States. These hearings have included consideration of H.R. 11273, a bill which I and 79 of my fellow Members have cosponsored. This bill, which I firmly believe to be in the national interest, would require approval of a trans-Canadian system to transport this important new energy source directly to markets throughout the United States.

Mr. Speaker, in testifying before these hearings, Mr. John C. Bennett, vice president of the El Paso Alaska Co. which sponsors the trans-Alaska LNG tanker project, made what is, I believe, a serious and unfortunately misleading error in his prepared statement given on May 18.

Mr. Bennett stated that in considering the questions before it the committee should and, I quote, "refer to the only study made by a disinterested party." He then mentions the study made by the Department of the Interior in December 1975 and subsequently filed with the Congress. This is not the only study that has been made by a disinterested party. In November of 1975, after a 2-year study, the internationally known and respected Rand Corp. of Santa Monica, Calif., published a report entitled "Energy Alternatives for California: Paths to the Future." This report was commissioned by the California State Assembly and was funded by the California State Assembly and the Rockefeller Foundation. Certainly these are disinterested parties. I presume Mr. Bennett simply was unaware of this work. I draw his attention to it.

Mr. Speaker, one section of this large study concerned itself with the natural gas supply situation for the State of California. In considering the Prudhoe Bay gas, Rand Corp. examined the two transportation proposals—that of Arctic Gas and that of El Paso—using five criteria, namely:

First, cost; second, reliability; third, timeliness; fourth, safety; and fifth, environmental effects.

On all five criteria they judged the Arctic Gas proposal superior—and superior for California. I submit that if the El Paso system which would bring its LNG directly to California is less desirable for California, it is clearly less desirable for all other parts of our country.

The Rand report also discusses the feasibility of displacement. The ability to displace the gas successfully to market areas in the east and midwest is at the heart of the El Paso proposal. El Paso has blithely assured all that it is an easy matter—really just filling empty pipes. Rand most emphatically does not agree. Let me quote briefly—

> Conceptually, displacement appears to be a simple idea. Working out the specific details of displacement agreements covering up to two decades of displacements under changing circumstances is likely to be immensely complicated and potentially rancorous. Moreover federal intervention will probably be necessary to resolve the interregional conflicts. Because of this complexity and apparent conflict, any predictions about whether such agreements could be reached and what they might contain must be considered highly tenuous.

Mr. Speaker, let me turn briefly to the Department of the Interior's study—that alleged "only study made by a disinterested party." This study is a poorly framed and unbalanced work. First, it analyzes not the two systems actually proposed—the only systems that people were then willing to build—but two systems that those who wrote the report thought that the businessmen who had spent millions of dollars should have proposed. Second, the authors utilized a methodology—a national net economic benefit analysis—that is appropriate to the study of projects whose benefits cannot be measured in the marketplace. Of course, here by comparing actual cost to the consumer, the benefits and costs can be readily measured. And, finally, the authors skewed the results in a number of ways. For example, in determining the net economic benefits, they charged the Arctic Gas Project with the cost of taxes paid by the Canadian portion of the pipeline while ignoring as a cost for El Paso all taxes paid in the United States. The apparent rationale was that a tax paid to the U.S. Government is not really a cost but merely a transfer payment that will be spent elsewhere in the United States. I would have a hard time convincing my constituents that the portion of their gas bill that goes for Federal taxes is not really a cost.

I am not alone in feeling that this study is badly—indeed dangerously—in error. Dr. Charles Cicchetti, director of the Wisconsin office of Emergency Assistance and well-known as author of the study entitled, "Alaskan Oil: Alternative Routes and Markets" is strongly critical of the Department of the Interior study. Dr. Cicchetti submitted his comments as part of his testimony on March 25, 1976, to the Senate Committees on Interior and Commerce. He expressed "outrage" at what he said were selective omissions of fact and a distorted economic analysis that tilted the study.

Mr. Speaker, this matter is of such importance that I cannot let the Department of the Interior study go unrefuted.

MURDERS OF FOUR URUGUAYANS

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. WOLFF. Mr. Speaker, I rise to express a deep sense of sadness and outrage over the recent murders of four Uruguayans living in exile in Argentina. One of those murdered was former Uruguayan Senator Zelmar Michelini, whose plight was brought to my attention over a year ago by a constituent of mine who knew the senator and his family personally. Senator Michelini had tried desperately to come to the United States with the purpose of testifying before Congress about the repression of human rights in Uruguay. Because he lacked a valid passport, he was a captive in Argentina, with no option but to return to Uruguay which would have meant certain imprisonment and probable death.

Senator Michelini stayed in Argentina where, it was supposed, his life at least would be protected, if not his rights and freedoms. However, last week he was arrested by Argentine authorities, and all of our efforts to ascertain his whereabouts and to inquire about his well-being were in vain. My office made several calls to the Argentine Embassy here, and we were told that inquiries were being made and information would be

gotten to us. Before that information was received, the press carried the tragic account of the murder of Senator Michelini and his colleagues, whose bodies were found in an abandoned car in Buenos Aires.

The foreign assistance bill vetoed by the President contained a provision to suspend U.S. aid to any country which consistently violates international standards of human rights. I sincerely hope that, when that provision is law, our Government will apply its conditions to countries such as Uruguay which apparently see fit to dispose of human rights and freedoms through terrorist tactics.

TRIBUTE TO JUDGE NEWELL BARRETT

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. WAXMAN. Mr. Speaker, I would like to commend Newell Barrett, judge of the Superior Court of Los Angeles County, who is completing two terms as president of the board of trustees of Portals House.

Portals House is a psycho-social rehabilitation agency for mentally ill adults in Los Angeles. In fact, Portals is the only agency of its kind west of Chicago.

Portals helps psychiatrically disabled persons to secure gainful employment and to function socially in the community.

While many community mental health services in southern California have been curtailed by financial crises, Portals House, under Judge Barrett's strong direction, has established a strong fiscal base. Now, thanks to Judge Barrett's leadership, Portals is operating from a good financial position.

Portals now plans to increase services to more mentally disabled persons with programs not duplicated anywhere in Los Angeles.

His leadership extends far beyond establishing fiscal policy, however. Clients and staff respond to Judge Barrett's warm, easy-going manner. He participates frequently and easily at social functions Portals provides for its clients.

Judge Barrett is concerned about people. During his tenure as presiding judge of the juvenile court, he initiated important changes for juvenile justice. His care and concern for people is shown in all of his relationships, in or out of the courtroom. On June 11, Judge Barrett turns the gavel over to the new president of Portals. At that time, representatives from government, from other agencies, and friends of Portals, including Edwin E. "Buzz" Aldrin, Jr., will be present to acknowledge his outstanding contribution to Portals and to the mental health community of Los Angeles.

THE NEW NATURAL GAS DEREGULATION AMENDMENTS OF 1976 (H.R. 14046)

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. WIRTH. Mr. Speaker, the House and the Senate continue in their inability to resolve their differences on natural gas pricing. Several months ago the House and the Senate passed separate bills on the subject of natural gas pricing and regulation. The bills diverged substantially in their respective solutions to the issue of prices applicable to natural gas at the wellhead. The House bill passed narrowly while the Senate bill passed by a rather substantial margin. These circumstances alone bode ill for the prospects of conferees being able to resolve the differences between the two Houses. And indeed, since adopting these measures the two Houses have not even been able to agree on when the conferees are to meet.

Now, a bipartisan coalition of Senators have initiated new legislation in an effort to end the stalemate. This new Senate proposal (S. 3422) has already cleared the Senate Commerce Committee by a vote of 17 to 1, and should receive floor consideration shortly.

Today in a desire to initiate a reciprocal effort in the House, I am introducing the New Natural Gas Deregulation Amendments of 1976 (H.R. 14046). This bill closely parallels the provisions of S. 3422, but differs importantly in its treatment of new onshore natural gas. S. 3422 would end FPC authority to regulate new onshore natural gas provided that the price for such gas does not exceed $1.60 per thousand cubic feet during the 7 years following the date of enactment. The bill I am introducing today (H.R. 14046) would, by contrast, remove all Federal controls over the price of new natural gas produced onshore. This would result in maximum incentives for exploration and development of onshore wells, and would eliminate a significant amount of costly Federal regulatory procedure.

In addition, H.R. 14046 provides for continued Federal regulation of offshore new natural gas prices at a rate equal to the Btu equivalent of the maximum weighted average first sale price for crude oil at the time of enactment. This base price is to be adjusted by the FPC at 5-year intervals in accordance with specifically enumerated criteria including the inflation rate, prospective costs, and the adequacy of exploration incentives.

Old natural gas would be subject to a national ceiling price available upon expiration of existing contracts. This ceiling would be revised every 2 years as under existing practices of the FPC. In establishing the ceiling price applicable to old natural gas, the commission shall consider only those criteria specifically enumerated in the bill. Additional provisions of the bill are discussed in the summary which I shall insert in the RECORD at the end of these remarks.

Mr. Speaker, the patience of the American public has been sorely tried by the spectacle of this Congress legislating itself into knots over the natural gas issue. After almost 18 months of congressional wrangling, neither the consumers nor the producers of natural gas in this country have any assurance about what natural gas policy is to be. I hope that the bill which I introduce today will lead quickly to the establishment of a clear and realistic Federal policy on this issue.

SUMMARY OF THE NEW NATURAL GAS DEREGULATION AMENDMENTS OF 1976—H.R. 14046

I. NEW NATURAL GAS DEFINITION

The definition of "new natural gas" in H.R. 14046 is virtually the same as that contained in S. 2310. Natural gas dedicated for the first time to interstate commerce on or after January 1, 1976; natural gas produced from newly discovered reservoirs or extensions of existing reservoirs; and natural gas available after the expiration of short term or emergency contracts is defined as "new natural gas." (Under S. 2310 the effective date was January 1, 1975.)

II. ON-SHORE NATURAL GAS PRICING

New natural gas produced from on-shore wells would be deregulated at the well-head. Producer regulation under the Natural Gas Act is terminated for new natural gas sales. That is, the requirements for producer certification, dedication, rate filing and abandonment of new natural gas produced and sold from on-shore lands will no longer apply. State regulatory options are specifically protected.

Old natural gas pricing would be subject to revised criteria, as in S. 2310, upon the expiration of contracts by their own terms (and not through any express or implied power to terminate or power of renegotiation contained in such contracts). The FPC would establish a national ceiling price for old natural gas available upon the expiration of contracts, and this ceiling price would be revised every two years, as under current FPC practice.

III. OFF-SHORE NATURAL GAS PRICING

Under S. 2310, new natural gas produced from off-shore federal lands would be subject to FPC price ceilings for five years (through December 31, 1980). S. 2310 contained criteria for the FPC to consider in establishing such ceiling prices.

Under H.R. 14046 a permanent system of FPC ceiling price authority is established for new natural gas produced from off-shore federal lands. Initially, the FPC would establish a "base price" for sales of new natural gas from off-shore federal lands equal to the average price of domestic oil, on an energy equivalent basis, in effect on the date of enactment.

This initial base price, to be effective for five years (January 1, 1976 through December 31, 1980), would be about $1.35 per Mcf (compared to 52¢ per Mcf under current law).

On January 1, 1981, and thereafter at five year intervals, the FPC would be required to revise its base price to reflect certain criteria enumerated in H.R. 14046. The criteria are comparable to those contained in S. 2310 to govern the ceiling price for off-shore new natural gas production.

The total price, or "ceiling price" for new natural gas produced from off-shore federal lands would include the base price, plus an adjustment made quarterly for inflation (or

deflation), plus other necessary, proper and customary adjustments.

Initial contracts for the sale of new natural gas from off-shore federal lands would be for a minimum term of 15 years, as in S. 2310. Successor contracts would be for the life of the reservoir.

IV. ADVANCE PAYMENTS

H.R. 14046 retains language contained in S. 2310 relating to the regulation of contracts, which provide for advance payments by purchasers to producers. The FPC is authorized to require full repayment of any advance payments, plus interest for the use of the purchaser's capital. (Current FPC practice is to prohibit advance payments.).

V. CURTAILMENT PRIORITIES

H.R. 14046 contains virtually the same provision as contained in S. 2310 for service priority during curtailments to residential users, small users, hospitals, and other users providing services vital to the health and safety of the public, agricultural producers, food processors and food packagers (both for current and expanded capacity), and for priority industrial users.

VI. SYNTHETIC NATURAL GAS

H.R. 14046 retains the provision of S. 2310, with technical redrafting, which establishes FPC jurisdiction over synthetic natural gas (SNG) production, and interstate transportation and sales. Unlike S. 2310, H.R. 14046 assures a certificate without hearing to existing SNG plants.

VII. BOILER FUEL USE OF NATURAL GAS

H.R. 14046 contains language from S. 2310 which requires electrical utilities (above a certain rated capacity) to convert to alternate fuels. The period of conversion, however, is shortened from 12 years to 10 years. Electrical utilities would be required to convert to available alternative fuels within the specified time period, or upon expiration of existing service contracts, whichever is sooner.

The term "boiler fuel use of natural gas" is expanded for future application to include not only large electrical utilities, but industrial facilities which use natural gas for space heating and/or steam generation in excess of 300 Mcf per day. Both electrical utilities and large industrial boiler fuel users would be prohibited from using natural gas as a boiler fuel unless initially contracted for prior to May 10, 1976.

H.R. 14046 retains those exceptions contained in S. 2310 that relate to protection of the environment, including the use of natural gas for pollution abatement equipment and, if necessary, to meet air quality standards.

Whether served by an interstate pipeline or an intrastate pipeline, all large, electrical utilities would be required to convert subject to the provisions of H.R. 14046. The prohibition on future boiler fuel use would also apply to interstate and intrastate consumption.

THE MISERABLE PLIGHT OF ELDERLY AMERICANS

HON. EDWARD P. BEARD

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. BEARD of Rhode Island. Mr. Speaker, since I began my career in public life, I have championed the cause of the elderly, the infirm, and the sick. Last week I was shocked and outraged at the report of an event which took place in a Washington nursing home. The anger swelled within me when I read of the tragedy which took place.

Mr. Speaker, for the benefit of everyone here in the Congress, I am including for publication in the RECORD a copy of that newspaper article. It described woefully the miserable plight of some of our elderly Americans.

I intend to do everything I can to continue my crusade to protect those who direly need it.

The Washington Post article follows:

PATIENT DIES WHEN RESTRAINING STRAPS CUT BREATH

(By Alice Bonner)

The death of a 91-year-old Arlington woman in a Washington nursing home last week was caused when straps used to bind her to a chair cut off her breathing and blood flow, the D.C. medical examiner's office has found.

Mary Frances Andler's death in the Mar-Salle Convalescent Home on May 13 was ruled accidental by the medical examiner, after an autopsy, and by homicide detectives who are continuing their investigation.

Mrs. Andler was found in a private room of the home at 2131 O St. NW, and apparently "had been dead for some time . . . the body was cool," according to the deputy chief medical examiner, Dr. Brian Blackburn, who performed the autopsy.

Sally Marsh, executive director of Mar-Salle, confirmed that an employee who was responsible for Mrs. Andler's supervision was dismissed after her death.

Mrs. Andler was the fourth elderly patient to die in Washington nursing homes or hospitals since 1972 from asphyxiation caused by restraining devices, according to Dr. Blackburn. Use of restraints is "sort of a common practice," and such deaths average one a year, he said.

"It is general medical knowledge that restraints are necessary in the nursing care of some patients when someone is confused or will not stay in bed; it's just a matter of careful supervision," Dr. Blackburn said.

