Porter, Billy R., [redacted].
Prouty, Richard W., [redacted].
Ramsberger, Peter R., [redacted].
Reid, Henry L., [redacted].
Richardson, Danny G., [redacted].
Robertus, Paul D., [redacted].
Rogers, Alan S., [redacted].
Rohrdanz, Frederick, [redacted].
Roland, Robert R., [redacted].
Rosenberger, John D., [redacted].
Ross, James W., [redacted].
Ruck, David C., [redacted].
Schaefer, Paul S., [redacted].
Seidlitz, Timothy H., [redacted].
Sheehan, Terry L., [redacted].
Siebold, James R., [redacted].
Sierra, Nestor A., [redacted].
Slaughter, David W., [redacted].
Smajd, Michael A., [redacted].
Stewart, Gene B., [redacted].
Supon, Patrick A., [redacted].
Swinney, Phillip W., [redacted].
Sylvia, Bruce F., [redacted].
Thomas, Glynn O., [redacted].
Tolley, Stephen G., [redacted].
Turner, Stanley D., [redacted].
Vandertulip, William, [redacted].
Walker, Stephen J., [redacted].
Wilbanks, James C., [redacted].
Williams, Duke R., [redacted].
Williamson, Timothy, [redacted].
Zeidman, Eric J., [redacted].

ARMY NURSE CORPS

To be first lieutenant

Boone, Barbara M., [redacted].
DeSalva, Stephanie, [redacted].
Hix, Gary D., [redacted].
Ross, James W., [redacted].
Saye, Jackie W., [redacted].
Shandera, Thomas J., [redacted].
Simmons, Myra D., [redacted].
Spring, William B., [redacted].
Thomas, Steven C., [redacted].
Young, Barbara J., [redacted].

IN THE MARINE CORPS

The following-named (Naval Reserve Officer Training Corps) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, pursuant to title 10, U.S. Code, section 2107, subject to the qualifications therefor as provided by law:

Holt, Joseph P. Nunez, Andres J.
Jones, Kevin L. Skelton, David L.

The following-named (Marine Corps enlisted commissioning education program) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, pursuant to title 10, U.S. Code, section 5583, subject to the qualifications therefor as provided by law.

Carringer, Michael D. Vandenbout, Philip D.
Finn, Thomas A. Wampler, Terry L.
Polansky, James R.

The following-named (Navy enlisted scientific education program) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, pursuant to title 10, U.S. Code, section 5583, subject to the qualifications therefor as provided by law:

Becker, Arlen R. Edelen, Russell M.
Blevins, Russell C. Guerrero, James P.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 4, 1977:

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

Alonzo Lowry McDonald, Jr., of Connecticut, to be a Deputy Special Representative for Trade Negotiations, with the rank of Ambassador.

DEPARTMENT OF AGRICULTURE

Sarah Weddington, of Texas, to be General Counsel of the Department of Agriculture.

Ray V. Fitzgerald, of South Dakota, to be a member of the Board of Directors of the Commodity Credit Corporation.

DEPARTMENT OF JUSTICE

John C. Krsul, of Montana, to be U.S. marshal for the district of Montana for the term of 4 years.

TENNESSEE VALLEY AUTHORITY

Simon David Freeman, of Maryland, to be a member of the Board of Directors of the Tennessee Valley Authority for the term expiring May 18, 1984.

RAILROAD RETIREMENT BOARD

Earl Oliver, of Illinois, to be a member of the Railroad Retirement Board for the remainder of the term expiring August 28, 1978.

ACTION AGENCY

John Robert Lewis, of Georgia, to be an Associate Director of the ACTION Agency.

DEPARTMENT OF ENERGY

James R. Schlesinger, of Virginia, to be Secretary of Energy.

FEDERAL ENERGY ADMINISTRATION

Hazel R. Rollins, of the District of Columbia, to be an Assistant Administrator of the Federal Energy Administration.

FEDERAL POWER COMMISSION

Georgiana H. Sheldon, of Virginia, to be a member of the Federal Power Commission for the remainder of the term expiring June 22, 1979.

Charles Brent Curtis, of Maryland, to be a member of the Federal Power Commission for the term expiring June 22, 1982.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

THE JUDICIARY

Earl E. Veron, of Louisiana, to be U.S. district judge for the western district of Louisiana.

HOUSE OF REPRESENTATIVES—*Thursday, August 4, 1977*

The House met at 10 o'clock a.m.

The Reverend Charles Mallon, St. Matthias Church, Lanham, Md., offered the following prayer:

The world and all that is in it belongs to the Lord; the Earth and all who live on it are His. He built it on the deep waters beneath the Earth and laid its foundations in the ocean depths.—Psalms 23: 1–2.

Father, it is Your light and Your energy that sustains all creation. There is nothing in creation that escapes this mystery. Your plan of creation has provided us with abundant natural energy resources. We pray for the discernment to dispose of these resources wisely.

On behalf of this membership and the employees of this body, I ask You to heal this Nation from greed and selfishness and to give life to those qualities which seek to establish brotherhood among men.

We ask this through Christ our Lord, Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 6502. An act to amend title 38 of the United States Code to provide an automobile assistance allowance and to provide automotive adaptive equipment to veterans of World War I; and

H.R. 7345. An act to amend title 38 of the United States Code to increase the rates of disability and death pension and to increase the rates of dependency and indemnity compensation for parents, and for other purposes.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 896. An act to amend section 16(b) of the Soil Conservation and Domestic Allotment Act, as amended, providing for a Great Plains conservation program;

S. 911. An act for the relief of Mee Hwa Hong;

S. 1614. An act to establish the Western States conservation program;

S. 2001. An act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, water conservation, recreation, hydroelectric power, and other purposes;

S.J. Res. 71. Joint resolution to authorize and request the President to issue a proclamation designating September 1977 as "National Sickle Cell Month."

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 7933, DEPARTMENT OF DEFENSE APPROPRIATION ACT, 1978

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 7933) making appropriations for the Department of Defense for the fiscal year ending September 30, 1978, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

AUTHORIZING FUNDS FOR PROJECTS IN CERTAIN COMPREHENSIVE RIVER BASIN FLOOD CONTROL PROJECTS

Mr. JOHNSON of California. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate bill (S. 2001) authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, water conservation, recreation, hydroelectric power, and other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2001

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in addition to previous authorizations there is hereby authorized to be appropriated for the prosecution of the comprehensive plans of development of the river basins under the jurisdiction of the Secretary of the Army referred to in the first column below, which was authorized by the Act referred to in the second column below, an amount not to exceed that shown opposite such river basin in the third column below.

Basin—Brazos River Basin; Act of Congress—Sept. 3, 1954, FCA 1954, PL 780–83rd Cong.; Amount—$7,500,000.

Basin—San Joaquin River Basin; Act of Congress—Dec. 22, 1944, FCA 1944, PL 534–78th Con.; Amount—$6,000,000.

Mr. JOHNSON of California. Mr. Speaker, this bill is an interim measure which will allow work to continue on water resources projects in the Brazos River basin in Texas and the San Joaquin River basin in California through the end of October. In these basins the appropriations and expenditure limitations will be reached very soon. One out-of-funds notice has already been issued by the Corps of Engineers to a contractor in the Brazos River basin, and another will be issued very shortly. The bill provides increases in authorizations of $7.5 million for the Brazos and $6 million for the San Joaquin basin. A number of other river basins will be exhausting their funding limitations in October.

In May of this year the House passed H.R. 5885, which contained increases in basin monetary authorizations sufficient to continue projects in affected basins through fiscal year 1980. However, this bill, as amended by the Senate, contained a waterway user charge provision. Because of the constitutional requirement that revenue raising measures originate in the House, no further action on that bill can be taken. We will be developing another comprehensive basin authorization bill in September after the August district work period.

S. 2001 will allow work to continue in the Brazos and San Joaquin basins until that legislation can be passed. Without the increased authorizations provided by this bill work on projects in these two basins would have to be stopped. Accordingly, I urge passage of this very necessary legislation.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of California. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Speaker, I rise in support of this bill.

First I would like to express my appreciation to the chairman of the Public Works and Transportation Committee, the gentleman from California (Mr. JOHNSON), and the chairman of the Water Resources Subcommittee, the gentleman from Texas (Mr. ROBERTS), for their efforts in helping to bring this measure to the floor for consideration.

I also want to express my sincere thanks to my able colleague in the other body, the distinguished junior Senator from the State of Texas, Mr. BENTSEN, who successfully moved this emergency legislation through the other body last night. I congratulate him for his effort, without which we would be "up that proverbial creek."

I would like to take a moment to explain to my colleagues the importance of this legislation and the reason that we have had to bring up this rather unusual bill under this procedure.

The bill authorizes $7.5 million for the Brazos River basin in Texas. This authorization will enable construction to continue on the San Gabriel project in Williamson County which is partially in my district and partially in the district of my colleague the gentleman from Texas (Mr. POAGE). It is basically a two-lake flood control project on which construction began in 1972. Two of the lakes, Granger Dam and Lake and the North Fork Dam and Lake, are presently about 85 percent complete.

Because the contractors on this project have been very diligent and worked very hard, they are ahead of schedule. They have expended nearly all of their present authorization ahead of schedule and without this emergency authorization, construction on one lake would stop next week and all construction activities on the project would end by mid-September.

In May, the House passed H.R. 5885 which included a $60 million authorization for the basin. However, when the bill went to the other body, they attached the controversial Locks and Dam 26 authorization and the waterways user fee to this bill. This brought an immediate halt to the legislation until the differences on these two issues were worked out between the two Houses.

This emergency legislation will give the San Gabriel project in the Brazos basin enough funds to get through the end of October by which time we should be able to resolve the other issues in the main authorization bill and pass it.

I hope that the House will pass this bill without objection so that we can keep this project moving forward and prevent delays which could result in millions of dollars in additional expense.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

U.S. AID TO VIETNAM—"INDIRECTLY"?

(Mr. YOUNG of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Florida. Mr. Speaker, in my continuing effort to keep the Members of the House advised on the activities of the World Bank and some of its lending policies. I want to tell the Members about something which I learned a few days ago. That is the subject of loans for Vietnam through IDA of the World Bank. That is the soft loan window. When I learned about several projects the World Bank is pursuing in Vietnam, I talked to the U.S. Executive Director to the World Bank, to find out what he knew about it. And guess what? He did not know anything about it. But IDA is already preparing for loans to Vietnam. They have already identified the projects they intend to fund; what they will be and where they will be located.

One is to be the rehabilitation and expansion of coal mines in Quang Ninh Province, and the other is a big water project in the Mekong Delta, drainage and irrigation using U.S. funds, to a great extent.

This year alone, we have appropriated $950 million to IDA and that does not include the $55 million in the supplemental.

NATIONAL ENERGY ACT

Mr. BOLLING. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8444) to establish a comprehensive national energy policy.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri (Mr. BOLLING).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 378, nays 3, not voting 52, as follows:

[Roll No. 502]

YEAS—378

Abdnor	Bafalis	Bonior
Akaka	Barnard	Bowen
Alexander	Baucus	Brademas
Allen	Bauman	Breaux
Ambro	Beard, R.I.	Breckinridge
Ammerman	Beard, Tenn.	Brinkley
Anderson, Calif.	Bedell	Brodhead
Andrews, N. Dak.	Bellenson	Brooks
Annunzio	Benjamin	Broomfield
Applegate	Bennett	Brown, Calif.
Armstrong	Bevill	Brown, Mich.
Ashbrook	Biaggi	Brown, Ohio
Ashley	Bingham	Broyhill
Aspin	Blanchard	Buchanan
AuCoin	Boggs	Burgener
	Boland	Burleson, Tex.
	Bolling	Burlison, Mo.

Burton, Phillip
Butler
Byron
Caputo
Carney
Carr
Carter
Cavanaugh
Cederberg
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cornell
Cornwell
Cotter
Coughlin
Crane
Cunningham
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dodd
Dornan
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Eilberg
Emery
English
Erlenborn
Ertel
Evans, Colo.
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Fraser
Frey
Fuqua
Gammage
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Grassley
Gudger
Guyer
Hagedorn
Hall
Hamilton
Hammer-schmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Hubbard
Huckaby
Hughes
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Ketchum
Keys
Kildee
Kindness
Kostmayer
Krebs
LaFalce
Lagomarsino
Latta
Leach
Lederer
Leggett
Lehman
Lent
Levitas
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Luken
Lundine
McClory
McCloskey
McCormack
McDonald
McEwen
McFall
McHugh
McKay
Madigan
Maguire
Mahon
Mann
Markey
Marks
Marriott
Martin
Mathis
Mattox
Mazzoli
Meeds
Metcalfe
Meyner
Mikulski
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Gary
Myers, John
Myers, Michael
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Pattison
Pease
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quayle
Quie
Quillen
Rahall
Railsback
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Rooney
Rose
Rosenthal
Rostenkowski
Rousselot
Roybal
Rudd
Runnels
Russo
Ryan
Santini
Sarasin
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Sharp
Shipley
Shuster
Sikes
Simon
Sisk
Skelton
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
St Germain
Staggers
Stangeland
Stanton
Steers
Steiger
Stockman
Stokes
Stratton
Studds
Stump
Taylor
Thompson
Thone
Thornton
Traxler
Treen
Trible
Tsongas
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Waggonner
Walgren
Walker
Walsh
Wampler
Watkins
Waxman
Weaver
Weiss
Whalen
White
Whitehurst
Whitley
Whitten
Wiggins
Wilson, C. H.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—3

Lloyd, Calif.
Symms
Wilson, Bob

NOT VOTING—52

Addabbo
Anderson, Ill.
Andrews, N.C.
Archer
Badham
Badillo
Baldus
Blouin
Bonker
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Chappell
Chisholm
Collins, Ill.
Conyers
Danielson
Dent
Diggs
Dingell
Flippo
Ford, Mich.
Frenzel
Goldwater
Hollenbeck
Holt
Kemp
Koch
Krueger
Le Fante
McDade
McKinney
Marlenee
Michel
Mitchell, Md.
Moakley
Moss
Murphy, N.Y.
Patterson
Pursell
Roncalio
Ruppe
Seiberling
Stark
Steed
Teague
Tucker
Vander Jagt
Wilson, Tex.
Young, Alaska
Young, Tex.

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8444, with Mr. BOLAND in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole House rose on Wednesday, August 3, 1977, section 2001 of title II was under consideration.

The Clerk will designate the next part of the bill.

The Clerk read as follows:

Section 2002 amendment of 1954 code.

(Section 2002 of title II reads as follows:)

SEC. 2002. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Let the Chair indicate that all signs point to the fact that this bill will be completed tonight if we get the cooperation of the members of the Committee of the Whole.

Mr. ALLEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to have the attention of the distinguished gentleman from Ohio (Mr. ASHLEY) and the gentleman from Michigan (Mr. DINGELL), if he is in the House, for the purpose of asking a question.

Mr. Chairman, on May 12 I wrote to the President as follows:

The Democratic Platform adopted in July 1976 at the National Convention of our Party stated:

"We will support the reform of the utility rate structures and regulatory rules to encourage conservation and"—

Now pay attention to these words—

"ease the utility rate burden on residential users, farmers, and other consumers who can least afford it."

During your first Campaign television debate with President Ford, you adopted this view as a personal pledge of your own.

In my conference on April 15 with Dr. Schlesinger, he assured me several times that I would be "90 to 95 percent pleased" with the Administration's proposed energy bill.

In this respect I should like to ask the gentleman from Ohio (Mr. ASHLEY) if he will, if he can, direct to my attention the section or sections in the bill now before us designed to carry out this pledge; that is, "to ease the utility rate burden on residential users, farmers, and consumers who can least afford it."

Mr. ASHLEY. Mr. Chairman, if the gentleman will yield, I would refer the gentleman to title I, section 511 and following, which sets forth national minimum standards for State-regulated utility rate regulations. I think if the gentleman will refer to the sections which I have just suggested that his inquiry will be answered.

Mr. ALLEN. Mr. Chairman, if the gentleman will respond further, do I understand further that the sections named by the distinguished chairman of the committee would indeed serve to reduce. or, to use the language in the Democratic platform, "ease the utility rate burden on residential users, farmers, and consumers who can least afford it." And, if so, wherein in the bill is the language?

Mr. ASHLEY. If the gentleman will refer to the sections I have indicated, again I say his question will be answered.

I can assure the gentleman that ratepayers in general are not going to have an absolute reduction.

Mr. ALLEN. We are not going to have an absolute reduction?

Mr. ASHLEY. No.

Mr. ALLEN. Then how are we going to ease the burden?

Mr. ASHLEY. No, no more than the prices of automobiles are going to go down. The gentleman is surely aware of the fact that we have an energy problem and the energy bill before us does not mean the earth will cease spinning on its orbit, but it does mean, although we will not dramatically reduce the price of fuel, we will proceed at a much more temperate pace and provide opportunities for consumers to save on their electric bills.

Mr. ALLEN. In other words, as I understand the gentleman's answer, he is saying in effect that the price of electricity and gas that goes to residential users, to farmers, and those who can least afford it, will go up under this bill and the prices and the burden will not be eased. Is that not correct?

Mr. ASHLEY. The effort is to moderate to the extent that is possible the fuel costs to the American consumer, be he residential or be he industrial. The fact of the matter is, fuel represents about one-third of the cost of generating electricity, and that one-third limits our ability to bring about reductions in cost.

Mr. ALLEN. But I believe that the chairman has said we should all realize that the price of electricity is going up. Is that correct?

Mr. ASHLEY. Well, in the future it is going to go up.

Mr. ALLEN. Under this bill, it will go up?

Mr. ASHLEY. Not because of this bill.

Mr. ALLEN. But notwithstanding any provision in this bill, it will go up?

Mr. ASHLEY. We are not in this bill legislating price controls, let this be clear. We are not doing this. We are trying to provide rate structures that will reflect the true cost of providing electric service to each class of electric consumers and will provide electric consumers with opportunities to conserve energy and their money through peak-load pricing techniques.

Mr. SHARP. Mr. Chairman, will the gentleman yield?

Mr. ALLEN. I yield to the gentleman from Indiana.

Mr. SHARP. Mr. Chairman, the price of electricity would not be held down in the immediate future; but, hopefully, the minimum Federal standards will result in capital savings in the next 5 to 10 years, thereby preventing an increase in prices that would otherwise occur. That is one of the benefits. Also, it has the benefit of taking less energy to produce the electricity. That is why we are going to those standards in the bill.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words and to comment on the colloquy that has taken place.

Under this section of the bill, the question of life-line rates, as with most other kinds of rates to encourage conservation, was left to the State utility commissions to decide. In a thorough study of the life-line problem in our Subcommittee on Energy and Power hearings and in the decisions taken by the subcommittee and the full Committee on Commerce, the concern was that life-line rates, by the definitions that could be written into the legislation, might, in fact, be extended to summer cottages for the wealthy, because they would be low users of electricity and that high users of electricity were sometimes those that needed relief most because they are low and fixed income people. Therefore, we felt it was probably better to leave it up to the States to make those determinations.

Mr. ALLEN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Tennessee.

Mr. ALLEN. Mr. Chairman, does the gentleman say, in effect, there is nothing in this bill which will in the immediate future, or the foreseeable future, either ease or reduce the utility rate burden on residential users, farmers, and other consumers who can least afford it?

Mr. BROWN of Ohio. Mr. Chairman, if the gentleman will look on page 228, section 511(b) under the general title Lower Rates, (1), it says:

(b) LOWER RATES.—(1) No provision of this title shall prevent an electric utility, a State regulatory authority, or other State agency from fixing, approving, or allowing to go into effect a rate for electric energy for essential needs of residential electric consumers (as defined by the State regulatory authority) which is lower than that otherwise required by paragraph (1) of subsection (a).

Then it goes on to say:

(2) A State regulatory authority which has enforcement responsibility may, upon application of any electric consumer, prescribe a temporary exception pursuant to which an electric utility rate schedule which does not comply with the requirements of subsection (a) will be fixed, approved, or allowed to go into effect, with respect to such consumer. Any such exception shall comply with the following requirements:

It describes whether such exceptions shall comply with the following requirements.

Mr. ALLEN. Will the gentleman yield further?

Mr. BROWN of Ohio. I shall be glad to yield.

Mr. ALLEN. Then what this is, is merely a permissive provision that would permit the States to review the matter. But there is nothing in this act that would mandate the easing of utility rates on residential users, farmers, and other consumers.

Mr. BROWN of Ohio. By the very inclusion in the legislation it encourages the States to take this into account in their planning, but in the general area of telling the States what to do with rate structures, we do not mandate life-line rates. I think that accomplishes the concern, addresses the concern of the gentleman from Tennessee, who I know has been very much involved in this issue.

The CHAIRMAN. The Clerk will designate the heading of the part now pending.

The Clerk read as follows:

PART I—RESIDENTIAL ENERGY CREDIT

SEC. 2011. RESIDENTIAL ENERGY CREDIT.

(Part I of title II reads as follows:)

PART I—RESIDENTIAL ENERGY CREDIT

SEC. 2011. RESIDENTIAL ENERGY CREDIT.

(a) GENERAL RULE.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by inserting after section 44B the following new section:

"SEC. 44C. RESIDENTIAL ENERGY CREDIT

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) the qualified energy conservation expenditures, plus

"(2) the qualified solar and wind energy expenditures.

"(b) QUALIFIED EXPENDITURES.—For purposes of subsection (a)—

"(1) ENERGY CONSERVATION.—In the case of any dwelling unit, the qualified energy conservation expenditures are 20 percent of so much of the energy conservation expenditures made by the taxpayer during the taxable year with respect to such unit as does not exceed $2,000.

"(2) SOLAR AND WIND.—In the case of any dwelling unit, the qualified solar and wind energy expenditures are the following percentages of the solar and wind energy expenditures made by the taxpayer during the taxable year with respect to such unit:

"(A) 30 percent of so much of such expenditures as does not exceed $1,500, plus

"(B) 20 percent of so much of such expenditures as exceeds $1,500 but does not exceed $10,000.

"(3) PRIOR EXPENDITURES BY TAXPAYER ON SAME RESIDENCE TAKEN INTO ACCOUNT.—If for any prior taxable year a credit was allowed to the taxpayer under this section with respect to any dwelling unit by reason of energy conservation expenditures or solar and wind energy expenditures, paragraph (1) or (2) (whichever is appropriate) shall be applied for the taxable year with respect to such dwelling unit by reducing each dollar amount contained in such paragraph by the prior year expenditures taken into account under such paragraph.

"(4) MINIMUM DOLLAR AMOUNT.—No credit shall be allowed under this section with respect to any return for any taxable year if the amount which would (but for this paragraph) be allowable with respect to such return is less than $10.

"(5) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this part having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) ENERGY CONSERVATION EXPENDITURE.—The term 'energy conservation expenditure' means an expenditure made on or after April 20, 1977, by the taxpayer for insulation or any other energy-conserving component (or for the original installation of such insulation or other component) installed in or on a dwelling unit—

"(A) which is located in the United States,

"(B) which is used by the taxpayer as his principal residence, and

"(C) the construction of which was substantially completed before April 20, 1977.

"(2) SOLAR AND WIND ENERGY EXPENDITURE.—

"(A) IN GENERAL.—The term 'solar and wind energy expenditure' means an expenditure made on or after April 20, 1977, by the taxpayer for solar and wind energy property installed in connection with a dwelling unit—

"(i) which is located in the United States, and

"(ii) which is used by the taxpayer as his principal residence.

"(B) ITEMS INCLUDED.—The term 'solar and wind energy expenditure' includes only expenditures for—

"(i) solar and wind energy property, or

"(ii) labor costs properly allocable to the onsite preparation, assembly, or installation of solar and wind energy property.

"(C) SWIMMING POOL, ETC., USED AS STORAGE MEDIUM.—The term 'solar and wind energy expenditure' does not include any expenditure properly allocable to a swimming pool used as an energy storage medium or to any other energy storage medium which has a function other than the function of such storage.

"(3) INSULATION.—The term 'insulation' means any item—

"(A) which is specificially and primarily designed to reduce when installed in or on a dwelling (or water heater) the heat loss or gain of such dwelling (or water heater),

"(B) the original use of which begins with the taxpayer,

"(C) which can reasonably be expected to remain in operation for at least 3 years, and

"(D) which meets the performance and quality standards which—

"(i) have been prescribed by the Secretary by regulations, and

"(ii) are in effect at the time of the acquisition of the item.

"(4) OTHER ENERGY-CONSERVING COMPONENT.—The term 'other energy-conserving component' means any item (other than insulation)—

"(A) which is—

"(i) a furnace replacement burner designed to achieve a reduction in the amount of fuel consumed as a result of increased combustion efficiency,

"(ii) a device for modifying flue openings designed to increase the efficiency of operation of the heating system,

"(iii) an electrical or mechanical furnace ignition system which replaces a gas pilot light,

"(iv) a storm or thermal window or door for the exterior of the dwelling,

"(v) a clock thermostat,

"(vi) caulking or weatherstripping of an exterior door or window, or

"(vii) an item of a kind which the Secretary specifies by regulations as increasing the energy efficiency of the dwelling,

"(B) the original use of which begins with the taxpayer,

"(C) which can reasonably be expected to remain in operation for at least 3 years, and

"(D) which meets the performance and quality standards which—

"(i) have been prescribed by the Secretary by regulations, and

"(ii) are in effect at the time of the acquisition of the item.

"(5) SOLAR AND WIND ENERGY PROPERTY.—The term 'solar and wind energy property' means property—

"(A) which, when installed in connection with a dwelling—

"(i) uses solar energy for the purpose of heating or cooling such dwelling or providing hot water for use within such dwelling, or

"(ii) uses wind energy for nonbusiness residential purposes,

"(B) the original use of which begins with the taxpayer,

"(C) which can reasonably be expected to remain in operation for at least 5 years, and

"(D) which, when installed in connection with a dwelling, meets the performance and quality standards which—

"(i) have been prescribed by the Secretary by regulations, and

"(ii) are in effect at the time of the acquisition of the property.

"(6) CONSULTATION IN PRESCRIBING STANDARDS.—Performance and quality standards shall be prescribed by the Secretary under paragraphs (3), (4), and (5) only after consultation with the Secretary of Energy, the Secretary of Housing and Urban Development, and other appropriate Federal agencies.

"(7) WHEN EXPENDITURES MADE; AMOUNT OF EXPENDITURES.—

"(A) Except as provided in subparagraph (B), an expenditure with respect to an item shall be treated as made when original installation of the item is completed.

"(B) In the case of solar and wind energy expenditures in connection with the construction or reconstruction of a dwelling, such expenditures shall be treated as made when the original use of the constructed or reconstructed dwelling by the taxpayer begins.

"(C) The amount of any expenditure shall be the cost thereof.

"(D) If less than 80 percent of the use of an item is for nonbusiness residential purposes, only that portion of the expenditures for such item which is properly allocable to use for nonbusiness residential purposes shall be taken into account. For purposes of the preceding sentence, use for a swimming pool shall be treated as use which is not for residential purposes.

"(8) PRINCIPAL RESIDENCE.—The determination of whether or not a dwelling unit is a taxpayer's principal residence shall be made under principles similar to those applicable to section 1034, except that—

"(A) no ownership requirement shall be imposed, and

"(B) the period for which a dwelling is treated as the principal residence of the taxpayer shall include the 30-day period ending on the first day on which it would (but for this subparagraph) be treated as his principal residence.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) DOLLAR AMOUNTS IN CASE OF JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used duriny any calendar year as a principal residence by 2 or more individuals—

"(A) the amount of the credit allowable under subsection (a) by reason of energy conservation expenditures or by reason of solar and wind energy expenditures (as the case may be) made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as one taxpayer whose taxable year is such calendar year; and

"(B) each of such individuals shall be allowed a credit under subsection (a) for the taxable year in which such calendar year ends (subject to the limitation of paragraphs (4) and (5) of subsection (b)) in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

"(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section, such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216 (b)(3)) of any expenditures of such corporation.

"(3) CONDOMINIUMS.—

"(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which he owns, such individual shall be treated as having made his proportionate share of any expenditures of such association.

"(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528 (c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are unused as residences.

"(e) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

"(f) TERMINATION.—This section shall not apply to expenditures made after December 31, 1982."

(b) TECHNICAL AND CLERICAL AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 44B the following new item:

"Sec. 44C. Residential energy credit."

(2) Subsection (c) of section 56 (defining regular tax deduction) is amended by striking out "credits allowable under—" and all that follows and inserting in lieu thereof "credits allowable under subpart A of part IV other than under sections 31, 39, and 43."

(3) Subsection (a) of section 1016 (relating to adjustments to basis) is amended by inserting after paragraph (20) the following new paragraph:

"(21) to the extent provided in section 44C (e), in the case of property with respect to which a credit has been allowed under section 44C;".

(4) Subsection (b) of section 6096 (relating to designation of income tax payment to Presidential Election Campaign Fund) is amended by striking out "and 44B" and inserting in lieu thereof "44B, and 44C".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after April 20, 1977.

The CHAIRMAN. The Clerk will designate the page and line number of the first ad hoc committee amendment to part I.

The Clerk read as follows:

Ad hoc committee amendment: Page 414, line 10: delete: "December 31, 1982" and insert: "December 31, 1984".

Mr. ASHLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, as originally reported by the Ways and Means Committee, the income tax credit for weatherization terminated on December 31, 1982. The ad hoc committee amendment extends the availability of the tax credit through December 31, 1984.

Very briefly, Mr. Chairman, let me say that I fully support this extension. Were we to go with the earlier cutoff date, this would, in my judgment, exacerbate the supply problem for insulation materials, which is a serious one. By extending the date through December 31, 1984, the amendment permits a more orderly approach to the providing of insulation services in conformity with the goal established by the President of weatherizing or insulating 90 percent of our American homes by 1985.

Mr. ULLMAN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Chairman, we looked at this in the Ways and Means Committee. The gentleman's amendment does make sense. I think that it is very legitimate. I have no objection to it whatsoever, and I hope we can adopt it and proceed expeditiously.

Mr. STEIGER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment. I find myself in that proverbial difficult position because I really do not like the insulation credit at all. If I had a preference, I would have hoped that the Committee on Rules, in its infinite wisdom and in its meritorious efforts to achieve democracy on the floor, would have enabled the gentleman from California (Mr. STARK), and others, myself included, to offer an amendment to strike the insulation credit. But the Committee on Rules decided that that was not an issue they wanted the House to deal with. Therefore, we are not allowed to do that.

Given that, the choice for the House is whether or not we go with the committee bill, as reported by the Committee on Ways and Means, or to adopt the Fisher amendment. Our distinguished colleague, the gentleman from Virginia (Mr. FISHER), who is an able economist and an exceedingly effective representative, wisely modified the Ways and Means Committee provision. The choice that we thus are faced with is: Do we keep just that 1982 date, as the Committee on Ways and Means decided, or do we extend it to 1984?

My guess is that the American consumer is better off, the American worker is better off, everybody is better off, except perhaps the U.S. Treasury or our tax code if we adopt the Fisher amendment.

To alleviate a very real time problem, we would force everybody in a short period of time to insulate without the Fisher amendment thus artificially rais-

ing the price of insulation and doing damage, in the long term, to energy conservation.

As members of the committee know, I am sure, the increase in cost, or decrease in revenue, depending on how one looks at it, will be $784 million in fiscal year 1984 and $710 million in fiscal year 1985. But it will decrease consumption by about 20 million barrels of oil per day, and I think it is worthwhile.

Mr. Chairman, I support the amendment.

Mr. JACOBS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, before it goes by without anybody's saying more than a passing word for the U.S. Treasury—and I do appreciate the passing comment of the gentleman from Wisconsin (Mr. STEIGER), who indeed did oppose this insulation credit in the committee—I think the record ought to show that it is not a complete love fest for this raid on the U.S. Treasury. We are talking about one-half billion dollars a year from the U.S. Treasury to pay our next-door neighbor to insulate his or her home, where we may have already done it ourselves, or where he or she should have done it if he or she had the gumption to understand that it would save one-third of his or her fuel bill.

Mr. Chairman, I do not think when you have a bad situation that the best thing to do is compound it by extending it for 2 more years. Let me put it this way: If this is an incentive for those who are too dull witted to insulate their homes, knowing that they can save one-third of their fuel bills, if this is really an incentive, why is it they are not going to rush out and grab this big tax raid on the U.S. Treasury and save the one-third of their fuel bill for the soonest winter available? Why extend it for another 2 years? What effect is that really going to have on the market?

So I suppose it is all greased, like some of the other petroleum aspects of this bill, but I want to show for the record, when we read it 2 or 3 years from now, that not everybody here is interested in raiding the U.S. Treasury of one-half billion dollars a year to pay somebody or to bribe somebody to insulate his home, when saving a fuel bill ought to have been enough incentive, in the first place. Actually it is not so much a raid on the Treasury as a raid on the value of the dollar. The Treasury does not have the half a billion. The money would be the funny kind produced by U.S. printing presses.

Mr. RYAN. Mr. Chairman, I move to strike the requisite number of words, and in support of the ad hoc committee amendment.

Mr. Chairman, my dear friend, the gentleman from Indiana (Mr. JACOBS) and his concern for the Treasury remind me of the thinking of some of the water officials in Marin County, which is just north of San Francisco to the north of my district.

In that county they have had a severe water shortage for a couple of years. As a result, the situation has become very, very critical. Because of that shortage the citizens began to conduct a program for conservation of water. The program became a policy function of the county government of Marin County. In fact, they were so successful that instead of cutting back on the target of 25 percent of consumption, they cut back almost 40 percent, at which point the water officials in Marin County wrote to their constituents in the county and said, "Please use more water." They wanted the people to use more water even though the reservoirs did not have the water to spare.

Why? They did it because the water district revenues were getting smaller and smaller and district officials could not pay their salary bills.

That is the kind of thinking we have seen here when my friend, Mr. JACOBS says that this is going to mean there will be some kind of a loss to the Treasury.

It seems to me there are two most important sources of energy in this country that we have not yet even touched, in comparison to those such as nuclear and coal which we have stressed. I refer to solar energy and the conservation of energy. We have not encouraged our people much on the cutting down of energy use, and yet that is exactly where we can achieve the greatest single advantage to ourselves. We can create greater conservation of energy through insulation of our homes and industries. Among other things, one result of this would be the creation of a whole new industry to take care of the problem of conserving the energy we already use.

I do not see any loss to the Treasury by this; I see a gain, providing the incentives are great enough to develop a whole new industry that can retrofit all existing backlogs. If there is any criticism of this particular amendment, it is that it does not go far enough or fast enough.

Mr. Chairman, I urge the Members not to succumb to the kind of Marin County water thinking about which I spoke, where the people were urged to use less water. The revenues went down and they were encouraged to use more, even though they did not have the water.

The way to balance the budget, which my friend from Indiana wants, is to create more industry, more jobs—and then there will be the additional tax revenue that will save the Treasury—not drain it.

Mr. Chairman, I urge the adoption of this amendment.

The CHAIRMAN. The question is on the amendment of the ad hoc committee to part I, title II.

The ad hoc committee amendment was agreed to.

AMENDMENT OFFERED BY MR. CUNNINGHAM

Mr. CUNNINGHAM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will inquire of the gentleman from Washington (Mr. CUNNINGHAM) whether or not this amendment is permitted under the rule.

Mr. CUNNINGHAM. Mr. Chairman, it is my understanding that at present it is not. It is also my understanding, in talking with the gentleman from Ohio (Mr. ASHLEY), that should the House be allowed to totally exert its rules, the amendment could be made in order.

The CHAIRMAN. Does the gentleman from Washington (Mr. CUNNINGHAM) seek unanimous consent to consider the amendment?

Mr. CUNNINGHAM. Mr. Chairman, what I would prefer would be first to explain the amendment.

At the Chair's suggestion, I do ask unanimous consent that the amendment be considered.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. BOLLING. Mr. Chairman, I reserve the right to object.

The CHAIRMAN. The gentleman from Missouri (Mr. BOLLING) reserves the right to object.

Mr. ALLEN. Mr. Chairman, I object.

The CHAIRMAN. The Clerk will report the amendment.