Nursing homes in Washington are required to define their restraint procedures and record monitoring of restrained patients under regulations governing their licenses. Mar-Salle was licensed and certified for Medicaid and Medicare payments by the D.C. department of human resources after an inspection last December, a DHR spokesman said yesterday.

A team of DHR investigators inspected Mar-Salle this week after the medical examiner's office informed them of the death, according to Pat McShea, chief of health services in the licensing office. The team's finds were withheld.

Rita Andler, 59, the deceased woman's daughter and her usual companion, said she placed her mother in MarSalle on May 6 for a 20-day stay. "It was for my once-a-year vacation from caring for her," Miss Andler said. "We have been alone together for 57 years and she was the only thing in my life."

Miss Andler said she learned of her mother's death when a friend telephoned her Saturday in Delphi, Greece. But it was not until she saw the death certificate that she knew how her mother died, she told a reporter.

"I went to the funeral home and was shocked to read on the death certificate (that she died of) 'asphyxia and interruption of venous return to the heart from compression of the upper abdomen by restraint'," Miss Andler said. She said the certificate also read: "found on floor with restraint about waist, tied to chair." The certificate was signed by Dr. Blackburn.

Miss Andler said this last stay was her mother's 11th at Mar-Salle because "I have been lucky enough to have had 11 trips to Europe." She placed her mother in a private, third-floor room in the 200-bed facility, for $29 a day, Miss Andler said.

A former employee relations specialist at the Department of Defense, Miss Andler said she retired six years ago to care for her mother. "These years when I devoted 23 hours a day to her have gone well," she said. "I am so numb because of the way she died."

A native of Elizabeth Town, Ky., Mrs. Andler was a Washington resident for 30 years before she moved with her daughter to Arlington six years ago. They lived at 1021 Arlington Blvd., in the Arlington Tower apartments.

PROTECTION OF THE NEW RIVER

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. HARRIS. Mr. Speaker, I believe that legislation like H.R. 13372, which was introduced by Congressman NEAL and which I cosponsored, is necessary to insure the preservation of the New River which is located in Virginia and North Carolina. This bill would designate a 26.5 mile segment of the New River as a component of the National Wild and Scenic Rivers System. On May 13, 1976, I presented the following statement to the National Parks and Recreation Subcommittee expressing my support for H.R. 13372, which I would like to share with my colleagues. I urge you to carefully consider the merits of this proposal which will soon be before the full House:

STATEMENT OF HERBERT E. HARRIS, II, MEMBER OF CONGRESS (EIGHTH DISTRICT OF VIRGINIA) IN SUPPORT OF H.R. 13372 TO PRESERVE THE NEW RIVER, MAY 13, 1976, BEFORE THE HOUSE SUBCOMMITTEE ON NATIONAL PARKS AND RECREATION

As cosponsor of H.R. 13372, I urge my colleagues to give their full consideration of this bill which would designate a 26.5 mile segment of the New River as a component of the National Wild and Scenic Rivers System.

The New River is unique in that it is the oldest river in the western hemisphere and the oldest free-flowing river in the world. The pure water of the river is laden with rare and endangered species of marine life and archeological evidence. It is the last unpolluted river in the east containing enough water and gentle flowing areas that can be used for canoeing and raft riding year-round. The bottomland of the valley, nourished by the river, has brought forth rich harvests of agricultural products. All of this is threatened by a power project whose benefit is as nebulous as its devastation is clear.

The Appalachian Power Company has applied for a license to construct a massive pumped-storage hydroelectric power project which would back up 44 miles of the New River and flood as many as 40,000 acres of fertile land in North Carolina and Virginia.

After careful study, I have concluded that preserving the New River far outweights all benefits that might result from this project—a project of highly questionable merit for several reasons.

The most important point is that the project would be merely a storage facility which would consume energy, not produce it. The project would provide peak load power for transmission to the Midwest. During periods of slack demand, power generated elsewhere would be used to pump the water back into the upper reservoir. A net loss of power would result from this process, because the project would consume four units of energy for each three units it generates. This process would also add to air pollution since extra coal-fired generation would be required to return the water to the upper reservoir.

As many as 3,000 people would be displaced if dams are constructed. Their land, their homes, their way of life would be destroyed. The Agricultural Stabilization Conservation Service estimated in 1973 that the project would destroy $13.5 million in annual agricultural income. To me, this loss is more serious than the claim that the total monetary gain from the project would be $6.7 million per year.

Proponents of the power project claim it would create as many as 1,500 jobs. However, these jobs would be available only during the construction period of the project and many of them would be seasonal positions.

The North Carolina General Assembly voted unanimously to include a 26.5 segment of the New River in the North Carolina Natural and Scenic Rivers System and petitioned the Secretary of Interior to declare that segment a component of the National Wild and Scenic Rivers System. On March 12 of this year, Secretary of Interior Kleppe announced his intention to act favorably on the state's request. Additional support has come from such groups as the Conservation Councils of Virginia and North Carolina, the Izaak Walton League and the Sierra Club.

Congress must make certain that this historic and beautiful river is preserved for the enjoyment of present and future generations. The legislation we are now considering would remove any remaining doubt as to the protection given to this river and would resolve the dilemma created by those who want to sacrifice everything of value in the name of technological advancement and those who want to make the most intelligent possible use of our great but limited natural resources.

INVESTMENT TAX CREDIT FOR FARMS

HON. ALVIN BALDUS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. BALDUS. Mr. Speaker, on Monday of this week, May 24, I introduced a bill to extend the benefits of the investment tax credit to individuals purchasing farm property from their ancestors. Such purchases have been excluded from the investment tax credit in the past, but I feel that there is an urgent need to reconsider that position.

The purpose of the tax credit is, of course, to encourage investment. With the number of farms in the country steadily decreasing and with the average age of the American farmer above 50 and steadily increasing, there is an urgent need to promote investment in our farms.

Skyrocketing land values, increasing farm expenses, especially in the area of petroleum-related products, and higher costs for conservation and environmental protection practices have made farming so difficult to enter into that we must take steps to encourage the passing on of farms to the sons and daughters of farmers.

Most farm capital is tied up in loans and reinvestment in the farm. The price of taking over a farm is so high as to require large and complicated loans, usually from the Government. While the quality of life on a farm is high, the hours are long and arduous and usable income is low—very frequently below minimum wages.

My bill would extend the investment tax credit only to individuals purchasing farm property from their ancestors, usually their parents. I invite my colleagues to contact me if they wish to join me in this legislation.

COMPLAINT BY COMMON CAUSE AGAINST REPRESENTATIVE SIKES

HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. MAGUIRE. Mr. Speaker, the Committee on Standards of Official Conduct has voted to proceed with a formal investigation of the complaint by Common Cause against Representative SIKES.

I believe the following enclosure in the RECORD will be of interest to Members:

LEGAL ARGUMENT SUBMITTED BY COMMON CAUSE REGARDING THE ALLEGATIONS AGAINST REPRESENTATIVE SIKES

The sole question before this Committee is whether to undertake an "investigation" of the facts surrounding certain charges concerning Mr. Sikes. The Committee is morally bound to undertake such an investigation if two simple conditions are both met by certain allegations of misconduct.

1. The allegations involve either:

(a) violations of the historic and central obligations of Members to behave so as not to bring discredit on the House; or (b) violations of more specific House rules or statutes in effect at the time of violation; and

2. There is a reasonable basis for believing the allegations *may* be true. In other words, the allegations are not unsupported rumor or malicious imagination; they raise reasonable suspicions requiring further investigation.

The Committee does not sit at the outset as a judge of private complaints such as this one. Its obligation, owed to the House and to the country, is to itself investigate *any* allegations satisfying these two conditions. It follows from this that, even in cases where there is an active complainant, the Committee cannot sit back and rely on the complainant to furnish the full factual record. If the allegations set forth by Common Cause satisfy the two conditions set forth above, the Committee has a duty to supplement the complainant's limited ability to investigate factual questions. The fundamental responsibility is, and always has been, the Committee's—once allegations are made satisfying the two conditions above. That burden has been met in this case.

A. The Allegations Set Forth Significant Violations of Existing Standards of Conduct.

The jurisdiction of the Committee under Rule X, Clause 4 includes investigations of "any alleged violation, by a Member . . . of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member . . . in the performance of his duties or the discharge of his responsibilities. . . ." The Committee's jurisdiction includes investigating alleged violations in years prior to 1968 of standards of conduct *in effect at that time;* no one wanted to continue the prior procedure of appointing a separate select committee for that purpose. The Committee is, of course, not to conduct any investigation of "any alleged violation of a law, rule, regulation, or standard of conduct not in effect at the time of the alleged violation." This provision of the Rule does not shield acts which were improper when committed or limit investigations to violations of Rule XLIII alone. It simply protects acts that were entirely legitimate when they were done (such as nondisclosure before Rule XLIV became effective).

There has been no time in the history of the House of Representatives when applicable standards of conduct did not include familiar ethical standards prohibiting conflicts of interest and self-profit by use of official position. More specific rules have been added in comparatively recent years. But the basic rule has remained throughout the years that one should not bring discredit on the House by using one's position in the House for personal gain or by acting in a situation where the conflict of interest was extreme enough to give the appearance of financial self-serving to reasonable men.

The precedents establishing this continuing standard of conduct were collected by the Select Committee in *In Re Adam Clayton Powell.* For example, over one hundred years ago Rep. Oakes Ames was severely censured and almost expelled for intentionally placing other Members in a situation of conflict of interest by selling them at par value (well below true value) shares of stock in a corporation (Credit Mobilier) they might well be called upon to regulate. In 1929 Senator Bingham was censured for bringing a Representative of the Manufacturers Association of Connecticut (Eyanson) onto his office staff and into secret meetings of the Finance Committee in connection with assisting the Senator on a pending tariffs bill. Senator Bingham's honest intentions were *not* a defense. As the Select Committee reported in the *Powell* case:

The Senate adopted a resolution of censure providing that Senator Bingham's conduct regarding Eyanson "while not the result of corrupt motives . . . is contrary to good morals and Senatorial ethics and tends to bring the Senate into dishonor and disrepute. . . ."

The same standards of conduct were applied to Mr. Powell's misuse of his official authority with regard to airline tickets and staff salaries. This fundamental rule has since then been *supplemented* by a more specific "Code of Ethics" and "Code of Official Conduct." But the wording and legislative history of the resolution creating this Committee leaves absolutely no doubt that the very basic standards of ethical conduct have remained applicable and enforceable for more than a century.

In 1968 when the Committee on Standards of Official Conduct summarized, by a chart, the grounds for enforcement action, it listed before any other, "charges of violation of ethics". Report at page 45.

We have set forth in our complaint more specific provisions of the 1958 "Code of Ethics for Government Service" (the 1968 Committee Report stated "members of Congress . . . are Subject to [the Code] . . ." Report at p. 36; see also p. 44) and of House Rules XLIII and XLIV. Wholly aside from these provisions, this Committee would have to apply the fundamental and historic standards of conduct to the following factual allegations, without regard to the complex web of possible motivations of the member.

1. A member who is a substantial shareholder in a closely held corporation may not, especially without disclosing his self-interest, knowingly use his position to sponsor and lead passage of legislation, a major effect of which is to grant federal property interests to that corporation.

a. The violation is compounded if the member intentionally and knowingly hides and denies the effect of the legislation on his corporation for years thereafter, although he knows that was part of the purpose and effect in passing the bill.

2. A member who has used his official position to attempt in a variety of ways to obtain necessary governmental permits and insurance for a prospective bank may not thereafter knowingly accept any private benefits from the owners of the bank, including a right to acquire privately held stock in that bank.

a. The member's conduct is, of course, even more seriously censurable if he anticipated becoming a shareholder at the time of assisting the bank.

b. The member's conduct becomes criminal (18 U.S.C. 201) if he knew he was to receive a benefit in compensation for his use of official position.

The Committee may, of course, conclude and rule publicly that neither of these constitute censurable conduct—that a Representative is free to do either. We believe that would be profoundly wrong, but it is for the House and the public eventually to judge such basic ethical questions. If, on the other hand, the Committee agrees with us that these are ethical violations of the plainest sort under standards of conduct applicable for over a century, it must then address the second requirement for an investigation: "Is there a reasonable basis for believing the allegations warrant further investigation?"

B. There Is a Reasonable Factual Basis for Believing the Allegations Warrant Further Investigation.

It is this Committee's affirmative responsibility to investigate once allegations of substantial violations of standards of conduct are made, if it is clear that there is adequate factual reason to suspect that the allegations may be true. It is not the responsibility of a complainant to *establish* the facts before a passive tribunal of colleagues. This is totally inconsistent with the Committee's power and duty to investigate and its power and duty to control the conduct of the investigation.

We believe the necessary facts are established with respect to a number of charges (*e.g.*, the violations of Rule XLIV). As to others, the situation arouses such reasonable suspicion of wrongdoing that only an investigation can secure public confidence in the House. We will discuss two of three allegations here.

1. The Allegations with Regard to Holiday Isle.

The charge in the complaint relating to Holiday Isle turns on a key factual question: Did Representatives Sikes know that the 1962 legislation which he sponsored and shepherded through the Congress was intended to eliminate certain Federal impediments to land owned by a corporation (CBS) in which he had 25 percent of the equity? He says flatly that he did not know this. If that is the truth, the conflict of interest remains, but the moral culpability is substantially reduced.

On the other hand, if Representative Sikes has known since 1962 that the statute covered CBS land, the picture is very different and the implications particularly grave. Representative Sikes would have falsely told this committee that "I didn't consider that this leasehold would be affected by the legislation." It would be plain that he similarly knowingly and intentionally failed to inform and in fact mislead his colleagues in both Houses on a matter highly material to them and to the reputation of the Congress: that a substantial part of the benefits of the legislation would go to the bill's sponsor and important supporter (Representative Sikes). If Representative Sikes knew his bill would affect CBS, the continuing concealment of the fact that his corporation was one of the main beneficiaries demonstrates the Representative's recognition that he was involved in a transaction embarrassing to himself and not creditable to the House of Representatives. Indeed any concealment, even in recent years, in and of itself constitutes a violation of applicable standards of conduct.

Finally, there is no basis for Representative Sikes to claim the protection of lapse of time, since passage of the statute in 1962, if he has been knowingly concealing his conflict of interest throughout that period. As late as last year Representative Sikes was expressing doubt about the coverage of Holiday Isle property by the 1962 Act. *If he knew the scope of the Act's coverage from the time he sponsored it* and has nonetheless, until very recently, hidden from others the fact that his bill bestowed benefits on his corporation, he should not be heard to complain of delay by others in considering this matter. If Representative Sikes has falsely concealed for more than a decade the conflict of interest, action relatively soon after his concealment ends is all the promptness one can expect. And action at that time is doubly necessary or the concealment too will be rewarded.

The law is clear furthermore that time delays occasioned by concealment are not valid grounds for dismissal of a noncriminal charge. It is a fundamental principal of equity that "if material facts are concealed or misrepresented by a suspected wrongdoer . . . the wrongdoer cannot obtain any advantage resulting from lapse of time." *Potash Co. of America* v. *International Minerals & Chemical Corp.* 213 F.2d 153 (1954). The Supreme Court has declared that disciplinary proceedings by either House of Congress are not criminal in nature. *In Re Chapman*, 166 U.S. 661 (1897).

The simple factual question—whether Representative Sikes knew in 1962 and has known ever since that the CBS "leasehold would be affected by the legislation"—must thus be resolved.

If Representative Sikes knew that the CBS property (Holiday Isle) was held under and subject to the conditions of the 1948 statute and if he knew that all land covered by the 1948 statute was benefited by the 1962 statute, then he knew that the CBS property was granted a benefit in 1962.