Mr. ALLEN. Mr. Chairman, I object.

The Clerk read as follows:

Amendment offered by Mr. CUNNINGHAM: On page 404, line 22, strike "20 percent" and insert in lieu thereof "100 percent", and on page 404, line 23, after the word "taxpayer", insert "for materials only", and on page 404, line 25, strike "$2,000.00", and insert "$400.00".

The CHAIRMAN. The gentleman from Missouri (Mr. BOLLING) has reserved the right to object.

Mr. ALLEN. I object, Mr. Chairman.

Mr. CUNNINGHAM. Mr. Chairman, may I inquire, would the gentleman from Missouri (Mr. BOLLING) reserve his right to object?

Mr. BOLLING. Mr. Chairman, I have reserved my right to object to the consideration of the amendment, and the gentleman from Tennessee (Mr. ALLEN) has objected.

The CHAIRMAN. That objection of the gentleman from Tennessee (Mr. ALLEN) is heard.

Mr. CUNNINGHAM. Mr. Chairman, may I inquire, would the gentleman permit me the opportunity to explain my amendment before he objects? I wondered if the gentleman would simply reserve his right to object.

Mr. ALLEN. Mr. Chairman, if the gentleman will yield, I have not been permitted the opportunity to offer a single amendment myself, and that being the case, I object.

The CHAIRMAN. Objection is heard.

Mr. CUNNINGHAM. Mr. Chairman, I move to strike the last word.

I would apologize to the body for being so brash as to suddenly roar into this matter, but it is because I am concerned about a weakness in the insulation tax credit. Therefore, I have offered or tried to offer what I consider to be a friendly amendment.

I have discussed it with the chairman of the Ad Hoc Committee, and I have discussed it with the chairman of the Committee on Ways and Means, the gentleman from Oregon (Mr. ULLMAN).

Mr. Chairman, the insulation tax credit, as we know, does very well for the wealthy, and further in the bill the ability to insulate is handled for the poor. However, as usual, in our rush to meet all goals for everyone, we are again standing on the brink of prohibiting anyone the incentive of doing it for himself, by using his own labor to install

needed insulation—and have the same tax treatment as the very wealthy.

Mr. Chairman, the purpose of my amendment was simply to say that those who choose to insulate their own homes, with their own hands, the average worker, the man who pays the cost of our Government, would be given the same incentive tax-wise as the wealthy.

Frankly, Mr. Chairman, I had come to the floor in the hope that this body, recognizing the rules of the majority and the rules of the House would seriously consider a friendly amendment.

I regret the gentleman raising objection to even consider this amendment—for that objection denies the average American taxpayer the right he has to have equal treatment under the law.

The CHAIRMAN. The Clerk will designate the heading of the part now pending.

The Clerk read as follows:

Page 415, line 12, Part II—Transportation.

(Part II of Title II reads as follows:)

PART II—TRANSPORTATION

Subpart A—Gas Guzzler Tax

SEC. 2021. GAS GUZZLER TAX.

(a) GENERAL RULE.—Part I of subchapter A of chapter 32 (relating to motor vehicle excise taxes) is amended by adding at the end thereof the following new section:

"SEC. 4064. GAS GUZZLER TAX.

"(a) IMPOSITION OF TAX.—There is hereby imposed on the sale by the manufacturer of each automobile a tax determined in accordance with the following tables:

"(1) In the case of a 1979 model year automobile:

"If the fuel economy of the model type in which the automobile falls is:

	The tax is:
At least 15	0
At least 14 but less than 15	$339
At least 13 but less than 14	438
Less than 13	553

"(2) In the case of a 1980 model year automobile:

"If the fuel economy of the model type in which the automobile falls is:

	The tax is:
At least 17	0
At least 16 but less than 17	$249
At least 15 but less than 16	333
At least 14 but less than 15	428
At least 13 but less than 14	538
Less than 13	666

"(3) In the case of a 1981 model year automobile:

"If the fuel economy of the model type in which the automobile falls is:

	The tax is:
At least 18.5	0
At least 17.5 but less than 18.5	$245
At least 16.5 but less than 17.5	341
At least 15.5 but less than 16.5	458
At least 14.5 but less than 15.5	597
At least 13.5 but less than 14.5	764
At least 12.5 but less than 13.5	968
Less than 12.5	1,216

"(4) In the case of a 1982 model year automobile:

"If the fuel economy of the model type in which the automobile falls is:

	The tax is:
At least 20	0
At least 19 but less than 20	$266
At least 18 but less than 19	369
At least 17 but less than 18	491
At least 16 but less than 17	636
At least 15 but less than 16	809
At least 14 but less than 15	1,015
At least 13 but less than 14	1,264
Less than 13	1,565

"(5) In the case of a 1983 model year automobile:

"If the fuel economy of the model type in which the automobile falls is:

	The tax is:
At least 20.5	0
At least 19.5 but less than 20.5	$345
At least 18.5 but less than 19.5	459
At least 17.5 but less than 18.5	593
At least 16.5 but less than 17.5	751
At least 15.5 but less than 16.5	938
At least 14.5 but less than 15.5	1,161
At least 13.5 but less than 14.5	1,427
At least 12.5 but less than 13.5	1,747
Less than 12.5	2,134

"(6) In the case of a 1984 model year automobile:

"If the fuel economy of the model type in which the automobile falls is:

	The tax is:
At least 22	0
At least 21 but less than 22	$371
At least 20 but less than 21	490
At least 19 but less than 20	631
At least 18 but less than 19	797
At least 17 but less than 18	990
At least 16 but less than 17	1,218
At least 15 but less than 16	1,486
At least 14 but less than 15	1,804
At least 13 but less than 14	2,183
Less than 13	2,638

"(7) In the case of a 1985 or later model year automobile:

"If the fuel economy of the model type in which the automobile falls is:

	The tax is:
At least 23.5	0
At least 22.5 but less than 23.5	$397
At least 21.5 but less than 22.5	524
At least 20.5 but less than 21.5	671
At least 19.5 but less than 20.5	843
At least 18.5 but less than 19.5	1,043
At least 17.5 but less than 18.5	1,276
At least 16.5 but less than 17.5	1,550
At least 15.5 but less than 16.5	1,868
At least 14.5 but less than 15.5	2,244
At least 13.5 but less than 14.5	2,688
At least 12.5 but less than 13.5	3,219
Less than 12.5	3,856

"(b) DEFINITIONS.—For purposes of this section—

"(1) AUTOMOBILE.—The term 'automobile' means any 4-wheeled vehicle propelled by fuel—

"(A) which is manufactured primarily for use on public streets, roads, and highways (except any vehicle operated exclusively on a rail or rails), and

"(B) which is rated at 6,000 pounds gross vehicle weight or less.

Such term does not include a truck designed primarily to carry property and the cargo capacity of which is at least 1,000 pounds.

"(2) FUEL ECONOMY.—The term 'fuel economy' means the average number of miles traveled by an automobile per gallon of gasoline (or equivalent amount of other fuel) consumed, as determined by the EPA Administrator in accordance with procedures established under subsection (c).

"(3) MODEL TYPE.—*The term 'model type'* means a particular class of automobile as determined by regulation by the EPA Administrator.

"(4) MODEL YEAR.—The term 'model year', with reference to any specific calendar year, means a manufacturer's annual production period (as determined by the EPA Administrator) which includes January 1 of such calendar year. If a manufacturer has no annual production period, the term 'model year' means the calendar year.

"(5) MANUFACTURER.—The term 'manufacturer' includes a producer or importer.

"(6) EPA ADMINISTRATOR.—The term 'EPA Administrator' means the Administrator of the Environmental Protection Agency.

"(7) FUEL.—The term 'fuel' means gasoline and diesel fuel. The Secretary (after consultation with the Secretary of Transportation) may, by regulation, include any product of petroleum or natural gas within the meaning of such term if he determines that such inclusion is consistent with the need of the Nation to conserve energy.

"(c) DETERMINATION OF FUEL ECONOMY.—For purposes of this section—

"(1) IN GENERAL.—Fuel economy for any model type shall be measured in accordance with testing and calculation procedures established by the EPA Administrator by regulation. Procedures so established shall be the procedures utilized by the EPA Administrator for model year 1975 (weighted 55 percent urban cycle, and 45 percent highway cycle), or procedures which yield comparable results. Procedures under this subsection, to the extent practicable, shall require that fuel economy tests be conducted in conjunction with emissions tests conducted under section 206 of the Clean Air Act. The EPA Administrator shall report any measurements of fuel economy to the Secretary.

"(2) SPECIAL RULE FOR FUELS OTHER THAN GASOLINE.—The EPA Administrator shall by regulation determine that quantity of any other fuel which is the equivalent of one gallon of gasoline.

"(3) TIME BY WHICH REGULATIONS MUST BE ISSUED.—Testing and calculation procedures applicable to a model year, and any amendment to such procedures (other than a technical or clerical amendment), shall be promulgated not less than 12 months before the model year to which such procedures apply."

(b) REDUCTION IN BASIS OF AUTOMOBILE ON WHICH GAS GUZZLER TAX WAS IMPOSED.—Section 1016 (relating to adjustments to basis) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) REDUCTION IN BASIS OF AUTOMOBILE ON WHICH GAS GUZZLER TAX WAS IMPOSED.—If—

"(1) the taxpayer acquires any automobile with respect to which a tax was imposed by section 4064, and

"(2) the use of such automobile by the taxpayer begins not more than 1 year after the date of the first sale for ultimate use of such automobile,

the basis of such automobile shall be reduced by the amount of the tax imposed by section 4064 with respect to such automobile. In the case of importation, if the date of entry or withdrawal from warehouse for consumption is later than the date of the first sale for ultimate use, such later date shall be substituted for the date of such first sale in the preceding sentence."

(c) DENIAL OF CERTAIN EXEMPTIONS AND REFUNDS.—

(1) TAX-FREE SALES—Subsection (a) of section 4221 (relating to certain tax-free sales) is amended by adding at the end thereof the following new sentence:

"Paragraphs (4) and (5) shall not apply to the tax imposed by section 4064."

(2) UNITED STATES AND POSSESSIONS.—Section 4293 (relating to exemption for United States and possessions) is amended by inserting "(other than section 4064)" after "chapters 31 and 32".

(3) DENIAL OF REFUNDS FOR CERTAIN USES.—Paragraph (2) of section 6416(b) (relating to tax payments considered overpayments in the case of specified uses and resales) is amended by adding at the end thereof the following new sentence:

"Subparagraphs (C) and (D) shall not apply in the case of any tax paid under section 4064."

(d) PAYMENT OF TAX IN CASE OF LEASED AUTOMOBILES.—Section 4217 (relating to leases) is amended by adding at the end thereof the following new subsection:

"(e) LEASES OF AUTOMOBILES SUBJECT TO GAS GUZZLER TAX.—

"(1) IN GENERAL.—In the case of the lease of an automobile the sale of which by the manufacturer would be taxable under section 4064, the foregoing provisions of this section shall not apply, but, for purposes of this chapter—

"(A) the first lease of such automobile by the manufacturer shall be considered to be a sale, and

"(B) any lease of such automobile by the manufacturer after the first lease of such automobile shall not be considered to be a sale.

"(2) PAYMENT OF TAX.—In the case of a lease described in paragraph (1)(A)—

"(A) there shall be paid by the manufacturer on each lease payment that portion of the total gas guzzler tax which bears the same ratio to such total gas guzzler tax as such payment bears to the total amount to be paid under such lease,

"(B) if such lease is canceled, or the automobile is sold or otherwise disposed of, before the total gas guzzler tax is payable, there shall be paid by the manufacturer on such cancellation, sale, or disposition the difference between the tax imposed under subparagraph (A) on the lease payments and the total gas guzzler tax, and

"(C) if the automobile is sold or otherwise disposed of after the total gas guzzler tax is payable, no tax shall be imposed under section 4064 on such sale or disposition.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) MANUFACTURER.—The term 'manufacturer' includes a producer or importer.

"(B) TOTAL GAS GUZZLER TAX.—The term 'total gas guzzler tax' means the tax imposed by section 4064, computed at the rate in effect on the date of the first lease."

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 32 is amended by adding at the end thereof the following new item:

"Sec. 4064. Gas guzzler tax."

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to 1979 and later model year automobiles (as defined in section 4064(b) of the Internal Revenue Code of 1954).

SEC. 2022. TRUST FUND FOR PURPOSE OF REDUCING PUBLIC DEBT.

(a) ESTABLISHMENT OF TRUST FUND.—There is hereby established in the Treasury of the United States a trust fund to be known as the "Public Debt Retirement Trust Fund" (hereinafter in this section referred to as the "Trust Fund"). The Trust Fund shall consist of such amounts as may be appropriated and transferred to it as provided in subsection (b).

(b) TRANSFER OF GAS GUZZLER TAX TO THE TRUST FUND.—

(1) IN GENERAL.—There is hereby appropriated to the Trust Fund, out of any money in the Treasury not otherwise appropriated, amounts equivalent to the taxes which are imposed by section 4064 of the Internal Revenue Code of 1954 (relating to gas guzzler tax) and which are received in the Treasury.

(2) METHOD OF TRANSFER.—The amounts appropriated by paragraph (1) shall be transferred at least monthly from the general fund of the Treasury to the Trust Fund on the basis of estimates by the Secretary of the Treasury of amounts referred to in such paragraph received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than amounts required to be transferred.

(c) USE OF TRUST FUND.—Amounts in the Trust Fund may be used only for the payment at maturity, or the redemption or purchase before maturity, of any of the obligations of the United States included in the public debt of the United States. All obligations of the United States paid, redeemed, or purchased with money out of the Trust Fund shall be canceled and retired and shall not be reissued.

Subpart B—Motor Fuels

SEC. 2023. REPEAL OF DEDUCTION FOR STATE AND LOCAL TAXES ON GASOLINE AND OTHER MOTOR FUELS.

(a) REPEAL.—Paragraph (5) of section 164(a) (relating to deduction for taxes) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) The heading of paragraph (5) of section 164(b) is amended by striking out "AND GASOLINE TAXES".

(2) The text of such paragraph (5) is amended by striking out "or of any tax on the sale of gasoline, diesel fuel, or other motor fuel".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect at the close of December 31, 1977.

SEC. 2024. EXTENSION TO 1985 OF EXISTING RATE OF TAX ON GASOLINE AND OTHER MOTOR FUELS.

(a) IN GENERAL.—The following provisions are amended by striking out "1979" and inserting in lieu thereof "1985":

(1) Section 4041(e) (relating to rate reduction).

(2) Section 4081(b) (relating to imposition of tax on gasoline).

(3) Section 6421(h) (relating to tax on gasoline used for certain nonhighway purposes or by local transit systems).

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (3) of section 4041(c) (relating to rate of tax) is amended to read as follows:

"(3) RATE OF TAX.—The rate of tax imposed by paragraph (2) is 3 cents a gallon."

(2) Subsection (a) of section 6412 (relating to floor stocks refunds) is amended by adding at the end thereof the following new paragraph:

"(3) EXTENSION OF TAX ON GASOLINE.—In the case of gasoline subject to the tax imposed by section 4081, paragraph (1) shall be applied—

"(A) by substituting '1985' for '1979' each place it appears, and

"(B) by substituting '1986' for '1980' each place it appears."

SEC. 2025. AMENDMENT OF MOTORBOAT FUEL PROVISIONS.

(a) 2-CENT INCREASE IN TAX ON MOTORBOAT FUEL.—

(1) The second sentence of section 4041(b) (relating to tax on special motor fuels) is amended by striking out "the tax imposed" and inserting in lieu thereof "and otherwise than as a fuel in a motorboat, the tax imposed".

(2) The third sentence of section 4041(b) is amended by striking out "a tax of 2 cents a gallon" and inserting in lieu thereof "or is used as a fuel in a motorboat, a tax of 2 cents a gallon".

(b) REFUND OF GASOLINE USED FOR CERTAIN NONHIGHWAY PURPOSES.—The first sentence of section 6421(a) (relating to nonhighway uses) is amended by striking out "the Secretary" and inserting in lieu thereof "and otherwise than as a fuel in a motorboat, the Secretary".

(c) LAND AND WATER CONSERVATION FUND.—Paragraph (1) of section 201(b) of the Land and Water Conservation Fund Act of 1965 is amended—

(1) by striking out "1980" and inserting in lieu thereof "1978", and

(2) by striking out "1979" and inserting in lieu thereof "1977"

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1977.

Subpart C—Provisions Related to Buses

SEC. 2026. REMOVAL OF EXCISE TAX ON BUSES.

(a) GENERAL RULE.—Paragraph (6) of section 4063(a) (relating to exemption for local transit buses) is amended to read as follows:

"(6) BUSES.—The tax imposed under section 4061 (a) shall not apply in the case of any automobile bus chassis or automobile bus body."

(b) FLOOR STOCK REFUNDS.—

(1) IN GENERAL.—Where, before the day after the date of the enactment of this Act, any tax-repealed article (as defined in subsection (e)) has been sold by the manufacturer, producer, or importer and on such day is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article, if—

(A) claim for such credit or refund is filed with the Secretary of the Treasury before the first day of the 10th calendar month beginning after the day after the date of the enactment of this Act based upon a request submitted to the manufacturer, producer, or importer before the first day of the 7th calendar month beginning after the day after the date of the enactment of this Act by the dealer who held the article in respect of which the credit or refund is claimed; and

(B) on or before the first day of such 10th calendar month reimbursement has been made to the dealer by the manufacturer producer, or importer in an amount equal to the tax paid on the article or written consent has been obtained from the dealer to allowance of the credit or refund.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to credit or refund under paragraph (1) unless he has in his possession such evidence of the inventories with respect to which the credit or refund is claimed as may be required by regulations prescribed by the Secretary of the Treasury under this subsection.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4061 (a) of the Internal Revenue Code of 1954 shall, insofar as applicable and not inconsistent with paragraphs (1) and (2) of this subsection, apply in respect of the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayments of the tax.

(c) REFUNDS WITH RESPECT TO CERTAIN CONSUMER PURCHASES.—

(1) IN GENERAL.—Except as otherwise provided in paragraph (2), where on or after April 20, 1977, and on or before the date of the enactment of this Act, a tax-repealed article (as defined in subsection (e)) has been sold to an ultimate purchaser, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer of such article an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to a credit or refund under paragraph (1) with respect to an article unless—

(A) he has in his possession such evidence of the sale of the article to an ultimate purchaser, and of the reimbursement of the tax to such purchaser, as may be required by regulation prescribed by the Secretary of the Treasury under this subsection;

(B) claim for such credit or refund is filed with the Secretary of the Treasury before the first day of the 10th calendar month beginning after the day after the date of the enactment of this Act based upon information submitted to the manufacturer, producer, or importer before the first day of the 7th calendar month beginning after the day after the date of the enactment of this Act by the person who sold the article (in respect of

which the credit or refund is claimed) to the ultimate purchaser; and

(C) on or before the first day of such 10th calendar month reimbursement has been made to the ultimate purchaser in an amount equal to the tax paid on the article.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4061(a) of such Code shall, in sofar as applicable and not inconsistent with paragraph (1) or (2) of this subsection, apply in respect of the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayments of the tax.

(d) CERTAIN USES BY MANUFACTURER, ETC.—Any tax paid by reason of section 4218(a) of such Code (relating to use by manufacturer or importer considered sale) on any tax-repealed article shall be deemed an overpayment of such tax if the tax was imposed on such article by reason of such section 4218 (a) on or after April 20, 1977.

(e) DEFINITIONS.—For purposes of this section—

(1) The term "dealer" includes a wholesaler, jobber, distributors, or retailer.

(2) An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made) and if, for purposes of consumption, title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(3) The term "tax-repealed article" means an article on which a tax was imposed by section 4061(a) of such Code (as in effect on the day before the date of the enactment of this Act) and which is exempted from such tax by paragraph (6) of section 4063(a) of such Code (as amended by subsection (a) of this section).

(f) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The heading for paragraph (1) of section 6412(a) (relating to floor stocks refunds) is amended by striking out "AND BUSES".

(2) Subsection (d) of section 4222 (relating to registration in case of certain other exemptions) is amended by striking out "4063(a) (6) or (7)" and inserting in lieu thereof "4063(a)(7)".

(g) EFFECTIVE DATE.—

(1) The amendments made by this section shall apply with respect to articles sold on or after April 20, 1977.

(2) For purposes of paragraph (1), an article shall not be considered sold before April 20, 1977, unless possession or right to possession passes to the purchaser before such day.

(3) In the case of—

(A) a lease,

(B) a contract for the sale of an article where it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments,

(C) a conditional sale, or

(D) a chattel mortgage arrangement wherein it is provided that the sale price shall be paid in installments,

entered into before April 20, 1977, payments made on or after such date with respect to the article leased or sold shall, for purposes of this subsection, be considered as payments made with respect to an article sold on or after such date, if the lessor or vendor establishes that the amount of payments payable on or after such date with respect to such article has been reduced by an amount equal to that portion of the tax applicable with respect to the lease or sale of such article which is due and payable on or after such date. If the lessor or vendor does not establish that the payments have been so reduced, they shall be treated as payments made in respect of an article sold before April 20, 1977.

SEC. 2027. REMOVAL OF EXCISE TAX ON BUS PARTS

(a) EXEMPT SALES.—Subsection (e) of section 4221 (relating to special rules for certain tax-free sales) is amended by adding at the end thereof the following new paragraph.

"(6) BUS PARTS AND ACCESSORIES.—Under regulations prescribed by the Secretary, the tax imposed by section 4061(b) shall not apply to any part or accessary which is sold for use by the purchaser on or in connection with an automobile bus."

(b) REFUND FOR CERTAIN SALES OF BUS PARTS.—Subparagraph (I) of section 6416(b) (2) (relating to refund for specified uses and resales) is amended to read as follows:

"(I) in the case of any article taxable under section 4061(b), sold for use by the purchaser on or in connection with an automobile bus;".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales on or after the first day of the first calendar month beginning more than 10 days after the date of the enactment of this Act.

SEC. 2028. REMOVAL OF EXCISE TAX ON CERTAIN ITEMS USED IN CONNECTION WITH INTERCITY, LOCAL, AND SCHOOL BUSES

(a) TIRES, TUBES, AND TREAD RUBBER.—

(1) IN GENERAL.—Paragraph (5) of section 4221 (e) (relating to school buses) is amended to read as follows:

"(5) TIRES, TUBES, AND TREAD RUBBER USED ON INTERCITY, LOCAL, AND SCHOOL BUSES.—Under regulations prescribed by the Secretary—

"(A) the taxes imposed by paragraphs (1) and (3) of section 4071(a) shall not apply in the case of tires or inner tubes for tires sold for use by the purchaser on or in connection with a qualified bus, and

"(B) the tax imposed by paragraph (4) of section 4071(a) shall not apply in the case of tread rubber sold for use by the purchaser in the recapping or retreading of any tire to be used by the purchaser on or in connection with a qualified bus."

(2) QUALIFIED BUS DEFINED.—Subsection (d) of section 4221 (relating to definitions) is amended by adding at the end thereof the following new paragraph:

"(7) QUALIFIED BUS.—

"(A) IN GENERAL.—The term 'qualified bus' means—

"(i) an intercity or local bus, and

"(ii) a school bus.

"(B) INTERCITY OR LOCAL BUS.—The term 'intercity or local bus' means any automobile bus which is used predominantly in furnishing (for compensation) passenger land transportation available to the general public if—

"(i) such transportation is scheduled and along regular routes, or

"(ii) the passenger seating capacity of such bus is at least 20 adults (not including the driver).

"(C) SCHOOL BUS.—The term 'school bus' means any automobile bus substantially all the use of which is in transporting students and employees of schools. For purposes of the preceding sentence, the term 'school' means an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are carried on."

(3) TECHNICAL AMENDMENT.—Paragraph (2) of section 6416(b) (relating to specified uses and resales) is amended by striking out the period at the end of subparagraph (K) and inserting in lieu thereof a semicolon and by inserting after subparagraph (K) the following new subparagraphs:

"(L) in the case of any tire or inner tube taxable under paragraph (1) or (3) of section 4071(a), sold to any person for use as described in section 4221(e)(5)(A); or

"(M) in the case of tread rubber taxable under paragraph (4) of section 4071(a), used in the recapping or retreading of a tire sold to any person for use on or in connection with a qualified bus (as defined in section 4221(d)(7))."

(b) REPAYMENT OF TAX ON LUBRICATING OIL USED IN INTERCITY, LOCAL, OR SCHOOL BUSES.—

(1) IN GENERAL.—Subsection (a) of section 6424 (relating to lubricating oil not used in highway motor vehicles) is amended to read as follows:

"(a) PAYMENTS.—Except as provided in subsection (f), if lubricating oil (other than cutting oils, as defined in section 4092(b), and other than oil which has previously been used) is used—

"(1) otherwise than in a highway motor vehicle, or

"(2) in a qualified bus (as defined in section 4221(d)(7)),

the Secretary shall pay (without interest) to the ultimate purchaser of such lubricating oil an amount equal to 6 cents for each gallon of lubricating oil so used."

(2) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) The section heading for section 6424 is amended by striking out "NOT USED IN HIGHWAY MOTER VEHICLES" and inserting in lieu thereof "USED FOR CERTAIN NONTAXABLE PURPOSES".

(B) The table of sections for subchapter B of chapter 65 (relating to rules of special application) is amended by striking out "not used in highway motor vehicles" in the item relating to section 6424 and inserting in lieu thereof "used for certain nontaxable purposes".

(C) Paragraph (3) of section 39(a) (relating to certain uses of gasoline, special fuels, and lubricating oil) is amended by striking out "otherwise than in a highway motor vehicle" and inserting in lieu thereof "for certain nontaxable purposes".

(D) Section 6504(9) and 6675(a) are each amended by striking out "not used in highway motor vehicles" and inserting in lieu thereof "used for certain nontaxable purposes".

(E) Paragraph (3) of section 209(f) of the Highway Revenue Act of 1956 is amended by striking out "lubricating oil not used in highway motor vehicles" and inserting in lieu thereof "lubricating oil used for certain nontaxable purposes".

(c) REPAYMENT OF TAX ON FUELS USED BY PUBLIC TRANSIT BUSES OR SCHOOL BUSES.—

(1) GASOLINE.—Subsection (b) of section 6421 (relating to local transit systems) is amended to read as follows:

"(b) INTERCITY, LOCAL, OR SCHOOL BUSES.—

"(1) ALLOWANCE.—Except as provided in paragraph (2) and subsection (i), if gasoline is used in an automobile bus while engaged in—

"(A) furnishing (for compensation) passenger land transportation available to the general public, or

"(B) the transportation of students and employees of schools (as defined in the last sentence of section 4221(d)(7)(C)),

the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to the product of the number of gallons of gasoline so used multiplied by the rate at which tax was imposed on such gasoline by section 4081.

"(2) LIMITATION IN CASE OF NONSCHEDULED INTERCITY OR LOCAL BUSES.—Paragraph (1) (A) shall not apply in respect of gasoline used in any automobile bus while engaged in furnishing transportation which is not scheduled and not along regular routes unless the seating capacity of such bus is at least 20 adults (not including the driver)."

(2) OTHER FUELS.—Subsection (b) of section 6427 (relating to local transit systems) is amended to read as follows:

"(b) INTERCITY, LOCAL, OR SCHOOL BUSES.—

"(1) ALLOWANCE.—Except as provided in paragraph (2) and subsection (g), if any fuel on the sale of which tax was imposed by sub-

section (a) or (b) of section 4041 is used in an automobile bus while engaged in—

"(A) furnishing (for compensation) passenger land transportation available to the general public, or

"(B) the transportation of students and employees of schools (as defined in the last sentence of section 4221(d)(7)(C)),

the Secretary shall pay (without interest) to the ultimate purchaser of such fuel an amount equal to the product of the number of gallons of such fuel so used multiplied by the rate at which tax was imposed on such fuel by subsection (a) or (b) of section 4041.

"(2) LIMITATION IN CASE OF NONSCHEDULED INTERCITY OR LOCAL BUSES.—Paragraph (1)(A) shall not apply in respect of fuel used in any automobile bus while engaged in furnishing transportation which is not scheduled and not along regular routes unless the seating capacity of such bus is at least 20 adults (not including the driver)."

(3) TECHNICAL AMENDMENTS.—

(A) Subsection (d) of section 6421 is amended to read as follows:

"(d) GASOLINE DEFINED.—For purposes of this section, the term 'gasoline' has the meaning given to such term by section 4082(b)."

(B) Subsection (c) of section 4483 is amended by inserting "(as in effect on the day before the date of the enactment of the Energy Tax Act of 1977)" after "section 6421(b)(2)".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the first calendar month which begins more than 10 days after the date of the enactment of this Act.

Subpart D—Credit for Electric Motor Vehicles

SEC. 2029. CREDIT FOR QUALIFIED ELECTRIC MOTOR VEHICLES.

(a) GENERAL RULE.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by inserting after section 44C the following new section:

"SEC. 44D. QUALIFIED ELECTRIC MOTOR VEHICLES.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the cost to the taxpayer to acquire a qualified electric motor vehicle during the taxable year, to the extent that such cost does not exceed $300.

"(b) LIMITATIONS.—

"(1) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this part having a lower number of letter designation than this section, other than the credits allowable by sections 31, 39, and 43.

"(2) JOINT ACQUISITION.—If any qualified electric motor vehicle is jointly acquired by 2 or more individuals—

"(A) the aggregate amount allowable as a credit under subsection (a) to such individuals with respect to such vehicle shall not exceed $300 and

"(B) the amount allowable as a credit for the taxable year shall be apportioned among such individuals on the basis of their respective shares of the cost.

"(c) QUALIFIED ELECTRIC MOTOR VEHICLE DEFINED.—For purposes of this section, the term 'qualified electric motor vehicle' means any 4-wheeled vehicle—

"(1) which is manufactured primarily for use on public streets, roads, and highways (except any vehicle operated exclusively on a rail or rails),

"(2) which is powered primarily by an electric motor drawing current from rechargeable storage batteries or other portable sources of electric current,

"(3) which is acquired by the taxpayer on or after April 20, 1977, for the personal use of the taxpayer or a member of his family, and

"(4) the original use of which begins with the taxpayer or a member of his family.

"(d) TERMINATION.—This section shall not apply to any qualified electric motor vehicle acquired after December 31, 1982."

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for such subpart A is amended by inserting after the item relating to section 44C the following new item:

"Sec. 44D. Qualified electric motor vehicles."

(2) Section 6096(b) (relating to designation of income tax payment to Presidential Election Campaign Fund) is amended by striking out "and 44C" and inserting in lieu thereof "44C, and 44D".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to vehicles acquired on or after April 20, 1977, in taxable years ending on or after such date.

The CHAIRMAN. The Clerk will designate the page and the line number of the ad hoc committee amendment to part II of title II.

The Clerk read as follows:

Ad hoc committee amendment: Page 425, line 14, insert the matter beginning on page 425, line 14, through page 448, line 10.

(The ad hoc committee amendment reads as follows:)

Page 425, line 14, insert:

Subpart B—Fuel Conservation Taxes; Energy Conservation and Conversion Trust Fund

SEC. 2023. GASOLINE CONSERVATION TAX.

(a) GENERAL RULE.—Part III of subchapter A of chapter 32 (relating to petroleum products) is amended by redesignating subparts B and C as subparts C and D, respectively, and by inserting after subpart A the following new subpart:

"Subpart B—Gasoline Conservation Tax

"Sec. 4086. Imposition of tax.

"SEC. 4086. IMPOSITION OF TAX.

(a) IMPOSITION OF ADDITIONAL TAX.—In addition to any tax imposed by section 4081, there is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of—

"(1) in the case of gasoline so sold during 1978, 2 cents a gallon; or

"(2) in the case of gasoline so sold after December 31, 1978, 4 cents a gallon.

"(b) TAX TO BE DEPOSITED IN TRUST FUND.—

"For provisions for depositing amounts of the tax imposed by this section in the Energy Conservation and Conversion Trust Fund, see section 2024 of the Energy Tax Act of 1977."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1978.

SEC. 2023A. DIESEL AND SPECIAL MOTOR VEHICLES FUELS CONSERVATION TAXES.

(a) IN GENERAL.—Chapter 31 (relating to special fuels) is amended by adding at the end thereof the following new section:

"SEC. 4042. IMPOSITION OF DIESEL AND SPECIAL MOTOR FUELS CONSERVATION TAXES.

"(a) DIESEL FUEL.—In addition to any tax imposed by section 4041(a), there is hereby imposed a tax of 4 cents a gallon (2 cents a gallon in the case of a sale or use in 1978) upon any liquid (other than any product taxable under section 4086)—

"(1) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as a fuel in such vehicle; or

"(2) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under paragraph (1).

"(b) SPECIAL MOTOR FUELS.—In addition to any tax imposed by section 4041(b), there is hereby imposed a tax of 4 cents a gallon (2 cents a gallon in the case of a sale or use in 1978) upon benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4086 or subsection (a) of this section)—

"(1) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat for use as a fuel in such motor vehicle or motorboat; or

"(2) used by any person as a fuel in a motor vehicle or motorboat, unless there was a taxable sale of such liquid under this section.

"(c) EXEMPTIONS.—Under regulations prescribed by the Secretary, no tax shall be imposed by this section on any liquid sold for use or used if such sale or use is exempt from the tax imposed by section 4041 by reason of subsection (f), (g), or (h) of section 4041.

"(d) SALES BY UNITED STATES, ETC.—The taxes imposed by this section shall apply with respect to liquids sold at retail by the United States or by any agency or instrumentality of the United States, unless sales by such agency or instrumentality are by statute specifically exempted from such taxes."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1978, except that no tax shall be imposed under section 4042 of the Internal Revenue Code of 1954 (as added by subsection (a)) with respect to the use by any person of any fuel sold to such person before January 1, 1978, if such sale would have been taxable under such section 4042 if it had occurred on January 1, 1978.

SEC. 2023B. FLOOR STOCKS TAXES; TECHNICAL AND CONFORMING AMENDMENTS.

(a) FLOOR STOCK TAXES.—Subchapter G of chapter 32 (relating to exemptions, registration, etc.) is amended by inserting after section 4225 the following new section:

"SEC. 4226. FLOOR STOCKS TAXES ON GASOLINE.

"(a) GASOLINE CONSERVATION TAX.—

"(1) IMPOSITION OF TAX.—On gasoline (as defined in section 4082(b)) which, on a gasoline tax increase date, is held by a dealer for sale, there is hereby imposed a floor stocks tax at a rate equal to the difference between (A) the tax (if any) imposed by section 4086 on the sale of such gasoline by the producer or importer, and (B) the tax which would have been imposed by such section on such sale if that sale had occurred on such gasoline tax increase date. The tax imposed by this paragraph shall not apply to gasoline in retail stocks held at the place where intended to be sold at retail, nor to gasoline held for sale by a producer or importer of gasoline.

"(2) GASOLINE TAX INCREASE DATE DEFINED.—For purposes of this section, the term 'gasoline tax increase date' means January 1, 1978, and January 1, 1979.

"(b) OVERPAYMENT OF FLOOR STOCKS TAXES.—Section 6416 shall apply in respect of the floor stocks taxes imposed by this section, so as to entitle, subject to all provisions of section 6416, any person paying such floor stocks taxes to a credit or refund thereof for any of the reasons specified in section 6416.

"(c) MEANING OF TERMS.—For purposes of subsection (a), the terms 'dealer' and 'held by dealer' have the meaning assigned to them by section 6412(a)(2).

"(d) DUE DATE OF TAXES.—Any tax imposed by subsection (a) shall be paid at such time, not less than 90 days after the gasoline tax increase date in respect of which such tax was imposed, as may be prescribed by the Secretary."

(b) DENIAL OF CERTAIN EXEMPTIONS AND REFUNDS.—

(1) Subsection (a) of section 4221 (relating to certain tax-free sales) is amended by adding at the end thereof the following new sentence: "Paragraph (2) shall not apply to the tax imposed by section 4086."

(2) Section 4293 is amended by striking out "section 4064" and inserting in lieu thereof "section 4042, 4064, or 4086".

(3) Paragraph (6)(C) of section 4221(d) (relating to use in further manufacture) and paragraph (3)(F) of section 6416(b) (relating to tax-paid articles used for further manufacture, etc.) are each amended by striking out "section 4081" and inserting in lieu thereof "section 4081 or 4086".

(c) ALLOWANCE OF REFUNDS IN CASE OF CERTAIN USES.—Paragraph (2) of section 6416(b) (relating to tax payments considered overpayments in case of specified uses and resales) is amended—

(1) by inserting after "section 4041 (a)(1) or (b)(1)" the following: "or section 4042", and

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

"Subparagraph (A) shall not apply to any tax paid under section 4086 or 4042."

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 31 is amended by adding at the end thereof the following new item:

"Sec. 4042. Imposition of diesel and special motor fuels conservation taxes."

(2) The table of subparts for part III of subchapter A of chapter 32 is amended by striking out the last two items and inserting in lieu thereof the following

"Subpart B. Gasoline conservation tax.
"Subpart C. Lubricating oil.
"Subpart D. Special provisions applicable to petroleum products."

(3) Subsections (a) and (b) of section 4082 are each amended by striking out "in this subpart" and inserting in lieu thereof "in this subpart and subpart B".

(4) Section 4083 is amended by striking out "section 4081" and inserting in lieu thereof "section 4081 or 4086".

(5) Section 4101 is amended by striking out "section 4081 or section 4091" and inserting in lieu thereof "section 4081, 4086, or 4091".

(6) The table of sections for subchapter G of chapter 32 is amended by inserting after the item relating to section 4225 the following new item:

"Sec. 4226. Floor stocks taxes on gasoline."

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1978.

SEC. 2023C. REPAYMENT OF GASOLINE AND SPECIAL FUELS CONSERVATION TAXES IN CASE OF CERTAIN USES.

(a) GENERAL RULES.—Subchapter B of chapter 65 (relating to rules of special application for abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6430. REPAYMENT OF GASOLINE, DIESEL, AND SPECIAL FUELS CONSERVATION TAXES IN CASE OF CERTAIN USES.

"(a) USE FOR FARMING PURPOSES.—

"(1) IN GENERAL.—Except as provided in subsection (g), if any gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which a tax was imposed by section 4042 is used by any purchaser of such gasoline or fuel on a farm for farming purposes (within the meaning of section 6420(c)), the Secretary shall pay (without interest) to such purchaser an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) SPECIAL RULE.—If gasoline on which tax was imposed under section 4086, or any other fuel on the sale of which tax was imposed under section 4042, is used on a farm by any person other than the owner, tenant, or operator of such farm, such owner, tenant, or operator shall be treated as the user and purchaser of such gasoline or other fuel.

"(b) INTERCITY, LOCAL, AND SCHOOL BUSES.—

"(1) ALLOWANCE.—Except as provided in paragraph (2) and subsection (g), if gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which tax was imposed by section 4042 is used in an automobile bus while engaged in—

"(A) furnishing (for compensation) passenger land transportation available to the general public, or

"(B) the transportation of students and employees of schools (as defined in the last sentence of section 4221(d)(7)(C)).

the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) LIMITATION IN CASE OF NONSCHEDULED INTERCITY OR LOCAL BUSES.—Paragraph (1)(A) shall not apply in respect of gasoline or fuel used in any automobile bus while engaged in furnishing transportation which is not scheduled and not along regular routes unless the seating capacity of such bus is at least 20 adults (not including the driver).

"(c) USE IN AIRCRAFT AND CERTAIN OTHER NONTAXABLE USES.—

"(1) AIRCRAFT.—Except as provided in subsection (g), if any gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which a tax was imposed by section 4042 is used by any person as a fuel in an aircraft, the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) NONTAXABLE USES OF DIESEL OR SPECIAL MOTOR FUELS.—

"(A) IN GENERAL.—Except as provided in subsection (g), if tax has been imposed by subsection (a) or (b) of section 4042 on the sale of any fuel and the purchaser uses such fuel for a nontaxable use, or resells such fuel, the Secretary shall pay (without interest) to such purchaser an amount equal to the amount of tax imposed by subsection (a) or (b) of section 4042 on the sale of the fuel to such purchaser.

"(B) NONTAXABLE USE.—For purposes of subparagraph (A), the term 'nontaxable use' means any use (other than in an aircraft) of a fuel if a tax would not be imposed by subsection (a) or (b) of section 4042 on such use (determined as if no tax had been imposed by section 4042 on the sale of such fuel).

"(3) USE BY CERTAIN AIRCRAFT MUSEUMS.—Except as provided in subsection (g), if—

"(A) any gasoline on which tax was imposed by section 4086, or

"(B) any fuel on the sale of which was imposed under section 4042,

is used by an aircraft museum (as defined in section 4041(h)(2)) in a vehicle owned by such museum and used exclusively for purposes set forth in section 4041(h)(2)(C), the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(d) SPECIAL RULE AND DEFINITION.—

"(1) EXEMPT SALES.—No amount shall be payable under this section with respect to any gasoline or fuel which the Secretary determines was exempt from the tax imposed by section 4086 or 4042, as the case may be.

"(2) GASOLINE.—The term 'gasoline' has the meaning given to such term by section 4082(b).

"(e) TIME FOR FILING CLAIMS; PERIOD COVERED.—

"(1) GENERAL RULE.—Except as provided by paragraph (2), not more than one claim may be filed under subsection (a), (b), or (c) by any person with respect to gasoline or any other fuel used during his taxable year. No claim shall be allowed under this section with respect to gasoline or any other fuel used by such person during any taxable year unless filed by such person not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purpose of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) EXCEPTION.—If $1,000 or more is payable under this section to any person with respect to gasoline or any other fuel used during any of the first three quarters of any taxable year, a claim may be filed under this section by such person with respect to gasoline or any other fuel used during such quarter. No claim filed under this subparagraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed.

"(f) APPLICABLE LAWS.—

"(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4042 or 4086 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds or overpayments of the tax so imposed.

"(2) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect to any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(g) INCOME TAX CREDIT IN LIEU OF PAYMENT.—

"(1) PERSONS NOT SUBJECT TO INCOME TAX.—Payments shall be made under this section only to—

"(A) the United States or an agency or instrumentality thereof, a State, a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions, or

"(B) an organization exempt from tax under section 501(a) (other than an organization required to make a return of the tax imposed under subtitle A for its taxable year).

"(2) ALLOWANCE OF CREDIT AGAINST INCOME TAX.—For allowance of credit against the tax imposed by subtitle A for certain uses of gasoline and other fuels, see section 39.

"(h) REGULATIONS.—The Secretary may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

"(i) CROSS REFERENCES.—

"(1) For civil penalty for excessive claims under this section, see section 6675.

"(2) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures)."

(b) ALLOWANCE OF CREDIT FOR CERTAIN USES.—

(1) IN GENERAL.—Subsection (a) of section 39 (relating to certain uses of gasoline, special fuels, and lubricating oil) is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof ", and", and by adding after paragraph (4) the following new paragraph:

"(5) under section 6430 with respect to gasoline, diesel, and special fuels used during the taxable year (determined without regard to section 6430(g))."

(2) TECHNICAL AMENDMENT.—Subsection (b) of section 39 is amended by striking out "or 6427" and inserting in lieu thereof "6427, or 6430" and by striking out "or 6427(g)" and inserting in lieu thereof "6427(g), or 6430 (g)".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 65 is amended by adding at the end thereof the following new item:

"Sec. 6430. Repayment of gasoline, diesel, and special fuels conservation taxes in case of certain uses."

(2) Section 6206 is amended—

(A) by striking out "AND 6427" in the section heading and inserting in lieu thereof "6427, AND 6430";

(B) by striking out "or 6427" each place it appears and inserting in lieu thereof "6427, or 6430";

(C) by striking out "or 4041" and inserting in lieu thereof "4041"; and

(D) by inserting after "under section 6427)" the following: ", or by section 4042 or 4086 (with respect to payments under section 6430)".

(3) Section 6675 is amended—

(A) by striking out "or" before "6429" in subsection (a);

(B) by inserting ", or 6430 (relating to repayment of gasoline, diesel, and special fuels conservation taxes in case of certain uses)" before "for an excessive amount" in subsection (a); and

(C) by striking out "or 6429" in subsection (b) and inserting in lieu thereof "6429, or 6430".

(4) Sections 7210, 7603, 7604(b), and 7610 (c) are each amended by striking out "6429 (g)(2)" and inserting in lieu thereof "6429 (g)(2), 6430(f)(2)".

(5) Section 1604(c)(2) is amended by inserting "6430(f)(2)," after "6427(e)(2)".

(6) Section 7605(a) is amended—

(A) by striking out "6429(g)(2)" the first place it appears and inserting in lieu thereof "6429(g)(2), 6430(f)(2)"; and

(B) by striking out "or 6429(g)(2)" and inserting in lieu thereof "6429(g)(2), or 6430(f)(2)".

(7) Paragraph (1) of section 7609(c) is amended by striking out "or 6429(g)(2)" and inserting in lieu thereof "6429(g)(2), or 6430 (f)(2)".

(d) EFFECTIVE DATES.—

(1) FOR SUBSECTIONS (a) AND (c).—The amendments made by subsections (a) and (c) shall take effect on January 1, 1978.

(2) FOR SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years ending on or after January 1, 1978.

SEC. 2023D. TECHNICAL AMENDMENTS WITH RESPECT TO CERTAIN TRUST FUNDS.

(a) AIRPORT AND AIRWAY TRUST FUND.—Paragraph (3) of section 208(f) of the Airport and Airway Revenue Act of 1970 (49 U.S.C. 1742) is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to amounts equivalent to the credits so allowed to the extent that the credits so allowed are estimated by the Secretary of the Treasury to be attributable to the tax imposed by section 4086 of such Code (relating to gasoline conservation tax) or section 4042 of such Code (relating to diesel and special fuels conservation tax)."

(b) HIGHWAY TRUST FUND.—

(1) Paragraph (1) of section 209(c) of the Highway Revenue Act of 1956 is amended—

(A) by inserting "and" at the end of subparagraph (F),

(B) by striking out subparagraph (G),

(C) by redesignating subparagraph (H) as subparagraph (G), and

(D) by striking out "subparagraph (H)" in the last sentence and inserting in lieu thereof "subparagraph (G)".

(2) Paragraph (6) of section 209(f) of such Act is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to amounts equivalent to the credits so allowed to the extent that the credits so allowed are estimated by the Secretary of the Treasury to be attributable to the tax imposed by section 4086 of such Code (relating to gasoline conservation tax) or section 4042 of such Code (relating to diesel and special fuels conservation tax)."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1978.

SEC. 2024. ESTABLISHMENT OF ENERGY CONSERVATION AND CONVERSION TRUST FUND.

(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the "Energy Conservation and Conversion Trust Fund" (hereinafter in this subpart referred to as the "Trust Fund"), consisting of such amounts as may be appropriated or credited to the Trust Fund as provided in this section.

(b) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

(1) IN GENERAL.—There are hereby appropriated to the Trust Fund amounts determined by the Secretary of the Treasury (hereinafter in this subpart referred to as the "Secretary") to be equivalent to the amounts of the taxes received in the Treasury under—

(A) section 4086 of the Internal Revenue Code of 1954 (relating to gasoline conservation tax),

(B) section 4042 of such Code (relating to diesel and special motor fuels conservation taxes), and

(C) section 4226(a) of such Code (relating to gasoline floor stocks taxes),

reduced by the amount of the credits or payments allowable under such Code which are properly chargeable against the amount of such taxes.

(2) METHOD OF TRANSFER.—The amounts appropriated by paragraph (1) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) ESTABLISHMENT OF ACCOUNTS.—

(1) IN GENERAL.—There are hereby established within the Trust Fund the following 3 accounts:

(A) the Energy Program Account,

(B) the Mass Transportation (Including Car Pooling, Etc.) Account, and

(C) the States Account.

(2) TRANSFERS TO ACCOUNTS.—Of each amount transferred to the Trust Fund under subsection (b)(1), the Secretary shall place—

(A) 50 percent of such amount in the Energy Program Account,

(B) 37½ percent of such amount in the Mass Transportation (Including Car Pooling, Etc.) Account, and

(C) 12½ percent of such amount in the States Account.

(d) MANAGEMENT OF TRUST FUND.—

(1) REPORT.—It shall be the duty of the Secretary to hold the Trust Fund, and to report to the Congress each year on the financial condition and the results of the operations of the Trust Fund (and of each Account contained therein) during the preceding fiscal year and on its expected condition and operations during the fiscal year and the next 5 fiscal years after the fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(2) Investment.—

(A) IN GENERAL.—It shall be the duty of the Secretary to invest such portion of any account in the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price.

(B) SALE OF OBLIGATIONS.—Any obligation acquired by the Trust Fund may be sold by the Secretary at the market price.

(C) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in any account in the Trust Fund shall be credited to and form a part of such account.

SEC. 2024. EXPENDITURES FROM TRUST FUND FOR CERTAIN PURPOSES.

(a) IN GENERAL.—Amounts in any Account of the Trust Fund shall be available, as provided by appropriations Acts, for making expenditures for the purposes applicable to such Account under this section. Nothing in this section shall be deemed to authorize any program, project, or other activity not otherwise authorized by law.

(b) ENERGY PROGRAM ACCOUNT.—For purposes of this section, amounts in the Energy Program Account may be used only for purposes of the Federal energy program, including but not limited to—

(1) the maintenance of the Strategic Petroleum Reserve created by part B of title I of the Energy Policy and Conservation Act (Public Law 94-163);

(2) basic and applied research programs related to new energy technologies;

(3) development and demonstration of new energy technologies; and

(4) programs relating to the development of energy resources from properties (including offshore properties) in which the United States has an interest.

(c) MASS TRANSPORTATION (INCLUDING CAR POOLING, ETC.) ACCOUNT.—For purposes of this section, amounts in the Mass Transportation (Including Car Pooling, Etc.) Account may be used only for—

(1) mass transportation by bus, rail, etc.,

(2) exclusive or preferential lanes for buses, vans, and cars, and

(3) car and van pooling.

(d) STATES ACCOUNT.—For purposes of this section, amounts in the States Account may be used only for payments to States (including the District of Columbia) and only if—

(1) the amount of the payment to each State is determined on the basis of the portion of the taxes imposed by sections 4086 and 4042 of the Internal Revenue Code of 1954 during the year in which the payment is to be made which is attributable to fuels used in such State,

(2) the payments are to be used by the States in transportation programs, including the maintenance and rebuilding of highways, and

(3) the States may not use any such payment, directly or indirectly, as a contribution for the purposes of obtaining other Federal funds under any law of the United States which requires such State to make a contribution in order to receive such funds.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in support of the ad hoc committee amendment.

Mr. Chairman, those of us who consider ourselves realists understand that a gasoline tax is a highly emotional and politicized issue. Regardless of the outcome of this vote it is good that the ad hoc committee has given us the opportunity to consider this issue today, because it is a fact of life that someday very soon we in the Congress are going to have to pass a significant tax on gasoline. I hope we have few illusions about the enormity of the fuel crisis we face and our responsibility to the American public. We need to indicate by our actions that the era of cheap, ever-plentiful refined petroleum products is over. This is why I have believed and continue to believe that a gasoline tax is an essential element of a comprehensive energy bill.

In the Committee on Ways and Means I offered a 3 cent a gallon tax on gas as an alternative to the President's 5-cent standby tax. That measure was defeated in part because no plan existed for disposition of the revenues created by the tax. I felt then, and I feel now, that a tax was a necessary signal to our constituents that the crisis we face is real and that they are the key to its solution. In the ad hoc committee I have offered a 4-cent tax with a distribution of revenues from an energy trust fund to be created by the act.

Briefly, my amendment would—

Impose a 4-cent-a-gallon tax on gasoline and diesel fuel in two stages: Two cents would be imposed in 1978 and 2 cents in 1979.

Proceeds from the tax would be deposited in an energy trust fund which would be divided into three accounts in the following manner:

One, one-half cent would be designated for the States, on the basis of total gasoline consumption, for transportation purposes.

Two, 1½ cents would be designated for car pooling, van pooling and mass transit purposes, and

Three, 2 cents would be designated primarily for energy research and development purposes, but also for strengthening the strategic petroleum reserve.

The amounts paid into the trust fund would be spent only as appropriated by the various congressional committees having jurisdiction over the matters involved.

This proposal was adopted at least in part because my colleagues on the committee could see a logical distribution of revenues designed to help provide alternative forms of transportation and fuels.

Subsequent to that amendment I took part in the discussions which led to the substitute proposal which Jim Howard will shortly describe. I accepted it and support it because it offers greater attractiveness to a broader range of interests and because it logically addresses the needs created by our energy crisis. It recognizes that we must give leadership to the American people by indicating to them that the gasoline they use will, someday in the not too distant future, run out. It provides much needed revenue for a mass transit trust fund to help States and localities all over this country provide alternative means of transportation. It also provides significant resources for shoring up, maintaining and improving our primary and secondary roads and bridges in all sectors of the country. In short, it logically applies the proceeds of the tax to solving our transportation dilemma and to maintaining what we have already got.

I believe this distribution of revenues will be very important to each State in terms of highway and bridge maintenance, repair, and safety. Each district should benefit from the revenues produced. Beyond that, the revenues will help us to begin to answer the pleas of those who now have no other alternative but to use their automobiles. It will help us provide for that time when gasoline supplies will be exhausted.

It takes no courage to understand today's grim statistics: Our constituents are consuming more and more gasoline each month. According to the FEA, in the 4 weeks ending in mid-July, our constituents used 4.7 percent more oil, much of it in the form of gasoline, than they did at the same time last year. Our imports of oil for the same period are up 12 percent more than last year.

Yes; this tax imposes sacrifices on us all. Some will bear a heavier burden than others. But when we come to 1985 the shortages and economic dislocations which will result from inaction now will make those sacrifices pale by comparison. Our transportation sector is a vital component of our economy. Unless we begin to provide for the future—and the future lies in alternatives to the use of gasoline—we will foolishly allow this opportunity to slip by to change our transportation lifestyles.

The American people have asked for leadership in this area. Let us provide it while there is still time to act.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. ROSTENKOWSKI. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I appreciate the gentleman from Illinois yielding to me. Mr. Chairman, I will say that I am going to seek my own time but I just wanted to take this time in order to commend my friend, the gentleman from the State of Illinois (Mr. ROSTENKOWSKI), for the statesmanlike proposal the gentleman has presented.

Mr. ROSTENKOWSKI. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. ECKHARDT, and by unanimous consent, Mr. ROSTENKOWSKI was allowed to proceed for 2 additional minutes.)

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. ROSTENKOWSKI. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I gather from the gentleman's statement that one of the major purposes of offering this tax is for the purpose of discouraging unnecessary use of motor vehicles and gasoline. If that be true, what is the rationale for also placing an equal tax on diesel fuel?

Mr. ROSTENKOWSKI. The tax has been in the past imposed on the use of diesel fuel, and since it is also a petroleum product, the ad hoc committee felt that it was only fair that diesel fuel be taxed as well.

Mr. ECKHARDT. But will this cause trucks to drive less on the highways? Does the gentleman feel that the placing of the tax of 4 cents will result, say, in a trucking company reducing its driving, say, 2 percent?

Mr. ROSTENKOWSKI. No. I do not believe so. It is really a business expense, which I am sure the truck companies will deduct on the tax forms.

Mr. ECKHARDT. As a cost of business.

Mr. ROSTENKOWSKI. Yes.

Mr. ECKHARDT. That is, of course, a deduction from gross. It is not a deduction at the top, so ultimately most of that increase in cost goes to the person who buys the goods shipped by truck; is that not true?

Mr. ROSTENKOWSKI. That is true.

Mr. ECKHARDT. I cannot see the rationale of adding a tax on an inflexible demand. I can see some rationale in placing the tax on gasoline which might tend to reduce to some extent—although I do not think much evidence has been brought into play on this point—the use of automobiles. But it seems to me we are very foolish to treat diesel in the same way as we do gasoline.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ROSTENKOWSKI was allowed to proceed for 1 additional minute.)

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. ROSTENKOWSKI. I yield to the gentleman from Ohio.

Mr. VANIK. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman from Illinois for his foresight and wisdom in offering an amendment which will increase the gas tax for the purpose of cutting down oil and gasoline consumption. It is not easy or pleasant to increase the tax burdens of our people. This proposal is not exactly the best formula for insuring congressional tenure, but every disincentive we can develop to suppress our demand and reduce our imports must be followed.

Today we are spending $43 billion to buy the oil out of which gasoline is made. In effect we have already sold several States of the Union in order to buy this oil, and yet people seem indifferent to the problem. We either have to provide a tax

which is going to provide a disincentive, a price which will provide a disincentive, or we must go to rationing. We may have to consider reducing the national speed limit. We have got to take some action, or this country will impoverish itself of its own wealth and resources in order to maintain the comfort and convenience of our people. We have to deal with this proposal realistically, and the distinguished gentleman from Illinois has offered a very sound proposal. Mr. Chairman, I urge its adoption.

Mr. Chairman, I rise in support of the amendment, and I will support the substitute which the rule has made in order, the substitute which will be offered by the distinguished gentleman from New Jersey (Mr. HOWARD).

My reason for taking the floor at this time, Mr. Chairman, is simply to point out that one of the energy goals articulated by the President, with which few of us, if any of us, here quarrel, was that goal of reducing gasoline consumption by 10 percent by the year 1985. An excellent goal, we say, supportable, a justifiable goal. But, in fact, Mr. Chairman, we have not shown all the stomach that we might for achieving that goal.

The record is clear. The distinguished Committee on Ways and Means—and I think properly in its judgment—went halfway in providing the strategy to achieve this goal of reducing gasoline consumption by 10 percent by 1985.

It adopted a significant gas guzzler tax which is going to be effective in the immediate years in reducing gasoline consumption. In its judgment—and here I think properly so—it raised real questions about the efficacy of the standby gasoline tax proposed by the President and it rejected that proposal by a substantial vote.

At that juncture the gentleman from Illinois, with his usual foresight and courage, if not good fortune, offered an amendment to increase the tax on gasoline by 3 cents. The gentleman's amendment was not adopted, but it should be noted that as offered in the Committee on Ways and Means it did not include a trust fund or any provision for the use of the funds.

That left us with only one strategy to achieve the goal with which we all agree: Gasoline consumption must be reduced by 10 percent by 1985. The only strategy that left us with was the tax on inefficient automobiles, the so-called gas guzzler tax. That strategy in and of itself, worthy as it is, will not by itself achieve the energy goal which we all support.

So here today, Mr. Chairman, what we are saying is that the ad hoc committee in consultation with, and with the approval of, the chairman and majority members of the Ways and Means Committee has brought forward an alternative strategy, an alternative mechanism that will help us achieve the energy goal that we are committed to. So it is on this basis, Mr. Chairman, that I take the floor and that I urge support of the amendment and the substitute that we will be considering.

Let there be no question as to what the facts are, and they are very disquieting. We are using more and more gasoline all the time. There was a 4½-percent increase this year over last year, and last year there was a 4.2-percent increase over the year before. This potential increase in the use of gasoline has really got to be curbed.

How important would this gasoline tax be in the curbing of this voracious appetite? I think that question has got to be addressed and answered in this way. A 5 cent gasoline tax will in and of itself result in a reduction in gasoline consumption of only about 100,000 barrels a day. But it is not going to be only in and of itself.

It is going to be in relation with the increase in the cost of gasoline by virtue of the oil equalization tax, so what we are really talking about, and let us put it where it belongs, let us put it to the American people, we are talking of an increase by 1980 of from 8 cents to 10 cents.

Now this is going to have a deterrent effect on the driving habits of our American families and that is what we want to bring about. If we are going to achieve the goal, this is what we must bring about. But further than this, further than the fact that it is going to be 100,000 barrels, it is going to be, under this, about 150,000 barrels a day of virtue of the 8 to 10 cents increase in the price of gasoline that the American people will be paying; but more than this there will be a total net saving by 1985 of close to, or over, 300,000 barrels per day by virtue of the fact that the tax proceeds will be directed specifically for mass transportation. This is a very important secondary aspect of the proposition before us.

Mr. Chairman, what I am saying, in conclusion, is that the gentleman from Illinois (Mr. ROSTENKOWSKI) and the gentleman from New Jersey (Mr. HOWARD) have collaborated on an unpopular tax. I acknowledge that, but it is a tax which is necessary, and in the best interest of the American people, if we are going to seriously address the urgent need—the urgent need—to curb the voracious appetite that we have in the use of our automobiles.

Now, 75 percent of the gasoline consumption in this country is attributable to the use of the automobile. Now, 33 percent of the automobile usage is for the purpose of going to and from work; generally just one person in one car. Thirty-three percent of the use of automobiles is for vacation and recreational purposes. Nineteen percent is going to or from the grocery store and other personal business, including going to church and the doctor, but 33 percent is for vacation and recreation.

Is there not someplace where we can get the 10 percent savings? Of course, there is; but we cannot do it by sitting on our hands. We cannot do it unless we have the courage to address the question directly headon. That is what the gentleman from New Jersey (Mr. HOWARD) will propose.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(At the request of Mr. ECKHARDT, and by unanimous consent, Mr. ASHLEY was allowed to proceed for 2 additional minutes.)

Mr. ECKHARDT. Mr Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I think the gentleman has made a very logical argument, if not an altogether persuasive one, that this tax would reduce driving by the ordinary driver; but does the gentleman really think this would have a deterrent effect on the driving habits of truckdrivers?

Mr ASHLEY. The gentleman is back to truck drivers.

Mr. ECKHARDT. That is right. It is a very important question.

Mr. ASHLEY. I understand what the gentleman is saying. I would suppose that the requirements of truckdrivers are certainly different than those of the American people generally; that is to say the truckdriver is not wheeling that semi through the hills of West Virginia for recreation, nor is he on the way to a doctor, hopefully. He is doing it because that is the way he derives his living. I can understand what the gentleman is saying.

My impression, from those serving on the Tax Committee, is that in the past this fact has been recognized

I would certainly suppose, I say to the gentleman from Texas, that this would be the case. This is not the final step in the legislative process, surely. We are going to be looking at this with the Senate conferees.

Mr. ULLMAN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr Chairman, we did have this tax before the Committee on Ways and Means. We fought long and hard for it. We did not prevail in the committee; but the gentleman is correct. It is a tax that should be imposed.

I think the gentleman from New Jersey is going to offer a provision that accommodates a lot of problems and I think the committee and this House should very seriously consider what we are doing. I think this is an important provision that should be adopted by the House.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. ASHLEY) has again expired.

(At the request of Mr. ALEXANDER, and by unanimous consent, Mr. ASHLEY was allowed to proceed for 1 additional minute.)

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY I yield to the gentleman from Arkansas

Mr. ALEXANDER. Mr. Chairman, I will seek my own time on this later; but on the subject of conservation I have received some additional data which I think is relevant to the gentleman's discussion. Based upon 1975 data from the

Department of Transportation on annual national consumption of gasoline, at the present rate of maintenance, without additional maintenance on our highways, by 1985 there will be a national degradation in our highways which will cause a 2-percent increase in gasoline consumption, based on the present number of automobiles, which will increase the national consumption of gasoline by 2,272,120,000 gallons.

I would just like to add that in support of the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I appreciate that information.

Of course, the substitute amendment to be offered by the gentleman from New Jersey (Mr. HOWARD) would direct some of the tax proceeds to the repair and refurbishing of our primary and secondary roads; is that correct?

Mr. ALEXANDER. That is correct.

Mr. STEIGER. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I listened with great interest to the statesmanlike position taken by the gentleman from Illinois.

I commend the gentleman for his courage, but I think he is wrong. The gentleman from Ohio, the distinguished chairman of the ad hoc committee would, if I understood him correctly, apparently wants us to go back to some day that we used to have. What bothers me in all of this is that we are already going to raise the price of gasoline by 7 cents as a result of the crude oil equalization tax, and we are going to—if we look at the figures of what we are doing—we are going to pay $100,000 per barrel of oil saved on 1 day in 1979 under the ad hoc committee provision. We are going to pay $75,000 in taxes per barrel saved on 1 day in 1985 under the ad hoc committee provision; $100,000 per barrel of oil saved as a result of the effort to raise $4.4 billion in 1979. Who is kidding whom? This is not a conservation measure, and we cannot change the development of shopping centers. We cannot change the fact that much of the mass transit we used to have is closed down. Railroads do not run through Oshkosh anymore. We cannot go back and remake the world.

But apparently the administration is dedicated to taxing those who work and those who vacation and those who have no other means of transportation. It makes absolutely no sense to me at all. I think it is bad from a public policy standpoint. I think it is bad tax policy, and worse than that, it has absolutely nothing to do with the national energy policy. It is not going to make a single bit of difference in attempting to reach that goal of a 10-percent reduction because that goal is going to be reached, in my view, as a result of EPCA and the gas guzzler tax without imposing onerous additional taxes upon the American people.

So, my hope is that the committee will act wisely, prudently and with great statesmanship in rejecting both the Howard amendment and the siren song of the Howard amendment which is, "Just get a little more money in here, pave the roads, repair bridges, give a little to mass transit." That is the siren song I am hearing from some who are interested. It should be rejected, and also the ad hoc committee amendment, because it will not achieve a single bit of additional conservation. But, what it will do is to add, not 8 to 10 cents, but 12 cents—12 cents of extra cost for gasoline.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I yield to the gentleman from Ohio.

Mr. ASHLEY. Did the gentleman think that the goal that the President articulated, and that I referred to, is a justifiable goal?

Mr. STEIGER. A reduction in the rate of gasoline consumption by 10 percent?

Mr. ASHLEY. By 1985.

Mr. STEIGER. The goal by 1985 is embodied even within the Republican substitute that we will be debating a little later. Yes, I do think that goal is a worthy objective.

Mr. ASHLEY. The next question is, part of that goal is going to be achieved by virtue of more efficient automobiles that will be produced in the years ahead, is that not a fact? That it is also necessary, if we are to achieve this goal, that there has got to be a change in the driving habits, to some extent, on the part of the American people; is that not a fact?

Mr. STEIGER. But that is going to happen, I will say to my friend from Ohio, that will happen as a result of the crude oil equalization tax, about which we will be debating soon. But, that will raise the retail price of gasoline by about 7 cents. That will bring about more conservation in the pattern of the driving of the American people.

Mr. ASHLEY. I understand. The gentleman had me confused, because I would have sworn that he said that this gasoline tax would not change the driving habits of the American people at all.

Mr. STEIGER. It will not.

Mr. ASHLEY. The other tax will change the driving habits of the American people, but not this tax?

Mr. STEIGER. It does not change the habits but it can influence efficiency and enhance conservation. All the gentleman is doing is socking it to them one more time, I will say to my friend from Ohio.

Mr. ARCHER. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I yield to the distinguished gentleman from Texas.

Mr. ARCHER. The gentleman has used the administration figures when he says the crude oil equalization tax will raise the price of gasoline 7 cents per gallon.

Mr. STEIGER. That is true.

Mr. ARCHER. The raw figures, actually, on the crude oil equalization tax will raise the price of gasoline between 10 cents and 11 cents per gallon. The administration assumes, in talking about 7 cents per gallon, that one-third of this will be absorbed by the refineries. And yet one-third of the crude oil equalization tax is the total profit earned by all of the refineries in the last year, and there is no way it can be absorbed.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. STEIGER) has expired.

(By unanimous consent, Mr. STEIGER was allowed to proceed for 5 additional minutes.)

Mr. ARCHER. If the gentleman will yield further, I think it is important for the record to show that when the facts are in on the effect of the crude oil equalization tax, that it will be closer to 10 cents a gallon that is actually passed on to the consumer. It makes it easier and more palatable for the administration to say one-third will be absorbed or all of the tax will be passed on. That, in my opinion, does not recognize the marketplace. It does not recognize what happens. If we add another 5 cents on top, we are talking about 15 cents or 16 cents per gallon.

Mr. STEIGER. I thank the gentleman for his contribution.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I yield to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. I thank the gentleman for yielding.

As the gentleman knows, we discussed the gasoline tax at great length in the Committee on Ways and Means during our deliberations, not only this year, but last year, and it was rejected out of hand because it will not—and the gentleman is quite correct—it will not in any way impact on the driving habits, of at least the people of the Western United States, who have no other way to go to their jobs. They have to drive. What it really means is they will stop buying some of the products which some of your constituents are making.

When we talk about 33 percent of fuel used in recreation driving, I think we ought to recognize the impact that the abolition of that driving would have on those areas of our country which are devoted to recreation, the trucks we talked about a little while ago which are hauling goods and services into the recreational areas.

It is very difficult for me to balance this off in my own mind. I sat here yesterday and listened to the Speaker, who gave an impassioned plea against raising natural gas prices. So I have a right to expect, the Speaker of the House of Representatives, speaking on behalf of the President of the United States, to take the well today and give me another impassioned plea as to why we should increase the price of gasoline to our constituents. One never can tell, he might convince me.

Lacking that, I must then assume that the Speaker of the House of Representatives does not agree with the President in the drive for this gasoline tax which, as the Members may recall, was presented to the Committee on Ways and Means as sort of an alternative on the part of the Secretary of Transportation, Mr. Brock. He was then admonished by the administration that that was not their idea, until it was killed totally by

the Committee on Ways and Means, and now we have it as the President's program.

I am waiting, Mr. Speaker, for your speech.

Mr. STEIGER. Mr. Chairman, if I could go to just one other thing, then I would be delighted to yield to my colleague, the gentleman from Ohio, who I know has very strong feelings in support of raising the tax.

Mr. Chairman, if we look back to where we were in January 1973 the average selling price of regular gasoline in a full-service gas station was 37.3 cents per gallon. In December 1976 it was up to 59.9 cents per gallon, a rate of increase of 60.6 percent.

My colleague from Ohio, in his remarks in defense of this otherwise indefensible position, said that we are using gasoline at an ever-increasing rate, as if to say that if we could just raise that price but a little bit more, we would begin the process of reducing. I think the facts clearly indicate that that has not been the case.

If we look, for example, at what the estimated price would be as to the average selling price of regular gasoline, under H.R. 8444, it is going up 10.5 cents, up to 70.4 cents, which is a rate of increase of 17.5 percent, as compared to a rate of increase between 1975 and the present time of 17.8 percent. If we go with the Howard amendment, the price of gasoline will go up 11.5 cents, from 59.9 cents to 71.4 cents, for a rate of increase of 19.2 percent.

I think it is fairly clear what has happened as a result of the Arab oil embargo and the incredible rate of increase in prices that has taken place. The price increases have not produced the kind of change in driving patterns and habits that the gasoline tax proponents seem to think their proposal will. I think they are wrong in thinking that it will.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I yield to the gentleman from Wisconsin.

Mr. VANIK. Mr. Chairman, I would like to ask my good friend, the gentleman from Wisconsin (Mr. STEIGER), whether he is comfortable with the $25 billion trade deficit we have because of oil purchases and what he proposes we do about that.

Mr. STEIGER. Mr. Chairman, I hope my friend, the gentleman from Ohio, will support the substitute that will be offered, because that will combine production, conservation, and alternative sources and will result in a much better trust fund concept for the use of the taxes that would be raised. That is a far better method to handle that problem.

Mr. Chairman, I urge the defeat of both the Howard amendment and the Rostenkowski amendment so that we do not saddle the American people unnecessarily.

AMENDMENT OFFERED BY MR. HOWARD AS A SUBSTITUTE FOR THE AD HOC COMMITTEE AMENDMENT TO PART II, TITLE II

Mr. HOWARD. Mr. Chairman, I offer an amendment as a substitute for the ad hoc committee amendment to part II, title II.

The CHAIRMAN. The Chair will inquire whether or not the substitute amendment is in order under the rule?

Mr. HOWARD. Mr. Chairman, I understand it is.

The CHAIRMAN. The Clerk will report the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. HOWARD as a substitute for the ad hoc committee amendment to part II, title II: On page 425, strike out line 14, through line 10 on page 448 and insert:

Subpart B—Fuel Conservation Taxes, Highway and Mass Transportation Trust Fund

SEC. 2023. GASOLINE CONSERVATION TAX.