Representative Sikes, one of the four owners of CBS in 1962, surely knew that the land CBS held was granted by and subject to the restrictions in the 1948 legislation which he had introduced. Representative Sikes has not denied that he knew the CBS property was held under the 1948 statute.

The coverage of the 1962 statute, also introduced by Sikes, is defined on its face, and in its opening clause, in terms of all of the land conveyed in the 1948 statute. Representative Sikes claims that he believed that somehow less than all of the land covered by the 1948 statute reecived the benefits of the 1962 statute, despite the fact that the coverage of the 1962 statute is defined simply in terms of the title of the 1948 statute.

There is no room left for honest mistake here.

Furthermore, the issue of whether the 1962 legislation covered the Holiday Isle property was specifically raised just two years later in a series of stories in the Tampa Tribune concerning Sikes' land holdings. A December 13, 1964, article, for example, stated:

"Sikes introduced and helped pass legislation which has enhanced greatly the financial potential of a two-mile strip of Gulf beach peninsula land."

"Sikes says he cannot fix a value on that land which is held by the CBS Development Corporation."

"The combination of the new lease given the CBS corporation and the removal of the government restrictions by Sikes' legislation gave the CBS corporation a free rein on what it could do with the two-mile strip of valuable property."

Representative Sikes can hardly argue he was unaware of these allegations, since the December 13 article itself indicates Representative Sikes was interviewed at length prior to publication of the article. More importantly, the Tribune on September 2, 1965, published a front page retraction and apology to Representative Sikes due to errors that "Congressman Sikes pointed out," and referred to assurances—which proved incorrect—from the Okaloosa Island Authority. Thus, despite the fact that the Tampa Tribune article was accurate in stating that Repsentative Sikes introduced and helped pass legislation of financial benefit to CBS—and himself—a retraction of that statement was successfully obtained by Sikes.

If, as Representative Sikes claims, he never intended and did not believe the 1962 legislation covered the Holiday Isle property, the December 1964 article certainly would have led him to check the accuracy of the article's allegation that Holiday Isle was included within the Act's coverage. A quick check of the legislation—and the deed conveying the land pursuant to the Act—would have clearly revealed the legislation covered Holiday Isle. Nevertheless, the process of denial continued when the retraction was issued by the Tampa Tribune.

As recently as May 30, 1975, Rep. Sikes, in a speech before the Northwest Florida Press Club, claimed that there was still the possibility that Holiday Isle was not included in the legislation and that this "could mean a cloud on the title and a futher bill could be required for clarification". Rep. Sikes and the CBS Development, however, never acted during the period from 1962 to 1975 on the assumption that the restrictions and the reverter clause were still in effect on Holiday Isle.

After the Press Club Speech, the Holiday Isle Leaseholders' Association demanded from Rep. Sikes a "proper and immediate public clarification" of statements Rep. Sikes made concerning the possibility of a cloud on Holiday Isle property titles. A letter written in 1975 by Holiday Isle Leaseholders Association President Frank H. Beatrous said in part: "We are shocked and outraged at your public statements that our leased homesites bought from you and CBS Corporation have clouds on their title. Surely you have other answers to the recent newspaper charges than one that admits you knowingly took our money for bad leases. We demand a proper and immediate public clarification from you to all lawyers, real estate brokers and title insurance companies in Okaloosa County."

The current Holiday Isle Leaseholders Association President Ann Suters has reported that prior to the Press Club speech they had never heard of any possible cloud on their titles and they remain confident that their titles are clear.

In conclusion, we believe the case is overwhelming that Rep. Sikes has always known the full coverage of the 1962 statute. Certainly, at the very least, an investigation is called for if the Committee has any remaining doubts.

2. The Allegations with Regard to the First Navy Bank.

Our complaint and opening statement establish facts which we believe are essentially uncontested. They show that Representative Sikes accepted the much-sought-after benefits of an opportunity to participate as a substantial owner of stock in a closely held corporate banking business after first exercising the influence of his official position on a number of occasions to help obtain the necessary government permits and insurance for the bank to be established on Pensacola Naval Air Station. House Rule XLIII (3) is simply one expression of a long-accepted standard of conduct that forbids accepting personal benefits following the furnishing of official services (compare 18 U.S.C. 201) and from the beneficiary of those services. The appearance of wrongdoing in

any such situation is so striking as to bring discredit on the House.

Far less serious conduct was considered censurable because of the discredit such appearances of impropriety brought to the Senate in the case of Senator Bingham even if his actions were not "the result of currupt motives" (H.R. Rept. No. 27, 90th Cong., 1st Sess., at p. 26). But in this case there are additional and important factual questions as to whether the appearance of even more serious wrongdoing may not be an accurate one. The Committee has an obligation to establish: whether Representative Sikes had an expection of participating in the First Navy Bank when he intervened on its behalf; whether his participation was granted as a reward for his efforts; and whether he did or should have known that the participation was to be a reward for his efforts.

CONCLUSION

Common Cause has set forth allegations that more than satisfy the requests for an investigation to take place. We submit that the House Ethics Committee has a clear duty to proceed to an investigation of these matters and to make findings which are subject to ultimate review by the full House of Representatives.

ON ASSISTING THOSE WITH HEARING AND SPEECH DIFFICULTIES

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. KOCH. Mr. Speaker, the Manhattan Eye, Ear, and Throat Hospital has brought to my attention that the month of May has been celebrated throughout the United States as Better Hearing and Speech Month. Today, more than 10 percent of our total population—and 1½ million individuals in New York State alone—are afflicted with speech and/or hearing impairments which seriously affect their educational, vocational, personal, and social functioning and adjustment. This month is designated to highlight their needs.

Agencies such as the Manhattan Eye, Ear, and Throat Hospital in New York provide invaluable services and substantial financial savings through early detection and treatment of speech and hearing disabilities. For, unless problems in an individual's ability to communicate are discovered at an early stage, affected children find themselves unable to cope with the requirements of school. And, as adults, they are incapable of holding positions commensurate with their skills and abilities. These potential difficulties are the ones that the hospital seeks to minimize through its comprehensive rehabilitation programs.

Speech and hearing disabilities are indeed handicaps, but they need not preclude leading a full and productive life. I salute agencies such as the Manhattan Eye, Ear, and Throat Hospital which strive to restore the communicative facilities of speech- and hearing-impaired individuals, and I applaud the individuals and organizations who are working to focus the public's attention on Better Hearing and Speech Month.

CONSUMER COMMUNICATIONS REFORM ACT

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. WIRTH. Mr. Speaker, for the past few months the American Telephone & Telegraph Co.—A.T. & T.—and the U.S. Independent Telephone Association—USITA—have been visiting many of our colleagues urging them to cosponsor the Consumer Communications Reform Act of 1976, a bill which the telephone companies themselves have authored and titled. To date, more than 100 Members have put their names on the "Bell bill."

While the sponsors of this legislation have undoubtedly acted with good intentions, I am concerned that some may not have been provided with the complete details of the issue of competition in the telephone industry.

As a member of the Subcommittee on Communications, I would say to my colleagues that this is an extremely complex issue and one which requires careful study and analysis before we even consider legislation of the nature A.T. & T. has proposed.

Since this is a subject about which there has been little information available, beginning today I intend to bring a comprehensive perspective on the issue of competition to my colleagues' attention.

As introductory reading, I would commend the article which appeared in Business Week on March 15, 1976, which provides a good overview of this matter.

On Tuesday, I will call my colleagues' attention to an address made recently by Federal Communications Chairman Richard E. Wiley before the 29th annual conference of the International Communications Association. In his remarks, Chairman Wiley traces the FCC and judicial decisions which led A.T. & T. to seek legislation prohibiting competition in the telephone industry.

On Wednesday, I will refer my colleagues to a speech I delivered to a Bell executive seminar in Princeton, N.J., on the subject of this legislation. Most of the thoughts expressed in my speech were based on information gathered during hearings held last November by the Subcommittee on Communications. I would also urge my colleagues to read the transcript of those hearings in order to put the Bell legislation in perspective.

On subsequent days, I will include further information which should provide a useful background for all of us who will be considering this important issue.

A.T. & T.'s BOLD BID TO STIFLE COMPETITORS

Within a month virtually all the major telephone companies, led by American Telephone & Telegraph Co., will loose an all out political effort on Capitol Hill to reverse recent regulatory and judicial decisions that have opened parts of their $40 billion industry to competition. "We have decided the time has come to call the public's attention to its stake in the matter," says AT&T's outspoken chairman, John D. deButts.

In the past few years AT&T's tough boss has taken a progressively harder public line against decisions handed down by the Federal Communications Commission, specifically against policies that led to the introduction of limited competition in telephone products and in specialized private-line services. Now he is convinced that he has to throw down the gauntlet.

DeButt's gauntlet is a startling request to Congress to pass a law that would stop competition in long-distance services, permit AT&T or other traditional carriers to acquire the companies that would be put out of business, and revoke the FCC's jurisdiction over technical and operating standards that affect terminal and accessory equipment attached to local telephone company facilities. Such legislation would, in effect, stop a burgeoning industry, with a multibillion dollar potential, dead in its tracks.

Pressure for such legislation has built up slowly in the past few years in the telephone industry, particularly at Bell headquarters in New York City. AT&T has suffered a long series of reversals at the hands of Washington regulators, and generally the FCC decisions that AT&T considers adverse have been upheld in federal courts. Beyond that, a massive antitrust suit by the Justice Dept. seeks to separate AT&T's operating companies from its manufacturing subsidiary, Western Electric Co., and its Long Lines Dept.

Caught in a tightening vise, AT&T's chairman decided to turn to legislation as a final resort. He hopes his industry will be able to persuade Congress to change the rules in its favor and disarm both the Justice Dept. and the FCC. Furthermore, new laws would help the company to head off the FCC before it can consider a blockbusting series of recommendations served up by its AT&T trial staff on Feb. 2.

The FCC's trial staff, backed by a special 50-man task force that has been working since 1971 on a review of Bell's rates, market behavior, and financial structure, is calling for a massive reduction in AT&T's rate base, asking for a major revision of the company's accounting practices, and—in agreement with the Justice Dept.—recommending divestiture of Western Electric. It also concludes that competition has been beneficial for AT&T, and has led to improved performance.

THE BUILDUP

For some months AT&T and the independent telephone companies, including such majors as General Telephone & Electronics, United Telecommunications, and Continental Telephone, which do not always see eye to eye with Ma Bell, have been preparing suggested legislation. According to a group of key industry executives that met with Business Week reporters on Feb. 20, that job is finished. All that remains is to polish the text into the form of a bill and to line up congressional sponsors. The industry hopes to get "at least 50" cosponsors to push its legislation through. According to Edward B. Crosland, AT&T's smooth, Virginia-bred senior vice-president, who is quarterbacking the legislative effort, the telephone companies would like hearings in May and hope that the bill will be brought to a vote this summer. Whatever the timetable, the industry's strategy amounts to its most daring political power play since the passage of the Communications Act of 1934.

Washington regulators are in a state of dismayed anticipation. AT&T is widely respected for its political muscle, although it seldom flexes it on a national level. Says FCC Chair-

man Richard E. Wiley: "I'm truly sorry to see this coming. I don't think new legislation is really necessary, because all the issues involved could easily be settled in cases now before the commission or awaiting court decisions." FCC Common Carrier Bureau chief Walter R. Hinchman points out that several key issues are scheduled for decision in the next 18 months.

No telephone industry representatives have yet officially consulted the FCC about the proposed billl, nor made the industry's intentions clear to the Office of Telecommunications Policy, the arm of the White House that has generally applauded the FCC's decisions to encourage competition and limit extension of Bell's monopoly into new products and new services. The OTP, like the FCC, would like to avoid an election year confrontation, and neither the FCC's Wiley nor the OTP's acting director John M. Eger believe the complex issues at stake can be adequately debated under high political pressures.

THE ISSUES

Because they have not been consulted officially and do not have a final copy of the industry's bill in hand, many regulatory officials hesitate to comment for the record on what they know of the industry's legislative plan. Most are aware of the gist of it, however.

For several months now, AT&T, the U.S. Independent Telephone Assn., and key members of the National Assn. of Regulatory Utility Commissioners, who oppose federal regulatory jurisdiction over any utilities have been circulating a white paper entitled "The Crises in Telecommunications." It summarizes the gut issues that the telephone companies will highlight and spells out the basic legislative revisions of the Communications Act that the industry wants. AT&T's Crosland and independent telephone company executives say the white paper provides an accurate description of their proposed legislation.

The two major elements would affect competition in different ways:

PRIVATE LINE SERVICES

The industry proposes to declare long distance services at utility function, to be served by a single, integrated system. That would reverse the FCC's controversial decisions to allow limited competition in specialized private line toll services by both terrestrial and satellite carriers. Communications attorneys point out that such an action would make AT&T's Long Lines Dept. a de jure monopoly rather than one that has evolved over the years as a practical extension of the traditional monopoly granted local telephone companies by laws now on the books.

The effect of such action would be to force such companies as Microwave Communications, Datran, and Southern Pacific Communications out of the business. So the planned legislation would immunize AT&T from antitrust sanctions, enabling it to acquire its erstwhile competitors. A job protection clause would guarantee employment to workers affected by acquisitions.

The legislation would also bar competitive services by satellite carriers now in operation or planned by such companies as RCA Global Communications, American Satellite, and Satellite Business Systems (the consortium of IBM, Comsat General, and Aetna Life & Casualty that plans a digital data and voice system for business).

The legislation would permit newcomers to provide services that did not in any way compete with regulated carriers. But telephone industry spokesmen cannot give any examples of unique and viable services that their own systems could not provide with advanced technology.

COMMUNICATIONS EQUIPMENT

The telephone industry's legislative strategy in this area seems intended to confuse rather than actually bar competition in communications hardware. The operating companies are fearful of too rapid disruptions from competition in ancillary telephone equipment such as extension telephones, large and small automatic switchboards, facsimile machines, and data processing equipment attached to telephone lines. So the industry proposes to give state utility commissions, instead of the FCC, regulatory control over customer-owned equipment. That could mean that telephone answering machines or data terminals might be legally connected to phone lines in some states, but not in others. This would load a complex set of new responsibilities on state utility commissions, which are notoriously understaffed and are responsible not only for telephone regulation, but for rates and standards for electric power companies, gas companies, water supply, and a potpourri of other activities. The telephone companies and regulators are well aware of the difficulties any national distributor of competing products would have in an environment involving 50 regulatory dominions.

While Federal regulators are keeping a low profile until the legislation surfaces in Congress, some competitors in the industry already are howling. Says William G. McGowan, president of MCI Telecommunications Corp., one of the companies that would be wiped out: "The proposition that this legislation would benefit the consumer is no more than the traditional big lie of the monopolist who is afraid of competition because he knows it will make his life tougher." Even some state regulators familiar with the issues see the legislation as regressive. "DeButts would love to turn the clock back to 1967" says James McCraney, chief communication engineer of the California Public Utilities Commission, referring to the era before the FCC's pro-competition moves. "But it's not going to put us back. I think competition is here to stay as far as hardware is concerned."

WAITING

Large corporations that would be hit by the proposed legislation are also waiting quietly before they get snarled in the fight. Spokesmen for IBM, ITT, and RCA all say their companies are concerned about the telephone industry's intentions, but prefer to withhold comment until the legislation is introduced in Congress. Says an RCA official: "So far this affects only a small part of our business directly. We are hardly into it yet. AT&T is a big company, and we'd rather not provoke a fight."