(a) GENERAL RULE.—Part III of subchapter A of chapter 32 (relating to petroleum products) is amended by redesignating subparts B and C as subparts C and D, respectively, and by inserting after subpart A the following new subpart:

"Subpart B—Gasoline Conservation Tax

"SEC. 4086. IMPOSITION OF TAX.

"(a) IMPOSITION OF ADDITIONAL TAX.—In addition to any tax imposed by section 4081, there is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 5 cents a gallon.

"(b) TAX TO BE DEPOSITED IN TRUST FUND.—

"For provisions for depositing amounts of the tax imposed by this section in the Highway and Mass Transportation Trust Fund, see section 2024 of the Energy Tax Act of 1977."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1979.

Sec. 2023A. DIESEL AND SPECIAL MOTOR VEHICLE FUELS CONSERVATION TAXES

(a) IN GENERAL.—Chapter 31 (relating to special fuels) is amended by adding at the end thereof the following new section:

SEC. 2023A. DIESEL AND SPECIAL MOTOR VEHICLE FUELS CONSERVATION TAXES

"(a) DIESEL FUEL.—In addition to any tax imposed by section 4041(a), there is hereby imposed a tax of 5 cents a gallon upon any liquid (other than any product taxable under section 4086)—

"(1) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as a fuel in such vehicle; or

"(2) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under paragraph (1).

"(b) SPECIAL MOTOR FUELS.—In addition to any tax imposed by section 4041(b), there is hereby imposed a tax of 5 cents a gallon upon benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4086 or subsection (a) of this section)—

"(1) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat for use as a fuel in such motor vehicle or motorboat; or

"(2) used by any person as a fuel in a motor vehicle or motorboat, unless there was a taxable sale of such liquid under this section.

"(c) EXEMPTIONS.—Under regulations prescribed by the Secretary, no tax shall be imposed by this section on any liquid sold for use or used if such sale or use is exempt from the tax imposed by section 4041 by reason of subsection (f), (g), or (h) of section 4041.

"(d) SALES BY UNITED STATES, ETC.—The taxes imposed by this section shall apply with respect to liquids sold at retail by the United States or by any agency or instrumentality of the United States, unless sales by such agency or instrumentality are by statute specifically exempted from such taxes."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1979, except that no tax shall be imposed under section 4042 of the Internal Revenue Code of 1954 (as added by subsection (a)) with respect to the use by any person of any fuel sold to such person before January 1, 1979, if such sale would have been taxable under such section 4042 if it had occurred on January 1, 1979.

SEC. 2023B. FLOOR STOCKS TAXES; TECHNICAL AND CONFORMING AMENDMENTS

(a) FLOOR STOCKS TAXES.—Subchapter G of chapter 32 (relating to exemptions, registration, etc.) is amended by inserting after section 4225 the following new section:

"SEC. 4426. FLOOR STOCKS TAXES ON GASOLINE

"(a) GASOLINE CONSERVATION TAX.—On gasoline (as defined in section 4082(b)) which, on January 1, 1979, is held by a dealer for sale, there is hereby imposed a floor stocks tax at a rate equal to the difference between (1) the tax (if any) imposed by section 4086 on the sale of such gasoline by the producer or importer, and (2) the tax which would have been imposed by such section on such sale if that sale had occurred on January 1, 1979. The tax imposed by this subsection shall not apply to gasoline in retail stocks held at the place where intended to be sold at retail, nor to gasoline held for sale by a producer or importer of gasoline.

"(B) OPERATION OF FLOOR STOCKS TAXES.—Section 6416 shall apply in respect of the floor stocks taxes imposed by this section, so as to entitle, subject to all provisions of section 6416, any person paying such floor stocks taxes to a credit or refund thereof for any of the reasons specified in section 6416.

"(c) MEANING OF TERMS.—For purposes of subsection (a), the terms 'dealer' and 'held by dealer' have the meaning assigned to them by section 6412(a)(2).

"(d) DUE DATE OF TAXES.—Any tax imposed by subsection (a) shall be paid at such time, not less than 90 days after the gasoline tax increase date in respect of which such tax was imposed, as may be prescribed by the Secretary."

(b) DENIAL OF CERTAIN EXEMPTIONS AND REFUNDS.—

(1) Subsection (a) of section 4221 (relating to certain tax-free sales) is amended by adding at the end thereof the following new sentence: "Paragraph (2) shall not apply to the tax imposed by section 4086."

(2) Section 4293 is amended by striking out "section 4064" and inserting in lieu thereof "section 4042, 4064, or 4086."

(3) Paragraph (6)(C) of section 4221(d) (relating to use in further manufacture) and paragraph (3)(F) of section 6416(b) (relating to tax-paid articles used for further manufacture etc.) are each amended by striking out "section 4081" and inserting in lieu thereof "section 4081 or 4086."

(c) ALLOWANCE OF REFUNDS IN CASE OF CERTAIN USES.—Paragraph (2) of section 6416(b) (relating to tax payments considered overpayments in case of specified uses and resales) is amended—

(1) by inserting after "section 4041(a)(1) or (b)(1)" the following: or section 4042," and

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

"Subparagraph (A) shall not apply to any tax paid under section 4086 or 4042."

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 31 is amended by adding at the end thereof the following new item:

"Sec. 4042. Imposition of diesel and special motor fuels conservation taxes."

(2) The table of subparts for part III of subchapter A of chapter 32 is amended by striking out the last two items and inserting in lieu thereof the following:

"Subpart B. Gasoline conservation tax.
"Subpart C. Lubricating oil.
"Subpart D. Special provisions applicable to petroleum products."

(3) Subsections (a) and (b) of section 4082 are each amended by striking out "in this subpart" and inserting in lieu thereof "in this subpart and subpart B".

(4) Section 4083 is amended by striking out "section 4081" and inserting in lieu thereof "section 4081 or 4086".

(5) Section 4101 is amended by striking out "section 4081 or section 4091" and inserting in lieu thereof "section 4081, 4086, or 4091".

(6) The table of sections for subchapter (G) of chapter 32 is amended by inserting after the item relating to section 4225 the following new item:

"Sec. 4226. Floor stocks taxes on gasoline."

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1979.

SEC. 2023C.—REPAYMENT OF GASOLINE AND SPECIAL FUELS CONSERVATION TAXES IN CASE OF CERTAIN USES.

(a) GENERAL RULE.—Subchapter B of chapter 65 (relating to rules of special application for abatement, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6430.—REPAYMENT OF GASOLINE, DIESEL, AND SPECIAL FUELS CONSERVATION TAXES IN CASE OF CERTAIN USES.

"(a) USE FOR FARMING PURPOSES.—

"(1) IN GENERAL.—Except as provided in subsection (g), if any gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which a tax was imposed by section 4042 is used by any purchaser of such gasoline or fuel on a farm for farming purposes (within the meaning of section 6420(c)), the Secretary shall pay (without interest) to such purchaser an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) SPECIAL RULE.—If gasoline on which tax was imposed under section 4086, or any other fuel on the sale of which tax was imposed under section 4042, is used on a farm by any person other than the owner, tenant, or operator of such farm, such owner, tenant, or operator shall be treated as the user and purchaser of such gasoline or other fuel.

"(b) INTERCITY, LOCAL AND SCHOOL BUSES.—

"(1) ALLOWANCE.—Except as provided in paragraph (2) and subsection (g), if gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which tax was imposed by section 4042 is used in an automobile bus while engaged in—

"(A) furnishing (for compensation) passenger land transportation available to the general public, or

"(B) the transportation of students and employees of schools (as defined in the last sentence of Section 4221(d)(7)(C), the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(2) LIMITATION IN CASE OF ON SCHEDULED INTERCITY OR LOCAL BUSES.—Paragraph (1)(A) shall not apply in respect of gasoline or fuel used in any automobile bus while engaged in furnishing transportation which is not scheduled and not along regular routes unless the seating capacity of such bus is at least 20 adults (not including the driver.)

"(c) USE IN AIRCRAFT AND CERTAIN OTHER NONTAXABLE USES.—

"(1) AIRCRAFT.—Except as provided in subsection (g), if any gasoline on which tax was imposed by section 4086 or any other fuel on the sale of which a tax was imposed by section 4042 is used by any person as a fuel in an aircraft, the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel

"(2) NONTAXABLE USES OF DIESEL OR SPECIAL MOTOR FUELS.—

"(A) IN GENERAL.—Except as provided in subsection (g), if tax has been imposed by subsection (a) or (b) of section 4042 on the sale of any fuel and the purchaser uses such fuel for a nontaxable use, or resells such fuel, the Secretary shall pay (without interest) to such purchaser an amount equal to the amount of tax imposed by subsection (a) or (b) of section 404, on the sale of the fuel to such purchaser.

"(B) NONTAXABLE USE.—For purposes of subparagraph (A), the term 'nontaxable use' means any use (other than in an aircraft) of a fuel if a tax would not be imposed by subsection (a) or (b) of section 4042 on such use (determined as if no tax had been imposed by section 4042 on the sale of such fuel).

"(3) USE BY CERTAIN AIRCRAFT MUSEUMS.—Except as provided in subsection (g), if—

"(A) any gasoline on which tax was imposed by section 4086, or

"(B) any fuel on the sale of which tax was imposed under section 4042, is used by an aircraft museum (as defined in section 4041(h)(2)) in an aircraft or vehicle owned by such museum and used exclusively for purposes set forth in section 4041 (h)(2)(C), the Secretary shall pay (without interest) to the ultimate purchase of such gasoline or fuel an amount equal to the aggregate amount of the tax imposed by section 4086 or 4042 on such gasoline or fuel.

"(d) SPECIAL RULES AND DEFINITION.—

"(1) EXEMPT SALES.—No amount shall be payable under this section with respect to any gasoline or fuel which the Secretary determines was exempt from the tax imposed by section 4086 or 4042, as the case may be.

"(2) GASOLINE.—The term 'gasoline' has the meaning given to such term by section 4082(b).

"(e) TIME FOR FILING CLAIMS; PERIOD COVERED.—

"(1) GENERAL RULES.—Except as provided by paragraph (2), not more than one claim may be filed under subsection (2), (b) or (c) by any person with respect to gasoline or any other fuel used during his taxable year. No claim shall be allowed under this section with respect to gasoline or any other fuel used by such person during any taxable year unless filed by such person not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year for purposes of subtitle A.

"(2) EXCEPTION.—If $1,000 or more is payable under this section to any person with respect to gasoline or any other fuel used during any of the first three quarters of any taxable year, a claim may be filed under this section by such person with respect to gasoline or any other fuel used during such quarter. No claim filed under this subparagraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed.

"(f) APPLICABLE LAWS.—

"(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4042 or 4086 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as of such payments constituted refunds or overpayments of the tax so imposed.

"(2) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(g) INCOME TAX CREDIT IN LIEU OF PAYMENT.—

"(1) PERSONS NOT SUBJECT TO INCOME TAX.—Payments shall be made under this section only to—

"(A) the United States or any agency or instrumentality thereof, a State, a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions, or

"(B) an organization exempt from tax under section 501(a) (other than an organization required to make a return of the tax imposed under subtitle A for its taxable year).

"(2) ALLOWANCE OF CREDIT AGAINST INCOME TAX.—For allowance of credit against the tax imposed by subtitle A for certain uses of gasoline and other fuels, see section 39.

"(h) REGULATIONS.—The Secretary may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

"(i) CROSS REFERENCES.—

"(1) For civil penalty for excessive claims under this section, see section 6675.

"(2) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures)."

(b) ALLOWANCE OF CREDIT FOR CERTAIN USES.—

(1) IN GENERAL.—Subsection (a) of section 39 (relating to certain uses of gasoline, special fuels, and lubricating oil) is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof ", and", and by adding after paragraph (4) the following new paragraph:

"(5) under section 6430 with respect to gasoline, diesel, and special fuels used during the taxable year (determined without regard to section 6430(g))".

(2) TECHNICAL AMENDMENT.—Subsection (b) of section 39 is amended by striking out "or 6427" and inserting in lieu thereof "6427, or 6430" and by striking out "or 6427(g)" and inserting in lieu thereof "6427(g), or 6430 (g)".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—(1) The table of sections for subchapter B of chapter 65 is amended by adding at the end thereof the following new item:

"Sec. 6430. Repayment of gasoline, diesel, and special fuels conservation taxes in case of certain uses."

(2) Section 6206 is amended—

(A) by striking out "AND 6427" in the section heading and inserting in lieu thereof "6427, AND 6430".

(B) by striking out "or 6427" each place it

appears and inserting in lieu thereof "6427, or 6430".

(C) by striking out "or 4041" and inserting in lieu thereof "4041", and

(D) by inserting after "under section 6427)" the following ", or by section 4042 or 4086 (with respect to payments under section 6430)".

(3) Section 6675 is amended—

(A) by striking out "or" before "6429" in subsection (a);

(B) by inserting ", or 6430 (relating to repayment of gasoline, diesel, and special fuels conservation taxes in case of certain uses)" before "for an excessive amount" in subsection (a); and

(C) by striking out "or 6429" in subsection (b) and inserting in lieu thereof "6429, or 6430".

(4) Sections 7210, 7603, 7604(b), and 7610 (c) are each amended by striking out "6429 (g)(2), 6430(f)(2)".

(5 Section 7604(c)(2) is amended by inserting "6430(f)(2)," after "6427(e)(2),".

(6) Section 7605(a) is amended—

(A) by striking out "6429(g)(2)" the first place it appears and inserting in lieu thereof "6429(g)(2), 6430(f)(2)"; and

(B) by striking out "or 6429(g)(2)" and inserting in lieu thereof "6429(g)(2), or 6430 (f)(2)".

(7) Paragraph (1) of section 7609(c) is amended by striking out "or 6420(g)(2)" and inserting in lieu thereof "6429(g)(2), or 6430 (f)(2)".

(d) EFFECTIVE DATES.—

(1) For subsections (a) and (c)—The amendments made by subsections (a) and (c) shall take effect on January 1, 1979.

(2) For subsection (b).—The amendments made by subsection (b) shall apply to taxable years ending on or after January 1, 1979.

SEC. 2023D. TECHNICAL AMENDMENTS WITH RESPECT TO CERTAIN TRUST FUNDS.

(a) AIRPORT AND AIRWAY TRUST FUND.—Paragraph (3) of section 208(f) of the Airport and Airway Revenue Act of 1970 (49 U.S.C. 1742) is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to amounts equivalent to the credits so allowed to the extent that the credits so allowed are estimated by the Secretary of the Treasury to be attributable to the tax imposed by section 4086 of such Code (relating to gasoline conservation tax) or section 4042 of such conservation tax) or section 4042 of such Code (relating to diesel and special fuels conservation tax)."

(b) HIGHWAY TRUST FUND.—

(1) Paragraph (1) of section 209(c) of the Highway Revenue Act of 1956 is amended—

(A) by inserting "and" at the end of subparagraph (F).

(B) by striking out subparagraph (G).

(C) by redesignating subparagraph (H) as subparagraph (G), and

(D) by striking out "subparagraph (H)" in the last sentence and inserting in lieu thereof "subparagraph (G)".

(2) Paragraph (6) of section 209(f) of such Act is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to amounts equivalent to the credits so allowed to the extent that the credits so allowed are estimated by the Secretary of the Treasury to be attributable to the tax imposed by section 4086 of such Code (relating to gasoline conservation tax) or section 4042 of such Code (relating to diesel and special fuels conservation tax)."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1979.

SEC. 2024. ESTABLISHMENT OF HIGHWAY AND MASS TRANSPORTATION TRUST FUND.

(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the "Highway and Mass Transportation Trust Fund" (hereinafter in this subpart referred to as the "Trust Fund"), consisting of such amounts as may be appropriated or credited to the Trust Fund as provided in this section.

(b) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

(1) IN GENERAL.—There are hereby appropriated to the Trust Fund amounts determined by the Secretary of the Treasury (hereinafter in this subpart referred to as the "Secretary") to be equivalent to the amounts of the taxes received in the Treasury under—

(A) section 4086 of the Internal Revenue Code of 1954 (relating to gasoline conservation tax),

(B) section 4042 of such Code (relating to diesel and special motor fuels conservation taxes), and

(C) section 4226(a) of such Code (relating to gasoline floor stocks taxes), reduced by the amount of the credits or payments allowable under such Code which are properly chargeable against the amount of such taxes and further reduced by that portion of such taxes which is attributable to fuel used in aircraft (to the extent that payments are not allowable under such Code with respect to such fuel).

(2) METHOD OF TRANSFER.—The amounts appropriated by paragraph (1) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the amounts referred to in paragraph (1) received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) ESTABLISHMENT OF ACCOUNTS.—

(1) IN GENERAL.—There are hereby established within the Trust Fund the following 2 accounts:

(A) the Highway Account, and

(B) the Mass Transportation Account.

(2) TRANSFERS TO ACCOUNTS.—Of each amount transferred to the Trust Fund under subsection (b)(1), the Secretary shall place—

(A) 50 percent of such amount in the Highway Account, and

(B) 50 percent of such amount in the Mass Transportation Account.

(d) MANAGEMENT OF TRUST FUND.—

(1) REPORT.—It shall be the duty of the Secretary to hold the Trust Fund, and to report to the Congress each year on the financial condition and the results of the operations of the Trust Fund (and of each Account contained therein) during the preceding fiscal year and on its expected condition and operations during the fiscal year and the next 5 years after the fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(2) INVESTMENT.—

(A) IN GENERAL.—It shall be the duty of the Secretary to invest such portion of any account in the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price.

(B) SALE OF OBLIGATIONS.—Any obligation acquired by the Trust Fund may be sold by the Secretary at the market price.

(C) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in any account in the Trust Fund shall be credited to and form a part of such account.

SEC. 2024A. EXPENDITURES FROM TRUST FUND FOR CERTAIN PURPOSES.

(a) IN GENERAL.—Amounts in any Account of the Trust Fund shall be available, as provided by appropriations Acts, for making expenditures for the purposes applicable to such account under this section. Nothing in this section shall be deemed to authorize any program, project, or other activity not otherwise authorized by law.

(b) HIGHWAY ACCOUNT.—For purposes of this section amounts in the Highway Account may be used only for highway purposes as provided in title 23 of the United States Code.

(c) MASS TRANSPORTATION ACCOUNT.—For purposes of this section, amounts in the Mass Transportation Account may be used only for expenditures relating to mass transportation made pursuant to the Urban Mass Transportation Act of 1964.

Mr. HOWARD. Mr. Chairman, I ask unanimous consent that the amendment offered as a substitute for the ad hoc committee amendment to part II, title II, be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

(By unanimous consent, Mr. HOWARD was allowed to proceed for 5 additional minutes.)

The CHAIRMAN. The gentleman from New Jersey (Mr. HOWARD) is recognized for 10 minutes in support of his substitute amendment.

Mr. HOWARD. Mr. Chairman, in explaining the amendment that I am offering as a substitute for the amendment offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) in the committee, I will simply state that this amendment will increase the price of gasoline 5 cents per gallon, with half of the money, 2½ cents, the other half of the amount, going into what will be established as a public transit fund.

Mr. Chairman, we may ask the question: Why is this amendment before the Committee today?

I would state that the Subcommittee on Surface Transportation of the Committee on Public Works and Transportation has the jurisdiction over highways and highway-related programs and also jurisdiction over mass transportation. Since receiving that jurisdiction, for the past 2½ years this subcommittee has held extensive hearings, hearing 168 separate witnesses alone in the last Congress, who came before the committee and stated what they feel this Nation should be doing for the next 15 to 20 years in the field of total surface transportation.

We are in the process of developing legislation which will meet the demonstrated needs of the people in this country, whether they be city dwellers or suburban, urban or rural or town citizens.

During this time we found that a great deal needs to be done, and we were prepared to develop this legislation, to mark up the bill, and to go to the Committee on Ways and Means next year and say, "This is what our committee feels is necessary. Will you help us with the funding?" But we found some difficulty with this legislation.

Placed before this Committee today is an amendment to raise gasoline taxes, to raise them by 4 cents for some noble purposes, and I wish to commend the gentleman from Illinois (Mr. ROSTENKOWSKI) for having the courage to be the first Member to face this problem and to come up with an alternative to deal with the problem as that committee saw it. I thank the gentleman and the Committee for being so generous and so cooperative with those of us on the Committee on Public Works and Transportation that we are allowed to have this substitute made in order.

Mr. Chairman, this amendment, it is said, is not an energy amendment, it is not a fuel conservation amendment, but it is a transportation amendment. That is not totally true. This is an energy amendment; this is a conservation amendment, as well as being also, very importantly, a transportation amendment.

This will be the only vote that we will have in this Congress and I believe in several Congresses to come, a vote on funding for transportation, down through the years.

Mr. Chairman, if this amendment is not adopted, I see no way that the Committee on Public Works and Transportation will want to go or will be willing to go to the Committee on Ways and Means to ask at a later date for a further increase or an increase in the use of gasoline.

Let me tell the Members what we found in the subcommittee up to now. In looking over transportation in this country, one of the things that was brought forth was the condition of the bridges in this Nation. At this time there are over 105,000 unsafe bridges in the United States, on the system and off the system. The estimated cost to repair and replace these bridges in every State over which all of our people ride daily, through the Federal aid system, is $12.4 billion. The cost to fix the 65,000 unsafe bridges off the system is over $10 billion, which makes a total cost of $23 billion.

Present legislation puts $180 million a year—that is all—in bridge repair and replacement. It will take us over 100 years at that rate just to fix the unsafe bridges that we have today.

We looked further and we found something else. With the great emphasis on the interstate system and implementing the interstate system, we have permitted our primary and secondary roads to deteriorate drastically. The Department of Transportation has a study that shows that the primary and secondary road systems in this country are deteriorating 50 percent faster than we are able to maintain, upgrade, modernize, and make them safe.

Let us take safety. We have done demonstration projects on safety, and we find now that we have the means in many areas to make our roads more safe.

No. 1, and it is a conservation measure, is traffic signalization. When we talk about conserving fuel and having the people drive less, most of the gasoline that is wasted and that is used but should not be used is not in the amount of driving that we do. It is how we drive. We have an antiquated system whereby we must keep starting and stopping. There are haphazard red lights here and there where people are constantly stopping their cars and then going into low gear, with the waste of gasoline that that causes. A comprehensive traffic signalization program in this Nation will do more to conserve gasoline than the whole program before us today.

Then let us take safety at railroad crossings. Hundreds of our people are killed every year because of the railroad crossing situation that developed over the years. We have to eliminate as many of those crossings as possible. We can put additional money in the railroad crossing program, on the system and off the system.

Secondly, for the first time we have the opportunity to expand the public transit systems in this country. Through the adoption of this amendment, with the amount that will go into a mass transit trust fund, we can have mass transit not in the way we have it today, not only propping up a few large cities in the country, but in some of the rural areas and small towns.

Mr. Chairman, I want to see this money going into mass transit. This will be the opportunity to expand mass transit to the smaller towns, to the smaller villages, and to the smaller counties through the use of buses and other means of transportation so that we will have, wherever it can be used, some mass transit alternative for the people in this country.

Mr. Chairman, I have not even gone into the number of jobs that would be produced by this amendment. With the exception of housing possibility, there is no way to put money into jobs better than through the expansion of transportation programs.

Where will the money go for this effort? Last Friday, with 24 cosponsors, both Democrats and Republicans, I introduced a bill, H.R. 8648, that would show where the money would go. We could sustain approximately $3.2 billion additional in this amendment for each of the two modes of mass transportation and for the highway program. Not one penny of additional highway money will go to build one foot of new road in this country. We need this money to take care of the road system as it is today. There is a $23 billion bill that we have for bridges. We have a bridge collapse in this country on the average of 1 every 2 days. According to a count we had, there were 176 last year.

Mr. Chairman, for $2 billion we could go into an accelerated bridge replacement and repair program.

I have a booklet here which the Members received in their offices and perhaps in their States pointing out where that $2 billion would go into taking care of the unsafe bridges in Members' congressional districts.

Two billion dollars would go there.

We can divide up $1 billion, three-fourths on the primary system, and one-fourth on the secondary system to upgrade, modernize, dualize, and add safety features to our deteriorating primary and secondary roads in this country that are in such desperate need.

We can put additional funds under this program into traffic signalization. We can put additional funds into the removal of highway hazards. We can put additional money into the elimination of railroad crossings both on and off the system. We can also provide for the return of 1 cent in a combination between mass transit and highways to the States. A lot of our States need the money directly because they do not have the matching money for it. That can be provided, but only if we pass this amendment. This is the only time this kind of an amendment will be before us for years to come.

As to conservation, will a nickel gas tax cut down the use of gasoline? Maybe not directly. But, think of this, if we can put half of that money into the mass transit systems all the way down from the big cities to the rural areas, we will provide the best alternative to the use of the automobile. If we do not expand mass transit and if we do not find an alternative, the price of gasoline can go to $3 a gallon. They will still have to buy gasoline because they have no other way to go. This will help in that area.

We also know that traffic signalization can help.

I would like to point out a few things in relation to bridges in our country. Wherever you go, you will find school buses, other buses, that cannot go across many of the bridges and have to go down the river for 10 or 15 miles, cross over and then come back. That is a waste of gasoline. In Allegheny County, Pa., the Pittsburgh area, just the bus companies have expended over $600,000 additional each year because of the extra mileage that their buses have to go because they cannot go across certain bridges. This is true all over the country. Also that $600,000 does not include any automobiles that have to do the same thing. Also in those areas, as we have seen in Pennsylvania, we have situations where fire trucks located on one side of a river at a bridge cannot cross that bridge.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(On request of Mr. ECKHARDT and by unanimous consent, Mr. HOWARD was allowed to proceed for 5 additional minutes.)

Mr. HOWARD. Mr. Chairman, I thank the gentleman from Texas (Mr. ECKHARDT) for getting me the additional time. I will yield to the gentleman in a moment or two, as soon as I have completed my statement.

So we do have an opportunity here in this amendment, and, as I say, there will

be no other chance. The Committee on Public Works and Transportation will have to come out next year with a totally inadequate transportation program, totally inadequate without this, and all we will be able to say is, "We told you so." So, do not do that to the Committee on Public Works and Transportation. Give us the wherewithal today to meet the problem of bridges, because what you are voting on here is whether or not to take care of the unsafe bridges, you are voting on whether or not you want to reclaim our primary and secondary highway systems, and you are voting today as to whether or not you want to have adequate mass transportation all the way down the line. There will be no other chance. We cannot come back, as some of the Members on the other side said in 1979 because the highway program expires in fiscal year 1978. So we must come up with at least a highwy program during this Congress, during next year and if we do not have the wherewithal, we cannot meet these problems. So I ask the Members to look at this not only as an energy measure, but also as a transportation vote for the next decade in this country.

It is not easy to vote for a gasoline tax but one has to come. I do not know of any way to better utilize the money that will be collected than for the future of transportation, as well as this energy package before us here today.

I now yield to the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Chairman, do I understand from the gentleman from New Jersey (Mr. HOWARD) that his amendment differs from the Rostenkowski amendment largely in the use of the funds derived from the tax, and, of course, it increases the tax by 1 cent?

Mr. HOWARD. I did state that. The major difference in this is, I think, distribution of the funds.

Mr. ECKHARDT. Under his provision half of the funds go to highways and bridges.

Mr. HOWARD. None of which will go toward adding additional new roads but to fix up the system we have.

Mr. ECKHARDT. I understand. Under the Rostenkowski amendment about 12½ percent would go to the States for any use, and that could be roads and bridges, but it could also be other things; could it not?

Mr. HOWARD. That is true.

Mr. ECKHARDT. For instance, it could go for dredging waterways.

Mr. HOWARD. Yes.

Mr. ECKHARDT. Do I understand correctly that the gentleman's amendment, like the Rostenkowski amendment, would tax motorboats?

Mr. HOWARD. The gentleman has got me on motorboats as to whether or not this goes into the highway trust fund. I believe that it is only the purchase of gasoline. I would say if you go to a gas station pump and buy gasoline, that would go into the highway trust fund.

Mr. ECKHARDT. Let me say this, that under this provision diesel fuel would be taxed at 5 cents. The ordinary shrimp boat in Louisiana and Texas, and all along the gulf coast, uses diesel fuel, and I assume it is a motorboat. It would seem to me that what we are doing is adding to the cost of diesel fuel for shrimping which has already trebled since the Arab embargo—5 more cents, and we are taking it and putting half of it in a highway fund to build bridges and roads. I cannot see how a shrimp boat can go over a bridge.

Mr. HOWARD. It can certainly go under it, I will say to the gentleman from Texas, and we want to make sure that it is safe so it does not collapse on the shrimp boats.

If I can respond to the gentleman, we are talking about diesel fuel and other things. We are talking about the truckers, and I would say that if this amendment is defeated today, with all due respect, we have to give credit where credit is due. It is the American Trucking Association, the ones who have the heaviest vehicles going over our bridges and on our roads, that can derive all the credit for it.

Mr. ECKHARDT. Perhaps, but the American people do not want an additional cost placed on them.

Mr. HOWARD. This is the point. We had to write this amendment up in a matter of hours. I have stated publicly, and I state again, that when we charge the truckers who use our roads greatly, we know that this is a commercial use, and a big part of the cost of their operation, and we know that that cost is passed on to the consumer. So when the gentleman's wife or my wife buys gasoline for her automobile, in most cases she pays for her own gasoline tax, and she also pays for the truckers' tax. We want to get to the use of diesel fuel because it is a less-polluting and more efficient fuel. When we complete our highway bill next year, I have stated that I would certainly give serious consideration, because we are going to go back to the Committee on Ways and Means with our whole package anyway, even though we do not have to, to have them look it over for one of two things, perhaps to exempt the diesel fuel from this increase, thereby saving the consumers money, or benefits for the consumer.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(At the request of Mr. HARKIN, and by unanimous consent, Mr. HOWARD was allowed to proceed for 3 additional minutes.)

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding.

I want to compliment the gentleman for his amendment. I think it is a good amendment, and I think he has correctly stated the magnitude of the bridge problem in this country.

I am, however, a little concerned about the difference between what the gentleman stated in the well as to the fact that there are more than 105,000 bridges. I assume that is both on and off system.

Mr. HOWARD. About 39,500 deficient bridges at the last count were on the system, and some 60-some thousand off system. We intend in our bill, H.R. 8648, to take care and look at the problem proportionately and equally of all the unsafe bridges, both on and off the system.

Mr. HARKIN. I compliment the gentleman for that. I just wondered, because I have a letter dated July 29 from the Office of the Secretary of Transportation. On page 2 he stated:

> For example, the 1976 Department of Transportation Bridge Study found that there are now approximately 40,000 bridges on the Federal Highway System that are structurally deficient, or that require repair to safely service the system on which they are critical links.

I am wondering if there is some kind of disagreement between the gentleman in the well and the Secretary of Transportation as to where the money is going, because he talks about 40,000 bridges on the Federal system alone.

Mr. HOWARD. Yes.

Mr. HARKIN. But if I understand the thrust of the gentleman's amendment, it would go to both on- and off-system bridges.

Mr. HOWARD. That is right. The statement the Secretary made has to do with the 40,000 on the system. His cost estimate is $12.4 billion. That is only for those on the system. There are 60-some thousand more off system, and the cost to repair them would be $10.6 billion, where we get a total of $23 billion.

Mr. HARKIN. I compliment the gentleman for his amendment.

Mr. ULLMAN. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from Oregon, the chairman of the Committee on Ways and Means.

Mr. ULLMAN. Mr. Chairman, let me say to the gentleman, he has always cooperated with the Ways and Means Committee, and we have always cooperated with him.

There will be some adjustment required, as the gentleman has indicated. When the transportation program comes to it, the Ways and Means Committee then will look at it and establish equitably whatever tax changes are required in order to make the program meet the needs of the country and not become an undue burden on those who should not have to bear that burden.

Mr. HOWARD. I thank the gentleman. When we pass the transportation bill out, we will voluntarily come to the Ways and Means Committee, who should look at it and give us this further direction.

However, if this amendment fails today, we will not be able to do that because we will not have that chance.

The CHAIRMAN pro tempore. The time of the gentleman from New Jersey has expired.

Mr. ULLMAN. Mr. Chairman, I ask unanimous consent that the gentleman from New Jersey (Mr. HOWARD) may be allowed to proceed for 2 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Oregon?

Mr. MARTIN. Mr. Chairman, reserving the right to object, and I will not object, I reserve the right to object only for the purpose of asking if there will be an opportunity for us on this side of the aisle to have some time.

The CHAIRMAN pro tempore. The Chair would like to advise the gentleman he will alternate between both sides in recognizing Members.

Mr. MARTIN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from New Jersey is recognized for 2 additional minutes.

Mr. ULLMAN. Mr. Chairman, if the gentleman will yield, what the gentleman from New Jersey is saying is, if we adopt this provision today, it can be modified to meet the needs of the country, but, if we fail to adopt this provision, we are practically out of business as far as solving the basic statewide and nationwide problems on the highways.

Mr. HOWARD. For the next 10 years.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Chairman, I thank my colleague, the gentleman from New Jersey (Mr. HOWARD), for yielding.

I understand the predicament in which my colleague finds himself. I do not think that this gasoline tax belongs in an energy bill. I know that it is not of my colleague's making, and my colleague's amendment is certainly preferable to what is in the bill. But that still does not cure my strong opposition to either a 4- or 5-percent gas tax.

Let me just say to my colleague this. I do not think there is any rational basis to conclude that energy conservation will result from increasing the price of gasoline by 5 cents. My district is a rural district. We have no mass transit. Where are they to turn for travel? They depend on the automobile as a means of getting to work, and to the shopping centers, and other places. They are going to be the ones who unfortunately will be hurt by what I believe is an extremely ill-advised policy.

Mr. HOWARD. The genteman from New Jersey makes a very fine point. In my amendment we meet that, because this is the one and only opportunity we will have to be able to give the rural and small town areas an opportunity to provide for their people the kind of public transportation that they need and can use and will be a great help in conserving energy.

Mr. MARTIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to support, not the 5-cent tax, not the 4-cent tax, not even the 50-cent tax, but the people who are going to be expected to pay those taxes that are being offered here today.

I oppose any increase in the tax on gasoline. In committee I opposed President Carter's proposal for a 50-cents-a-gallon gasoline tax. He calls it a "standby" tax, because he thinks the American people are going to stand by while he and his party stick this punitive tax on them. I think he is wrong about that.

I oppose a 50-cent tax; I oppose adding a 5-cent tax or 4-cent tax. Who needs it? Will it increase the available supply of gasoline? Not a drop.

Will it restrain American motorists from buying the gasoline they need? Will it make them walk to work or do their shopping on a bicycle or do their plowing on foot?

The fact is that the price increase of 20 cents or more so far has not reduced gasoline consumption; in fact, it has risen. It has not reduced oil imports, in fact, they are at an alltime high.

Then what good will it do? Will it help President Carter in his pledge to balance the budget? "You betcha." Instead of balancing the budget the right way by cutting unnecessary spending, he wants to raise taxes.

Now, the sponsors of this extra unnecessary tax have acknowledged that this tax will require sacrifices. Sacrifices? "You betcha."

But let us not kid ourselves that the sacrifice will be borne equally, or that it will be fair and equitable. Americans who live in rural areas will find that attitude a little cavalier. "Cavalier" means they are going to be expected to ride a horse. They certainly are not going to get to ride mass transit around their farm.

Let me tell this House where the sacrifice will fall. In the Committee on Ways and Means, the gentleman from Arkansas (Mr. TUCKER) presented a comparison of 50 States and the District of Columbia to show the per capita gasoline use. There is a great variation. Rural States consume roughly twice as much gasoline per capita as do the urban States. Wyoming has the highest per capita, 749 gallons per capita. New York State, which is blessed with the lowest consumption per capita, uses only 301 gallons per capita.

So the burden will fall on the rural States in order to pay for mass transit for urban citizens who do not have to use as much gasoline.

Another thing, the list also compared the States in per capita income. Generally speaking, the lowest income per capita falls in the rural States.

So do you see what that means? The lower income States are the rural, and necessarily high-mileage States. That means the lower income ranking States will have to pay more tax per capita to subsidize the high-income States.

I could read a few examples. The State of Missouri, which is 31st in rank from the highest in per capita income is 13th in the highest rank of gasoline use.

The State of New Mexico, which is 50th in rank of this list of 51, including the District of Columbia, in per capita income, is 3d in gasoline consumption per capita.

The State of Tennessee, which is 41st in per capita income, is 11th in per capita gasoline use.

The State of Texas, which is 33d in per capita income, is 4th in per capita gasoline use.

Generally what we find then is that there is an inverse relation between the per capita income and the per capita gasoline use. That is not because of a direct cause-effect relationship, but because of the rural nature of those States.

Now, I ask, where is the compassion in that?

Where is the great political party that boasts and preens that it is the party of the little people? That party is the one that is telling us from the White House and the Congress why we are going to slap this tax on those people. I do not believe they will get full support in their own party in the House.

They call us the party of business, but they want to give the business to the people. So let them vote for it.

Let them tell the rural citizens they have to pay twice as much tax per capita in order to pay for subways in cities.

If it is defeated, then do as the gentleman from New Jersey (Mr. HOWARD) said, give credit where credit is due, to the party that stands solidly against it.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman's very complete statement on the impact that this bill will have on all of the driving public and especially on lower income people. What the gentleman has provided for the House with carefully drawn facts was shown overwhelmingly in our Budget Committee as we began to review the impact of new taxes. If either one of these add-in gasoline taxes is adopted, low- and moderate-income working people will be very adversely affected.

The CHAIRMAN pro tempore. The time of the gentleman from North Carolina has expired.

(At the request of Mr. ROUSSELOT, and by unanimous consent, Mr. MARTIN was allowed to proceed for 1 additional minute.)

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield further? As the facts presented show and as committee after committee has borne out in testimony, the impact of this add-on tax will be against the very people we constantly talk about trying to help, the lower income working people of this country. Those are the ones that will pay a very heavy price.

Mr. Chairman, I compliment my colleague (Mr. MARTIN), for the detailed and complete facts that he has presented.

Mr. MOSS. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I think we ought to look rather carefully at what we are doing here today. I would say this is not one of our happiest moments. It is not mine. I take no pleasure in opposing this portion of the President's program, but it is an ill-advised portion.

Remember that we have three increases that we are actually going to be watching go into effect over the next few years. Progressively, we are going to have about a 5-cent increase as a result of EPCA, the Energy Price and Conservation Act of 1975, already on the statute books. There

is an equalization tax in this package that will add another 5 cents. We are talking about 5 cents on the Howard amendment or 4 cents, alternatively, on the Rostenkowski amendment. That is talking about a 16- to 17-cent increase, and what do we get for it?

We take the figures of the ad hoc committee itself and translate them into percentage, and we find that in 1978 they estimate that we would save .24—.24 percent; by 1979, .57 percent; by 1985, 1.14 percent of the total gasoline consumed. So, we are not talking about a significant conservation effort here. As a matter of fact, there is a concession made that we are not now apparently debating the conservation policy of America. We are debating a national transportation policy.

This is a tax on the users of motor vehicles, and it is not an equitable tax. It falls most heavily on the poor, and a study of American energy consumers, a report by the Ford Foundation energy policy project in 1975, found that the poor—and they are defined as the incomes of $2,500 or less—spent 4 percent of their income for gasoline; The low middle, 3.2 percent of their income; the upper middle, approximately the same; and the more affluent of our society, 2.2 percent of income. And where do they spend that most heavily? As the gentleman who preceded me indicated, it is in the rural areas of this country. Out in the State of Montana, just used as an illustration in the gentleman's comments, we find that in the State of Montana, characteristic of many of the Western States, the average motorist drives 600 miles a month. In the Eastern States, the average being driven is 300 miles.

The rural users are going to have a very severe impact, and I would say that not in this decade would it be possible to put into place a mass transit system. In the first place, there is no mass to move in the rural areas.

But, this is a totally inequitable step to take in an energy program. It is appropriate to a national taxation policy or a national transportation policy, but it is not appropriate here. There are things that could be done, that are not being done in this bill, to conserve energy; significant conservation features that could be enacted into law. They are not in this legislation.

There are far too many portions of this legislation, in this Member's opinion, that rely upon taxes as a means of discouraging use, and that is a particularly cruel form of discrimination because it consistently puts the heaviest burden on those least able to bear it. It is not consistent with my own philosophy, and I did not think it was consistent with the philosophy either of the President or of my colleagues in the majority.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Texas.

Mr. ECKHARDT. One thing that disturbs me about this, is a point which the distinguished gentleman from California (Mr. Moss) has already raised. That is that this amendment does have impact on transportation policy, particularly in the area of the diesel tax. If we are not going to discourage use of diesel on the highways, and I am sure we will not—because a truck has to drive—why should we place a tax on diesel use for highways? We do not tax diesel use by railroads.

It strikes me that such a policy is totally oblivious to the question of a balanced transportation policy.

Mr. MOSS. Of course, if it is to refer to a balanced taxation policy, it should be addressed more comprehensively in legislation exclusively dealing with that.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am doing something that I find I am doing to an increasing degree over the last couple of weeks. I am sure it makes him nervous. It makes me just a little nervous. And that is to rise in support of the gentleman from California (Mr. Moss) and his viewpoint.

He has given us some average figures here about the number of miles per year driven in the West, 3,600; the number of miles per year driven in the East, 1,800, if I got his figures correct; the average national driving per car, 2,400 miles per year—that is, driving to work, to the grocery, to take the kids to school, to pick them up after the ball game, and so forth.

I am not concerned about the average miles. I am concerned about the average guy and what happens to him, the average family. I am also concerned about the savings that the ad hoc committee has suggested are going to come from this modest, little 4-cent or 5-cent increase in tax.

On page 69 of the report there is an estimate that in 1985 this tax will save 85,000 barrels of oil a day. That is 365 days a year. So presumably in 1985 we would save 31 million barrels of oil.

The gentleman from Illinois (Mr. ROSTENKOWSKI) says that that saving will cost us $6 billion by 1985.

If we divide $6 billion by 31 million barrels of oil that is saved in that year, what we get is $194 a barrel. I mean it costs us $194 to save that barrel.

If imported oil costs $25 a barrel by that time, we could import eight barrels of foreign oil for that $194.

My question is: Would we be better off spending $194 trying to save a barrel of oil, or would we be better off spending $194 to import eight barrels of oil?

What would it cost us to save a gallon of gasoline by 1985?

Using the same figures, I come up with $4.62 a gallon to save a gallon of gasoline.

It may be worth it. It may be worth it because those OPEC nation Arabs, and all of those people, are not nice folks to try to charge more money for the gasoline we use.

Let us take the average guy who drives to work 20 miles per day. Maybe not in Toledo, but in my district 20 miles a day to work is not too far. That equals 5,000 miles a year.

That equals 5,000 miles a year. At 15 miles per gallon on his car, if he has an efficient one, that will cost him 333 gallons of gasoline a year times 12 cents a gallon, which is what the fuel oil equalization tax and the extra 5 cents is going to cost him. That is $44 a year, and we might say, "That is not very much in order to save a lot of gasoline."

That may be true, except that it amounts to a 2- or 3-cent increase in the income tax at the Federal level for the average $12,000-a-year income worker. He pays about $1,800 a year in Federal income tax, and this will mean $44 or $50 added right in there as an increase.

The CHAIRMAN pro tempore (Mr. NATCHER). The time of the gentleman from Ohio (Mr. BROWN) has expired.

(By unanimous consent, Mr. BROWN of Ohio was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Ohio. Mr. Chairman, let us look at just one more example, and then I will yield for questions.

If we take the 7 cents and the 5 cents and add that up to 12 cents—and on this I am pretty sure my math is right—$12 billion is the estimate of what that will cost. That is the combination of the fuel oil equalization tax and the Carter-Howard gasoline tax program. That $12 billion divided by 210 million Americans, times 4 to a family, amounts to $228 per family of 4 members by 1985, and that would mean a 13-percent tax increase in the average worker's income tax.

My question is: How much is it worth for us to try to save this gallon of gasoline? Is this a tax to do all the wonderful things that the gentleman from New Jersey (Mr. HOWARD) says we need to do? And it is true that we do need to do some of these things. We need to improve our roads, I suppose, so people can drive more. I guess that would be so.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I will be glad to yield to the chairman of the ad hoc committee.

Mr. ASHLEY. Mr. Chairman, the gentleman is making a few general assumptions which I do not think are well founded.

Mr. BROWN of Ohio. Those assumptions were used on natural gas, I might say, when we were arguing yesterday on that subject, and so I thought they may also be appropriate to gasoline. They may not be, however.

Mr. ASHLEY. I am simply suggesting to the gentleman that the average cost of operating a motor vehicle today is 4.1 cents per mile. Because of the increased efficiency of our vehicular fleet that will be achieved by 1985, the average cost per mile will not be 4.1 cents per mile; it will be 3.7 cents per mile.

Mr. BROWN of Ohio. Is that based on the new gasoline cost or on the old gasoline cost?

Mr. ASHLEY. That includes the 5-cent tax that is being proposed by the gentleman from New Jersey (Mr. HOWARD).

So I hope the gentleman will see what we are suggesting. There is not going to be an increase in the cost; there is going to be a decrease.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. BROWN) has again expired.

(By unanimous consent, Mr. BROWN of Ohio was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Ohio. Mr. Chairman,

if I understand what my colleague, the chairman of the ad hoc committee, the gentleman from Ohio (Mr. ASHLEY), is saying, the assumption is that if we put on a 12-cent gasoline tax, it will actually be cheaper for a man to drive his car in 1985 than it is now. I am going back to my desk and work on that one.

Mr. ASHLEY. I wish the gentleman would do just that.

Mr. BROWN of Ohio. I am afraid I do not grasp it too quickly.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Chairman, I simply want to compliment the gentleman from Ohio (Mr. BROWN) on his elaborate and ingenious statistical inquiry, which I am sure is worth at least as much as the statistical basis for this entire bill.

Mr. BROWN of Ohio. It is worth as much as $260 billion, which is the figure we heard yesterday on the increase in natural gas costs. I think so, anyway.

Mr. CONABLE. Mr. Chairman, I again want to thank the gentleman and to sum up his conclusions by saying that this is going to cost the American public a great deal, and it will not do a great deal in effecting energy conservation.

Mr. BROWN of Ohio. It is going to cost $4.62 to save a gallon of gasoline, and it is going to cost the average worker somewhere between a 3-percent and 13-percent increase in his annual Federal tax bill.

Let us face the facts. This is not designed to save gasoline as its primary objective; it is designed to raise taxes.

Come on, fellas. Let us just be square with the people and tell them that we want to raise their taxes to do these wonderful things, that we want to do what the gentleman from New Jersey (Mr. HOWARD) wants to do, or that we want to raise the welfare payments, which is what Mr. Schlesinger says he wants to do, or that maybe we want to do some of the other things we may think up.

The CHAIRMAN pro tempore (Mr. NATCHER). The time of the gentleman from Ohio (Mr. BROWN) has again expired.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, Both of the amendments offered by the ad hoc committee increasing the gasoline tax should be defeated.

In the first place, the wellhead tax will raise the price of gas at the pump by at least 7 cents to 11 cents by some estimates—when fully operative. The FEA tells us that the price will rise another 13 cents due to other justifiable costs in the industry. That 20-cent boost is more than enough. This Congress would be heartless and irresponsible to add 4 cents, or 5 cents, or both to that already burdensome tax load.

Yes, it would be nice to have the trust funds to play with. But, I have never noticed that Congress feels inhibited about spending the taxpayers' money if it can rationalize a good public purpose.

A new trust fund is not the only way to finance worthy needs. In fact, as a matter of tax policy, trust funds are to be avoided because they limit flexibility in governmental operations long after their original need has faded from memory.

Yes, it would also be nice if States could be helped in their transportation needs. I believe most State highway departments would love us to levy a tax for them to disburse. Each could catalog an endless list of needs. But each State has the authority to pass its own gas tax if it feels the needs are acute enough.

The Federal Government and the State tax the same highway users. The money available to the States is about the same, or should be. Therefore, if the States need the tax, they can surely lay it on themselves.

There seems to be little evidence that the extra gas tax will discourage energy use. I believe it is just another regressive tax to permit congressional spenders to do their thing. Five billion dollars in new taxes simply does not make sense.

A gas tax is in many respects a tax on employment. In my district, and throughout the country, many people drive long distances to work, not because they like driving, but because they must do so to find work. These people will already be socked 20 more cents a gallon because of this bill and because of other circumstances. I cannot explain to them why we need to boost that tax another nickel when we cannot even prove it will save energy.

When all the rhetoric is stripped from this issue, it becomes just another tax. Our people are tired of more taxes. We ought to defeat these amendments.

As a matter of fact, the problem with this whole bill is that it is just one big tax bill. It brings with it the usual regulations, redtape and growth of bureaucracy. It will, when fully implemented, cost the average family of four about $1,000 per year as a result of new taxes. We may not be able to save our people from paying more for energy, but we can surely save them from taxes and regulations which never expire, and from a never-ending increase in the Federal bureaucracy.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. BROWN) has again expired.

Mr. FRENZEL. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio (Mr. BROWN) may be permitted to proceed for 2 additional minutes.)

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Minnesota?

Mr. ALEXANDER. Mr. Chairman, I object.

Mr. HEFNER. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. WRIGHT. Mr. Chairman, there seems to be a basic misconception as to the purpose of this amendment.

Let us just be honest with ourselves. A 4-cent tax or a 5-cent tax on gasoline is not going to save gasoline by discouraging its purchase. That is not the purpose.

I think one of the things the public surely must resent is the implication that by adding on taxes, we deliberately would be making the price of fuel so God-awful expensive that they could not afford it and therefore would not buy it. The public rightly resents that. I would resent it, too. That is not the rationale of this amendment.

The purpose of the 4-cent or 5-cent tax is to raise revenue so as to finance beneficial activities. Some of those activities are energy related, and some of them are not. It would be inaccurate to try to attribute the whole cost to an energy program.

It would be grossly misleading of me to suggest that all of this money is going to go into the conservation of energy. It is not. Some of it would go into the construction of needed roads. Some of it would go into the construction, repair, and renovation of unsafe bridges. There are more than 105,000 bridges in the United States that are in a desperately bad state of repair. This is one of the long neglected needs of a national transportation policy.

So let us not confuse the issue. Let us face squarely what it is that we are being asked to do. We are being asked to raise revenue to do a variety of things: to repair bridges that need repairing; to build better roads; and to improve public transportation facilities, including both bus and rail systems.

Public transportation facilities do very definitely have an energy-related objective. A full bus gets about 200 passenger miles to the gallon. An automobile with 1 passenger gets perhaps 15 or 16 passenger miles to the gallon. That is the difference.

What good is that, you may ask, to the person from a Western State who must drive a long distance to work? That is a fair question. I represent a lot of those people. I know people who drive 50 miles a day one way to work. Their daily travel is 100 miles. Those people have chosen to live in relatively remote areas in order that they may have small farms to supplement the income that they derive from their industrial employment. That is their choice.

Of course, a gasoline tax impacts unfairly in one sense upon those people, but they are the very people to whom the availability of adequate road systems is most important. Most of those people have never resented paying their share of the taxes for good roads and needed road repairs.

Now let me address one other question. Why is it important to them to improve public transportation when that public transportation is not available to them? When they either cannot or do not use it? That is a harder question. It may be unreasonable to expect them to appreciate its value to them personally. But it is important to them because they who have no alternative to the private automobile are the very people in our society to whom the continued availability of fuel is most important.

If those who have to drive to work, those whose daily travel is work-related, run out of fuel because of a national scarcity, then they are the ones who will be most severely and adversely affected

by that scarcity. Therefore, if by providing effective and adequate public transportation facilities in other areas of the country we can make it attractive for more city dwellers to opt for public transportation, we will free up some of this scarce fuel and stretch out the supply so as to make more of it available to those who need to drive to and from work. Then, whether they see it as a direct benefit or not, we have provided a benefit for them. Whether he realizes it or not, every user of gasoline in this country has a personal stake in the success of public transportation. So it is a balanced approach.

I like the idea personally of putting some of this money into a trust fund for long-term energy research and development. We have not done enough to encourage additional supplies for the future. None of us should suggest that the purpose of this amendment in any sense is to discourage consumption of gasoline by creating a higher price through the addition of this tax. But Members who look at it as a frightful thing should stop and realize that our failure to have an effective energy policy has allowed prices to go up in the last 3 or 4 years by some 30 cents a gallon.

The public has gained no measurable benefit from that increased cost. It has not slowed down gasoline consumption. It has not built any roads. It has not supplied a single bus or repaired a single bridge. It has not financed research for alternate supplies. So far as I can tell, the only beneficiaries have been the Arabs and the oil companies.

In some areas of my State gasoline was selling for 30 cents a gallon in 1973 and is selling at 60 cents a gallon today. Why should we suppose that the public is reconciled to that situation from which it gains no benefit but unwilling to pay 4 cents or 5 cents to meet legitimate public needs?

The CHAIRMAN pro tempore. The time of the gentleman has expired.

Mr. WRIGHT. Mr. Chairman, I ask unanimous consent that I may be permitted to proceed for 1 additional minute.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. BAUMAN. Mr. Chairman, reserving the right to object, just a few moments ago a request was made for the gentleman from Ohio to extend his time, and objection was heard from the majority side. I am not going to object to the extension of the majority leader's time. I know that in heated debate some people are constrained to exercise their right to object. But I do serve notice that if minority members are not permitted full debate on this side of the aisle that there will be no further extension of time for those on the other side.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. HOWARD. Mr. Chairman, reserving the right to object, I would like to state in reference to what the gentleman from Maryland (Mr. BAUMAN) said that all sides did accord me a great deal of additional time so people could discuss this within the reasonable period of time we have. Later on we may try to set a time limit but I would hope we would permit on both sides all requests for additional time, especially when there is a dialog that is continuing where a special point is being made.

I appreciate the time that was accorded to me and I would hope that others would be accorded the same.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Texas (Mr. WRIGHT) is recognized for 1 minute.

Mr. WRIGHT. Mr. Chairman, I shall not ask for another extension of time. I have only asked for 1 minute, and that's all I will use.

I do not really expect either of these amendments to be agreed to. Voting taxes is always an unpopular thing to do. But it is important, I think, to see the situation in its true light and in proper context.

The purpose of this proposal by the ad hoc committee and that by the gentleman from New Jersey (Mr. HOWARD) is basically to raise revenue. Most Americans in my opinion are willing to pay a fair amount when they know that the money is going for a needed public purpose. The purpose of the amendment is to serve the needs of a balanced transportation system in this country and to make some improvements in energy consumption through the development of viable public transportation systems. In my judgment, the American people would resent this much less than they resent the enormous increases which already have been foisted upon them and from which they can see no benefits whatever.

Mr. EDWARDS of Oklahoma. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to oppose both amendments.

Mr. Chairman, immediately after my election last November I received a gift from two constituents—a young married couple who had worked in my campaign. It was not a very expensive gift but it did have strings attached to it. Oh, it really had strings attached. It was a small paperweight and on it were these words:

Congratulations, Congressman MICKEY EDWARDS. Always remember the little taxpayers.

Always remember the little taxpayers. Do not go to Washington and catch Potomac fever, they were saying. Do not start going to picnics at the White House and forget about the little people who sent you there.

I now sit in this Chamber and I am now making nearly $60,000 a year and I am surrounded on all sides by people who make nearly $60,000 a year. I am 1,000 miles away from the people who elected me to represent them—people who, together, have a median family income in my district, Mr. Chairman, of $9,000 a year.

How easy it is when you spend $2 billion a day, for every day we are in session, when billions become routine and millions become meaningless, how easy it is to forget what it is like to be poor, or old, or young and newly married, and to really feel the pinch of every price increase and every tax increase.

There is a fine old lady in my district named Nettie Couron. I want to tell you about her. She never expected her name to be mentioned on the floor of the House. But, Nettie is poor and she is widowed and she is in her sixties and she lives in a very small house half a block from the railroad tracks in Edmond, Okla., and she works. She is a licensed practical nurse. She works day shift and she works night shift to make ends meet.

She has driven many miles every day to work and back from work.

What about the Nettie Courons of this world who do not get their names mentioned on this floor? You great champions of the poor and the oppressed that we hear so much about, where is your compassion now? Where is your love? Where is your concern for the poor? Where is the concern that we hear so much about in the mellifluous tones of the majority?

Mr. Chairman, I owe nothing to the country clubs and to the corporations, but I owe my seat in this Congress to the working people, the little people as they are so easily refered to by the majority. I will not forget them. If every other Member of this Congress votes for this gasoline tax increase, I will vote against it. If you care about the poor—if you care about the poor that you talk so much about—you will vote no, too.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Texas.

Mr. MAHON. I thank the gentleman for yielding.

Mr. Chairman, I have a technical question to ask. I appreciate the gentleman from Oklahoma yielding for me to propound this technical question at this dramatic moment with respect to the trust fund and with respect to the expenditures from the trust fund.

I would like to ask the chairman of the ad hoc committee, the gentleman from Ohio (Mr. ASHLEY), a question concerning language dealing with the expenditures from the trust fund that is identical in both the committee amendment and the Howard amendment.

If this amendment were adopted, is it the gentleman's understanding that before any funds could be obligated or expended, or made available in any other way, from the trust fund, it would be necessary to have appropriations made in appropriation acts?

Mr. Chairman, would the gentleman from Oklahoma yield to the gentleman from Ohio (Mr. ASHLEY) for a response?

Mr. EDWARDS of Oklahoma. I will be happy to yield to the gentleman from Ohio.

Mr. ASHLEY. I appreciate the gentleman's yielding.

I will say to the gentleman that this is precisely what was intended by the members of the committee and, as a

matter of fact, is precisely what is provided in the language of the bill found on page 446 where the following language occurs:

Amounts in any account of the trust fund shall be available, as provided by appropriations acts, for making expenditures for the purposes applicable to such account under this section. Nothing in this section shall be deemed to authorize any program, project, or other activity not otherwise authorized by law.

The answer to the gentleman is in the affirmative on both counts.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(At the request of Mr. MAHON, and by unanimous consent, Mr. EDWARDS of Oklahoma was allowed to proceed for 2 additional minutes.)

Mr. MAHON. Mr. Chairman, I thank the gentleman from Oklahoma for yielding, and I thank the chairman of the committee, the gentleman from Ohio (Mr. ASHLEY).

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Kentucky.

Mr. CARTER. I thank the gentleman for yielding.

I want to state that I have attended five public meetings within the past few weeks, and on each occasion I asked the people what they thought of an increase in the gasoline tax. On every occasion every person said that he opposed it. There was no one who supported an increased tax on gasoline.

I would ask my distinguished friend, the gentleman in the well, if it is not true that there is built in this a $3 tax per barrel on oil at the wellhead which would translate into 7 cents per gallon, about which we can do nothing unless we vote down the bill?

Mr. EDWARDS of Oklahoma. That is my understanding.

Mr. CARTER. I would suggest that if we vote to increase the tax on gasoline our people are going to regard it as a nuisance tax. It will not deter or diminish driving one whit.

I thank my distinguished friend for yielding.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from New Jersey.

Mr. HOWARD. I thank the gentleman for yielding.

In response to the gentleman's stated concern for the poor people and the fact that he opposes any gasoline tax in reference to them, it just surprises me that a Representative such as the gentleman from the great State of Oklahoma would come out in such total opposition to the present Highway Trust Fund which now is supported by the gasoline tax.

Mr. GARY A. MYERS. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. Mr. Chairman, I would like to follow up the statement of the gentleman from New Jersey. It seems to me there should be some clarification by the gentleman from Oklahoma with respect to his blanket opposition to gas taxes. Is the gentleman inclined to think that no Congress at any time should have ever placed a gas tax at the Federal level and the gentleman as a Representative would never vote for an increase no matter how dramatic the needs were for highway development?

Mr. EDWARDS of Oklahoma. I am glad the gentleman gives me an opportunity to respond to the gentleman from New Jersey.

The CHAIRMAN pro tempore. The time of the gentleman from Oklahoma has expired.

Mr. GARY A. MYERS. Mr. Chairman, I ask unanimous consent that the gentleman from Oklahoma may be allowed to proceed for 1 additional minute.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. HEFNER. Mr. Chairman, reserving the right to object, and I shall not object, on the earlier request I objected. It seems to me so many times in this debate we have gotten away from the issue and have become sarcastic and talked about things that have nothing to do with the debate. In this kind of thing I shall object. The American people expect more of us than sarcasm and innuendo.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GARY A. MYERS. Mr. Chairman, if the gentleman from Oklahoma would yield further and would care to answer, I ask the gentleman to respond.

Mr. EDWARDS of Oklahoma. Mr. Chairman, I thank the gentleman for giving me an opportunity to respond to my friend, the gentleman from New Jersey. I was not saying I was opposed to the trust fund. I am opposed to this tax increase. People are already paying sufficient taxes on gasoline. There are many opportunities not connected with an energy bill, to come to the floor to try to work on improving the bridges and highways.

Mr. GARY A. MYERS. If the gentleman will yield for further clarification, would the gentleman not be interested in protecting the taxing potential we have in this session of the Congress for addressing the needs of the highway interests in some parliamentary procedure? In other words, at least we should accept the Howard amendment at the substitute level, and if the gentleman is opposed to the gas tax at this time, vote against the amendment as substituted, which would protect the interest of the highway and bridge development.

Mr. ASHLEY. Mr. Chairman, I would like to get an indication as to a possible limitation of time.

Mr. BAUMAN. Mr. Chairman, with this many Members standing, and only one noncommittee member having spoken, I would be opposed to a limitation of time.

Mr. ASHLEY. Mr. Chairman, I ask unanimous consent that debate on this amendment conclude at 1:30.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. BAUMAN. Mr. Chairman, I object.

Mr. ASHBROOK. Mr. Chairman, I object.

Mr. GARY A. MYERS. Mr. Chairman, reserving the right to object, I would like to point out that many of the Members who are now standing seeking to share in the limited time are Members who have consumed considerable time on their own. It seems to me unfair to those Members not members of the committee to be completely prevented from adequately participating. I would ask the gentleman to give some consideration to noncommittee members so they may be given time first and then ask for a limitation of time later on.

Mr. ECKHARDT. Mr. Chairman, reserving the right to object, it is not only persons who are nonmembers of this committee who have not been recognized on this matter, but also Members who are on this committee have not been recognized, such as the gentleman from Virginia (Mr. FISHER) and myself and others.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. ASHLEY. Mr. Chairman, I move that debate on this amendment conclude at 2 o'clock.

The CHAIRMAN pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. ASHLEY).

The question was taken; and on a division (demanded by Mr. ASHBROOK) there were—ayes 37, noes 20.

So the motion was agreed to.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, unless this country can turn down the curve of gasoline consumption, we are in real trouble. I hear a lot of talk and a lot of fear about what we are going to do if we have a new Arab oil embargo. Well, OPEC can wreck the economy of the Nation in 2 or 3 or 4 or 5 years, not by an embargo, but simply by continuing to sell us the same quantity of oil they are selling us now. If the increase in demand goes on, consumption goes on. We are going to be in real trouble even at present import levels.

There is only one place we can go and that is to the OPEC countries for oil, unless we begin a conservation program.

I do not know how much reduction in consumption we will get from a 5-cent tax; but to me, it is a symbol, it is a signal. That tax will send a signal to the American people at the gas pumps. Those signals, those messages say to car pool and to slow down and double up on trips to the grocery store and the next time to which we change our place of residence, move a little closer to the place of work, and all the rest.

This money is not going to go for useless things. It is going to go to restore a balanced transportation system, to repair the bridges and the highways of this great system we have built.

More than that, it will begin to do some things about mass transit. There has been a lot of talk here about the poor people in our society. This is the first

major attempt to do something about mass transit. That is what the poorest people rely upon.

I have not had any pickets in front of my office saying, "Impose a gas tax on me."

I get relatively few letters asking me to impose any taxes on anybody.

But this tax makes sense. It is a package, a balanced package, carefully put together by the gentleman from New Jersey, and I think we will make a great mistake today if we do not gather up the courage to do the right thing and adopt this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, I advise the Committee that immediately upon the Committee rising, I will ask unanimous consent of the full House to include extraneous matter immediately following my remarks.

Mr. Chairman, I rise in support of the Howard substitute.

During the debate I was particularly impressed with the remarks that have been made this morning by the gentleman from the other side of the aisle, and especially the remarks of the gentleman from Oklahoma (Mr. EDWARDS). I would like to refer, if I may, to a recent publication of the Construction News, the July 13 issue, and quote from that periodical. It says on page 20:

> Oklahoma trails only Louisiana in the number of unsafe bridges on the federal-aid system, according to ARTBA, with 1,731, as compared to 2,879 in Louisiana. Louisiana Department of Transportation officials view the problem with more than some alarm. "We know the problem. We know its ramifications. What we don't know is where in the . . . . we're going to come up with the money."

In reply to the illustration stated by the gentleman from Oklahoma, I hope that his constituent to whom he has referred—a licensed practical nurse—is not required to drive over the unsafe highways and bridges that we have in the State of Arkansas; and I hope that she lives in town so that she is not required to drive long distances to work like the majority of the people in Arkansas.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

The Chair recognizes the gentleman from New Jersey (Mr. HOWARD).

POINT OF ORDER

Mr. BAUMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BAUMAN. Under the rules of the House, are not Members who have already spoken to wait until all other Members are recognized until they speak again on a pending amendment?

The CHAIRMAN. No one was up at the time the Chair rapped the gavel, and the gentleman from New Jersey was standing at the time the Chair recognized him. We will be going back and forth, but of course, the limitation abrogates the 5-minute rule.

Mr. BAUMAN. Is that not the rule of the House?

The CHAIRMAN. There is no such rule.

Mr. HOWARD. Mr. Chairman, I wish to thank the gentleman from Arkansas for the work he has done over the years, not being a member of the Committee on Public Works and Transportation, in behalf most especially of the needs of rural transportation in this Nation, which has been ignored for a great number of years. It is due to his work in the previous Congresses that we have been able to meet these needs. I wish to thank him for his position today and for his continued interest in the rural people in the field of transportation.

I wish the gentleman would continue with his statement, and I yield to him.

Mr. ALEXANDER. Mr. Chairman, 2 years ago I authorized the amendment to strike the administration's proposed gasoline tax. This effort resulted in a defeat of the tax on gasoline. The House voted overwhelmingly 2 to 1 to defeat that proposal.

Two years ago I opposed the proposed tax on gasoline because it was unfair to the people in the medium cities, small towns and rural areas.

That was a tax that did nothing to solve the urgent transportation needs of the countryside.

Two years ago I was motivated by another factor. At that time, I was also laboring under the delusion that the States would meet their transportation responsibilities.

That was a fair assumption because there was no dispute about the facts then, as there is no dispute about the facts now.

UNSAFE HIGHWAYS AND BRIDGES

I am advised that we have invested more than $76 billion in our highways and roads systems. And, at the present rate of Federal investment the system is falling apart 50 percent faster than it is being replaced.

There are more than 100,000 unsafe bridges on the highways and roads of this Nation.

The established replacement cost is estimated to be about $23 billion.

And at the present rate of Federal funding it would take 80 years just to replace the unsafe and inadequate bridges already identified in the Federal-aid system alone. This does not include those that will deteriorate or those already unsafe and deficient on non-Federal-aid highways and roads. And I remind you that the off-systems roads are included in this funding proposal.

In Arkansas alone there are more than 4,353 bridges on the Federal-aid system that are unsafe or incapable of safely carrying more than marginal loads. That is 67.8 percent of all the Federal-aid system bridges. It does not include the unsafe and inadequate bridges on State and county off-system highways and roads.

For the total highway system in rural areas the situation is even more serious.

The most recent highway conditions inventory made under the U.S. Department of Transportation guidelines shows that 89.9 percent of Arkansas' rural highways are unsafe or inadequate to meet the needs of the traffic system of which they are a part. For Mississippi this figure is 72.6 percent and for Tennessee it is 82 percent. Nationally, the percent of rural mileage under this study that was judged unsafe or inadequate was 56.6 percent.

In the Middle South States such as Arkansas, Mississippi, and Tennessee the 1975 average bridge replacement costs had reached $450,000 and is still rising. During the past 15 years the cost of building a mile of noninterstate, Federal-aid highway almost tripled, going from $84,500 to $340,000.

A recent Arkansas Highway Commission study estimates that in the next decade the State will need $1.2 billion more to make needed highway improvements that present funding schemes will produce.

GASOLINE CONSERVATION

The U.S. Department of Transportation has estimated that without increased maintenance of the Nation's highways, pavement degradation alone would increase transportation consumption of energy by 2 percent by 1985. Based on the gallons of gasoline consumed in 1975 the energy cost in Arkansas would be 26,641,320 gallons per year, in Tennessee it would be 51,127,880 gallons and in Mississippi it would be 26,456,340 gallons. On a national basis the yearly gasoline energy consumption increase would be 2,272,120,000.

A study of the highway improvements proposed in the Surface Transportation Assistance Act of 1977, which would be funded by this gasoline tax concludes that the proposed improvements would save 10,000 American lives annually.

The General Accounting Office study titled "Unsafe Bridges On Federal-Aid Highways Need More Attention" sent to Congress in 1975 makes clear a number of safety problems created by structurally deficient and functionally obsolete bridges. It cites example after example of bridges collapsing while being used by loaded school buses or passenger cars.

At one point, for instance, the study prefaces its discussion of an Ohio bridge collapsing under a loaded school bus saying:

> Many structurally deficient bridges are located on rural roads and present hazards to school buses, usually the most frequent heavy vehicles traveling over these bridges.

The study goes on to say that the bridge collapsed under the bus even though the vehicle did not exceed the posted weight limit.

The GAO study also cites a report made by Purdue University. This university study found 6,500 county bridges in Indiana that could not be safely used by loaded, standard-sized school buses.

Unsafe bridges and inadequate highways produce economic price tags for such groups as farmers, consumers, and trucking firms.

REDUCE FARM PROFITS, INCREASE CONSUMER PRICES

The 1975 GAO study discusses a protest filed with Ohio transportation officials by a professional drivers organization. The drivers were angry because a large freight firm was requiring its drivers to cross a bridge with trucks exceeding the safe posted weight limits. The study noted that freight companies and drivers:

. . . apparently disregarded the bridge posting limitations, rather than incur the extra cost associated with rerouting or carrying less than capacity loads. . . .

The GAO bridge study said:

Many of the unsafe bridges in rural areas impede the flow of farm goods to market, possibly resulting in higher food prices for consumers.

It went on to report that a study by the road information program in California indicated that—

Improving rural roads and bridges would enable farmers to use larger trucks, thereby increasing efficiency and saving time and money for producers and consumers. . . .

According to studies by the U.S. Department of Agriculture, transportation constitutes the third largest cost factor in the price of food reaching the consumer. The two factors that cost more are labor and packaging.

Carl F. Schwensen, testifying before a House subcommittee as executive assistant for the National Association of Wheat Growers, has said that—

Transportation is a key element of rural economies and farm life. It is of particular significance to grain producers since it is a principal determinant of the price they receive for their product. If the price of wheat is $3.50 a bushel in Kansas City, the price to the producer in Western Nebraska will be about $3 per bushel—or the Kansas City price minus the cost of moving it to market. So, it's easy to see that transportation not only accounts for the difference between farm and terminal market prices, but also figures significantly in the determination of the growing spread between farm and retail prices.

The "Transportation in Rural America" study issued by USDA underscored the importance of highways and roads to food production and distribution. It noted that almost all of the livestock bought or sold by handlers and feedlots move by trucks, and that 65 percent of the fresh vegetables and fruits sold in commercial markets is moved by trucks.