In the lull before the storm, there seems little doubt that AT&T's big competitors will be willing to defend their new turf, if necessary. The Computer & Business Equipment Manufacturers Assn. and IBM are fighting AT&T before the FCC over Bell's bid to supply, under telephone tariffs, an electronic data terminal with computer-like memory and logic called the Teletype Model 40. The crux of their argument is that telephone companies can extend the services of their basic monopoly simply by tariffing new devices or services. Once such tariffs are approved and have the force of law, the telephone companies can then justifiably claim they are common carrier services that can be provided only by regulated communication utilities. Then the computer industry fears that many of its competitive products and services are endangered by the slowly spreading territory of the telephone monopolies.

Telephone industry spokesmen deny they are extending their monopoly through new tariffs. They point out that Teletype, with its printers and keyboards, is a service of long standing. But they are also quick to deny competitors new access to their own businesses. The basic issue, they claim, is that their revenues should be protected from erosion by competition in order to support basic telephone service, which under law they are required to supply to all subscribers.

The telephone industry has united behind the warning that AT&T's deButts spelled out in a recent speech at Fordham University: "Were the telephone companies deprived entirely of the contribution to common costs that revenues from their more discretionary services provide, they would face the necessity of increasing the average residence customer's bill for basic service as much as 75%."

The independent telephone industry backs AT&T's estimates with a private study by a California consultant in San Rafael called Systems Applications Inc. The group issued a press release last month covering the study, and headlined it, "Federal regulatory policies on telephones will hurt consumers." The text of the release warns: "So-called competition will cause rate increases of 60% to residential users and 56% for business users of basic service within the next 10 years."

Yet AT&T's deButts concedes in his same Fordham talk that the 75% rate increase he warns of is "highly unlikely." The independents' study also cautions that "there are many other avenues of analysis that should be explored."

Telephone industry spokesmen admit that deButts' 75% figure and the group's 60% figure are extreme examples that assume phone companies will lose nearly all of their toll and equipment revenues. But the frightening numbers have been effective, so far, in lining up both Congressional and labor union support for the coming Capitol Hill test. The Communications Workers of America, which usually backs AT&T in regulatory disputes, as well as the International Brotherhood of Electrical Workers, want to support the legislation.

DATA IS NEEDED

Regulators believe that the claims of the telephone companies are exaggerated and resent being blamed for conditions they do not believe will come about. They fear the threats of rate increases may cause a consumer outcry that might have a devastating effect on Congress, where there is little knowledge of the complexity of the issues. While regulators believe that their decisions will lead to lower telephone bills, they are as hard put as the phone companies to come up with data to prove it. Historically, cross-subsidies between different services and equipment have grown with the telephone industry into an impenetrable maze that neither the phone companies nor the regulators can sort out.

The heart of the telephone industry's argument is that the revenues from long distance calling and from accessory equipment such as extensions and switchboards, help to pay for basic telephone service—particularly residential customers. Endangering such high-profit revenues, they claim, would result in higher phone bills. But the industry has not been able to prove its case with data that satisfies its regulators. For example, a current study by the New York State Public Service Commission contradicts the phone companies. It finds that basic telephone service subsidizes accessory equipment. As a result, the commission is requiring New York Telephone Co. to apply most of its rate increases to such equipment to rectify the inequity.

Sums up John Eger, of the Office of Telecommunications Policy: "There is simply no reliable evidence of any adverse impact from competition on local exchange rates, either now or in the future." Both Eger and the FCC's special AT&T trial staff insist that the telephone companies must alter their accounting procedures so that such things as cross subsidies and intercompany transfers of toll revenues are subject to reasonable audit.

Shared revenues between AT&T and the independents are vital to cover local phone system service costs. Some independent telephone companies depend for as much as half of their total revenues on the cut of long distance toll revenues they receive from AT&T Long Lines. But such "toll settlements" are reached by arbitrary formulas or individually negotiated contracts. In 1973, according to the FCC's trial staff, fewer than 10% of the more than 200 toll settlement agreements then in effect were audited.

In a kind of Catch-22 argument, the telephone companies say their toll agreements are always approved by the regulators and claim their accounting is unique because the regulators demand that they use the Uniform System of Accounts, a system that has not changed significantly since the turn of the century. Yet both regulators and phone companies agree that the uniform system is not equipped either to handle the systemic and technological changes that have occurred or to adapt to modern computerized auditing and accounting practices. "It is a dilemma," admits the OTP's Eger.

Eger, who has watched the regulatory scene heat up since 1968, when the FCC began to approve competitive participation in the telecommunications industry, is convinced a new era is beginning that will be very different from the first 100 years of the industry, when it was essentially building a universal basic service. He quotes from a 1974 speech by deButts: "The second century of the industry is going to have to be devoted not to further extension of basic service—that job has essentially been done—but to the searching for and satisfaction of a wide diversity of new service demands." Says Eger: "That's a job for which market competition is better suited than monopoly."

BATTLE JOINED

In Washington, few think Congress is prepared to debate the issue of monopoly or competition in the new communications environment. Congress has seldom shown any more interest than a cursory look at the FCC, and those looks have generally been more concerned with regulation of broadcasting than the quiet and complex workaday problems of telephone regulation. But soon the battle will be joined. Says AT&T's deButts: "However these matters are eventually resolved, the Bell System will accommodate itself with good grace to the public's decision."

At this point, no one can predict how Congress will react. But when it comes to the hard choice between monopoly and competition some strange bedfellows can pair up. FCC watchers remember that Chairman Dean Burch, a conservative Republican, and Nicholas Johnson, perhaps the most liberal Democrat ever to occupy a commissioner's office, never agreed about anything political, but they voted alike when it came to favoring competition over regulated monopoly. If the same liberal-conservative pairing happens in Congress is it did in the FCC, the coming debate could turn into deButts' last stand.

SRI LANKA ANNIVERSARY

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. McCLOSKEY. Mr. Speaker, I would like to take this opportunity to honor the fourth anniversary of the founding of the Republic of Sri Lanka on May 22, 1972. This event is particularly appropriate in our own Bicentennial Year since Sri Lanka and the United States share a common heritage of democracy.

Before the next Republic Day is celebrated in Sri Lanka in 1977, the country will have its seventh opportunity since regaining its independence in 1948 to elect by the free exercise of adult universal franchise, a new government.

The warm relationship between Sri Lanka and the United States is a hopeful sign for the growing interdependence between developed and developing nations which must exist if we are to maintain peace throughout the world.

In August of this year, Sri Lanka which has long been a leader in the group on nonalined nations will host the fifth nonalined Summit Conference—the first time such a summit has been held in Asia. The meeting which will be a focal event in the third world will be attended by the leaders of over 80 nations and will take place in the Conference hall dedicated to the memory of the late Prime Minister Mr. S. W. R. D. Bandaranaike—the architect of Sri Lanka's nonalined foreign policy—and will be chaired by his widow, the present Prime Minister, who has had the distinction of leading Sri Lanka's delegation at every nonalined summit meeting since 1961.

Sri Lanka's reputation for international diplomatic leadership has been recognized by the election of Shirley Amerasinghe as president of the 150-plus nation United Nations Conference on the Law of the Sea.

President Amerasinghe's quiet and patient leadership is credited with a substantial part of the progress made by the recent New York session of the conference, and in particular, for the new single negotiating text on dispute settlement.

Likewise, the work of another Sri Lanka diplomat, Chris Pinto, has provided a major contribution to the deep seabed mining portions of the treaty.

If the world is privileged to finally achieve a comprehensive LOS Treaty next year, the Sri Lanka contribution may well turn out to be as great as that of any of the participating nations.

As a developing country, Sri Lanka has been buffeted by the worldwide inflation and catastrophic consequence of the increases in import prices. Nevertheless, heroic efforts are being made to achieve a viable economic structure and the recently concluded land reform was a milestone in this direction. This measure asserted the economic independence of the island, and the sense of moderation displayed in the compensation negotiations that were finalized is an object lesson for the rational dialog that is possible between developed and developing countries. Another major achievement has been the inauguration of a gigantic multipurpose river diversion project whereby the waters of Sri Lanka's longest river, the Mahaweli, will be diverted into the arid dry zone of the country. State I, project I of the massive multimillion-dollar project has been completed. The country has commenced the construction of a urea fertilizer plant and Kellogg International Corp. of the United States has won the contract for this $92 million project which will provide the full requirements of urea for the agricultural sector of Sri Lanka. Sri Lanka is also exploring for oil and Pexamin Pacific, Inc.—a group of companies operating in the United States, Europe, and the Pacific regions—have been appointed as consultants to provide the necessary expertise.

Sri Lanka's social and economic development has been distinguished by a dramatic decrease in the rate of population growth. In 1974, the figure for the increase of population was as low as 1.6 percent which must surely be a record for developing countries. The finance minister in the budget which he presented in November 1975 signaled the emergence of strongly pragmatic policies, asserting a role for the private sector and welcoming the infusion of foreign private capital into the economy of Sri Lanka. A foreign investment law and the creation of a foreign investment authority to give legal form to the inducements for foreign private capital are being formulated. Sri Lanka is strenuously pursuing her objective of achieving economic development together with greater equality in the distribution of income. The share of the income of the poorest 40 percent of inhabitants has risen since 1963 from 14 to 19 percent in 1973. Correspondingly the share of income received by the top 10 percent has declined from 37 to 28 percent during the same period.

The United States continues to be an important donor of development assistance to Sri Lanka and in 1976 an agreement was signed under Public Law 480 for the sale of 100,000 tons of wheat flour to Sri Lanka. Trade between the two countries in 1975 expanded with imports by the United States increasing by 15 percent and U.S. exports to Sri Lanka increasing by over 69 percent. Sri Lanka also continues to be a popular tourist resort by virtue of its unique beauty. In a recent birthday message to Mrs. Sirimavo Bandaranaike, the Prime Minister of Sri Lanka, President Ford said:

> Under your distinguished leadership Sri Lanka continues to play an important and constructive role within the family of nations—underscored by the fact that Sri Lanka will be host this summer to the Non-Aligned Summit Conference. Your birthday provides a welcome occasion to reiterate my personal satisfaction and that of the American people with the friendship and cordial relations that exist between our two democracies. I have every confidence that this friendship will continue to prosper.

I am pleased, Mr. Speaker, to add at this point my own warm personal regard for Sri Lanka's Ambassador to the United States, the gracious and distinguished Neville Kanakaratne.

Together, may the friendship and economic interdependence between our two nations continue to assist the world's search for peace under world law and a decent respect for the rights of individuals.

ROLE, REQUIREMENTS, AND POSITIONS OF THE U.S. NAVY TODAY

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. WHITEHURST. Mr. Speaker, I have a transcript of remarks made by Adm. James L. Holloway, the Chief of Naval Operations, before the Navy League National Convention in Boston on May 21, which I respectfully submit for the RECORD. Admiral Holloway's address concisely discusses the role, requirements, and position of the U.S. Navy today, and should be of interest to my colleagues:

It is a great pleasure for me to be here with you tonight at this National Convention of the Navy League of the United States. It is fitting, I think, that in our nation's Bicentennial year, we meet in Boston where so much of the American Revolutionary movement began.

Since pre-Revolutionary days, Boston has been a city closely tied to the sea. This was the site of my first active duty as a naval officer as it has been a duty station for so many of our career personnel over the years.

Tonight I am going to talk to you about the Navy, taking up where the Secretary of the Navy left off. To understand the Navy one must first put into perspective our total national defense needs.

There is consensus that U.S. military capability and strength today can be described as "sufficient." That is, we have "rough equivalence" to the Soviet Union and this essential equivalence is the foundation we must maintain.

However, the trends of the past 5–10 years are adverse with respect to the military balances. No one chart or statistic can provide the complete picture—but a sweeping look at resources, procurement, research and development, construction, and force levels can make clear what has taken place.

The facts drive one to the inevitable conclusion that the U.S. must act now to arrest these adverse trends, by providing real increases for national security. Unless we act the United States will find itself in the position of having to alter its policy of maintaining rough equivalence with the Soviet Union. I share the conviction of the President and the Secretary of Defense that the American people are not willing to accept a policy of inferiority.

Our National Defense Policy and Defense Budget for the coming fiscal year reflect the deep concern of our nation's leaders for the security of our country. They are advocates of strength, and deterrence through strength is the heart of our defense strategy.

I don't believe there is any question in the minds of responsible persons, that the United States needs a Navy. But there is debate centered around what kind of a Navy, and how large.

The mission of the Navy is to conduct prompt and sustained combat operations at sea in support of our national interests.

To carry out this mission the United States Navy needs ships, aircraft and people. It needs ships and aircraft individually capable of coping with the weapons systems technology that they may face in future battle, and competent and professional people who can maintain and operate those ships and aircraft to the limit of their design capabilities. We must have enough of those ships, aircraft and people to constitute a fleet, which, in coordination with our other services and in combination with our allies, can defeat the total maritime forces of our potential adversaries.

At no time since World War II has the role of the United States Navy been more important to our national defense than it is today. The military strategy of the United States is a forward strategy. It is overseas oriented, driven by basic geopolitical considerations. There are two superpowers, the United States and the Soviet Union. The Soviet Union dominates the Eurasian land mass. Her allies, the WARSAW PACT nations, are contiguous to her western border. Her principal adversaries, the People's Republic of China and NATO Europe, lie on her flanks, adjacent to her borders.

The Soviet Union can defend itself, support its allies, or launch an attack against its principal opponents without ever having to cross a major body of water.

In contrast, the United States is characterized by its insular position on the North American continent. We have only two international borders and not a potential enemy on either one. One of our states, all of our territories, and forty-one of our forty-three allies lie overseas. This forward strategy can be described as one in which we use the oceans as barriers in our defense, and as avenues for extending our influence abroad to those areas around the world in which we have vital national interest.

A forward strategy requires two things, allies and overseas forces—forces deployed to protect our allies and deter potential aggressors.

The Navy's role in this strategy is twofold—to provide components of these overseas forces such as the Sixth Fleet in the Mediterranean and the Seventh Fleet in the Western Pacific and Indian Ocean; and to protect those essential sea lines of communication between the United States and its deployed forces, between us and our allies, and between the U.S. and those areas of the world vital to our national interests, such as the Persian Gulf and South America.

To carry out these responsibilities our fleets must be offensively powerful enough to defeat the enemy forces routinely present in their theater of operations, strong enough to defend against attacks by long-range aircraft, able to project power ashore in support of our allies and our forces, and our fleets require a high degree of logistic independence from overseas bases.

A balanced fleet is necessary to give our Navy these capabilities. There must be balance among types: carriers, surface combatants, submarines, amphibious forces, and support ships. There must also be, within a constrained budget, balance between those very capable multi-purpose ships such as carriers and cruisers, which are relatively expensive, and the single-purpose vessels which, being less costly, can be procured in larger quantities and so provide our fleet with the density of force it needs to be effective on a world-wide basis.

As I have said, I believe there is little disagreement in these basic premises upon which the naval requirements for the United States must rest. The debate lies in the translation from these naval requirements to the military characteristics, or the designs of the specific ships and aircraft, and the number of these which should comprise the operating forces. As in any debate there are two sides. And in the course of this debate, myths have been generated which require a rational response. I think there is no better time or place than this occasion to confront mythology with reason.

There is a myth that the United States Navy as a matter of policy has emphasized its power projection role to the detriment of its sea control responsibilities. In reality, power projection is an essential part of sea control. Our power projection forces consist of U.S. Marines embarked in Navy amphibious shipping to constitute the nation's only major capability for injecting U.S. ground forces into a hostile environment in an opposed amphibious operation. The second main form of power projection resides in the capability of our carrier-based aircraft to strike targets more than 500 miles away from our task forces with a variety of weapons, conventional or nuclear. The use of carrier aircraft and Marines in the projection of military force can be an absolute requirement in insuring our control, or continued safe use of areas of the high seas essential to our national needs. Long range air strikes contribute significantly to our ability to control the seas by destroying enemy warships at their home bases or enroute to those ocean areas which we desire to protect, before the enemy forces come within range of our own. Marine amphibious forces, supported by carrier air, can seize and hold land areas either to deny them to the enemy for their use in interdicting our sea lines of communication, or to permit our own forces to exploit these areas as advance bases to attack enemy forces which would interdict our own.

This function of power projection as a major component of the Navy's responsibility for controlling the seas is clearly reflected in the assigned functions of the Navy, which are to "seek out and destroy enemy naval forces . . . gain and maintain general naval supremacy, to control vital sea areas and to protect vital sea lines of communications, to establish and maintain local superiority including air in an area of naval operations, to seize and defend advanced naval bases, and to conduct such land and air operations as may be necessary to the prosecution of a naval campaign."

It is interesting to remember that the island hopping campaigns in the Pacific in World War II were not to acquire real estate, but for the sole purpose of seizing advanced bases to gain control of the sea approaches to the recovery of the Philippines and the invasion of Japan.

There is a myth which states that the U.S. Navy's operational concepts are defensively oriented, citing the emphasis on fighter interceptors on our carriers, and surface-to-air missiles on our surface combatants. It is suggested that these aircraft, missiles and ships exist for the sole purpose of "defending the carrier". In reality, these fighters are for the purpose of destroying enemy aircraft or cruise missiles attacking any friendly ships, combatant or commercial, U.S. or allied. The fact that our carrier based fighters are able to effectively intercept targets more than 500 miles away make them effective in destroying hostile threats to friendly forces over large areas of the ocean's surface. The surface-to-air missile systems, such as the AEGIS controlled standard missile incorporated in the design of the strike cruiser and guided missile destroyers, is an area weapon which can intercept and destroy enemy aircraft and cruise missiles, protecting all friendly ships within the envelopes of its effective range. The tactical doctrines of the U.S. Navy emphasize the adage, "the best defense is a good offense." We defend the convoys, amphibious forces, ASW groups, and striking forces by destroying enemy surface ships, aircraft and submarines which have the capability to attack friendly forces at sea. A defense designed and calculated to destroy hostile launch platforms contributes to the overall war fighting objectives of our strategy by destroying the enemy's military forces through which he would wage war.

There is a myth that states that the Navy is concentrating its efforts on the construction of the complex nuclear powered ships, which, because of their expense compares to their conventionally powered counter-

parts, will reduce the total number of ships available to the Navy in a limited budget.

In reality, the Navy's policy for the new construction of nuclear powered warships is straightforward and designed to support a limited but fundamental exploitation of the advantages of nuclear propulsion within the overall requirements of our naval strategy. This policy states that all submarines should be nuclear powered, because with nuclear power the submarine attains the ultimate capabilities of the true submersible. Among surface conbatants, only carriers and cruisers should be nuclear powered, and only enough of these to constitute a strategically significant segment of the U.S. operating forces. This would amount to five or six all-nuclear powered task forces, each consisting of a carrier, two to four cruisers, and one to three submarines. These all-nuclear powered task forces would have the ability to steam unlimited distances at high speeds, without the necessity to refuel, replenish or rearm, and arrive at a crisis point ready to conduct combat operations, for a sustained period of time, until the crisis was resolved, or conventional forces with logistic support arrive. Three of these task forces in the Atlantic Fleet for example would permit one to be forward deployed at all times, one to be combat ready based on the U.S. East coast, and the third all-nuclear task force in maintenance.

Our buildup toward this all-nuclear task force capability has been modest. The current Navy shipbuilding program includes only a total of three nuclear powered surface powered surface ships and about 50 conventionally powered surface combatants, including AEGIS destroyers and fleet frigates.

There is a myth that says that the U.S. Navy is outbuilding the Soviet Navy. In reality the situation is this: in the past fifteen years since the Soviet Naval buildup began, the Soviets have delivered to their fleet a total of 1,312 naval vessels and logistics ships. During this same time the U.S. Navy has delivered a total of 326 new ships.

If all the ships constructed over the past fifteen years for the navies of the Soviet Union and the United States are compared, regardless of size, mission, or type, the Soviet Union has clearly produced more ships at a greater dollar cost. However, if from that total list certain categories of ships are selected over specified time frames, for example surface combatants over 3,000 tons constructed between 1970 and 1975, then different stories can be told in each case depending upon the data and the criteria used. What I'm pointing out is that it is easy to manipulate this data to confuse the real issue.

A second point to be made is that the United States is not engaged in a shipbuilding race with the Soviets. What we are determined to do is to maintain maritime superiority in the face of Soviet expansion. Shipbuilding is a part of this. But the strategies of the United States and the Soviets differ. We need one kind of Navy, and they need another. We are each procuring the kinds of ships required for our own particular strategies. Therefore it is not so much who has built the most ships of what kinds, as it is how capable a Navy each of us has to do a particular task. Our analyses indicate that unless we devote more effort to our own Navy, the upward trend of Soviet maritime expansion is going to place our maritime superiority in jeopardy within the next decade.

There is a myth that says the day of the carrier is over. That, like the battleship, it has outlived its usefulness. The realities of the situation are this. The carrier represents airpower at sea. Manned aircraft remain an essential and irreplaceable part of the military force structures of all our services.

Naval warfare includes many subsidiary warfare tasks, and naval aviation is a major contributor in a number of these. Aircraft are used in an anti-air role to shoot down hostile aircraft and cruise missiles; in an anti-surface warfare role to attack hostile surface ships with bombs and missiles; in an ASW role to detect, localize, and attack submarines; and in mine warfare to implant mines or to conduct mine countermeasures operations. Aircraft have the prime responsibility for early electronic warning of hostile air and surface targets. Aircraft are prime platforms for intelligence gathering through photography and signals intelligence.

There is a myth that says we should build no more carriers because they are vulnerable. In reality carriers are vulnerable, but carriers are the least vulnerable of any surface ship afloat. With its extensive compartmentation, protection, armor, and damage control facilities it is designed to take punishment and fight on. But much more important, the carrier, with its aircraft, reduces the vulnerability and improves the survivability of all surface ships, including itself, the accompanying surface combatants, the tankers, ammo carriers and troop ships.

It has been suggested that because of its large size, a carrier is an easy target for a guided missile. With today's guidance techniques, that provide virtually no miss distance for guided missiles, no vessel on the high seas can escape the effect of such accuracy. But where a single warhead would sink or disable a smaller ship, the carrier can absorb these blows and fight on.

So the carrier is not only the least vulnerable of all surface ships, but also its very presence reduces the vulnerability of the merchant fleet, the protection of which is raison d'etre for our Navy. As long as we are determined that we are going to move people and resources across the oceans, then we must be prepared to protect them. If in our efforts to protect these vital lines of communication, we lose some ships—merchant and combatant—then so be it. But we must try to protect those ships, otherwise we are defeated before we begin.

In this debate concerning the size and composition of the future Navy, I consistently attempt to relate the composition of the fleet to the needs of the nation, in terms of the force structure that is required to enable the Navy to carry out its responsibilities within the national military strategy. That national strategy is today an overseas-oriented concept. The Navy's principal responsibility within that strategy is to make secure the sea lines of communication so vital to the United States and its allies. To carry out these responsibilities the Navy must be able to control the sea. Not all the seven-tenths of the world surface covered by the oceans, all at one time, but those selected areas of the sea through which we want our friendly forces to pass unharmed. To accomplish this we must have forces that can meet and defeat the total threat which a potential enemy could bring to bear against us.

We know that the Soviets are steadily improving their capability to conduct warfare at sea in open ocean areas, far from their homeland, in all three dimensions: above, on and below the surface. They have a growing force of supersonic naval aircraft capable of delivering air-to-surface missiles against our surface ships over vast areas of the ocean. They are continuing to build large ocean-going, long range surface combatants equipped with anti-ship missiles, and are now completing their third aircraft carrier. And the Soviets continue to produce large numbers of modern nuclear powered submarines of varied advanced designs, many of which are capable of launching anti-ship missiles while submerged.

Our Navy must be able to fight against this array of weapons systems and win. We cannot make the mistake of overemphasizing any single area of our naval capability. To do so would simply invite the enemy to exploit an area of neglect. We must also be prepared for conflict situations which involve aircraft, surface ships and submarines simultaneously. Experience has shown that is the way that wars are most effectively fought.

The response to this maritime challenge must be to build a superior fleet of balanced forces. We cannot build only carriers because these multi-purpose ships are too expensive to be procured in the quantities required for our global responsibilities. We cannot build only submarines because, although they have no equal in those tasks for which they have a capability, they are nevertheless incapable of doing everything, such as protecting convoys from air attack or providing support to Marines in assault landings. We in the Navy feel that our shipbuilding programs achieve the proper balance among our force types, and between the powerful, expensive, and nuclear powered units and the single purpose less expensive, and more procurable smaller ships.

Debate is healthy, and I welcome this opportunity to clarify the issues. But we must get on with building a fleet. And we must recognize that numbers of ships are only part of the answer. We must have the requisite numbers of individual ships which in themselves have the inherent military characteristics which will in aggregate give us a total maritime force which will permit the United States to carry out its national military strategy.

To maintain an overall level of rough equivalency with the Soviet Union, the United States Navy must maintain its seapower preeminence. The naval programs before the Congress as a result of the President's decisions will maintain that slim edge which the United States Navy now enjoys. I think it is our responsibility as American citizens with an understanding of seapower, and an awareness of the issues, to do our part to insure that we do not now or in the future vacate our position as number one in terms of maritime superiority.

I welcome your involvement and I value your support.

VETERANS' AFFAIRS

HON. JAMES V. STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. JAMES V. STANTON. Mr. Speaker, I believe our Nation should treat each person who has served in the Armed Forces in a very special way, for these men and women answered the country's call to perform one of the most difficult jobs in the world: A job unusually strenuous and demanding, often requiring prolonged separation from loved ones, risking injury, or death. While the United States has traditionally honored veterans, the fact is that in terms of jobs, health care for the injured and ill, and financial aid for the disabled and aged, the veterans of today often do not receive their due.

Unemployment among veterans should be less than the rate of unemployment generally, yet young veterans age 20 to 24 suffered an unemployment rate in 1975 of about 20 percent, more than double the national rate. Aged and disabled vet-

erans should be better off financially than the population as a whole, yet 24 percent of the families receiving a VA pension have incomes below the poverty level of $3,410, as compared to the national percentage of 5.4 percent. In large measure, the Government's failure to provide adequately for the veterans is due to the callous, penny-pinching attitude of the current and past administrations, combined with a public desire to forget about tragedies like Vietnam. As a Member of Congress, I have over the past 5 years given my full support to measures to grant veterans the assistance they need and deserve, and I will continue to do so.

THE RECORD

EDUCATION

To the young veteran, there is perhaps no program more important than the GI educational benefits. Speaking for myself, I know that without these benefits I would not have been able to complete my education after leaving the Air Force in 1954. Thus I voted for the landmark 1974 legislation increasing the educational benefits by 22.7 percent, and the benefits for on-the-job training and vocational rehabilitation for the disabled by 18.2 percent; extending the period of entitlement for undergraduate work from 36 to 45 months; and extending the time in which the benefits could be used from 8 to 10 years after the date of departure from the service. Congress had cast aside the administration proposal for an 8-percent benefit raise, and so Mr. Ford vetoed the bill, saying it was too costly. I joined with overwhelming majorities in both Houses of Congress to override the veto. I also voted against the Ford proposal to end the benefits program for all who were to enter the service after December 31, 1975.

HEALTH CARE

I voted for the 1973 Veterans Health Care Expansion Act, which requires the VA to staff and maintain enough hospital beds to admit all eligible veterans in need of care, and to double the number of VA nursing home beds. Enactment of this legislation came in response to policies imposed on the VA by the President's Office of Management and Budget which had resulted in nearly half the veterans applying for care having their application rejected. The act was also intended to insure there would be no repeat of President Nixon's 1972 freeze on hiring by the VA, which had a disastrous effect on the quality of care in VA hospitals. The act also extended outpatient care privileges to those veterans currently eligible for hospital care, so that those requiring treatment short of hospitalization were covered. Enactment of this legislation would have come a year earlier, but for the pocket veto of Mr. Nixon in 1972.

In recognition of the serious problem of drug addiction among those who served in Southeast Asia—a House investigating committee estimated that as many as 1 in 10 servicemen had become addicted to heroin—I supported establishment of a special VA program to assist in rehabilitation.

In addition, to assist disabled veterans, I voted for bills approved by Congress to cover their cost in traveling to facilities for vocational rehabilitation, counseling, and health care, and to provide them a grant of up to $3,300 to pay for special equipment they require for their automobiles. Regretfully, Mr. Ford pocket-vetoed the bill for travel expenses.

DISABILITY COMPENSATION AND PENSIONS

I voted for every one of the bills to provide cost-of-living increases in the rates of service connected disability and dependency and indemnity compensation, and the rates of non-service-connected disability pensions. In the bills enacted in 1975, Congress rejected the Ford proposal to limit the benefit increase to 5 percent and enacted instead an 8-percent increase in the pension rates, and an increase of 6 to 10 percent in the rates of compensation.

JOBS

Both the public service jobs program, under which 300,000 unemployed persons have been hired by State and local governments to perform needed community service jobs, and the comprehensive manpower training act include provisions requiring that a maximum effort be made to produce jobs and job training for veterans. I fully supported both measures.

HOUSING

In order to help veterans own their own home, I supported the Veterans Housing Act of 1974, which raises the maximum level of mortgage loans guaranteed by the VA from $12,500 to $17,500, and increases the maximum grant for specially adapted housing for disabled veterans from $17,500 to $25,000.

WHAT NEEDS TO BE DONE

JOBS

Veterans will not receive the job opportunities they deserve until the Federal Government becomes an energetic partner with them in seeking out employment and arranging for appropriate job training. In order that each veteran will have individual attention and guidance, I call for the establishment in the Department of Labor of an Office of Assistant Secretary for Veterans' Employment, which would provide job counseling and employment services, and strive to improve working conditions for veterans, particularly the disabled.

OVERHAUL THE PENSION SYSTEM

The serious flaws in the non-service-connected disability pension system are obvious. A substantial number of pensioners live in poverty, while some receive a pension even though their spouses have an income exceeding $20,000. The strict limits on outside income imposed on the veteran himself means that a slight increase in his income can result in a sharp drop in the pension. Due to the social security increase of last year, on January 1 of this year 655,000 pensioners who receive social security suffered a decline in their VA pension averaging $82. Comprehensive reform of the system, to guarantee that each pensioner will have an adequate income, and that the bulk of the assistance will go to those most in need, is necessary. A bill to reform the system, including establishing an income floor for each eligible veteran—$2,700 for a single pensioner and $3,900 for one with a dependent—is now pending in Congress, and it has my complete support.

EDUCATION

The educational benefits program must be continued, with the payments being increased periodically to meet the skyrocketing cost of higher education. The extra 9 months of benefits provided by the 1974 act are restricted to undergraduate work. This restriction should be removed, so that veterans choosing to seek a graduate degree may do so. Finally, the 10-year expiration date for use of the benefits should be removed. These benefits should be available to a veteran whenever he or so chooses to use them.

HEALTH CARE

New, comprehensive legislation to end overcrowding and understaffing in VA hospitals and other facilities must be enacted. This legislation should include efforts to attract more doctors, nurses, and technicians; recognize alcoholic and drug dependency as diseases that the VA generally may treat, and providing funds for this purpose; and offer counseling to veterans and their families to help with difficult adjustments from military to civilian life. In addition, complete preventive health care services should be extended to more disabled veterans. Isolating and treating medical problems in their early stages may prevent costly hospital care later on.