In February 1974, James H. Lauth, Director of the Transportation and Warehouse Division of the Agricultural Marketing Service at USDA, told a Senate subcommittee that a 10-percent reduction in transportation facilities would increase the price of meat to consumers in New York City by 26 cents a pound and reduce the price of cattle in cattle feeding areas by 7.6 cents a pound.

No one questions the need for highway improvements.

None of us believe that these improvements are going to be given to us free.

It is obvious that the States will not act.

So, given all these circumstances!

If you want to see our school children ride twice each day over unsafe bridges that could collapse, vote against this tax.

If you want to see our farmers pay an unnecessary part of their hard earned profits for added transportation cost, vote against this tax.

Vote "no" if you want to see consumers pay more for food at the market place than is necessary.

Vote "no" if you want to sit back and watch America waste millions of precious fuel for American motorists to travel over inefficient and obsolete roads.

A "no" vote will deprive our opponents of an argument against us next year.

But: If we want to face up to our responsibilities as members of Congress:

If we want to help establish a national transportation policy;

If we want to make a beginning that will ultimately resolve both the mass transit problem in the cities and the highway problems in the countryside and, will save lives, save fuel and make Americans money.

I urge you to consider voting "yes."

The charts which follow and give State by State information on unsafe bridges across the Nation will, I believe, be of interest to my colleagues.

The data in table I was prepared by the U.S. Department of Transportation and relates only to unsafe bridges on the Federal-aid highway system.

The data in table II was made available by the American Association of State Highway and Transportation Officials. This data on unsafe bridges on non-Federal Aid highway system roads is incomplete because inventories have not been reported for all States.

The charts follow:

TABLE I.—*Statistics taken from inventory data received prior to Nov. 15, 1976*

(Data Source: U.S. Department of Transportation.)

	Structurally deficit bridges [1]	Functionally obsolete bridges [2]
Alabama	63	312
Alaska	16	17
Arizona	29	137
Arkansas	70	760
California	132	369
Colorado	47	69
Connecticut	14	47
Delaware	14	21
District of Columbia	7	22
Florida	84	972
Georgia	381	603
Hawaii	19	44
Idaho	224	38
Illinois	170	1,917
Indiana	380	815
Iowa	465	1,456
Kansas	593	863
Kentucky	80	1,705
Louisiana	148	2,731
Maine	52	23
Maryland	54	250
Massachusetts	45	136
Michigan	263	529
Minnesota	103	1,042
Mississippi	302	60
Missouri	245	372
Montana	29	121
Nebraska	521	793
Nevada	7	159
New Hampshire	40	319
New Jersey	63	142
New Mexico	23	333
New York	1,320	691
North Carolina	105	2,814
North Dakota	110	261
Ohio	426	571
Oklahoma	570	1,161
Oregon	41	272
Pennsylvania	184	719
Puerto Rico	80	365
Rhode Island	2	24
South Carolina	304	351
South Dakota	124	1,053
Tennessee	403	262
Texas	61	1,418
Utah	11	5
Vermont	19	488
Virginia	39	808
Washington	30	159
West Virginia	284	757
Wisconsin	189	1,277
Wyoming	18	274
Total [1]	9,003	30,917

[1] The total number of deficient bridges used (Structurally Deficient and Functionally Obsolete) reflect the Federal Highway Administration's interpretation of the States' Inventory Data and does not necessarily agree with the States' records for these two categories.

[2] A Structurally Deficient bridge is one that has been restricted to light vehicles only or closed, while a Functionally Obsolete bridge is identified as one whose deck geometry, clearance or approach roadway alignment can no longer safely service the system of which it is an integral part.

TABLE II.—DATA ON FUNCTIONALLY OBSOLETE AND STRUCTURALLY DEFICIENT BRIDGES ON NONFEDERAL AID HIGHWAYS AND ROADS

[Bridge data given in square feet of bridge surface]

State [1]	Local rural roads		Rural State highways		Urban State highways		Totals	
	Functionally obsolete	Structurally deficient	Functionally obsolete	Structurally deficient	Functionally obsolete	Structurally deficient	Square feet	Replacement cost
Alabama	2,795,000	2,019,000	78,540	86,189	121,905	58,307	5,158,941	$21,939,884
Alaska	264	0	48,466	40,546	16,646	4,402	110,324	5,378,327
Arizona	[2] NR	NR	0	2,330	0	0	2,330	65,659
Arkansas	25,295	1,429	373,249	105,757	35,753	946	542,429	11,391,009
California	312,000	2,448,000	0	15,080	0	16,250	2,791,330	72,809,706
Colorado	0	6,910	8,630	2,260	0	0	17,800	509,970
Connecticut	NR	NR	NR	NR	NR	NR		
Delaware	0	0	60,037	40,618	480	480	101,615	5,793,182
District of Columbia	NR	NR	0	0	0	0		
Florida	NR	NR	NR	NR	NR	NR		
Georgia	NR	NR	255	13,932	0	0	14,187	293,670
Hawaii	NR	NR	NR	NR	NR	NR		
Idaho	599,000	96,000	3,495	0	0	0	698,495	23,469,432

Footnotes at end of table.

TABLE II.—DATA ON FUNCTIONALLY OBSOLETE AND STRUCTURALLY DEFICIENT BRIDGES ON NONFEDERAL AID HIGHWAYS AND ROADS—Continued

[Bridge data given in square feet of bridge surface]

State [1]	Local rural roads		Rural State highways		Urban State highways		Totals	
	Functionally obsolete	Structurally deficient	Functionally obsolete	Structurally deficient	Functionally obsolete	Structurally deficient	Square feet	Replacement cost
Illinois	713,705	1,026,547	100,840	152,103	32,568	0	2,025,763	$81,354,641
Indiana	NR	NR	NR	NR	NR	NR		
Iowa	NR	NR	NR	NR	NR	NR		
Kansas	NR	NR	NR	NR	NR	NR		
Kentucky	954	6,764	33,244	612,605	10,858	64,969	728,824	25,456,434
Louisiana	NR	NR	1,417,004	70,222				
Maine	NR	NR	50,000	0	NR	NR	50,000	2,115,000
Maryland	90,000	200,000	13,200	73,000	0	15,000	389,200	55,432,500
Massachusetts	NR	NR	NR	NR	NR	NR		
Michigan	NR	NR	NR	NR	NR	NR		
Minnesota	341,318	2,500,138	0	5,834	0	7,289	2,854,579	74,989,790
Mississippi	NR	NR	NR	NR	NR	NR		
Missouri	NR	NR	41,123	88,239	NR	NR	129,362	3,507,003
Montana	NR	NR	NR	NR	NR	NR		
Nebraska	NR	NR	NR	NR	NR	NR		
Nevada	NR	NR	NR	NR	NR	NR		
New Hampshire	NR	NR	62,968	240,051	4,473	5,330	312,822	15,637,971
New Jersey	NR	NR	10,010	3,871	0	0	13,881	842,299
New Mexico	NR	NR	NR	NR	NR	NR		
New York	NR	NR	NR	NR	NR	NR		
North Carolina	0	0	1,122,753	7,028,799	35,017	532,537	8,719,106	38,231,099
North Carolina	2,617,000	208,000	0	0	0	0	2,825,000	74,043,250
Ohio	640,573	1,140,789	91,152	178,035	16,895	16,748	2,080,192	71,454,594
Oklahoma	NR	NR	NR	NR	NR	NR		
Oregon	NR	NR	NR	NR	NR	NR		
Pennsylvania	NR	NR	NR	NR	NR	NR		
Puerto Rico	13,792	38,623	134,663	219,030	11,092	5,799	422,999	12,622,290
Rhode Island	2,850	0	0	0	0	0	2,850	163,020
South Carolina	NR	NR	407,623	629,711	10,184	36,003	1,083,521	94,377,131
South Dakota	2,446,418	1,933,566	2,691	15,207	0	6,600	4,404,482	115,441,473
Tennessee	NR	NR	NR	NR	NR	NR		
Texas	NR	NR	44,402	441,105	NR	96,461	581,969	11,988,542
Utah	32,500	118,500	4,116	2,112	0	1,430	158,658	4,402,384
Vermont	NR	NR	6,678	6,678	0	0	13,356	564,958
Virginia	27,710	5,040	NR	NR	NR	NR	32,750	1,146,250
Washington	NR	NR	NR	NR	NR	NR		
West Virginia	NR	NR	NR	NR	NR	NR		
Wisconsin	362,040	2,408,129	0	2,958	0	0	2,773,127	72,850,045
Wyoming	3,080,000	2,618,000	1,180	19,000	0	0	5,718,180	16,103,588

[1] In the case of each State the data relates only to those bridges which have been inventoried. Some States have made only partial inventories, so it can be assumed that in those States a complete inventory would result in increases in the figures given.

[2] NR means that the bridge data for these States has not been reported to AASHTO.

Data source: American Association of State Highway and Transportation Officials.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. Mr. Chairman, I rise in opposition to the proposed increase in the Federal tax on gasoline and diesel fuel contained in this amendment and to the increased tax already contained in the bill.

Mr. Chairman, my credentials for supporting the highway trust fund are equal to that of any Member in this House. I have fought any diversion from that fund, believing that our highways and our bridges need improvement. But let us not perpetrate a fraud upon the American people. This is an energy bill. This increase in tax as proposed is a blueprint for disaster. The working people of this nation will have to pay and pay and pay, and they cannot provide now the food for their tables necessary to provide the nutrition for a healthful life. And let us not shadowbox with the American people. Let us not divert from the energy bill that is before us. Let us defeat this tax. Let us defeat the fraud upon the American people. Let us bring about an energy program that is not only built upon conversion and conservation, but additional domestic production to provide more energy at less cost as well. And let us not talk about the highway trust fund.

I hold open-door meetings in my district. I have spent 3½ months of saturdays covering my 13 counties. I am one of the Members of this House who came out quickly against a gasoline tax. People came up to me in overalls and gingham dresses at these meetings and said, "Mr. Congressman, I drove to this open-door meeting to see you. I cannot afford any more tax on gasoline. I drive to work. I drive to the grocery store and I drive to take my children to the doctor."

So let us defeat the proposed increase in Federal taxes contained in the amendment and in the bill as well.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. May the Chair state that the Chair begs the indulgence of the members of the committee. There are some 35 Members on the majority side and some 9 Members on the minority side who wish to speak, so it would seem that the Chair ought to recognize 2 or 3 from the majority side and then go to the minority side, if that is agreeable to the minority.

The Chair recognizes the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Chairman, I thought this was an energy conservation provision. I thought so in 1975, and indeed voted for both the 3-cents tax and the 20-cents standby tax at that time. Now I find it is not. Our information has somewhat changed. Experience and analysis show us that there will not be a reduction in the use of gasoline because of a 4-cent tax or a 5-cent tax.

On the basis of this experience and analysis, I have frankly changed my mind. Furthermore, this tax cannot possibly work its purpose with respect to diesel fuel. Its demand is quite inflexible.

It seems to me that when our respected majority leader comes to the well and says this tax is one to raise revenues, we should give that our grave attention, but at a different time. If it is for the purpose of raising revenues, I suggest we have enough to do here to try to conserve energy.

Mr. Chairman, I would urge Members to vote against the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I rise in opposition to the amendment and to any tax on fuel unless we are really going to do it in the nature of and as a part of rationing.

There is one thing that has not been mentioned here, and I would like all of us to think about this because it is a real danger. This is the head of the camel under the tent, in that we are beginning to approach this problem with the institution of a national sales tax. I do not like the idea of beginning to say that we can start a sales tax for worthy purposes. This tax is the most regressive way to tax the people in this country who can least afford it. We are avoiding the authorization and appropriation process. That is not the way to do it. If we want to spend money on research, if we want to spend money on new programs, we should authorize it and we should appropriate the funds.

If we do this, if we vote for this tax, we will never before have asked so many to do so much for so little in terms of energy conservation.

Mr. Chairman, I hope the Members vote against any tax of this sort, even though it is a small amount, on gasoline. All the testimony before us, certainly be-

fore the Committee on Ways and Means, and all the indications from the public polls show that this will do nothing to conserve gasoline.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. GARY A. MYERS).

Mr. GARY A. MYERS. Mr. Chairman, I rise in strong support of the Howard amendment.

Sitting on the Committee on Public Works and Transportation, it has been interesting to me to hear many Members on my side of the aisle who have written communications or introduced bills on the subject of increasing funding for bridges and highways across the United States speak against the Howard amendment today. I wish to express my concern for our highway system if this attitude prevails.

I ask for the Members' support at least of the Howard amendment on this subject so we can protect the integrity of the trust fund and to meet those needs. I think the Howard amendment shows us the most responsible way to deal with this matter.

If there are highway needs, we should find what they cost and fund them. I think we have too many bills introduced to authorize the funds without producing revenues. This amendment will supply the needed highway, bridge, and mass transit revenues.

I do think that perhaps this does not belong in this particular bill, but because of the interest and the tendency to include every tangentially remote subject matters that might affect energy, we have brought together a bill that is so comprehensive, thus I believe we must follow up on those issues laid at our footsteps today.

I think there has been somewhat of an overplay concerning the difference between rural and metropolitan areas. I come from a rural area. I lived 4 miles away from my work, and I was able to drive to and from work without the problem of massively congested highways. I did it most efficiently in that atmosphere. Therefore, I think that is somewhat of an overplay.

The question about $194 for 8 barrels of oil referred to earlier seems not to me to be a question of energy conservation effect but a question of whether we can always continue to be able to purchase the next 8 barrels that we want. That is the real question of conservation today.

I would have hoped the House would move toward total deregulation of our gas and oil programs, so we can stimulate the growth of these and alternative sources, such as solar and synthetic fuels, although that is not apparently the pleasure of the majority.

But all of us do have an interest in this if we want to protect the integrity of the highway system across the United States, so we should at least vote for the Howard amendment, and then if we want to vote down a gas tax in this bill, we can vote against the amendment as it has been amended.

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Chairman, I rise in opposition to the proposals to increase the tax on gasoline. While these are certainly substantial differences in the two alternatives before us, I do not feel either one is fair to the person who must commute many miles to work and would certainly be an undue hardship on persons living in rural areas of the country.

The amendment to raise the gasoline tax by 4 cents is totally unacceptable to me. The revenue raised from this tax would go into the general revenue fund and would not provide any direct benefits to the persons who must pay the tax. Such a tax is merely a penalty and I object to penalizing persons who drive automobiles.

The second proposal would increase the gasoline tax by cents a gallon but would earmark 2½ cents for mass transit and 2½ cents for highway and bridge construction and repair. While spending at least a portion of the revenue raised to benefit the people who pay the tax is much more reasonable, I still object to this plan because any increase in the gasoline tax would hurt poor people and people living in rural areas. We should not place this additional burden on these people and I believe strongly that we should not increase the gasoline tax at all.

People living in sprawling rural areas would be penalized because they do not choose to live in congested cities. Oftentimes these people, due to economic conditions, must drive many miles to work. While their job may be in the city, their families, their homes, the schools their children attend, in short, their roots, are in the small town. Such people should not be forced to shoulder the bulk of the burden of providing mass transit assistance for the city dwellers. If we want to improve the mass transit network, we should increase taxes on the users and potential users of the system, not on a person who may never in his life ride in a subway train or a downtown bus.

Additionally, farmers who must drive into the small towns for medical care, supplies and trade should not shoulder the mass transit burden for the same reasons I mention above.

Let me add that in my area of Florida many families send their sons and daughters to colleges in towns within commuting distance. The student drives to and from school each day, thus saving the family large sums of money. Also, the student frequently returns home to do chores on the farm or assist in the family business.

The people who would pay the bulk of this tax are not the ones who would reap the majority of the benefits. This, again, is nothing but a penalty tax and I object strenuously to penalizing these people.

I support efforts to improve fuel economy in automobiles and believe this is the best approach to the problem of reducing the amount of gasoline consumed. No one has said that the people I defend are "wasting" gasoline. They certainly use no more than necessary and I welcome efforts to insure that the car they use is the most economical modern technology can supply.

We do not need any more taxes on gasoline. The rural resident, the poor person and the person who has just saved enough money to buy a car, the marginal car owner, these people would suffer. The rich and affluent city resident could afford the additional taxes. Mr. Chairman, I ask what the aim of this tax is. Are we truly going to vote a penalty on some people when they are not wealthy and cannot afford more taxes? I certainly hope that this body will not stoop to that.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. JACOBS).

Mr. JACOBS. Mr. Chairman, this could very well be the straw that breaks the camel's back. And there are a lot of straws blowing in the wind, not only the wellhead tax, which represents about a 7-cent-a-gallon tax to the retail buyer, but also whatever the Arabs have in mind or whatever the oil companies of the United States have in mind privately with respect to the raising the price.

Therefore, Mr. Chairman, I think this straw could very easily break John Q. Camel's back. Enough already.

Mrs. KEYS. Mr. Chairman, will the gentleman yield?

Mr. JACOBS. I yield to the gentlewoman from Kansas.

Mrs. KEYS. Mr. Chairman, I thank the gentleman for yielding.

I rise in opposition to both of the proposed tax amendments.

I do so because I believe they are both unjust and ineffective. The tax will certainly fall hardest upon the poor and upon those in rural areas who have to drive long distances to meet the basic needs of themselves and their families.

It is a widely accepted fact, which was well discussed in the Committee on Ways and Means when this tax issue was defeated, that an increase in the price of gas will have little effect on consumption. For example, Data Resources, Inc., tell us that elasticity in the demand for gasoline is between .06 and one-tenth of 1 percent. That means that if we enact an increase in the price of as much as 10 percent, we might expect a decrease in consumption of as little as 1 percent.

Mr. Chairman, one does not have to be an economist to figure this out. When we look at recent past history and realize that since 1973 we have seen an increase of at least 20 cents in gasoline prices, we must still realize that Americans are using more gasoline than ever before.

Mr. Chairman, the effect the amendment will have is to penalize those Americans who must drive and those who cannot afford to pay the tax.

The CHAIRMAN. The time of the gentleman from Indiana (Mr. JACOBS) has expired.

The Chair recognizes the gentlewoman from Kansas (Mrs. KEYS).

Mrs. KEYS. Mr. Chairman, I would just like to point out that there are 10 States which have the highest per capita consumption of gasoline. I would like to mention them because they all turn out to be rural States, including my own State of Kansas. They are Wyoming, Nevada, New Mexico, Texas, Oklahoma, Georgia, Montana, North Dakota, Kansas, and Arkansas.

These are States that have no alternative modes of transportation. Mass transit is not an option. Farmers cannot move their fertilizer by public transportation. Grocery stores, hospitals, churches, and schools are a long distance away, and there is no way to get there except to drive.

Mr. Chairman, Kansans, Montanans, Oklahomans, and the others are not more wasteful of energy than those who live in other States. They simply must drive farther, and they have no alternative in order to reach their needed destination.

The other rises in energy costs due to this bill, due to the oil equalization tax, and due to the natural consequences of shortages are going to cause inequities that cannot be avoided. We do not need to impose additional inequities by voting for a tax that will fall heaviest upon those in rural areas.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky (Mr. CARTER).

Mr. CARTER. Mr. Chairman, if we take the $3 tax per barrel at the wellhead, it translates into 7 cents per gallon of gas. To defeat the 7 cents tax we would have to vote against the bill. If we would avoid the 5 cents a gallon tax, we must vote down this amendment. This is a tax on the millions of people in this country who own cars. It is a very inequitable tax and it is a nuisance tax and one which will not deter people from traveling.

I would add that a rose by any other name is just as sweet—a tax by any other name is just as sour.

I urge defeat of both the Howard amendment and the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. EDGAR).

Mr. EDGAR. Mr. Chairman, this is a tough decision for all of us. I think that the gentleman from Pennsylvania (Mr. MYERS), who is a Republican from a district in Pennsylvania different from mine, articulated the point well. I think we are at the point in this country where the rural-urban debate has to come to an end just as the highway-public transit debate has to come to an end. We have to put into place a national transportation policy that makes sense, one that moves people and moves them by the most efficient mode.

It is true that in metropolitan New York, and Philadelphia, Chicago, and Los Angeles, the most energy efficient means of moving people is through the means of a public transportation system. In the rural areas the most efficient means may still be the private automobile, or perhaps through van pooling.

I think the gentleman from New Jersey (Mr. HOWARD) has taken a very difficult and very courageous stand in asking us to place a 5 cent tax on gasoline to bring the total up to 9 cents. Remember that in 1959 we set the tax at 4 cents and we have not changed that figure since then. Even though the cost of gasoline since 1973 has doubled—from 30 cents to 60 cents—we still receive only 4 cents in Federal taxes and this 4 cents buys much less than it once did. The amendment offered by the gentleman from New Jersey (Mr. HOWARD) provides for putting into place a viable and stable transportation program for the 1980's and beyond.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KOSTMAYER. Mr. Chairman, I ask unanimous consent that my time be yielded to the gentleman from Pennsylvania (Mr. EDGAR).

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Chair now recognizes the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Chairman, out in Iowa mass transit is three people and a pickup truck. There is not going to be any mass transit available under any bill which will provide transportation for an Iowa farmer who has a tire down on his combine, to take it to the tire shop. What he needs is a vehicle and he must use the highway. He does not mind paying for the highway, but he does not want to drive on an unsafe highway while paying for somebody else's mass transit system.

Under the Howard amendment, Iowans would pay in new taxes $125 million and get $50 million back for highways. Under the ad hoc committee amendment, Iowans would pay $100 million into the fund and get $5 million back for the highways.

We need those highways and they need to be maintained.

Whenever they need some sides of beef in New York from Colorado, they go across Iowa and often on highways. Whenever they send manufactured goods from Chicago to Colorado or Denver, they go across Iowa.

Our roads need repair and rehabilitation for better usage and for better safety. We need the money for highways, but only a small portion would go for that purpose. This provision should not have even been in this bill. If this were really an energy related provision, then why were not members of the Committee on Public Works and Transportation put on the ad hoc committee? The ad hoc committee was supposed to be composed of members of committees which had jurisdiction over the subject matters to be covered, but the Speaker left off members of the Public Works and Transportation Committee. So obviously this was not supposed to be an energy related matter.

The first vote is on whether we prefer the Howard substitute to the ad hoc provision.

I urge the Members to vote for the Howard substitute, just because it is less unfair, but then to vote against the ad hoc committee amendment as amended when that time comes.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas (Mr. TUCKER).

Mr. TUCKER. Mr. Chairman, I believe this Nation needs a mass transit system and I will be prepared in the future to vote for financing a mass transit system out of the general revenues of the Treasury.

I believe this Nation needs a good highway system and I will vote without hesitation for the additional taxes to take care of the road systems in our Nation. But this is an ill-advised proposal and I must vote for the Howard amendment and then vote against the tax, as a whole. I think the Howard amendment has some merits and addresses a real problem. I would hope that the Committee on Ways and Means and the other committees can address those in the future.

In the Committee on Ways and Means I proposed the action which extended for 5 years the current 4-cent Federal tax on gasoline. We needed it, but it is a tax our people will have to bear. In addition, the oil-equalization tax will produce an increase in cost at the pump, directly as a result of the tax, from 7 to 12 cents a gallon at the outset. That amount will increase as OPEC price increases continue. As more new oil comes on stream, there will be further price increases under price controls. State taxes currently run from zero cents per gallon in Texas to 8½ cents in Arkansas to 11 cents per gallon in Connecticut. No conservation would result from this tax. The only result to be achieved if this tax is passed, will be as the majority leader said, increased revenue. We do need increased revenue, but that revenue should not come from this regressive tax.

There are other alternatives to simple price increases to be used as a factor in controlling consumption. Those alternatives include stronger gas-guzzling taxes, which I support, import controls, which are contained in the Committee on Ways and Means' recommendations, and rationing, if we reach that point. The only patriotic Americans who will conserve gasoline as a result of this tax would be rural, low-income Americans who simply would be priced out of the market.

Mr. Chairman, I urge the adoption of the Howard substitute and then the defeat of the resulting ad hoc committee amendment.

There are a large number of people who genuinely believe that this extra 5-cents-per-gallon tax will be a conservation measure. The facts are that the most optimistic projection of conservation by any proponent of this tax is that it will save 80,000 barrels of oil a way. While that may sound like a good level of saving, it represents only three one-hundredths of 1 percent of this Nation's daily oil consumption. Translated into annual terms, if the most optimistic projections were correct, we would save from 25 to 30 million barrels of oil per year which would represent between 1¼ and 1½ day's consumption of oil. Thus, I particularly appreciated the candor of the majority leader, who rose in support of these amendments, when he pointed out that this tax was solely a revenue measure. The revenue that would be raised would indeed be significant and I readily agree that revenue is needed for our roads and for our mass transit systems.

In the future I will support a gasoline tax increase to maintain our roads, to replace and strengthen our bridges.

I will also support appropriations from general tax revenues, income taxes, for

the expansion and strengthening of much needed mass transit systems in our Nation's cities. But I will not support a gasoline tax on the people of Arkansas to build subway systems for the people of New York City, or any other city in the Nation.

I was distressed that the distinguished chairman of the Transportation Subcommittee stated that he would not return to the Congress with a tax proposal to finance needed improvements in our roads if his amendment failed. I was distressed because, as the distinguished subcommittee chairman knows, this proposed amendment has not yet had a hearing in the Public Works Committee, it has not had a hearing in his own subcommittee, nor has it had a hearing in the Ways and Means Committee on which I serve. Indeed, the one gasoline tax proposal that was voted on in our committee, the 4 cents per gallon to be used for purposes other than highway and road maintenance, was defeated by the overwhelming vote of 25 against and 11 for. I believe this Congress will take care of the legitimate needs of the primary and secondary road systems and the bridges in our Nation. And I encourage the chairman of the Transportation Subcommittee to give this Congress the opportunity to do that, either this year, or next year, or in the following year.

I would also hope that the chairman of the subcommittee will give this Congress the opportunity to show its support and belief in a mass transit system. But this is the wrong way to do it, and I am confident that my Democratic colleagues will join me in defeating a new tax of this nature.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHBROOK).

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. Mr. Chairman, it is my intention to reluctantly vote against the Howard amendment we are now considering primarily for the reason that I do not feel proposals of this kind should be considered within the framework of this bill, which is really not an energy measure but a tax bill.

I support the underlying concept of the Howard amendment and will support separated from H.R. 8444 the proposed 5-cent tax under the amendment which would be divided equally between the highway trust fund and mass transportation is by far preferable to the trust fund created under the ad hoc committee amendment proposing a 4-cents-per-gallon tax. While I have reservations regarding the mass transit portion, the half of the 5-cent tax applied to the highway trust fund is a means to finance critically needed primary highwav improvements and bridge replacements for which there is a tremendous local need. In fact I am a cosponsor of a bill with my good friend, Mr. HOWARD, which would speak to this need.

Mr. Chairman, I have assured my constituents that I would not support any increases in taxes in this bill, but certainly the Howard proposal represent a far better approach than that of the ad hoc committee amendment.

There were no representatives assigned from the House Public Works and Transportation Committee, on which I serve, to the ad hoc committee and I believe that we should have been represented, since the aspects of energy we are now considering are related in such a direct way to highway transportation matters.

In any event, I have predicted that both of these amendments would go down in defeat. They have no place within the framework of H.R. 8444 and I urge their rejection.

Mr. COLEMAN. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Missouri.

Mr. COLEMAN. Mr. Chairman, in the Sixth Congressional District of Missouri we have great need for the type highway improvements the sponsors of these amendments promise. We have, in the Kansas City area, a very heavily traveled bridge that has received nationwide publicity about its hazardous conditions. It is an unsafe bridge. The money these amendments would provide might help replace the ASB Bridge.

Throughout other parts of the Sixth District we have many bridges and roads in need of repair for safety reasons. It is tempting, because these needs are so great in my area, to vote for these tax amendments.

However, Mr. Chairman, I wish to add my voice in opposition to these gasoline tax amendments. They are being offered at the wrong place and for the wrong purpose. If Congress wishes to spend Federal funds to repair roads and bridges then it should have the courage to stand up and vote for a public works bill that contains spending authorizations for such purposes. This energy legislation is critical to our Nation's future and yet Congress is being told to play the old game of trying to get something for our constituents that might take their minds away from what we are really giving them—namely, a big tax increase.

This bill is rapidly becoming a tax bill and not an energy bill. These amendments are tax amendments. They are not designed to find new oil. It would be contradictory to discourage gasoline consumption by taxing it to make it more expensive and then to build more roads.

From the perspective of reducing gasoline consumption, this tax amendment seems questionable at best. It would add a burden that falls unfairly on many people. Most people in this Nation do not have much choice about how they travel. Our Nation is built around the concept of private transportation and private transportation is the only mode available to most people. It seems that if we are going to increase the cost of gasoline used in transportation, the funds should be used to find more gasoline or alternative energy sources for private transportation. This proposed burden of higher taxes would not fall just on the rich, or just on the poor. It would not even fall on the people who waste gasoline.

I oppose these amendments and hope other Members will see the desirability of rejecting these tax amendments.

Mr. ASHBROOK. Mr. Chairman, having sat through this entire debate, with the exception of a few minutes, it always seems when we want to get 5 minutes to speak, some of us get 2 minutes, but that might be enough.

Mr. Chairman, I think there is a gigantic ploy or gigantic fraud going on today beyond anything I could possibly have imagined. Here we are talking about a 4- or 5-cent tax. I think we see the script. We have dozens and dozens on the majority side somewhat hurting because of the political implications of this partisan energy bill, rising to oppose a 4-cent or 5-cent gas tax, where deep down in the labyrinth of this 500-odd-page bill is already a tax of between 5 cents and 7 cents that will be imposed on the average American. Under your partisan-enforced rules, we cannot vote on that hidden gas tax which will go into effect, and is hardly being mentioned here. That is the ploy.

Oh, yes, it is great to swat a little fly, this extra, repeat extra, 5 cents. We are going to swat it while a great big horsefly is buzzing around; that is, the 5 to 7 cents you are going to be voting for when you vote for this partisan energy package. Oh, yes, under the rules, we cannot get at that; we cannot vote it down. It is great to hold up this 5-cent tax and knock it down and then go back home and tell our people, "I voted against that tax." But I do not think the American people are going to have such lack of perception that they will not be able to recognize just what you in the majority party are doing, putting up a strawman to knock down while passing a tax of between 5 and 7 cents that the American people will have to pay.

Mr. Chairman, I oppose the Howard amendment, which would increase the Federal tax on gasoline by 5 cents a gallon. I am strongly opposed to any increase in the gasoline tax. I also oppose the 4-cent gas tax amendment.

The Speaker of the House has called the proposed nickel-a-gallon tax so important that the President's energy program would fall apart without it. If that is the case, it merely shows how inadequate the program really is.

Increasing the gasoline tax will not produce any more energy. I repeat, not one single drop of new gasoline will result from this proposal. Like so much of the rest of the bill, the emphasis is on trying to conserve what we have rather than developing additional energy resources.

Although the tax would not produce more energy, it would substantially increase the burden of inflation. Middle- and low-income Americans, already hurt by escalating prices, would be faced with even more expenses. The tax would not just increase their basic gasoline costs. It would also increase their costs indirectly by raising the prices of items shipped via surface transportation.

Imposition of the gas tax would be very onerous for people living in the more rural areas of our Nation. They have little choice but to drive long distances to get to a store or see their doctor.

Driving a car is hardly a luxury in the 17th District of Ohio. Mass transit systems and public transportation simply are not available. Any increase in the gas tax means that those who must use a car would have an even heavier financial burden.

The commuter who drives back and forth to work also would be hard hit. Factory workers and others often have to cover long distances to reach their jobs. They too have little choice in whether or not they use their cars. Consequently the proposed nickel-a-gallon gasoline tax should properly be called a jobs tax.

I urge the defeat of any new Federal tax on gasoline. It would only increase the burden of inflation while doing nothing to increase our energy resources.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. FISHER).

Mr. FISHER. Mr. Chairman, I rise to speak for the ad hoc committee's amendment for the 4 cents per gallon gasoline tax and against the 5-cent Howard substitute.

I do favor a tax on gasoline. It would not save much gas in the near term, but will later on as it provides additional incentive, along with the gas guzzler tax, for people to replace their present cars with more efficient ones and to do less driving.

Furthermore, a gas tax will bring home to people the critical nature of the energy problem in a way everyone will understand.

My preference for the ad hoc committee's proposal over the Howard version is straightforward. The Howard version would dedicate 2½ cents, half the total of 5 cents per gallon, to highways, principally the primary and secondary road systems and bridges. However much they may be needed, I do not think the funds should be provided for in an energy bill the main purposes of which is to conserve energy including gasoline and to develop new energy sources. It simply does not make sense to tax gasoline to discourage its use over the longer run to 1980 and 1985, and then to use half the tax proceeds to make automobile and truck travel easier.

Of course I approve the use of gas tax funds for mass transit and carpooling which would save energy. Both propositions before us contain such a feature. But it is the other part of the Howard version that bothers me and strikes me as counterproductive. I greatly prefer the ad hoc committee approach which would dedicate 2 cents per gallon to energy R. & D. and to outlays for the strategic oil reserve, 1½ cents for mass transit, and ½ cent to be rebated to the States on the basis of per capita gasoline consumption. This last ½ cent, I believe, protects the States, especially those in which people have to drive a lot, from any diminution of regular Federal gas tax receipts on account of lower gas use.

Furthermore, the Committee on Ways and Means in its part of the energy bill has provided for a continuation of the regular 4 cents per gallon gasoline tax which otherwise would soon drop automatically to 1½ cents.

Adding 2½ cents a gallon—roughly $3 billion a year—out of this energy conservation and development bill to the regular 4 cents per gallon would constitute a bonanza for highways and the various groups supporting highways that they could hardly have dreamed possible a few short days ago. The irony of a 62½-percent increase in Federal trust funds going to highways as a result of passing an energy conservation bill is really something to contemplate.

We have had a lot of talk about whether this tax will reduce gasoline consumption. I think it will after a while but not right away. It will if the proceeds are used for energy conservation and development. It certainly will not if the money is used for building and improving highways.

I urge my colleagues to vote against the Howard version and for the ad hoc committee amendment which was thought through deliberately and is consistent with the purposes of the proposed energy program.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. JOHNSON).

Mr. JOHNSON of California. Mr. Chairman, I rise to support the amendment offered by my good friend and committee colleague from New Jersey (Mr. HOWARD). This amendment, which would provide for a 5-cent increase in the Federal gasoline tax by 1979, is one which has evoked a good deal of emotional reaction in the press, among the general public, and even here in this body. But, emotionalism aside, I think it is time to take a hard look at the cold realities of the situation—the revenues which would be raised by this tax are critically needed to pay for pressing needs in the Nation's surface transportation system.

Lengthy testimony before the Public Works Subcommittee on Surface Transportation earlier this year detailed graphically the problems of deteriorating bridges—one of which I am sure all of you are aware. In fact, 19 Members of this House appeared before that subcommittee urging major increases in the Federal bridge replacement programs, and nearly 60 of our colleagues have sponsored legislation to that effect. The Federal Highway Administration has identified needs for repair and reconstruction on the Nation's bridges which total more than $23 billion.

That same subcommittee, Mr. Chairman, heard much testimony from the States that their Federal-aid primary and secondary highway systems are in grave need of repair—particularly in light of the harshness of this past winter and its impact on roads and highways. The deterioration which has taken place has presented the State with safety problems which must also be addressed, and this too will require more money.

Turning to the area of Mass Transit, we see no less bleak a picture. From the biggest city to the smallest towns and rural areas which operate public transit facilities we hear an urgent plea for help in meeting the ever mounting cost of operating these systems and in maintaining and improving their capital equipment.

On July 29, I cosponsored with Mr. HOWARD, and 23 of our other colleagues H.R. 8648, which seeks to address these needs which I have outlined. It provides for major increases in the bridge replacement program and for highway safety and repair; it embarks on a major and enlightened new mass transit program which we feel will go a long way toward solving the urban transportation ills in this Nation. But, that bill leaves us with an unanswered question. It has identified our needs and has attempted to suggest at least some tentative solutions—but it has not dealt with the most critical question: Where will the money come from?

This amendment, I believe, can answer that question. It provides a source of revenue which can be channeled to those needs, by placing half in the highway account, and half in the mass transportation account.