SPENT FUEL STORAGE AT COMMERCIAL NUCLEAR POWERPLANTS: A SERIOUS PROBLEM

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. FASCELL. Mr. Speaker, the energy crisis is still upon us. It has not simply faded into the background. Finding practical and inexpensive alternative sources of energy remains a powerful challenge to our Nation's scientists and leaders.

Nuclear energy is one of many such alternatives. It has deservedly received great attention and merit as a viable power source for the immediate and distant future.

While the potential of nuclear energy as such a source is attractive, there are nevertheless many attendant problems which deserve to be looked at: uranium enrichment, safety and design problems of nuclear powerplants, and problems dealing with the backend of the nuclear fuel cycle—the fuel recycling process—including spent fuel storage, reprocessing, and waste management in general. It is the latter which is especially important, namely, spent fuel storage and reprocessing. Serious policy questions will have to be decided by both the Energy Research and Development Administration and the Nuclear Regulatory Commission concerning these issues.

The problem of waste management is one which has concerned me for some

time. The Conservation, Energy, and Natural Resources Subcommittee of the House Government Operations Committee, of which I am a member, has held hearings on low-level radioactive waste disposal. Future hearings are planned on the disposal of high-level radioactive wastes.

The difficulties surrounding the storage of spent fuel while the Nation's three commercial reprocessing facilities are unusable is another problem of great concern.

At present, some spent fuel is being stored at the reprocessing plant in Morris, Ill. Other quantities of spent fuel are being stored at the commercial reactor sites themselves by the utilities. There is now no real problem. However, we must look to the not-so-distant future when nuclear powerplants will be accumulating more and more waste.

In order to accommodate their needs, the utilities will be forced to store their powerplants' increased spent fuel at the reactors, which have limited storage space. In about 10 years, space for storage at the nuclear powerplants will be severely limited. To provide for extra space, plants will have to increase their capability for storing spent fuel.

This is a difficulty now being faced head on by the Florida Power & Light Co., an electric utility in my district, as well as all nuclear powerplants across the country. Florida Power & Light, with admirable foresight, is now making plans to increase its storage capacity at its Turkey Point nuclear powerplant in order to handle its projected increased spent fuel. This is an encouraging step in the right direction.

However, there are adverse effects from this unfair burden to the utilities. Among those are: First, corrosion in the storage pools and keeping the radioactive material from "going critical;" second the problem of the transportation of the material to the reprocessing plant after storage at the reactor; and, most importantly, third, the potential increased cost of storage and plant expansion to the consumer.

That the cost to the consumer for this process will undoubtedly increase his utility bill is well recognized by the Nuclear Regulatory Commission.

I am glad to see that some progress is being made toward a possible solution to the storage problem. The NRC is preparing a generic environmental impact statement regarding the storage of spent fuel from light-water reactors. At the same time, they are continuing to act on license application for fuel storage, since they are aware of the adverse effects of this problem.

The Energy Research and Development Administration is also looking into the problem involved in recycling fuel. This agency is in the process of developing a plan for moving forward on reprocessing and recycling. This plan will be submitted to the Joint Atomic Energy Committee when ready. Fuel reprocessing and commercial waste management research and development appropriations under the ERDA authorization bill have increased substantially and are receiving very high visibility.

As much progress as is being made toward finding solutions to the problems of spent fuel storage and reprocessing plants, it is not enough. It is moving with the pace of a snail, while the building of nuclear powerplants is moving with the speed of sound. Some solid, substantive answers need to be provided to these complex questions before our nuclear energy program progresses at too great a speed.

Mr. Speaker, I would like to call to the attention of our colleagues an enlightening article from the Miami Herald concerning these subjects, written by Mike Toner. The article comprehensively analyzes the situation and provides a complete up-to-date report on the status of these critical problems. I think it would be of benefit to our colleagues to read the article:

SPENT FUEL CROWDING NUCLEAR PLANTS

(By Mike Toner)

Nuclear power plants, originally designed to store their fuel for only a short time after it is used, unexpectedly are becoming the repositories of large volumes of the nation's radioactive wastes.

As a result, many of the country's utilities and their customers will soon be bearing the costs—the risks—of storing a mixture of reusable uranium and long-lived wastes that they would rather not have at all.

Instead of being shipped away for reprocessing as planned, the used—but still highly radioactive—fuel discharged each year by nuclear reactors is accumulating in water-filled storage basins at power plants around the country.

Delays in the start-up of commercial fuel reprocessing plants could force many utilities to keep it there for a decade or more.

One of the three plants has been shut down since 1972 for extensive modifications. Another won't work. And the third, still unfinished has been plagued by regulatory and economic uncertainties.

But storage space is limited, and because a reactor must unload one-third of its fuel each year, the growing glut of spent fuel has confronted some utilities with a choice between expanding their storage or shutting down the plant.

At least nine reactors, including one of Florida Power and Light Co.'s units at Turkey Point, already have run out of room to discharge a full "core" of fuel—a reserve storage capacity that most operators prefer to maintain in the event it is necessary to completely empty the reactor for inspection.

Without increased storage, industry officials have estimated that 12 reactors would be unable to unload any fuel—and consequently to refuel—by the end of next year.

Operators of 22 reactors already have asked the U.S. Nuclear Regulatory Commission to approve their plans for increased storage. Work on six expansions hase been authorized.

FPL has asked for approval of a $4-million program to triple within the next 18 months the amount of fuel it can store at each of the Turkey Point reactors. Additional requests from the utilities are expected soon. Almost all of the country's 60 licensed reactors are expected to face storage difficulties within the next eight years.

Most of them have no choice. Except for limited space at the reprocessing plants themselves, there is no other place to keep the 20 to 30 tons of spent fuel that each reactor produces each year.

Utilities generally look upon the need to store more spent fuel as an inconvenience rather than a serious problem—but it is an inconvenience that their customers will share.

The cost of expanded storage will range from $1 million to $3 million for each reactor.

And as long as the fuel goes unprocessed, its owners will be unable to recover the value of reusable materials in it, estimated by one reprocessing company to be worth $10 million a year for each reactor.

There are other concerns too. The General Accounting Office has warned that spent fuel storage areas at nuclear power plants—usually located adjacent to the main reactor building—do not have "the same degree of physical protection as that provided to the reactor core," and are generally "more accessible and vulnerable to sabotage."

In its review of the security systems at nuclear power plants, the GAO concluded that increased storage of spent fuel at power plants also increased "the potential consequences of successful sabotage of the used-fuel storage facility."

And because the spent fuel is encased in bundles of metal rods that were never expected to be immersed in water for 10 years or more, the NRC is looking closely at the possibility that the fuel elements might begin to corrode after extended storage.

"There's no evidence of any problem yet, but we are researching it," says Richard Cunnningham, acting diretcor of the agency's Division of Fuel Cycle and Materials Safety.

At Turkey Point, the extended storage of spent fuel also has complicated a repair job.

Florida Power and Light Co. detected leaks in one of its spent fuel pits more than two years ago, before it began to fill it with fuel. The company didn't repair them because they were considered to be "minor."

But the leaks increased in size, and although they have been contained, actual repairs have been hampered by the presence of the spent fuel.

The possible need for utilities to store, at least temporarily, large quantities of their own wastes was recognized by the nuclear industry several years ago.

But it is only in recent months—since the full scope of reprocessing problems has become apparent—that the industry has been asking for, and getting, federal authorization to expand its storage.

Statistics gathered by both the government and the nuclear industry now show:

Growing numbers of reactors are turning out increasing amounts of spent fuel—almost 700 metric tons last year, an estimated 1,100 tions this year, and larger quantities each year in the future.

By 1980, the accumulation of unprocessed spent fuel will total approximately 9,500 tons—about the equivalent to the fuel and wastes from 300 reactor-years of operation.

But under the most optimistic expectations, only one of the country's reprocessing plants will be in service by then, and its capacity won't even match the amount of spent fuel discharged in that year alone.

As a result, the backlog of spent fuel is virtually certain to continue growing.

"Reprocessing capability probably will not catch up until sometime in the mid-1980s," explains Cunningham, "In the meantime, someone is going to have to store spent fuel."

The big question is how much for how long?

"It is prudent for utilities to plan to store spent fuel at least until the 1984 to 1985 period," says Dr. J. P. Cagnetta, chairman of the Atomic Industrial Forum's task force on the problem and director of nuclear engineering for Hartford-based Northeast Utilities.

Cagnetta's own company, however, is hedging its bets. It is preparing for the possibility that it might have to provide its own storage into the 1990s.

Even for that length of time, he says, that the cost of added storage—when compared to the $1-billion-plus price tag of a nuclear power plant—is insignificant.

The answers, however, ultimately depend on the resolution of a growing list of eco-

nomic regulatory and technological problems that face the reprocessing industry—and few in the industry claim that those are insignificant.

The country's first reprocessing plant, located at West Valley, N.Y., has been closed down since 1972 for safety improvements and expansion. Because of changes in the NRC's regulations and an anticipated two-year wait for a federal construction permit, it isn't expected to be back in service until 1982 or later.

A second plant, built by General Electric and based on a commercially unproven process, may never open. The company says the $64-million plant it built near Morris, Ill., is "not reliable enough to make economic operation feasible."

Construction of the newest and largest nuclear fuel reprocessing plant is now nearly 95 per cent complete, but the venture still faces protracted hearings on its operating license, a lawsuit over possible releases of radiation, and still undetermined government regulations for the handling of its waste products.

The plant, built by Allied-General Nuclear Services at Barnwell, S.C., was scheduled to start up this year. It is now scheduled to begin operation in 1978, but could be delayed for several more years.

At least for the next few years, utilities will find it relatively easy to provide the necessary storage. There is adequate physical space in the storage basins; it's simply a matter of packing the fuel elements closer together.

But because the fuel elements are still radioactive, they will have to exercise care to see that the self-sustaining nuclear reaction which occurred inside the plant doesn't resume in the storage basins.

At most power plants today, the distance between the fuel elements and the boron in the water that surrounds them helps keep the spent fuel from "going critical" again.

But as the fuel is packed closer together, it will become necessary to install neutron-absorbing metal plates—similar in concept to the controls in a reactor core—to prevent the resumption of the chain reaction.

Those, however, are the problems of short-term storage, ones that the nuclear industry is confident it can handle. Long-term storage is a more complicated matter.

If necessary, utilities could expand the size of their basins, but that would cost far more than merely packing fuel elements closer together in the same space, an estimated $30 million or more per reactor.

They could, if necessary, shuffle fuel from reactors with little space to reactors with more storage space—but that would only postpone the point at which they all filled up.

Several utilities could team up to build separate, free-standing storage basins, but that would be equally costly and the fuel would eventually have to be moved to a reprocessing plant anyway.

The reprocessing plants could expand their storage, but they are openly reluctant to accept large amounts of spent fuel until they are sure they'll be able to reprocess it.

General Electric, for instance, recently decided to more than double its storage at Morris, Ill., but has shelved plans for a further expansion from the now-authorized capacity of 300 tons to 750 tons.

And Allied-General officials say that although the storage basin at their South Carolina plant is now almost ready to accept fuel, they may not make it available until the rest of the reprocessing operations are assured.

The government doesn't want it either. Officials say there are no facilities for the storage of commercial nuclear fuel at any of the federal installations.

The Government has, however, agreed to do what it can to ease the unexpected burden of providing extra storage.

To expedite the matter, the NRC has agreed to approve storage increases even before it completes the required environmental assessment of its actions.

Six expansions, in fact, already have been approved, although the draft of the agency's environmental impact statement won't be out until August and probably won't be in finished form for six months after that.

"We don't feel that, in terms of the environmental impact of our actions, we are making any decisions that are irreversible," says NRC's Cunningham.

The only thing that appears to be irreversible is the continued accumulation of spent fuel.

And both the nuclear industry and some of its sharpest critics agree that the continued construction of new storage space for it is really no solution at all.

"The real key to solving the spent fuel problem is for the country's reprocessing capability to keep up with the amount of spent fuel produced," explains Cunningham.

WOODY NORRIS, OF COURSE

HON. WILLIAM L. DICKINSON

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. DICKINSON. Mr. Speaker, on May 17 there appeared an editorial in the Montgomery Advertiser, one of the papers in my district, lauding a young man, Woody Norris, for being selected as national president of the Distributive Education Clubs of America. I am a great supporter of distributive education and the work ethic which it inspires in young people, and I am certainly proud of Alabama's own native son, Woody Norris, for being selected to head this 124,000-member group.

Assistant Editorial Page Editor John Bitter wrote a very interesting and informative editorial about Woody Norris which I would like to share with my colleagues:

WOODY NORRIS, OF COURSE

(By John Bitter)

If national honors were awarded on enthusiasm alone, the Robert E. Lee High School DECA folks would most likely win each year.

It's downright inspiring to watch these Distributive Education students in action.

Not only do they do an excellent job in the clasroom, but they perform exceptionally well as workers.

And, on top of this, they are very active in civic projects, all of which is part of their course of study.

They're learning to become professionals in the fields of sales, marketing and distribution.

Therefore, they spend the first half of their school day in the classroom, the remainder on the job, working in local business establishments.

And in their scarce spare time, they're generally involved in some sort of outside endeavor: bringing cheer to the elderly, helping the less fortunate, and becoming involved in a host of other community endeavors—for this is exactly what they will be doing in later years as adult workers.

But what is most inspiring is the way they go about it all.

Indolence and sloth have no place in the DE environment. It's work, work, work. But at the same time, what's going on has all the outward appearance of fun, fun, fun. And it is both.

Well, enough of this.

These DE students in schools across the land are also members of what they call the Distributive Education Clubs of America (DECA).

And part of their club activities includes competition at the local, regional and national levels.

They vie for awards in a number of projects, including holding elective office.

Each school has DECA officers, as does the state.

They are elected by their peers, who can be extremely choosy about whom they pick for leadership positions.

Well, this year it finally happened.

One of Montgomery's own was elected as National DECA President.

Woody Norris, a senior at Lee, was elected to head the 124,000-member group at its annual convention in Chicago last week.

I know Woody, and am not surprised.

He exemplifies the spirit and enthusiasm of all DE students, both in Montgomery and Alabama, as well as across the land.

I'm happy for Woody, as well as for Mrs. Sara T. Parnell, the guiding light of Lee's DE program, and for his fellow students.

Woody has brought a signal honor to his school, and his state.

I'm sure we will be hearing more about Woody in the years to come.

And while Woody's just a typical DE student, his colleagues thought he was more typical than most.

A lot of us knew this all along.

THE PROMISE OF U.S. AFRICA POLICY * * *

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. RANGEL. Mr. Speaker, impatience and frustration are beginning to develop as the United States continues to invoke illusory promises in regard to African foreign policy. Political considerations are apparently preventing effective implementation of the positive change in our policy toward black Africa that was promised during Secretary Kissinger's recent visit. It is a delicate situation, Mr. Speaker but in this election year we are all awkwardly suffering challenges to the decisions we make every day in our capacity as elected officials. Meanwhile our dormancy toward an effective relation between the United States and Africa is bound to end in disastrous consequences if the administration does not emerge from its political straitjacket and send to the Congress specific legislative proposals to implement the policy recommendations made by Secretary Kissinger during his Africa trip. We cannot afford to allow other nations to fill in the gap given the social, economic, political and militaristic benefits that we stand to gain if the United States assert interests in the African nations as we have done with other countries.

At this time, I would like to share with my colleagues an insightful recapitulation of recent events in this area and a forceful appeal to the United States to take cognizance of these events so that we might choose the more effective route in implementing our Africa-United States relations. Herewith I submit "The Promise of U.S. Africa Policy * * *" au-

thored by our colleague Congressman ANDREW YOUNG and recently printed in the Washington Post:

THE PROMISE OF U.S. AFRICA POLICY . . .

(By Andrew Young)

Secretary Kissinger's trip to the African continent has generated tremendous impact. The conservatives of the President's party try to blame Ford's losses and Reagan's triumphs on Kissinger's Lusaka message; former diplomat George Kennan has reached into his cold-warrior bag of ready explanations to doomsay the Kissinger expedition; and liberals of both parties view the visit with suspicion and doubt.

There is now an image of southern Africa in flames, a holocaust of genocide against white lives and civilized values. Undoubtedly others from every corner—professors, politicians and media commentators—will soon jump on the southern African bandwagon to have their say.

But what did the Kissinger safari promise in its re-orienting of U.S. foreign policy toward Africa? We should not forget that just three months ago this country was bogged down in an African misadventure, Angola. Intervening on the wrong side, which had South African assistance, cost us a lot of black African friends and the consequences have not all been felt yet. The Cubans remain in Angola while the South Africans have left.

Angola is so haunting to our national psyche that we have yet to recognize the MPLA government. Against that background, Kissinger's efforts, however small, did begin a new era of at least minimal recognition of the importance of the Third World in U.S. policy. But what was really committed and how do the promises affect our nation's self-interest?

To me, the national self-interest is quite evident. Africa has immense mineral and other wealth upon which we will increasingly depend. Our economic future and Africa's growth will revolve on access to expanding markets as well as the availability of U.S. technology. Already our trade balance and investment volume on the African continent has shifted in favor of the black developing states as opposed to South Africa. According to the Department of Commerce, U.S. trade with Africa in the first half of 1975 increased at a much more rapid pace than our trade with the rest of the world. Nigeria, as one example, sells us her oil products and ranks sixth as a source of U.S. imports. Economics has always helped to determine politics in this country.

What seems apparent, therefore, is that the United States has agreed that whites in southern Africa cannot maintain privileged, elitist rule. This is a significant admission when one considers the Nixon-Kissinger "tilt" initiated in 1969.

There is no joy in this policy shift, only a confrontation with political realities. Angola was the hammer that struck this proper chord into place. The United States finally has deduced that there are no realistic alternatives to armed struggle, given our past refusal to be involved in diplomatic and economic approaches to pressure a political capitulation from Ian Smith. While Kissinger smiled on the Callaghan proposal, it was a throwaway. The British have never been able to do anything against Smith, but guerrilla warfare may drive him to the London constitutional table in a few months. The United States, Kissinger asserts, will remain pure in this period of struggle, unlike the Angola attempt. No arms to the liberation movements; whites will not be killed by American guns.

In addition, a commitment by the United States to South Africa has been publicly made. The already existing dialogue between Prime Minister Vorster and State Department policy-makers is now above board and clear-cut. Angola predicted this relationship, Kissinger confirmed it.

South Africa may be saved from massive turmoil and bloodshed if it does three things: force Smith to step down; set a timetable for Namibian self-rule; and abolish the cruder realities of internal apartheid. What is not said, of course, is what else South Africa then perhaps could count on from the United States: a lifting of the arms embargo; softer monetary policies in World Bank and IMF decision-making; extension of direct loans from the EXIMBANK; possibly recognition of the Transkei, South Africa's first Bantustan, for instance.

In the short run, armed struggle within Rhodesia's borders will increase. A few thousand whites will pack up and leave out of racial arrogance rather than actual danger. Political pressure on Ian Smith will escalate to set up real talks that lead to majority rule. Zimbabwe will be born, and it will be born quickly if Botswana can get the money to cut off Rhodesia's other rail link.

Namibia also will win liberation within a short time. SWAPO is poised to enter constitutional talks the moment South Africa agrees to majority rule. In reality, the 5 to 1 ratio makes this fact so. Until then, the next few months will bring increased guerrilla struggle with the threat of Cuban-Angolan intervention hanging overhead. African states, including Nigeria, welcome the Cuban threat, but privately prefer to see the liberation of Rhodesia and Namibia without their involvement. Assistance of advisers from Tanzania and Mozambique is an obvious attempt to say to Cuba and Russia. "We want to try it on our own. Arms, yes; troops, no."

So I, for one, think Kissinger's African safari was both necessary and instructive. If the Kissinger visit had not taken place now, then Ford's tendency toward Republican isolationism would have allowed a drift in events whereby further dependence on Soviet and Cuban intervention in southern Africa would become almost certain.

I am personally sorry that African affairs have to become a political football since problems there are of great magnitude and require sustained rather than expedient analysis. But the signals Secretary Kissinger set off are better than any I have seen from American policy managers since the Kennedy administration.

Whether they are too little and too late remain to be seen. A new administration in November, however, will build on them and avert unnecessary destruction and costs in human lives in the southern Africa of the future.

THE BURDEN OF REGULATION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. McDONALD of Georgia. Mr. Speaker, there is growing awareness across the political spectrum of the enormous burden that must be borne by everyone due to Government regulation of the economy. But efforts to do something about it are meager, to say the least. Legislation is introduced to study the problems of the flood of Federal paperwork and to restrict the activities of a regulatory agency a smidgen here and there.

Meanwhile, the Government continues to crank out regulations restricting economic activity, eliminating jobs and driving up the price of virtually all goods and services.

Clearly the answer is deregulation—a wholesale phaseout of most, if not all, Government regulatory agencies. Once the public realizes just how enormous the burden of Government regulation is, I believe we will begin moving more quickly to free the economy from these Government-mandated restrictions on production and progress.

Therefore, I would like to call attention to the following article by Stephen M. Aug, "Burden of Regulation Is Huge, But How Huge?" which appeared in the Washington Star on May 16, 1976.

The article follows:

BURDEN OF REGULATION HUGE, BUT HOW HUGE?

(By Stephen M. Aug)

A year ago, the Dow Chemical Co. decided to build a new $500 million petrochemical complex near Pittsburg, Calif. Although not a spadeful of dirt has been turned since then, Dow already has spent $1.3 million just on government regulatory matters involving the project.

"We are having to obtain 60 different building permits from 19 federal, state, regional and county agencies," Charles T. Marck, Dow's Washington vice president, said recently. He predicted that in addition to the $1.3 million already spent, it will take at least two more years to obtain the necessary permits—and then there likely will be court suits in opposition.

Dow's complaints about the cost of government regulation—including the increasing burden of paperwork required by a growing federal bureaucracy—underline those of President Ford last week when he introduced legislation aimed at trimming federal controls over business.

Although the Ford Administration's activities in regulatory reform so far have been concentrated on economic regulation—principally the pervasive regulation practiced by the Interstate Commerce Commission and Civil Aeronautics Board—businessmen are equally (if not more) exercised over extremely costly paperwork, minutiae involved in occupational safety and equal employment requirements and the sometimes conflicting missions of several federal agencies.

Consider the problems facing Ervin (Pete) Pietz, board chairman and president of the Barry Wright Corp. of Watertown, Mass., a producer of computer data storage equipment and shock vibration and noise control products.

"We're up too ur ears in government regulation," said Pietz, who is also chairman of a new National Association of Manufacturers regulatory task force.

"Because we do some government work, we are, of course, under severe regulations as far as equal employment, and certain other matters like renegotiations, (renegotiating sales agreements involving the federal government), and then, of course, we do have a pension fund and the ERISA requirements involving the federal government), and then, of course, we do have a pension fund and the ERISA requirements are confounding." ERISA is the Employe Retirement Income Security Act, the new law regulating pensions and other employe benefits.

Pietz, whose firm has about 1,000 employes and does about $43 million in annual sales, has a staff of two who spend substantially all of their time on government regulatory matters.

Most of his current complaints are directed at the new pension reform law. Although he concedes a law was necessary, he believes it's gone too far. Barry Wright, he recalls, had its own pension plan, one it voluntarily set up. "Now we've got all kinds of regulations that require all kinds of forms. I think that's unnecessary."

Gordon Miller, Barry Wright's industrial relations manager, is the man in charge of the forms. "We have 12 pension or welfare plans which in one way or another are subject to ERISA," Miller says. "Five of those plans have what I call full reporting and communications requirements, and I figure that for the five in the next 12 months we've got to issue 30 reports or notices of some form or another, and then a lot of those repeat each year."

Some of the 30 reports, he points out, go to the government—principally the Internal Revenue Service and the Labor Department—while others go to employes. He figures, for instance, that he'll send eight pages of material to each employe at the end of May.

And that's just a small part of the regulatory cost to any company. Pietz has no figures on what government regulation actually costs his company, but larger corporations do. One of those with a comprehensive program for finding out the costs is Dow.

The huge chemical firm's figure on what government regulation is costing for just its one plant in California is no generalization. Joseph Bevirt, a senior analyst on Dow's marketing management staff at Midland, Mich., says the bill thus far for the Sacramento River petrochemical complex includes:

$650,000 for "an environmental impact report the first time around. How many more we'll do is hard to say."

$100,000 for an environmental statement for the U.S. Army Corps of Engineers, which apparently requires its own environmental statement different from another that Dow had to supply to all other state, local and federal agencies.

$25,000 for a special study on the effect of the plant on the particular county in which it is to be located.

$125,000 for a study on the risks of spills and cleanup, required by a federal agency Bevirt couldn't immediately identify.

$200,000 for air, water and water discharge permits.

$200,000 to build two air monitoring stations "so they know what the air was like before and what it will be after" the plant is built.

$50,000 for a study of conditions on the bottom of the Sacramento River.

Yet to come are such matters as soil and earthquake studies.

Under Bevirt's direction, Dow has under way what is probably the most detailed study of the cost of government regulation ever undertaken by a private corporation. It is expected to be a pilot study for other corporate studies and all of them are likely to be used as part of a nationwide effort by business firms to cut the amount of government regulation.

So far the Dow study covers 71 federal agencies whose activities involve the corporation, ranging from the Agency for Consumer Advocacy (which has yet to be approved by Congress) and the Atomic Energy Commission to the Securities and Exchange Commission and the Tariff Commission. Dow plans to separate the costs according to whether they are necessary, unnecessary or questionable.

Although Dow hasn't yet come up with final figures, indications are the totals will be staggering. Marck told an NAM panel on government regulation recently that in a research and development group in one of Dow's 10 product departments, the cost of federal regulations has risen from $164,000 in 1970 to $1.5 million last year, from 2 percent of the department's budget to 13 percent.

Everybody, of course, pays for these costs of regulation. General Motors Corp. contends that in 1974—the latest year for which it has figures—it utilized the equivalent services of 25,300 fulltime employes to cope with government regulation at all levels. The cost was $1.334 billion, and that doesn't include taxes.

Figuring that GM sold 4.6 million automobiles in the United States that year, and they accounted for about three-quarters of GM's $31 billion in sales, that means government regulation added more than $200 to the price of every automobile.

GM breaks down its regulatory costs this way:

Regulation of vehicles (including research and engineering, reliability, inspection, testing, facilities tooling costs—but not including the direct cost of the product): $884 million.

Regulation of plant facilities (plant pollution and solid waste control): $181 million.

Occupational safety and health: $79 million.

Government reports and administrative costs related to regulation including business statistics, energy and environmental activities, legal activities and the like: $190 million.

So far, there have been few efforts like those at GM or Dow. But under the program being pushed by the NAM more firms are expected to undertake detailed studies.

Administration officials say they'll rely heavily on outside studies—principally those by private industry—to identify the costs of regulation in connection with Ford's reform program. NAM, with its 13,000 members, and with a 50-member regulatory reform task force that includes some of the nation's largest corporations, is in a position to influence administration thinking on regulatory reform, especially if the corporate world is the sole source of such information.

So far, estimates of the cost of government regulation are just that—and nobody knows how close they come to the truth. Ford told small businessmen last Thursday that it was costing them $18 billion a year just to meet requirements for government reports.

Sen. Paul J. Fannin, R-Ariz., in a recent speech in the Senate, said the Federal Trade Commission had "found $80 billion of waste in the American economy attributable to regulatory overkill. The General Accounting Office has put the yearly costs of regulation at $60 billion. Perhaps a more meaningful figure is the $130 billion direct and indirect costs to consumers estimated by the President's Council of Economic Advisers."

Meanwhile, the government continues cranking out new rules every working day.

Consider, for example, last Thursday, the day the President announced his reform program:

The Interior Department issued new rules setting up "a greatly simplified system of permitting qualified persons to buy or sell" certain species of wildlife—along with "a record-keeping system sufficient to enable the (Fish and Wildlife) Service to monitor the well-being of the captive population."

The Federal Communications Commission issued amendments to its rules which regulate cable television systems.

The Federal Reserve System issued amendments to its Regulation B (equal credit opportunity).

The Department of Agriculture issued new standards to "more accurately describe" certain grades of tobacco; new standards governing oleo stock and tallow, and new regulations on testing and producing seeds.

How much—if anything—these new rules will cost the public in terms of additional paperwork or changes in existing procedures was not mentioned in the notices of the new rules.

In fact, it is probably true that nobody knows the cost—nor, in fact, is it likely that anyone has bothered to find out.

THE SNAGS AND DENS OF OUR FORESTS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1976

Mr. BROWN of California. Mr. Speaker, the ecological balance of our forests is often referred to when the subject of multiple use management is discussed. There are many opinions regarding the effects of clearcutting large acreages of trees, especially where such cuts eliminate the natural habitats needed for particular bird species or the other wildlife of the forests. The protection of dens and snags is a major point of conflict, because the timber industry feels that such a regulation protecting their existence would be too extreme while wildlife experts argue the strong need for such a provision—not only for the preservation of various bird and animal species, but to safeguard the biological balance which controls the size of insect and rodent populations without the heavy use of pesticides.

Gordon Robinson, consulting forester for the Sierra Club, has compiled a list of reports on most of the wildlife species of our forests—their food and habitat requirements, and their role in the natural system of pest control and regeneration of trees in our forests. From his brief summary of each report it is easy to extrapolate the effect of removing the nesting places of rodent and insect-eating birds. One such report stated:

A reduction of bird populations within a forest could result in harmful increases in insect population. Cavity-nesting birds depend on dead and unmerchantable trees for nesting and roosting. These trees are considered a fire hazard and a physical hazard in intensively used areas and are removed by loggers in the West.

Rodent populations can easily become uncontrollable as the predators of the area, such as hawks and owls, depart for other more favorable environments. These rodents will then curtail regeneration of our forests since seeds are their required food. Another report summary states:

In clearcutting there is no really good way to counteract the effect of rodents and seed-eating birds that retard natural and artificial re-seeding, other than keeping the openings small. Use of diseases, trapping, shooting, repellants, mulches, screens, and predator control all have met with only limited success.

Such casual destruction of our fragile forest environment should be scrutinized in a thorough deliberate fashion. I hope my colleagues will read the following summaries of the many, varied reports on wildlife and their role in our forests, prepared by Mr. Robinson. It clarifies the problems that we must deal with:

THE SNAGS AND DENS OF OUR FORESTS

(By Gordon Robinson)

SCREECH OWL, CAVITY-NESTING BIRD

Food: Major items are mice (rodents are known to deter natural regeneration by eating seeds) and insects in equal volume.

Birds and other rodents are also part of the diet.

Nest: Natural cavities and flicker holes in apple, pine, poplar, and sycamore trees.

Range: Throughout the continental US., southern Canada, and southeastern Alaska.