There is also a possibility that the revenues would be sufficient to permit a return of a portion to the States. The reason for this, of course, Mr. Chairman, is that underlying all of this obvious need is one less evident, but no less urgent. I speak of the States' increasing problems in putting up their share of the cost of these transportation programs. With their more limited tax bases, the States have been unable to keep pace with the spiraling costs in these programs. The authorizing legislation which I referred to can make provision for that return if it appears possible.

Delay will not solve the crisis in surface transportation which exists today. The needs will not go away—they will only be exacerbated if we do not deal with them and I believe that this amendment is imperative to provide the necessary financing for meeting those needs.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. KOSTMAYER).

Mr. KOSTMAYER. Mr. Chairman, I yield to the gentleman from Pennsylvania (Mr. EDGAR).

Mr. EDGAR. Mr. Chairman, it is of course difficult under these procedures to clearly get a thorough evaluation of the points at issue in this debate, but I would like to quickly address two questions.

First, to the question that we heard that this tax will fall hardest on the poor, I would like to suggest to my colleagues that if we fail to develop a public transportation system that works for the eighties and the nineties, that will, in fact, fall hardest on the urban poor. If we fail to repair the many necessary bridges that need reconstruction, that will fall hard on the rural poor, and if we fail to get a viable national transportation policy, that will fall on both the rich and the poor alike.

And to the other question of energy efficiency in the longer run the development of public transportation systems in our cities will change the urban form itself. Transit lines will promote the concentration of office and retail employment and discourage the sprawl to residential areas, and in that very point of trying to concentrate people and goods in urban areas, we in fact save energy.

I believe that the development of this

particular tax at this time is critical for us to have a viable future transportation policy that includes bridges and public transportation.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California. Mr. Chairman, I rise in strong support of the substitute offered by my good friend and colleague on the Public Works Committee, JIM HOWARD.

This amendment would increase the motor fuel tax by 5 cents per gallon. Half would go for highways, and half for a trust fund for public transportation.

We will be deciding the future of public transportation for the next decade when we cast our vote on this substitute. As the ranking member on the Surface Transportation Subcommittee, and a member of the National Transportation Policy Study Commission, I have been following very closely the many hearings over the past several years on this problem.

This substitute before us today is no last minute response to this well-documented problem. This proposal is the result of many hundreds of man-hours of hearings, staff work, and intense research.

Chairman HOWARD's substitute will provide for increased funding on a reliable, long-term basis. It will allow our committee to authorize programs that communities can use to carry out urgently needed improvements on a predictable, orderly, systematic, and economical basis.

It is clear that the Congress needs to act now to attack head-on the problem of not having enough money to do the things that need to be done.

UNSAFE BRIDGES

Even though there are over 100,000 unsafe bridges across this Nation, and even though a bridge collapses every other day somewhere in the United States, we are currently spending only $180 million per year to repair and replace them. It is estimated that it would cost $23 billion to do the job correctly.

But as we all know, the present highway trust fund can in no way cover such expenditures and at the same time keep our interstate highways in good condition.

PRIMARY AND SECONDARY ROADS

And what about those primary and secondary roads? All we need do is visit our districts and we can see the need to devote our attention to their improvement.

PUBLIC TRANSIT SYSTEMS

What are we to do about funding public transit systems in our large cities? I would like to read to you what one large city mayor would like us to do:

> I urge you to support the Howard amendment . . . this amendment will provide much needed funds to assist in our transportation efforts and for the provision of needed public transportation facilities. The measure offers a realistic approach to furthering energy conservation goals and also providing alternative transportation means. I strongly support efforts in this direction.
>
> TOM BRADLEY,
> *Mayor, Los Angeles.*

INTERSTATE HIGHWAY SYSTEM

One last item should be made clear. Not 1 cent of the money derived from this nickel tax will go toward new construction of our interstate highway system. I repeat, not 1 cent.

And in addition, each Member of this House will have the opportunity to have imput on how this money will be spent, because authorizations will be required and appropriations recommended. All we are really doing today is setting up a long overdue trust fund that will address the critical needs of our mass transportation system and highway safety and repair.

AIRPORT AND AIRWAY TRUST FUND

I assure you that this substitute will not in any way affect our Airport and Airway Trust Fund. Nor will it place any additional burden on general aviation. As chairman of the Aviation Subcommittee, I am quite certain of this.

Let us show our concern, support, and foresight today and adopt this substitute. For unless we do, we will place a dagger into the heart of our transportation needs, and it will take years to recover.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. MINETA).

Mr. MINETA. Mr. Chairman, I rise in support of the amendment by the distinguished gentleman from New Jersey to the National Energy Act which would increase the price of gasoline in this Nation by 5 cents per gallon, with an allocation formula of 50 percent for a new public mass-transit trust fund and 50 percent to go into the existing highway trust fund.

I would like to discuss for a moment the objective that we hope to accomplish through this amendment. Although it is clearly the intent of the National Energy Act to reduce our consumption of gasoline, the intent of this amendment is not to increase the gas tax and thereby reduce the consumption of gasoline. The issue here is not how much we can charge consumers for gasoline to force them to reduce consumption—rather, it is an issue of what we can and must do with the proceeds from this gas tax and make transportation an integral part of an energy program. The real significance of the Howard amendment is what it will enable us to do. Each penny increase in the gasoline tax would raise approximately $1 billion in revenues. Thus, $5 billion in annual revenues will be generated by the Howard amendment; 50 percent of this revenue will go for mass transit programs, and 50 percent will go for highways. It is also important to note that none of this money can be spent until the Public Works and Welfare Committee comes back with a bill to the floor. If this is not adopted, then there is no financing mechanism to take care of the needs that have been so clearly enumerated by the gentleman from New Jersey. Let us look at what the effect of this amendment would be on highway programs and transit programs.

In the highway program, the major impact will be beneficial to rural and urban areas, in the area of safety programs; repair and replacement of unsafe bridges, elimination of unsafe railway crossings, removal of obstacles in high-hazard locations, and traffic signalization.

Most importantly, however, the impact of this amendment will be felt in the area of mass transit.

Petroleum dependence is a key element in transportation in this country. Petroleum products account for more than 95 percent of the energy used to operate transportation, and transportation uses more than half the annual petroleum consumption. We all recognize that the automobile—one of the cornerstones of our American lifestyle—is an overwhelming consumer of petroleum products. Most of that petroleum consumption is related to the major function of the automobile in our lifestyle, that of providing transportation to and from work. Any dramatic savings which we will realize in fuel consumption must be tied to a reduction of the use of the automobile for work related transportation. Americans will not, and, in truth, cannot, forsake the convenience and comfort of their own car unless a reliable, low-cost, suitable, and convenient alternative is available.

As a former mayor, the designation of 2½ cents from the Federal gas tax would, for the first time, give public transit, for both rural and urban areas, the reliable and predictable funding source it must have to succeed. As more and more urban areas develop an integrated transportation program, they must be able to look ahead with certainty to the availability of funds, for the rural areas, section 3 of UMTA of 1964 as amended. The benefits from this reliable funding source include much more than a reduction in petroleum consumption. The long term benefits include a vastly improved urban environment for all of us to enjoy.

It provides a specific $150 million for transit purposes.

In determining the cost of the automobile to our society, the price of gasoline is actually a very small piece. In fact, in one study entitled "Societal Cost Accounting: A New Tool for Planners," by Brian Ketchum, the author claims that if auto users were required to bear the full brunt of the allocated costs of congestion, traffic accidents, and air pollution—it would be the equivalent of levying a $7.50 tax per gallon of gasoline. When we consider all costs relating to automobile use and its energy consumption, public transportation seems like a terrific bargain. And it is. Public transportation is not only a bargain, it is a good investment in terms of reducing our dependence on depleting petroleum reserves and in terms of providing a quality environment for our future.

I am pleased to join with the Nation's Governors, mayors, the cities, and the counties in supporting this amendment and I commend the chairman of the House Surface Transportation Subcommittee for his valuable contribution to the energy bill.

It is important to note that the Department of Transportation and the administration firmly support this 5-cent tax provision. They regard it, as I do, as an essential part of any meaningful energy program. I urge my colleagues to carefully evaluate the benefits which all

of us will gain from the Howard amendment, and I urge that it be accepted.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. CARR).

Mr. CARR. Mr. Chairman, we all got a letter from Secretary Brock Adams, our former colleague and good friend urging support for the Howard substitute gas tax. I must disagree with my good friend, the gentleman from Pennsylvania, about the impact of this tax on the poor. It is an intriguing argument, but let me give the one Secretary Adams made. I quote from an attachment to the letter he sent to us all:

Q. Doesn't the gas tax hurt the poor and the elderly?

A. The average family, driving 15,000 miles per year, currently spends $690 per year for gasoline. By 1985, because of greater fuel efficiency, this cost will drop to $530 even with the addition of the 5c gas tax, for a savings of $160.

Mr. Chairman, I think we should go out and ask the poor and elderly people in this country where they are going to find the money to buy the new automobiles to get that efficiency by 1985. It just simply is not there. People on low, limited, or fixed incomes are not going to be able to afford the higher and higher priced automobiles we have in this country today. The statistics already show that people are keeping their cars longer; instead of 2 years, it is now averaging 4 years.

That is going to rise. These people are not going to be able to afford the kind of wisdom that they know they ought to be following. I ask the Members to defeat the Howard amendment and knock down the gas tax.

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. CARR. I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Will the poor people be able to afford the $2 and $3 per ride it will cost them on public transit?

Mr. CARR. I would tell the gentleman that I would be happy, just as our colleague from Arkansas (Mr. TUCKER) pointed out, to join the gentleman in adequate funding for mass transit. I do not think this is the way to do it.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. JENKINS).

Mr. JENKINS. Mr. Chairman, members of the committee, I think we have heard from all sides, and I think all of us have made up our minds. I was very intrigued with the argument of the distinguished majority leader. I think he makes a good case as far as the need for repairs to our bridge system and to our highway program, but I cannot support these amendments. This is not the place for an additional tax which does not help conservation.

I want to lay before the Members briefly what we are really faced with as far as the working people of this country are concerned. In this energy conservation bill that we are apparently about to pass, we have from 7 to 9 cents a gallon in a crude oil tax that will be applied to every working man and woman in this country. In addition to that, we have, in this bill, deleted the exemption for State gasoline taxes, income tax exemptions for those who itemize and who are now traveling back and forth to work. They will lose that exemption.

I hear several Members in this House say that, really, this is going to help the poor people because they are going to be driving more fuel efficient automobiles. Let me ask the Members this: Who are the people who are going to continue to drive the older automobiles? The people who cannot afford to buy a new automobile next year. It is the working people who have to put up with an automobile 4 and 5 years old, and they are going to be paying more and more because that automobile is less efficient. This is not the place to impress an additional tax upon the working people of this Nation. I would hope that all of us will eliminate this portion of the proposal.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. MILLER).

Mr. MILLER of Ohio. Mr. Chairman, this is the people's House, and I am sure that most of the Members are hearing from their constituents regularly. I conducted a poll recently in Ohio's 10th District on current national issues. In the last few days we completed the tally of the results.

One of the questions was: Whether the people favored increased gasoline taxes as part of a national energy policy.

By an overwhelming 83 percent, 10th district residents said "no" to increased gasoline taxes. The tax before us today is supposed to be a conservation measure designed to limit gas consumption. Well, it may sound good on the surface, but I am not sure how much we will actually conserve. Consider the dramatic increase in the market price of fuel over the past few years. It did not lower consumption.

There are two things certain to happen under this omnibus bill. Energy will cost more and there will be less of it in the years ahead.

Make no mistake about it. This is a tax and regulatory bill that will redistribute the Nation's income and create a bureaucratic nightmare that will tie market forces into knots.

The bill fails to deliver on the one crucial element necessary to solve our energy crisis: that being, realistic incentives to accelerate the development and production of domestic energy reserves.

The new and higher taxes in the bill may, in the last analysis, not be for the stated purpose of curbing the Nation's energy consumption, but rather for the purpose of raising revenues to spend on nonenergy programs. Once confiscated by the Government, these tax dollars can, at some future date, be easily siphoned off into new social and welfare schemes.

It is bad enough that the House has all but once rejected my amendment to cut appropriation bills 5 percent, yet now seriously entertains a new 5-cent-a-gallon gasoline tax and all the other new taxes already in the bill.

I think it is vitally important that we listen to the people. My poll says 83 out of 100 do not want the tax. I urge the Members to vote against the tax.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. WEISS).

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, I strongly support the Howard amendment and I believe it is the only chance we in the great metropolitan areas of this country have to obtain funds for mass transit, funds which are absolutely essential if we are to cut down this country's most prodigious waste of energy, the unnecessary use of private automobiles.

On April 20, when the President unveiled his energy program, I was one of those who were quick to announce support of the plan. I thought then, and I still do, that the Carter program is a long step toward the comprehensive national energy policy which this Nation needs to insure its survival.

But I had one major reservation about the Carter plan. I was frankly shocked that the President omitted any serious reference to support of public transportation. There were various suggestions designed to limit gasoline consumption but these were all, in a sense, negative. The standby gas and guzzler taxes were designed to dicsourage wasteful automobile use but neither did anything in a positive way to provide Americans with alternate ways of getting to work, or shopping, or to recreation facilities.

This was a serious gap indeed. In our urban areas it is the existence of public transit systems that keeps people out of their cars—or keeps them from buying cars at all. Our energy problems would be much worse if commuters in New York, Chicago, Boston, and Philadelphia had no choice but to drive to work. At one time virtually all our major cities had good mass transit systems. Even Los Angeles' sprawling suburbs were crisscrossed by an electric rail system and southern California developed along its lines. But in the era of cheap gasoline many urban transit systems were bankrupted and sold off. Today our older cities have aging, declining, often unsafe, usually unpleasant subway and bus systems. Our newer cities, especially in the west, often have virtually no public transit systems at all. It would be folly to permit the loss of our existing public transit systems and it would be shortsighted not to build more.

The Howard amendment addresses this issue. The 5 cent gasoline tax which it would impose would raise almost $3 billion a year for mass transit. It would raise another $3 billion for repair and rehabilitation of the Federal highway system. A serious interest in improving our energy situation requires support for this tax.

I do not like taxes on necessities of life. Nor do I like taxes that hit the poor

harder than they hit the rich. Ideally, the funds needed for mass transit ought to be provided through general revenues, instead of through an additional tax on gasoline, but I see no chance of this being done.

Moreover, we have long been accustomed to Federal gasoline taxes, which have been used very heavily for an interstate highway system that few of our poor could enjoy. The Howard amendment will tend to correct that injustice because at least half of the proceeds will be returned to lower income groups in the form of public transportation benefits. The median annual income of the public transportation rider is under $7,500. These are the people who will gain most from this tax. It should also be noted that according to the GAO—

> Gas consumption increases with family income. This reflects the fact that higher income people tend to have more cars per family, that they drive each car more miles and . . . that their cars tend to be less energy efficient.

Also important is the fact that, even with the 5 cents additional tax, our automobile drivers will still be paying only about half what most drivers in Europe pay for gasoline. And if the additional 5 cents will discourage some unnecessary driving, that will also contribute to the overall energy conservation objectives of this bill.

The bottom line is that, if mass transportation facilities are to be maintained and improved, there really is no alternative to this amendment. We need the funds for mass transit and we need to tap a reasonable source for them. For years Members of Congress have been saying, "sure, mass transit is vital, but where are we going to find the money necessary to pay for it?" Our plans for mass transit have been stymied because we just did not know where to go for the capital. Now we can tax a reliable and reasonable source for transit funds—gasoline taxes. This tax will give us an earmarked source of funding. We are doing this in the context of an national energy conserving measure and this makes sense too. The centerpiece of the Carter energy plan is to bring the cost of oil and gas up to its replacement cost and to discourage their use. Thirteen percent of all the oil we use goes to the automobile. It is appropriate and it is right to raise the price of gasoline and to apply at least part of the revenues to energy efficient mass transit. Every dollar we spend on mass transit is a dollar spent on energy conservation. Every person who switches from the private automobile to mass transit or sticks with mass transit rather than abandoning it makes a very real contribution to energy conservation. Mass transit aid will help alleviate the problem of gas guzzling—not just by drivers of large cars but by a whole society.

I know that many will say that mass transit can only work in large metropolitan areas and that it is unfair to penalize people living in places without bus or subway service. This is clearly a "chicken and egg" proposition. Surely there are many smaller cities—and some large ones, too—without decent public transit. Until recently public transportation was low on most lists of vital public services. But today—with half our oil coming from abroad—most mayors and Governors would like to build or improve mass transit but the money is not there. The Howard proposal would enable the Federal Government to aid those cities and towns with proposals for transit pending right now before DOT. It hardly makes sense to say that we ought not raise revenue for mass transit because Omaha or Houston do not have mass transit systems and would be unduly penalized. The point is that we are going to raise the money so that these cities can get to work on public transit systems. They need them as much as New York or Boston does. Without new revenue sources, new systems could never be built.

I am not saying that this amendment would not be of great help to cities like New York, Boston, or Philadelphia which long ago invested in mass transit systems. Of course, it would. These cities need help—both in capital aid and operating subsidies—and they deserve help. They have long made their contribution to energy conservation by keeping their own use of gasoline low. New York State has the lowest per capita gas consumption of all the States—and the District of Columbia—because of New York City's mass transit system. Every gallon of gasoline saved in New York holds down the cost of gasoline for motorists in all parts of the country. Every gallon saved by mass transit makes the United States less dependent on outside sources of petroleum.

In conclusion, I want to say that the Congress has shown in these last few weeks just how serious it is about dealing with the energy situation. We have taken some actions that are not necessarily popular but are essential if we are to reduce oil and gas consumption in this country. The Howard amendment will be an important part of this program. It will give mass transit the boost it needs to make it competitive with the automobile throughout the United States. It will help us insure that, as oil becomes increasingly more expensive or even begins to run out, we will have in place a transportation system that can keep this Nation moving despite shortages and embargoes. Without the Howard amendment, we will not be able to fund mass transit. Without the Howard amendment we again face the situation where mass transit is a good idea but an unrealizable one. The Howard amendment is our last chance. If we are serious about the energy shortage we will adopt the Howard amendment and pass the entire bill.

Mr. WEISS. Mr. Chairman, I fully share the sentiments expressed by my colleague, the gentleman from New York (Mr. BINGHAM), and support wholeheartedly the substitute amendment offered by my colleague, the gentleman from New Jersey (Mr. HOWARD).

Mr. Chairman, I cannot understand those statements which indicate that this particular amendment and this approach has no place in an energy conservation measure.

I remember when the President's proposals first came down here. The one big flaw that everybody found in it was that there was no reference to mass transit. This amendment cures that flaw.

Nor can I understand the arguments that by providing for mass transit assistance in the urban areas we are not helping to conserve gas. In New York City, per capita, we use 47 percent less energy sources than any place in the country. That is because we have an extended bus and rail mass transit system. But the rail system is falling apart. We do not have a very well funded and dependable source of funding to keep it alive. And as it deteriorates, more and more people abandon it for reasons of comfort, health, and safety. When they leave the subways they climb into cars and use more energy. The moneys provided by the mass transit trust fund will help to reverse that trend.

I urge support of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. ALLEN).

Mr. ALLEN. Mr. Chairman, I agree with President Carter that we do indeed need to cut back on our waste in consumption of crude oil if we are to meet the energy crisis. But I do not believe that either a tax on crude oil or an added 4 or 5 cents tax on gasoline is the way to meet the problem. We could accomplish the same goal by simply amending and updating the Allocation Act of 1974, giving the President the power to allocate and fix the maximum amount of crude oil the petroleum companies could refine each year, as supplies and reserves require. This would do away with the need for extra taxes on either crude oil or gasoline, and it would be a simple and easily enforced plan that would work.

On the other hand, all we know for sure about the proposed taxes on domestic crude oil and gasoline is that they would increase the price of gasoline by 11 cents to 14 cents a gallon.

Further, such a heavy tax on domestic crude oil that would be imposed by this bill would skyrocket the price of fuel oil used for both heating and for manufacturing.

All of these taxes would bear hardest on the families and individuals on low and modest incomes, and would place an especially cruel burden on the elderly with low and fixed incomes.

Mr. Chairman, for these reasons I urge this committee to reject all of these taxes by whatever votes we have to cast.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. HUGHES).

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from New Jersey.

Mr. HOWARD. I thank the gentleman for yielding.

Mr. Chairman, I would just like to comment, as we get near the end of this debate, on the reference made by the gentleman from Ohio (Mr. MILLER), who said that he sent a poll out to his constituents and on that poll he felt obliged to ask his constituents whether or not they would like to pay more taxes.

Eighty-three percent of them said no. It would appear to me that that is a wilder spending congressional district than mine, because I am sure that I

would get an even more negative response from the same question.

I think we could also send out a poll and ask the people in our districts if they feel we ought to repair the 105,000 unsafe bridges in this country, if they think we ought to repair the deteriorating primary and secondary highway system in this country, and if they feel we ought to have adequate mass transportation. In response to that straight question, I am sure we could get a higher percentage than 83 percent.

Let me make this one point. We talk about what we are voting for if we vote for the amendment. Let us think for a moment what we are voting for if we vote against this amendment. If we do that, we are voting to lose the only chance we will have in the next 5 or 6 years to accomplish these things, we will be voting to a continuation of the lack of safety on our bridges, and we will be voting for continued deterioration in our highway system, as well as a neglect of mass transportation systems.

This amendment should not be in this bill, I agree, but it is here. It is here now, and there is no way out.

Mr. Chairman, if we are going to make this decision in the next 5 years, it is going to have to be done today, and our vote will be for or against those needs.

Mr. DRINAN. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Chairman, I rise in reluctant opposition to the substitute 5-cent gasoline tax amendment without offering any prejudice on the mass transit and highway repair projects which it promises to fund.

Those of us in the House who favor a greater Federal commitment to mass transit are now told that we face a choice between funding from the gas tax or no funding at all.

We are faced with a "surface transportation program" conceived only in a matter of days, and the Department of Transportation openly admits its uncertainty as to the impact of this program on the equity of our tax code and the distribution of American income.

Analyses of gasoline price increases by both the Federal Energy Administration—FEA—and Data Resources Institute—DRI—show clearly that gasoline taxes are a regressive form of taxation. The FEA determined in 1976 that each incremental increase in the cost of gasoline will have 50 percent more impact on disposable income among poor families than among affluent ones, and four times as much impact among low-income families reliant upon automobiles for transportation.

DRI reached almost identical conclusions, finding that the poorest 10 percent of the American public spends 24.4 percent of its disposable income on gasoline, compared with about 5 percent at the median income level, and 2.2 percent for the most affluent.

To frame this amendment as an "environmental issue" merely because worthwhile mass transit projects would be funded is to negate any appreciation of tax equity or economic justice.

On perhaps a broader level, I cannot impose an added 5-cent tax on every gallon of gasoline for these purposes until we also bring some equity and justice into the relative amount of taxes paid by the producers and consumers of petroleum.

There are several ways by which the energy companies are able to avoid their fair share of taxation. One of the ways is the "bonanza" enjoyed by the oil companies as a result of a 22-year-old tax ruling that has become a very lucrative part of the international oil business. The 1955 ruling of the IRS, provided that taxes paid to Saudi Arabia by American companies producing crude oil in that nation were income taxes, not royalties. As income taxes the payments can be treated as tax credits and not tax deductions. With the corporate income tax rate at 48 percent a credit may be worth as much as twice as much as a deduction.

There is some evidence that the 1955 ruling in the Eisenhower administration was motivated at least in part by political considerations. At that time, Washington was almost desperate to contain Soviet expansionism and as a result they sought to encourage the Arab oil states by a ruling which would obviously be a tremendous incentive to American corporations to develop their oil properties in those countries.

In 1972, American oil companies claimed $3 billion in foreign tax credits. That figure rose to $5.2 billion in 1973, jumped to $15.5 billion in 1974 and will come $17.6 billion in 1977.

This escalation in the amount of taxes paid to foreign governments and made creditable rather than deductible under American law is the source from which we should seek money to fund mass transit and repair American roads and bridges.

No all OPEC countries have laws which permit American oil companies to turn their royalties paid to a foreign nation into tax credits under the IRS Code. But Indonesia, among other nations, is presently seeking to alter its own law so that American corporations operating in Indonesia can obtain tax credits rather than deductions for the vast payments which they give to that government.

The Senate Foreign Relations Committee has recently been examining a proposed new tax treaty with Great Britain. The treaty includes a provision that would allow oil company payments of Britain's petroleum tax on North Sea production to be a credit for American corporations against their taxes due to the IRS. Such a concession to American oil companies would clearly be an inducement for them to move away from the OPEC nations. At the same time it raises a basic question as to how the IRS can permit payments to Saudi Arabia to be a tax credit while payments to Britain are only tax deductions.

Mr. Speaker, until the United States has a satisfactory arrangement to recoup some part of that $17.6 billion which American oil companies pay in royalties to Arab nations and credit against their own taxes to the U.S. Treasury, I do not think it is fair or just to bill the American consumer 5 cents for every gallon of gasoline which he or she purchases.

Mr. GLICKMAN. Mr. Chairman, I rise in opposition to the Howard amendment which would establish an additional 5-cents-a-gallon tax on gasoline beginning January 1, 1979. My opposition also extends to any other ad hoc committee amendment to raise gasoline taxes. The tax, as proposed, would provide revenues for mass transit and the highway trust fund. These are noble purposes, but this kind of tax does not belong in this energy bill. First, this tax cannot possibly reduce fuel consumption. For that reason alone, it ought to be rejected. Second, this energy bill should not be used to raise additional revenue, because the Federal Government raises enough money as it is, and the component parts of the amendment should be considered in separate legislation apart from this energy package.

Finally, and most importantly, the working people of this country are the ones hardest hit on this inequitable tax. They are already paying through the nose just to survive, and the 5-cent tax per gallon, coupled with the crude oil equalization tax, they will be paying as much as 12 cents per gallon in additional gasoline taxes. That is too much of a burden for the poor and middle-income wage earner to pay. It will be exceptionally difficult for people in rural and agricultural areas, who have to drive great distances just to survive in this world. Kansas would be harder hit than most other States. Therefore, I urge the defeat of this and related amendments.

Mr. TSONGAS. Mr. Chairman, will the gentleman yield?

Mr. BAUCUS. I yield to the gentleman from Massachusetts.

Mr. TSONGAS. Mr. Chairman, I would like to present my current view on the gasoline tax.

This is 1977, and across this country gasoline is plentiful. The American people go about their summer business unaffected by the energy issue before this Congress.

The energy crisis is unfelt. It is apparently not the function of this Congress to jar that pleasant unreality.

No one wants a tax on gasoline. The consumers do not want it, and the politicians, who rely on consumers for their votes, certainly do not want it.

The ad hoc committee referred to this tax as "un-American" and as a "threat to the American way of life." Those arguments will, I am afraid, carry the day.

After the defeat of the gasoline tax, we will go on to another issue, and the people will continue to drive as usual and everybody lives happily ever after—but not quite ever after.

The fact is that some time in the 1980's, whether it is 1981, as the MIT/WAES study would indicate, or 1985 or 1987, supply and demand of oil are going to cross. Then we will see one or all of the following:

Rationing, shortages, or prohibitive costs.

That burden in the 1980's will make a 4-cent or a 5-cent gasoline tax seem very benign, especially to the poor people we seem to be concerned about today.

America must change its way if it is going to survive, and we need long lead time. The time will come only if we send a message.

The CHAIRMAN. The time of the gentleman from Montana (Mr. BAUCUS) has expired.

The Chair recognizes the gentleman from California (Mr. LLOYD).

Mr. TSONGAS. Mr. Chairman, will the gentleman yield?

Mr. LLOYD of California. I yield to the gentleman from Massachusetts.

Mr. TSONGAS. Mr. Chairman, if I may continue with my presentation, we tried 2 years ago to do something about this, and I am sure the Members remember the 20-cent gasoline tax. We did not even come close.

That message that we must change our ways is to me the value of the 5-cent gasoline tax, as it was to me 2 years ago with the 20-cent tax. That message is how we can express our concern for the average person—the person who will find the chaos of the 1980's as a matter of survival.

Prime Minister Baldwin said it very well:

> The test of a democracy is whether it can recognize the truth before it hits it in the face.

Mr. Chairman, we know what is coming, and it is time to say so.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. WHITLEY).

Mr. WHITLEY. Mr. Chairman, all of us have listened to one another for a long time, and we have heard this issue debated fully. We have heard all the pros and cons, but I think the bottom line is that we are supposed to be here today, this week, and this year in this situation considering what has been titled the "National Energy Act."

I think most of the provisions in this act have a very direct bearing on energy and energy conservation in this country. This is not the Mass Transit Act. It is not the National Highway Act. It is not the National Gasoline Tax Act, but, instead, it is the National Energy Act. We are having to stretch a point a very long way to suggest that a 5-cent-a-gallon or a 4-cent-a-gallon additional tax on gasoline is really significant to the extent that it will aid in the conservation of energy in this country.

I reject the argument that this is the only chance we will ever have to do anything about mass transit. I reject the argument that it is the only chance we will ever have to do anything about the highway trust fund. We are going to keep on giving consideration to those issues. They have been around for years. They are going to be around for years more.

When we get to the crux of this matter, we ought not to saddle the National Energy Act, which is designed to conserve energy, with an extra tax on gasoline.

Therefore, Mr. Chairman, I urge rejection of both amendments.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, the problem is that the birth of this tax was not a revenue measure; but it really was presented to the country in terms of conserving or cutting down the consumption of gasoline. That is the way the President presented this issue to the country, saying that this tax would help conserve gasoline, and that there would be rebates to those who have to pay their additional tax.

That is no longer the case, Mr. Chairman. This tax is now being argued as a basis for additional funds for the highway trust fund, mass transit and for other expenditures. That is a totally different basis on which people are being asked to pay more taxes.

The problem is that people, I think, are willing to make sacrifices if there is something that comes back in return; but the issue is, Is there going to be anything in return, particularly in rural areas? The public is being asked to trust those Government programs that have failed to give them a share of what they pay in taxes.

Mr. Chairman, on the public works employment bill, small communities had to struggle and fight for a few cents and the same is true in transportation and in housing; and now we are asking them to trust that they indeed will get a piece of this package.

I would argue that the real responsibility here is not to add additional burdens onto the taxpayer, but to insure that Government and this Congress make present programs and this energy program work. We should not use this energy bill to fund old transportation programs. Before we add greater taxes on the American public, let us work to restore the trust in present programs; let us work to give taxpayers a legitimate return on the heavy tax burden that people already carry in this country. I ask that these amendments be rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon (Mr. WEAVER).

Mr. ZEFERETTI. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from New York.

Mr. ZEFERETTI. Mr. Chairman, we all know that this country must establish a program that will conserve energy, and that every American must make economic sacrifices in support of our national energy needs. I support our energy efforts, but I strongly believe that the 5-cents-per-gallon tax on gasoline proposed by Representative HOWARD of New Jersey, or any similar tax, is not the way to achieve them.

The proposed tax offers us tremendous inflationary pressures, almost no economic benefits, and minimal energy savings. I hope my colleagues will take a long, detailed look at this ill-advised tax and will realize that there are better ways to save energy.

The energy price increases that have been proposed in the name of national energy conservation are already substantial, and this proposed gasoline tax will only add an unnecessary burden to the consumer's energy bill. I find it unconscionable to support a 5-cent-per-gallon gasoline tax when we already have a 4 cent tax on gasoline and when consumers already face increases in the prices of home heating oil, natural gas, and many petroleum related products. I think it economic suicide to tax urban residents who already pay excessive highway and bridge tolls, sales taxes, State and city income taxes, and mass transit fares. The crucial question we must answer is whether New York or any other city can absorb another tax in return for several million dollars in mass transit funds; should we face price increases from every gasoline-using industry in return for mass transit money? I think not, and in the Howard amendment I believe we have come to the point at which we must draw the line on energy-related price increases.

I also find it hard to believe that this tax will reduce gasoline consumption; the record of American drivers and gasoline prices during the past 5 years proves this point. And if the tax will not save energy, it then becomes revenue for revenue's sake and not a viable part of the national energy plan.

More importantly, the national energy plan contains many other taxes and programs that will save substantial energy. The crude oil equalization tax, the partial deregulation of natural gas prices, the gas-guzzler tax, the auto-inefficiency tax, and numerous other programs constitute enough economic sacrifice and energy savings for the present. We do not need the Howard amendment or an additional gasoline tax.

The Howard amendment, in conclusion, goes against the dictates of a commonsense, consumer-oriented national energy plan. We can use the tax mechanism to induce energy savings, but we must try every other alternative before turning to further economic sacrifice and hardship for energy conservation. We must turn our attention from the number of barrels of oil saved to the number of people saved from inflation. We need the complete cooperation of the American people in facing the energy crisis, and passing on to them a tax whose economic and energy benefits are open to question is not the best way to enlist their support. I hope my colleagues will defeat the Howard amendment and any other similar proposals.

Mr. WEAVER. Mr. Chairman, I am going to vote against the gas tax for the reason that it falls most heavily on those least able to afford it.

We can accomplish the same goals; we can accomplish conservation far more effectively, far more fairly, by facing the economic reality that we have two prices for energy: old, cheap energy, and new, expensive energy, and we should price energy to our people accordingly.

Cheap energy would allow for the modest necessities, the costs of driving to work, heating our homes, whatever is necessary for our daily lives. Expensive energy would be for all other energy consumed; and one can produce as much and spend as much to buy it as he wishes, but he is charged through the nose for that additional amount purchased.

The two-price system contained in an amendment that I asked the Committee on Rules to permit me to offer would, I believe, have had a very good chance of passing this House of Representatives today. I would hope that the leadership of this House would bring the two-price system, which would bring about economic reality and fairness to the people of this country, to the floor some day.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. HEFNER).

Mr. HEFNER. Mr. Chairman, I do not disagree with anyone who has made arguments about the need for mass transit. I am prepared to support a bill that calls for funds for mass transit and highway maintenance.

Mr. Chairman, I think there is something wrong with a gas tax for mass transit and highway funds in an energy bill. We already have a gas tax built in this bill which we cannot vote on. But we do have an opportunity to vote against this unfair tax and should.

I respect the judgment of the gentleman from New Jersey (Mr. HOWARD), who is our subcommittee chairman. However, it just seems to me that if we add a 5-cent-a-gallon tax, we are going to destroy a lot of the credibility of this energy bill because it is going to be very difficult for a Member to go to his district and explain to the people how 5 cents on each gallon of gas is helping the energy situation in this country.

Mr. Chairman, on the steps of the Capitol this morning I had four families from my district in North Carolina. They work in a textile mill. They make $3.11 an hour, and it makes no sense to them; nor can I rationalize how that 5 cents on each gallon of gas is going to help alleviate the energy problem in this country.

I am prepared to vote for mass transit and for highway funds because we have in North Carolina more paved roads than any State in the Union. I would like to be able to support my chairman, but at this particular time I cannot see how, in good conscience, that Members of this House can vote an extra 5 cents a gallon on gas for their constituents.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Chairman, as the energy tax sinks slowly in the west, I want to extend my official sympathies to the Speaker of the House and the majority leader. It is a very difficult task trying to lead a majority that does not exist, for a change, but it is even more difficult when you have to defend a bad idea whose time has not come.

I am sorry the Speaker did not see fit to join us on the floor in order to take part in the debate. Yesterday when the issue was deregulation of natural gas he expressed a great concern for the poor consumers who were going to be ripped off to the tune of $53 to $79 billion by deregulation. Admittedly the 4- or 5-cent gasoline tax now pending will only rip off the very same consumers about $60 to $70 billion, which is apparently somehow different.

The Speaker expressed great concern about the average American family having to pay between 1978 and 1985, $260 more each year because of deregulation, but he has nothing to say about how this gas tax will rip off those same families by some $450. Why such great concern yesterday for the same poor average family and only silence today?

The issue here is fundamental.