Scott, Virgil E. and Patton, David R. "Cavity-nesting Birds of Arizona and New Mexico Forests." USDA Forest Service Technical Report RM-10, Rocky Mountain Forest and Range Experiment Station, 1975.

AMERICAN KESTREL, CAVITY-NESTING BIRD

Food: Meadow mice, deer mice (rodents which deter natural regeneration by eating seeds) and house sparrow make up about 96% of the volume. Insects are 80% of the prey and 4% of the volume.

Nest: Usually in natural cavities or old woodpecker holes, mostly dead trees. Also lightning scars of live trees.

Range: From southeastern Alaska to South America.

Scott, Virgil E. and Patton, David R. "Cavity-nesting Birds of Arizona and New Mexico Forests." USDA Forest Service Technical Report RM-10, Rocky Mountain Forest and Range Experiment Station, 1975.

WHISKERED OWL, CAVITY-NESTING BIRD

Food: "The principal diet is insects."

Nest: In natural cavities and old flicker holes, mostly in white oak between 4,000 and 6,500 feet.

Range: Southern Arizona and southern New Mexico to El Salvador.

Scott, Virgil E. and Patton, David R. "Cavity-nesting Birds of Arizona and New Mexico Forests." USDA Forest Service Technical Report RM-10, Rock; Mountain Forest and Range Experiment Station, 1975.

PYGMY OWL, CAVITY-NESTING BIRD

Food: Mostly mice (rodents are known to deter natural regeneration by eating seeds) and larger insects such as grasshoppers.

Nesting: Usually in old holes of woodpeckers.

Range: (Resident) Western North America from Alaska to Quatemala, at 5,000 to 10,000 feet.

Scott, Virgil E. and Patton, David R. "Cavity-nesting Birds of Arizona and New Mexico Forests." USDA Forest Service Technical Report RM-10, Rocky Mountain Forest and Range Experiment Station, 1975.

CAVITY NESTING BIRDS IN THE SOUTHWEST

A reduction of bird populations within a forest could result in harmful increases in insect population. Cavity-nesting birds depend on dead and unmerchantable trees for nesting and roosting. These trees are considered a fire hazard and a physical hazard in intensively used areas and are removed by loggers in the West. Because of the economic and aesthetic value of cavity-nesting birds, their habitat requirements must be considered in management plans. There are 41 species of cavity nesting birds in the forests of Arizona and New Mexico.

Scott, Virgil E. and Patton, David R. "Cavity-nesting Birds of Arizona and New Mexico Forests." USDA Forest Service Technical Report RM-10, Rocky Mountain Forest and Range Experiment Station, 1975.

FLAMMULATED OWL, CAVITY NESTING BIRDS

Food: Insects such as beetles, moths, grasshoppers, crickets and ants.

Nest: In flicker and other woodpecker holes of dead pine, ash, and aspen trees.

Range: Breeds in forests of ponderosa pine form the Rocky Mountains west to the Pacific Coast and from British Columbia to Guatemala.

Scott, Virgil E. and Patton, David R. "Cavity-nesting Birds of Arizona and New Mexico Forests." USDA Forest Service Technical Report RM-10, Rocky Mountain Forest and Range Experiment Station, 1975.

PREDATOR CONTROL OF RODENTS

"Predators such as hawks, owls, and carniverous mammals take small rodents wherever they are found, but rarely are the rodents controlled to the point where their influence on forest regeneration is completely removed. In general, the predator-prey relationship is somewhat stabilized, so that a rodent population adequate to maintain food for the predators is oftentimes sufficient to exert serious pressure on the natural or artificial reseeding of forests."

This is an indication of the severity of disturbance produced by clearcutting. The elements of the ecosystem which normally control balance are no longer effective.

Smith, Clarence F. and S. E. Aldous, The Influence of Mammals, and Birds in Retarding Artificial and Natural Reseeding of Coniferous Forests in the United States, Journal of Forestry, 45:5, pp. 361–369.

DEER HABITAT

"Deer use was confined to perimeters of circular openings of more than 20 acres in spruce-fir habitat (or strip more than 1,050 feet across)."

This suggests that openings of more than 20 acres are disadvantageous to deer.

Reynolds, Hudson G., Improvement of Deer Habitat on Southwestern Forest Lands, Journal of Forestry, 67:11, pp. 803–805. November, 1969.

ROCKY MOUNTAINS—ELK AND DEER—RESPONSE TO CLEARCUTS AND FIRE

In the Wild Bill Range Study area, wildlife preferred an area burned by wildfire to areas thinned, clearcut, or clearcut and seeded. Elk use was declining on the clearcuts. Deer use declined on all the logged areas and continues to decrease. The deer use increased on the area burned by wildfire.

Kruse, William. "Effects of Wildfire on Elk and Deer Use of a Ponderosa Pine Forest," USFS Res. Note RM-226, USDA 1972.

SOUTH

Immediate damage to all species of wildlife. Squirrel and turkey habitat lost permanently in areas planted to pines. After one to two years, deer, quail and rabbit habitat returns, then is again lost as pines mature and shade out other species of desirable plants. Long range damage affects all species of wildlife. Loss of mast restricts carrying capacity of most wildlife species. Erosion following clear-cutting is detrimental to streams.

Statement presented by Charles D. Kelley, to the Albama Conservancy, Feb. 26, 1972, Auburn University, Auburn, Alabama. Quoted from a report from an unidentified game biologist with the State.

DEER—OPENING SIZE AND ROTATION LENGTH

"Deer use . . . tended to reflect the amount of understory vegetation present in overstory classes . . . Mature residual stands were slightly preferred over openings, and deer tended to avoid dense, pole-sized stands of timber. This suggests that factors other than understory vegetation may influence use of an area by deer."

Therefore, any management practice leading to the formation of pole-sized stands is disadvantageous to deer. Rotations should be long enough so that the stands maximally resemble the mature forest and openings should be small enough so that pole-size *stands* don't develop.

Reynolds, Hudson G., "Effect of Logging on Understory Vegetation and Deer Use in a Ponderosa Pine Forest of Arizona," December, 1962, USDA Forest Service Research Note, RM-80.

BIRDS

Many species of hawks and owls require dead standing trees as habitat. These birds devour tremendous numbers of small seed-eating rodents as determined from examination of their pellets. It is therefore important to leave the snags in order to encourage these birds who will in turn control the rodent population, and permit natural reforestation; a very important phenomenon.

Gilliard, E. Thomas. "Living Birds of the World," American Museum of Natural History, New York, 1958.

CONTROL METHODS FOR RODENTS AND SEED-EATING BIRDS

In clearcutting there is no really good way to counteract the effect of rodents and seed-eating birds that retard natural and artificial re-seeding, other than keeping the openings small. Use of diseases, trapping, shooting, repellants, mulches, screens, cultural control, and predator control all have met with only limited success.

Smith, Clarence F., and S. E. Aldous, "The Influence of Mammals and Birds in Retarding Artificial and Natural Reseeding of Coniferous Forests in the United States," Journal of Forestry, 45:5, pp. 361–369.

EASTERN WILD TURKEY

The eastern wild turkey (Meleagris gallopavo) "was once abundant in mature virgin forests, but as these forests were cut the turkey experienced hard times."

Bottom land, hardwood forests are considered prime habitat for turkey, and conversion of these forests to cropland causes serious hardship to the turkey.

"The best habitat comprises stands of mixed hardwoods, groups of conifers, relatively open understories, scattered clearings, well-distributed water, and reasonable freedom from disturbance."

Halls & Stransky, "Atlas of Southern Forest Game," Southern Forest Experiment Station, U.S.D.A., 1971.

GRAY AND FOX SQUIRRELS

Squirrel hunting reaches its peak of popularity in the South. Both species of squirrel are having a hard time. Eradication of upland hardwoods, removal of den trees, shortening of timber rotations, conversion of bottomland forests to cropland and pasture, and construction of large reservoirs restrict squirrel habitat more each year.

Halls and Stransky, "Atlas of Southern Forest Game." Southern Forest Experiment Station, 1971.

WHITE-TAIL DEER

The white-tail deer inhabits mainly bottom-land hardwood forest, also loblolly-shortleaf pine-hardwoods and to some extent oak-pine and longleaf-slash pine forests with a range within ½ to 1 mile of birthplace. Timber management determines whether cover and food are adequate for yearlong. Best habitat in forests with many small and well dispersed openings within the deer's home range, and in areas where timber thinnings are frequent and heavy. In pinelands, a favorable habitat includes where trees are at least 12 to 15 feet tall and prescribed burns every 3 to 5 years are recommended to improve forage quality and quantity and to increase legumes. These forest types are not common in national forests.

Halls & Stransky, "Atlas of Southern Forest Game," Southern Forest Experiment Station, 1971.

BOBWHITE QUAIL

Eastern bobwhite lives in the South. During the early 1900's a combination of small patch farming, timber clearing, and field burning produced population highs that are unlikely to be equalled again. Since 1939, mechanized agriculture, reforestation, limited fire use, and conversion of cropland to improved pasture have caused quail to decline. Being seedeating birds, the quail naturally decline as forest cover returns.

Halls and Stransky, "Atlas of Southern Forest Game," Southern Experiment Station, 1971.

RED-COCKADED WOODPECKER

This vanishing woodpecker nests only in shortleaf or loblolly pines suffering from red-heart disease. Present timber harvesting techniques have greatly diminished its nesting habitat. A major forest products firm is modifying its harvesting techniques to protect this woodpecker.

Anderson, Walter C. "Southern Forestry Investments in an Era of Environmental Concern," Forest Products Journal, V. 22, N. 6, June, 1972.

SOUTHERN HARDWOODS WOODPECKERS AND HARDWOOD BORERS

Redbellied, Hairy, Downy, Redheaded, and Pileated Woodpeckers were observed in hardwood stands heavily infested by borers. These birds are less efficient in stands with average or low borer populations. "Borer species that infest small trees, especially those under 6 inches in diameter, are more apt to be captured by woodpeckers than those that attack larger trees."

"Although the holes made by woodpeckers may cause additional windbreakage and disease incidence in infested trees, the benefits from reduced borer populations are far more valuable than the lost timber."

Solomon, J.D. and Morris, R.C., "Woodpeckers in the Ecology of Southern Hardwood Borers," 2nd Tall Timbers Conference on Ecological Animal Control by Habitat Management, Proceedings, 1971.

RACCOON

Raccoons inhabit primarily the hardwood forests along rivers, small streams, and swamps. They are also found in mixed pine-hardwood forests, but seldom far from water.

Lack of den trees may limit populations.

Halls, Lowell K. and Stransky, John J. "Atlas of Southern Forest Game," Southern Forest Experiment Station, Nacogdoches, Texas, 1971.

AMERICAN WOODCOCK

The South is the wintering ground for migratory woodcocks (Philohela minor). The preferred winter range is in wet areas (streams, bayous, marshes) bordered by southern pines or hardwoods. Small clearings are important for mating rituals, which should be near feeding areas and brushy nesting cover.

Halls and Stransky, "Atlas of Southern Forest Game," Southern Forest Experiment Station, USDA, 1971.

QUAIL DEATH BY SEED POISON

A Questioner reported that large numbers of quail and doves have died from eating treated pine seed on direct seeded sites.

The rebuttal said that this was probably due to mis-application of the poison.

Campbell, Robert. "Manipulating Biotic Factors in the Southern Forest," "The Ecology of Southern Forests," Louisiana State. Univ. Press, 1969.

RUFFLED GROUSE

Ruffled grouse is an edge species which requires small openings in the forest. Prime habitat is found in extensive forests with a wide variety of cover types including hardwoods and conifers. Access to drumming logs is essential. Heaviest population in area of national forests in Virginia, Tennessee, and North Carolina.

Halls and Stransky, "Atlas of Southern Forest Game," Southern Forest Experiment Station, 1971.

During timber stand improvement some sportsmen advise halting the removal of den- and mast-bearing trees which are important to wildlife. These trees are the prime targets of timber stand improvement, but only where these trees are very large or in great number will the value lost to timber production be substantial.

Anderson, Walter C. "Southern Forestry Investments in an Era of Environmental Concern." Forest Products Journal, Voy. 22, No. 6. June, 1972.

BLACK BEAR

Only 9,000 black bear live in the South; mainly in areas of national forests, principally George Washington, Chattahoochee, Nantahala, Cherokee, and Osceola. Since the bear requires extensive undisturbed forests, he is now confined to less accessible forested mountains, to thickets along river bottoms, and to large swamps. Areas managed for bear should be kept remote by limiting the extent of year-round roads.

Halls, Lowell K. and Stransky, John J. "Atlas of Southern Forest Game." Southern Forest Experiment Station, F.S., USDA, 1971.

BIOLOGICAL CONTROL

"Woodpeckers are the most important predators of the spruce beetle (*Dendroctonus rufipennis* Kirby). In some areas (of Colorado Engelmann spruce stands) they have destroyed as much as 75% of the bettle population."

". . . woodpecker activity and abundance appear correlated with beetle abundance."

Massey, Calvin L. and Noel D. Wygant. "Woodpeckers: Most Important Predators of the Spruce Bettle." Colorado Field Ornithologist, No. 16, June 1973.

SENATE—*Friday, May 28, 1976*

The Senate met at 9:45 a.m. and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

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

Make ready our hearts, O Lord, for the memorial of those who have valiantly fought and bravely died for this Nation. Bring comfort to those who see again in memory's vista the parade of those who marched away never to return. Be especially near to those who even now bear in their bodies the trauma of war, granting them the assurance of a grateful people.

May our response to their self-giving be purer lives, nobler service, and deeper dedication to the causes for which they gave so much. And may we live worthily in a nation with liberty and justice for all in a world at peace.

As enjoined by the President's proclamation, may we and our fellow citizens on Monday next bow our heads and hearts in suitable memorial for the brave sons of every generation who pledged their lives in the service of others.

We pray in His name who went before us in the way of sacrificial service. Amen.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, May 27, 1976——

Mr. ALLEN. Reserving the right to object, Mr. President, I suggest the absence of a quorum.

Mr. ROBERT C. BYRD. May I complete my motion? The Senator will have plenty of time to object.

Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, May 27, 1976, be dispensed with.

Mr. ALLEN. Mr. President, I object. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Objection is heard. The clerk will read the Journal.

Mr. ALLEN. Mr. President, I object, and I suggested the absence of a quorum.

The ACTING PRESIDENT pro tempore. I did not hear the absence of a quorum part of the Senator's statement. The clerk will call the roll at the request of the Senator from Alabama.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. ALLEN. I object.

The ACTING PRESIDENT pro tempore. Objection is heard. The clerk will call the roll.

The call of the roll was resumed.

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

Mr. ALLEN. I object.

The ACTING PRESIDENT pro tempore. Objection is heard. The clerk will continue.

The second assistant legislative clerk continued with the call of the roll.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, so that I may make a further unanimous-consent request.

Mr. ALLEN. I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. ALLEN. I reserve the right to object. Will the Senator reinstate his request?

Mr. MATHIAS. Yes.

Mr. ALLEN. Mr. President, I withdraw the objection.

Mr. MATHIAS. Mr. President, I renew my request that the order for the quorum call be rescinded.

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

Mr. MATHIAS. I now ask unanimous consent that——

The ACTING PRESIDENT pro tempore. The clerk will read the Journal.

The legislative clerk proceeded to read the Journal of Thursday, May 27, 1976.

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

The ACTING PRESIDENT pro tempore. The reading of the Journal, which has begun, may not be interrupted by a quorum call.

Mr. ALLEN. Very well.

The legislative clerk continued with the reading of the Journal of Thursday, May 27, 1976.

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