Yesterday the discussion was all about the big oil companies. The Speaker and the majority leader were saying that they did not believe in big oil, and they did not think it was a good idea to give big oil billions in profits. But today they love and serve a power greater than big oil—big government, because they are big government. American taxpayers are paying 35 to 45 percent of their annual incomes in taxes to all levels of government, State, local, and Federal. Now they are being asked by President Carter and his agents to pay enormous taxes not to conserve energy, but to build highways when we are already spending nearly $8 billion annually for highways.

This tax is typical of this whole horrendous bill. For 30 years Federal policy has encouraged artificially cheap energy. That has failed and now Mr. Carter wants artificially expensive energy. We ought to oppose both these tax amendments. We ought to oppose the whole bill because this provision is just the tip of the iceberg.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, first, let me correct the record. There has been a lot of talk here about what the equalization tax would do to the price of gasoline. The Joint Committee on Taxation has made a very thorough, in-depth analysis of the impact of the crude oil equalization tax on the price of gasoline. Remember, this crude oil tax is phased in. As it is phased in, there is not going to be the full impact until 1980, and there will be less old oil and more new-new oil. When you put all of this together, the maximum impact on the price of gasoline by the equalization tax will be about 4 cents. Now it could run as low as 3 cents. The very maximum would be 4½ cents. The Joint Committee on Taxation says that it in all probability will not exceed 4½ cents a gallon.

Let me say that there is no constituency that favors a gas tax; of course not. If you go out and talk to the voters in your district, they are not going to say, "Lay it on me, baby." But there is a constituency, let me say, that favors better roads. Roads are one of the hottest political issues in this country. Let me say, we are not going to get the funds to repair bridges and rebuild roads out of the general revenues.

They have to be paid for, and we are going to have to face the hard, cold facts of paying for these restructurings in one way or another. This bill is the proper place to do so.

Let me say there is a constituency for mass transit. It is part of the solution to the energy problem. We are going to have to face up to that. We are also going to have to pay for mass transit, but there is not enough money in the general revenues to do so. This is the bill where we ought to face up to the issue. So let us really take a good, real look at where we are. The only trouble with the Howard proposal is that it makes too much sense. It is too eminently reasonable. It is the kind of thing we ought to do if we are to face up to our responsibility.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. STEIGER).

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I yield to the gentleman from Ohio.

Mr. REGULA. Mr. Chairman, the amendment before us is typical of the approach characteristic of this bill. Rather than an energy bill, this legislation should be entitled for what it is—a bill to increase taxes—a total of $93.2 billion, plus approximately $35 hidden billion over the next 8 years. This figure is the amount projected in the second budget resolution adopted by the House Budget Committee recently.

The $93 plus billion in new taxes to be levied in excess of proposed rebates under the terms of this legislation are extremely regressive, in that the impact of energy taxes will be far more severe on the low to middle income consumers. These are people who will pay the taxes through increased costs for fuels, for petrochemical products, for fertilizer and many other derivations of petroleums, but who cannot deduct the costs as business expense. It should be clearly understood by those who support this measure that they are imposing an unfair burden on those least able to pay. I will not belabor the inequities, as many of the speeches have already made this point.

The increased taxes in this bill will not only be inequitable in application, but also will be highly inflationary at a time when our efforts should be directed toward checking inflation.

This proposal, with its provision for increasing the cost of petroleum, will be an open invitation to OPEC countries to increase the price of oil. The absence of incentives to produce new oil will reduce world competition and can only result in higher prices for imported oil and thereby exacerbate our balance of payments problem and invite the threat of future embargoes with all the attendant dangers to our Nation's security.

The absence of any incentive for production will be wasteful of our Nation's resources for the reason that many marginal wells that have future potential for production will be abandoned.

The temper of the debate thus far makes it clear that this amendment will

probably be rejected because it is clearly a tax. However, far more insidious is the crude oil and gas equalization tax, or better described as the barrel tax, because it is a hidden tax. It is concealed from the consumer, but will add substantially to the everyday costs of the multitude of petroleum products that are part of our daily life.

For example, it is estimated that the barrel tax will add 7 cents a gallon to the cost of gasoline—substantially more than the amendment before us. To the credit of the Howard amendment, it would produce a direct benefit in highway improvements, whereas the bulk of the barrel tax will go to the general fund to be spent by Government in its typically wasteful fashion, instead of by the taxpayers who earned it in the first place.

I urge defeat of the direct tax amendments and on final passage the entire bill with its hidden taxes.

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, for almost 3 days, I have been listening to the debate on this bill. While the debate has ranged back and forth over the merits and demerits of various proposals, there has emerged one incontrovertible fact: This is a tax bill and not an energy bill.

This is a measure of far-reaching consequences which, through both overt and hidden taxes, would cost the average American family of four an estimated $1,000 a year. I do not believe an average family of four can afford that.

In the name of energy, which has been likened to a crisis such as war, I fear the proponents of this tax-raising measure have produced the first casualty: the truth.

Let us be honest with the American people.

This is a measure that would take money from the pockets of the American people and put it into the Government's coffers.

When President Carter first proposed his energy package, I indicated that, although I opposed the gasoline tax, I supported major parts of his plan. The present mish-mash bears little relation to the President's original proposal.

To cite one example, I originally proposed a tax rebate measure to encourage fuel-efficient automobiles back in March of 1975.

This program essentially was similar to President Carter's proposal: penalize the gas guzzlers and reward the fuel efficient. I reintroduced this measure on the first day of this new Congress and was the only Congressional sponsor prior to the Presidential suggestion.

What has the Democratic majority done to this proposal? The tax is in the bill but not the rebates.

This is also true of other portions of the measure. The taxes are there but the rebates have vanished.

There is a crude oil equalization tax. There is a coal conversion tax. There is a gasoline tax. There is a guzzler tax.

Tax oil. Tax natural gas. Tax gasoline. Tax automobiles. Tax. Tax. Tax. Tax.

As a member of the original House Task Force on Energy, I submit that I am far from a Johnny-Come-Lately when it comes to the need for energy conservation, developing new energy sources and cutting our dependence on imported oil.

But I decline to wrap myself in the shrouds of an energy crisis and become part of a grand deception to convince the American people that this bill would help our energy dilemma when all it will do is produce more tax revenues, cut the purchasing power of Americans and fuel inflation.

This is not an energy bill. It walks and squawks and looks like a tax bill. And I oppose it.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I yield to the gentleman from Iowa.

Mr. GRASSLEY. Mr. Chairman, this amendment, which would increase the Federal excise tax on gasoline, is bad. I intend to vote against it and make no apologies to anyone for that—none are required. Some might argue that such a vote indicates a lack of statesmanship or whatever. They say that it is our duty, from time to time, to support measures which are unpopular; further, that this is just such an occasion. In response I can only observe that increasing the Federal gasoline tax at this point in time and space is deservedly unpopular. We have a duty, to be responsive to the people who sent us here.

The rationale of those who back this latest attack on the embattled American taxpayer and consumer is that such a tax increase will encourage gasoline conservation and foster more efficient use of this commodity. Some estimate that demand will be reduced by approximately 70,000 barrels per day. Whether or not this is true is speculative. Past experience indicates, however, that the demand for gasoline is relatively inelastic. In recent years the price of gasoline has more than doubled. Demand has continued to increase.

Just because a person opposes this particular gasoline tax does not mean that he is opposed to conserving gasoline. There are other ways of reaching a mutually desired end. This amendment is nothing more than a revenue generating measure. It has been aptly described as yet another rip-off of the American taxpayer. For each 1-cent increase in the Federal gasoline tax an additional $1.2 billion will flow into the Federal Treasury.

Such funds will be spent in two ways—2½ cents of the tax will be used to further mass transit. This may be fine for the citizens of Washington, D.C., Chicago, or a pretty good sized town located in the State of New York which used to be known as "the Big Apple." Indeed the chairman of the Regional Transportation Authority in Chicago was kind enough to send me a telegram urging my support of the Howard amendment.

Despite vague assurances to the contrary, I do not believe that mass transit can be successfully transplanted to the rural areas and small towns of America. Subways just won't work in some of the small towns, such as Clear Lake, Waverly, or Steamboat Rock which I have the privilege of representing here in Congress.

The other 2½ cents per gallon tax will be channeled into a fund similar to the existing Federal highway trust funds. These moneys will be used to repair primary and secondary roads which are not part of the interstate highway system. I am all for improving and maintaining the quality of primary and secondary roads. But this is a matter which should be decided at the State and local levels of government. If the people of a certain locality want to improve a certain stretch of road, then they ought to be willing to pay the freight. There is a limit to what the Federal Government can and should do in this and other areas.

In summary, the proposed gasoline tax increase will fall inequitably upon those Americans who can least afford it. The lower and middle income groups, as well as those millions who happen to live outside of a large urban area, will be most adversely affected. The crude oil equalization tax will add another 7 cents to the cost of a gallon of gasoline and diesel fuel. We do not need another 5-cent-per-gallon increase at this time. I urge my colleagues to vote against this most unwise proposal.

Mr. TRIBLE. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I yield to the gentleman from Virginia.

Mr. TRIBLE. Mr. Chairman, I rise in opposition to both of these amendments calling for an increase of the Federal tax on gasoline. What we do not need in America today are more taxes. If enacted this tax would mean an annual transfer of more than $5 billion from the consumer to the coffers of the U.S. Treasury and the big spenders of the Congress and the administration.

This tax is regressive in every way. It falls heaviest on those least able to pay, for example large working families where the breadwinner has to travel dozens of miles each way to work.

Also, the tax is regressive in that it drains off billions annually from the productive private sectors into the general nonproductive Government sectors of our economy.

Third, a gas tax is assuredly not a conservation tax. An increase in the gas tax will simply not result in reduced energy consumption.

I urge my colleagues to say no to an increase in taxes on the hard-pressed taxpayers of this Nation.

Mr. STEIGER. Mr. Chairman, I want to pay tribute to all of those speeches. They were just excellent.

The issue is clear. This is not a conservation measure. It comes in this bill under the guise of a public works project, and I think it ought to be absolutely clear to all of the Members, and they can make up their own minds as to how they want to vote. It does not belong in the national energy policy. It will not contribute to national energy policy. I think both the Howard amendment and the Rostenkowski amendment ought to be defeated.

PARLIAMENTARY INQUIRY

Mr. GARY A. MYERS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GARY A. MYERS. The parliamentary inquiry is, Mr. Chairman, did the House not limit itself to debate until 2 o'clock?

The CHAIRMAN. The gentleman is correct.

Mr. GARY A. MYERS. Under that limitation, I would like to ask unanimous consent to speak on the unclaimed time of the gentleman from Ohio (Mr. WHALEN).

The CHAIRMAN. The Chair will state that the gentleman from Pennsylvania may claim his own time.

Mr. GARY A. MYERS. Mr. Chairman, I have a further parliamentary inquiry. Is it not the right of a Member of the House to ask unanimous consent to speak, when procedures of the House normally would prevent him from speaking? I ask the courtesy of the Chair at this time.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to strike the requisite number of words and be recognized?

Mr. GARY A. MYERS. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania.

PARLIAMENTARY INQUIRY

Mr. KAZEN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KAZEN. Supposing there are 20 of us who want to do the same thing.

The CHAIRMAN. If there are 20 who want to do the same thing, and they can all do it before 2 o'clock, they will all be recognized, or if feasible, the Chair could divide the remaining time among other Members seeking recognition who were not included in the original limitation.

The gentleman from Pennsylvania (Mr. GARY A. MYERS) has now been recognized.

Mr. GARY A. MYERS. Mr. Chairman, I would like to point to what is a particularly important issue at this time. We have two proposals pending before us, the one of the gentleman from Illinois (Mr. ROSTENKOWSKI), and the one of the gentleman from New Jersey (Mr. HOWARD).

Mr. Chairman, on the two amendments that are pending, even if Members are violently opposed to a gas tax in this bill, I would suggest they vote for the Howard amendment if in fact they have any of the many associated transportation problems that most States have. As I said earlier, there are many Members who have communicated to the Public Works Committee in this session their great concern with the bridge repair program being inadequate and the funds from the Federal level going back to those States being totally inadequate because of the States' very difficult financial conditions over the last winter and as a result of some revenue problems with their own gas taxes. But if Members have those types of problems, I think the best sequence of votes is at least to vote for the Howard amendment, even though a Member is opposed to a tax on gas in this particular bill.

I tend to agree that the gentleman from New Jersey (Mr. HOWARD) would not normally have brought forward the funding mechanism at this time, nor would I, but it is before us. At this point even if Members do not want a gas tax at all, I ask they vote for the Howard substitute, and then if they are so violently opposed to the gas tax vote against the Rostenkowski amendment as amended. This would protect funding for a transportation bill which might come through later this year.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, I support the Howard amendment.

It is the only way we will get the needed and meaningful funds for public transportation in this particular sector of the economy. I think it is very important that it be passed, it being far preferable to the ad hoc committee 4-cent gasoline tax which has only 1.5 cents for public transportation and an unneeded and unwarranted 2 cents for every research and development that already receives full funding.

In response to the many who have said the tax is too burdensome, I would point out that the savings in auto efficiency mandated in the bill will more than overcome the tax. As my friend from Ohio (Mr. VANIK) has pointed out, he owned a car in 1935 that got 10 miles per gallon. Then gasoline cost 35 cents. Today he is paying less for gasoline with a car that gets 25 miles per gallon at 65 cents per gallon.

So, this provision should not be overly burdensome and it should save substantial oil—not via the tax itself as has been excessively pointed out—but as a result of increased public transportation and bridge restorations.

I urge adoption of the amendment as a far preferable substitute to the committee amendment.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Chairman, I rise in opposition to the amendments proposing an additional Federal tax on gasoline. While it may well be that raising the price of gasoline could discourage some gasoline sales and to that extent result in a move to conserve energy, the tax which is proposed appears to be for other purposes.

It is conceded that many States are in need of additional funds to improve, maintain, and expand their highways. Funds are also in demand for mass transit. However, these are State issues which should be decided by the State legislatures and not by the Federal Congress. For us to assume the burden of our State legislators in imposing this tax upon the consumers of America would seem to shift responsibility from where it belongs, that is, the States—to the more remote Federal Government.

Mr. Chairman, the imposition of an added gasoline tax to support mass transit poses a highly controversial and unattractive issue in my congressional district in Illinois. Under the existing structure of the regional transportation authority—RTA—the control of that body is weighted in favor of the city of Chicago and the so-called Chicago Transit Authority—CTA. Accordingly, to mandate a new gasoline tax, a portion of which would be allocated to our States to be utilized for mass transit—could further complicate the dilemma in which many of my constituents find themselves under the existing authority of an unpopular RTA.

Mr. Chairman, these are some of the reasons why I feel that insofar as I am concerned the proposed new gasoline tax should be defeated.

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from Pennsylvania (Mr. EDGAR).

Mr. EDGAR. Mr. Chairman, I commend the gentleman from Pennsylvania in the well for his independence and his ability to take the issues and look at them and analyze them and make his own decisions.

I support the gentleman's point of view, that the Howard amendment represents the best opportunity for us to deal with a mass transit policy.

Mr. GARY A. MYERS. Mr. Chairman, I would like to say in closing that I introduced a bill earlier this year which would address the bridge repair problem by increasing the funding from the present totally inadequate $180 million to $1 billion per year.

Associated with that bill was a 1-cent gas tax increase. I had no objection from anybody in my district when the two were coupled. I think if we coupled the needs of the highways our taxpayers would not object. I find more opposition and more frustration expressed by people trying to go to work who are detoured several miles by bridges which are reduced in capacity or totally out of commission because of unsafe conditions. This is going to increase over the next few years. In this respect, we are talking about the middle-class and the middle-income people who have to be able to get to work.

Mr. BLOUIN. Mr. Chairman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from Iowa.

Mr. BLOUIN. Mr. Chairman, I commend the gentleman for his support of the Howard approach as the only fair direction in which to go.

My one quick observation is that we have various districts in this country but we all are part of the country. People in Iowa indicated in a recent questionnaire that they support President Carter's plan for a phased-in arrangement if consumption does not increase, but I think people understand more than we give them credit for the severity of the crisis before us and I do not think it takes too much to understand that proper handling of the transportation problem, the transportation network is one of the answers to the inefficient consumption pattern in this country.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not quarrel with one of the purposes to which this tax shall be applied, that is mass transit. But, Mr. Chairman, this is in fact a tax and an important element in a discussion of a tax is: Who will carry the burden of that tax?

There is not one person on the floor of Congress that can convince me it is not the near poor and the working class, that will carry the burden of this tax.

One guiding principle on the question of taxes is the principle of equity, but there is no equity involved in this tax.

I do not challenge the Secretary of Transportation or any of my colleagues that we very desperately need mass transit. We do, and we ought to have that fight on the floor of Congress if we are committed to the future of this country; but let us not superimpose upon this discussion the rather flimsy justification for an absurd tax that will be levied primarily upon that person with a 1963 inefficient automobile that has to travel 80 miles round trip from urban America to suburban America where heavy industry has moved. They will carry the burden, not the people who drive Mercedes Benz' with $75,000 to $100,000 a year incomes. It is the working-class people that will feel this tax.

Mr. Chairman, again in summary, to the question of purpose I agree.

To the issue of taxes, let us discuss taxes in a tax bill, not in this bill.

We would not conserve energy. We will simply harm millions of American people.

There has been no discussion of equity or of veracity or of the validity of this tax. If we understand that, we will reject this tax. We will reject the notion that levying this tax in some way will help working-class people.

I have been in the District of Columbia for 6½ years. We have still not completed Metro; but let us for a moment grant that if we levy this tax that within 5 years every single city would have a mass transit system. That is insanity, but let us do it for the purpose of this discussion. It has been rather absurd to this point, anyway. For 5 years, who carries the burden of this tax? It is the working-class people, the black, brown, red, yellow, and white, who are already feeling the desperate pains of the economics of this country today.

Do not ram it down our throats. If we want to fight on the issue of mass transit on the floor of the Congress, let us do it on its merit. Let us have a mass transit fund and do it cleanly; but do not tell me it is the last time we will deal with the question of mass transit. If it is the last time, we all are doomed, anyway.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from New Jersey.

Mr. HOWARD. Mr. Chairman, I just regret that the gentleman made the statement that I was trying to do something not above board.

Mr. DELLUMS. I did not suggest that of my colleague. I think if my colleague feels that, the gentleman is oversensitive.

I am not challenging the gentleman. I respect the gentleman. I just say we ought not to have this tax. I will argue very adamantly against it. I am not against repairing the existing highways. We already have enough to do that; $8 billion is an awful lot of money to repair and build highways.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Chairman, do I gather that the gentleman does not agree with the President on this tax?

Mr. DELLUMS. In a few moments I will register a "no" vote on both issues on this question of a tax.

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Chairman, will the gentleman agree that the Federal income tax is also a regressive tax?

Mr. DELLUMS. That is a good question. I came to this Congress to correct that, but I have been frustrated by the more moderate nature of this body.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, in terms of the tax hurting poor people, which is the gentleman's principal argument, the poor in the cities do not own cars and therefore would not pay the gas tax; they will be the ones benefiting from mass transit provided by the amendment. More efficient cars will more than nullify the tax for others.

Mr. DELLUMS. Of course, the working poor and working class people will sustain the heavy burden of the tax, the people making between $6,000 and $12,000 a year, which is an extremely low income, given the economics of our country today, that particular income group will bear the burden. I do not believe they should carry the burden of a tax for a program that will ultimately benefit all the people.

Mr. MILFORD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me say, briefly, I join my colleague, the gentleman from California, in his opposition to these two measures and ask if the gentleman would not agree there is another inequity, too. In some parts of the country we are dependent upon the automobile to earn our daily bread, and, hence, it is unfair to levy a tax on those who use their automobiles just to get to and from work.

Mr. DELLUMS. I would agree, given the present evolution of the national transportation system of this country, the gentleman is perfectly correct.

Mr. CORCORAN of Illinois. Mr. Chairman, I oppose the ad hoc Committee on Energy amendment to increase the Federal tax on motor fuel by 4 cents per gallon and accordingly, I also oppose the 5-cent increase proposed by the gentleman from New Jersey (Mr. HOWARD).

First, this regressive tax is inequitable because it affects all citizens regardless of their income. Obviously it would create hardships for those in low- and moderate-income categories, who are always hardest hit by taxes which apply equally across the board. Such a tax is simply not fair.

Furthermore, this tax discriminates against many Americans who will not get to use its revenues for mass transportation. Many people have no alternative but the automobile when it comes to work, recreation, and other transportation needs.

In addition, I take vigorous exception to the manner in which this 5-cent tax is being brought before the full House. No public hearings were held on it; thus we did not get the benefit of outside testimony on this measure. Our tax-writing committee—the House Committee on Ways and Means—did not hear from the people we represent on this particular tax matter. And during consideration of H.R. 6831, the committee rejected taxing motor fuel as a part of the energy package.

Since this 5-cent tax proposal surfaced recently, I have received a great number of letters opposing it. Moreover, my district is not out of step with the country on this matter. A recent survey conducted by the Cambridge Research Institute revealed that only 34 percent of those polled favored the tax, while 59 percent opposed it; 7 percent were undecided.

Finally, this tax is not only unwanted but ineffective. It will not appreciably curb gasoline consumption. Nothing in the debate thus far and nothing I have analyzed on the subject supports the view that this particular tax would help us achieve our energy conservation goals.

Mr. Chairman, I urge my colleagues to be realistic and vote down these ill-advised amendments.

Mr. HARRIS. Mr. Chairman, I oppose and will cast my vote against the gas tax—be it 4 or 5 cents—because I believe it is unfair to burden the average family and make the middle income worker make most of the sacrifices in the Nation's energy program. Two amendments to H.R. 8444, the National Energy Act will be offered: One to add 4 cents to the current 4-cents Federal tax on gasoline, and another to add a new 5-cent tax.

Another gas tax, which is really a sales tax—the most regressive and unfair of all taxes—is unconscionable, coming on top of a doubling of the price of gas in the last 4 years. In my State, if a gas tax amendment is adopted, the motorist will be paying about 23 cents a gallon in taxes for gasoline. State and local taxes are 9 cents; Federal taxes are currently 4 cents; the Howard amendment would add another 5 cents and the crude oil equalization provision of the bill could mean an additional 5 cents. This means that for a 60-cents gallon of gas, 23 cents is paid in taxes.

MIDDLE INCOME PERSON WILL SUFFER THE MOST

The average family will bear the brunt of this unfair tax. The wealthy will buy gas and drive their cars whether gasoline costs 60 cents or $1.60. But the gas tax

will virtually drive the low and middle income person "off the road." In my district—a large surburban area—cross-county public transportation is practically nonexistent. Almost 40,000 students commute to Northern Virginia Community College campuses spread out all over the area. Another 8,700 drive to George Mason University. They depend on automobiles; they have no other choice.

THE HOWARD AMENDMENT IS A HIDDEN TAX

A most disturbing part of the Howard gas tax amendment is that it imposes a 51-cents tax on diesel fuel: Diesel fuel is used to transport almost all goods in this country today. For example, in the case of food 3.4 billion gallons of diesel fuel and 375 million gallons of gasoline are used a year to transport agricultural products by truck, rail and water.

A 5-cents gas tax on diesel fuel would add $180 million to the cost of agricultural products. This translates into $1 billion to the added cost of food on the dinner tables for the Nation's 72,867,000 households across the country.

I do not think the family budget can stand more taxes and food price increases. Food prices have jumped 50 percent in the last 5 years. Groceries that cost the family $10 in 1972, now cost almost $15. The Washington-area family paid 53 cents for a dozen eggs in 1971; today they are paying about 86 cents. Bread that cost 23 cents a pound in 1971 costs 30 cents today. We cannot let this price spiral go on. And the gas tax is just another ring in this upward spiral.

NOT THE ANSWER TO CONSERVATION

One of the arguments used for the additional gas tax is that it will encourage conservation of gasoline. In other words, if the motorist has to pay more, he or she will use the car less and therefore use less gas. I reject that notion. Adding 5 cents to a gallon of gas will not reduce consumption. Best estimates are that 60 cents would have to be added to the current price before any substantive reduction in work-related gas consumption would take place. Look at the facts. The price of gas has doubled in 4 years, and there has been little impact on consumption.

A modern, convenient, balanced mass transit system available at prices people can afford will get people out of their cars. Washington is on the verge of having such a system. Mass transit, fuel-efficient automobiles, and alternative methods of transportation are the keys to conservation of gasoline. A more equitable means for raising revenues for mass transit would be to get serious about closing some of the remaining oil company tax loopholes, such as the foreign tax credit, as embodied in my bill H.R. 8559. Taxing the middle income family is not the answer to the Nation's energy problems.

Mr. SYMMS. Mr. Chairman, I rise in opposition to the amendments imposing additional taxes on gasoline. In my State of Idaho everyone is dependent on the automobile for transportation. In the Western States people drive long distances every day and think nothing of it; it is a necessity. Consequently, an additional tax on gasoline would do nothing for conservation in my State. It would only be an additional tax burden on the people. I think this is also the situation in most parts of the country, actually, not just the West. Furthermore, contrary to the desires of the social planners in Washington, D.C., most people value the personal freedom that private automobile transportation affords—it is worth a lot to us. We must remind our colleagues, Mr. Chairman, that the New York City lifestyle is not in the majority in this country.

Mr. Chairman, there are essentially two paths that we can travel with regard to our energy requirements. One, we can capitulate to the socioeconomic manipulators, as I discussed yesterday during the debate on the amendment to deregulate natural gas, who are working for a centrally controlled society with a drastically lower standard of living. This, mind you, is the goal of many of those who advocate the so-called "soft path" in future energy development—emphasizing zero energy growth and "soft" technologies such as solar houses and windmills as opposed to nuclear power, coal, oil, and gas. This is the path advocated by the Ford Foundation, Environmental Action, Inc., and their mentors. We are told that the emphasis must be on energy conservation rather than on increased production. Now, I am all for conservation, but there are two ways that one can conserve energy—by using it more efficiently or simply using less. The latter type of conservation is the type practiced in Sri Lanka and Outer Mongolia. It is also the type of conservation advocated by the Ford Foundation's energy policy report which was prepared under the direction of Mr. David Freeman who is now Deputy Assistant to President Carter for energy policy. This is also the path advocated by Mr. Amory Lovins in the fall 1976 issue of Foreign Affairs published by the Council on Foreign Relations. Mr. Lovins openly states that the "soft energy" movement is really a movement for social change. He admits that the controls on energy production and allocation are really controls on the people—that this so-called "soft energy path" will lead to a more democratic and benign society. Now in all due respects that is just a fancy slogan for socialism. Unfortunately, that is just where H.R. 8444, this energy-tax bill is leading us, especially if this additional tax amendment is adopted.

The other alternative, the other path we can travel, is the path of freedom of enterprise, allowing free individuals to advance energy technology and production unrestrained by Government controls. The result of this path would be increased production, ample supplies at a fair market price, and, most important, a free society with the high standard of living characteristic of America.

But, unfortunately, Mr. Chairman, there are no production incentives in this bill; this bill does not reduce Government control. Rather, this is only a tax bill designed to redistribute income and place even more controls over the American people by controlling their access to energy. I am tired of being told that we must accept a lower living standard, that "less is better." I am tired of the American people being told by politicians mouthing the Ford Foundation line that we should give up our private automobiles in favor of bicycles and Government—sometimes called public—transportation systems that deny freedom of mobility. We are not running out of natural resources; rather, we are running out of the freedom of innovation that made America the most advanced Nation on Earth. Our capital is being confiscated at an accelerated rate by the ever-growing welfare state built by self-serving politicians buying the people's votes with their own money. So serious is this problem that it is the real reason for this bill. This energy-tax bill is designed to provide a broader tax base for the central government. This administration and this Congress know that the people of this Nation will not tolerate additional direct taxes. So this bill is a method of hiding the additional taxes a little and setting up a straw man—the energy producers—to bear the brunt of the public wrath. The people are being sold this bill of goods as "taxes on the big bad oil and gas industry" by the opinionmaking national media. This is the scheme to make it all politically acceptable. The central planners behind all of this know very well that these new taxes on crude oil will show up on the gas pumps, but the people will be told that the oil companies are making obscene profits and that they should therefore be broken up or even nationalized.

In conclusion, Mr. Chairman, if all of what I have just said is not so then why is it that higher consumer prices are acceptable if they result from new taxes that flow to Government but are unacceptable if they result from fair market prices for oil and gas that would result in greater production and less dependence on foreign oil? I urge my colleagues in this House to reject all of these new taxes and new controls and let freedom of enterprise work once more.

Mr. BAUCUS. Mr. Chairman, I find that I must oppose the proposed amendment to add 4 cents more Federal tax to the already heavily taxed general aviation fuel. In so many ways, those of us who live in sparsely populated areas of this country are making sacrifices unequaled by those living in other parts of the country. In a State such as Montana, where it is not uncommon to drive 150 miles just to go to the store, we have already been hit hard by the 55-mile-per-hour speed limit. The imposition of automobile gasoline taxes affect our livelihoods with much more severity than those parts of the country where population centers are closer together.

And now, Mr. Chairman, an increase in the tax on general aviation fuel is proposed. Most people who hear about this tax will assume that it applies to wealthy folks with nothing better to do than fly around using up precious fuel. In truth, life in Montana would be close to impossible without general aviation. Montana is a big State—550 miles long and 275 miles wide. But its population is less than a million. Only 15 percent of that population is served by commercial airlines in seven airports. All the other centers of population must be served by gen-

eral aviation at 160 airfields and heliports. Montana ranks second only to Alaska among all the States with 24.1 planes per 10,000 units of population. It is easy, therefore, to understand that more than 95 percent of Montana's general aviation is for business or commercial purposes—not recreational.

The lifeblood of Montana literally flows through general aviation because the blood bank in Billings contracts with general aviation to deliver blood throughout the State. Some areas, such as Jordan, are as much as 100 miles from the nearest doctor. But a small hospital can be kept going by flying visits from doctors on general aviation. In a similar manner, special education teachers can bring otherwise unobtainable programs to children on Indian reservations. Checks move between banks and mail is delivered in the same way.

General aviation controls fires, floods, and disease as well as seeding lakes and streams with fish and tracking wildlife under contract with the Department of the Interior and the U.S. Forest Service. Montana's timber industry, farms, and ranches depend upon general aviation for crop dusting, stock spotting, and the delivery of parts and equipment. Needless to say, that if costs rise for the production of these important commodities, consumers all over the country are going to feel the pinch.

Last year, nationwide, 100 million intercity passengers were carried by general aviation. Eleven million of those were on scheduled commuter flights or air taxi services. These passenger flight services make possible the rapid movement of people to and from rural communities all over the country which do not have airline service.

Corporate use of general aviation makes possible the attraction of industry and business to sparsely settled areas where small craft flight makes major centers of population much more accessible. These rural towns need the tax revenue that such industries and businesses can provide.

It is obvious that the West depends on general aviation for a wide variety of transportation services. The providers of these services are small businesses which are frequently struggling to survive. There is already a 7-cent Federal tax on general aviation fuel. That is 3 cents more than the Federal tax on automotive fuel. This proposed additional 4 cents would bring the total Federal taxes to 11 cents. And 41 States have levied their own taxes on general aviation as well.

Will this burdensome tax on small businesses providing much needed services reduce energy consumption? General aviation uses less than 1 percent of all fuel used for transportation. Although the numbers of small planes and helicopters have increased substantially, the fuel they consume has not—the increase has been one-tenth of 1 percent over the past 4 years.

Mr. Chairman, the Ad Hoc Energy Committee has voted to impose a tax for which the Ways and Means Committee could not substantiate a need. In fact, the ad hoc committee report states that the energy savings from this proposal are estimated to be negligible.

What is not negligible is the cost of this proposed tax to these small aviation businesses. The same committee report says that $464 million will be paid to meet this tax by 1985. And not a cent of this money will go to projects that directly benefit general aviation.

Three things about this proposed tax are clear:

First, it will jeopardize a greatly needed service to the rural and Western States such as Montana.

Second, it will not provide energy savings.

Third, as a source of revenue, it places an unequal burden on one group of small businesses.

In summary, it simply is a tax measure with no merit. I will vote against it.

Mrs. COLLINS of Illinois. Mr. Chairman, I rise in opposition to this amendment which would impose an additional permanent 4-cents-per-gallon tax on gasoline. As I understand it, the first 2 cents of the new tax would be imposed in 1978 and the next 2 cents in 1979. While the purpose of this amendment is said to be to discourage gasoline consumption and to save energy, my fear is that it will do that to far too great an extent. I am thinking now of the many residents of this country who must use their automobiles to transport themselves from their homes to their employment; I am thinking of those who are so poor that they have no alternative to recreation than to get into their cars and take a Sunday afternoon drive; I am thinking of those who are without financial means to pay for the skyrocketing rail, bus, and air fares and are, thus, compelled to drive to other parts of the country in order to visit their relatives. Just yesterday, in fact, I read in the newspaper that the CAB has given the airlines the go-ahead to raise by 2 percent the airfare across this Nation. This continuous rise in the prices of transportation has already kept many people from visiting their friends and relatives as often as they would like and the 4-cents-per-gallon tax on their automobile gasoline will certainly make that situation worse.

While it is true that urban residents would benefit from improvements in mass transportation systems, I think that historically—and the record certainly speaks for itself—that the urban poor are the last to get good transportation systems. As a matter of fact, I can recall a number of instances in which people living in Chicago suffered when CTA buses were removed from their former routes and when bus service was cut back drastically. CTA said at that time that this cut in service was necessary because people did not use the buses. Poor people have always been the ones who had to of necessity rely on public transportation.

Now all of a sudden this proposed increase in gas prices which is going to come out of their pockets is going to be used so that they can be better served. While that might seem to be plausible, I reiterate that such has not historically been the case: buses and streetcars have always been removed from the routes of the poorer sections of town first. The poor have always been the first to have their bus service slowed to intervals of one every 30 or 40 minutes instead of the 5 or 10 minutes scheduled between buses in more affluent neighborhoods, and they will be the last ones to receive any benefits of any urban mass transit funds that would come through the pipeline if this very repressive tax is passed and enacted.

Now, to the argument of whether this tax will reduce gas consumption, I draw your attention to the recent Harris survey which indicated that the price of automobile gasoline would have to be raised exorbitantly before anybody would even consider reducing its use. It is my understanding that an increase of 25 cents or more per gallon would be needed to induce most Americans to consider limiting use of their cars and that it would take at least a 60-cent-a-gallon increase before they would consider not using their cars for travel back and forth to work. In light of this, it seems to me that the argument that this 4-cent tax would reduce use of the car and, consequently, gasoline, falls flat on its face.

Therefore, I urge my colleagues to vote against this tax and the Howard substitute which is going to be coming up because this additional tax burden plus other tax increases that are in this bill could result in the immediate net increase of some 8 to 10 cents per gallon for the gasoline that goes into the cars of the poor as well as everybody elses. Just the other day, I had the occasion to fill my car up. I looked at the pump and found that I was paying 70 cents a gallon for regular. Now while many of you can afford to pay that price for gasoline, that 70 cents plus the estimated 8 to 10-cent increase would mean that the financially disadvantaged will have to pay about 80 cents for each gallon of gasoline that goes into their cars. This kind of increase landing on top of the enormous fuel bills that many of them are still today trying to pay off is just plain unreasonable and will place an unconscionable burden on them.

I urge my colleagues to vote against this legislation.

Mr. Chairman, I also rise in opposition to the Howard substitute which would place a 5-cent-per-gallon tax on gasoline. I find this amendment to be even worse than that offered by the ad hoc committee—which I also do not support. This amendment would establish the additional 5-cent a gallon tax beginning January 1, 1977. Just as in the 4-cent-per-gallon proposal, I see this tax as being extremely repressive for low-income Americans who unjustifiably would have to bear a greater burden of this energy program.

It has been said that this tax will be used to reduce gas consumption in the short term and to improve the Nation's mass transit system over the long run. While there is no argument that mass transit systems sorely need a great deal of improvement, this 5-cent-per-gallon tax would further repress those upon whose proportionate costs would impact greater than for more financially secure users of the el or the bus.

All of us are familiar with the hardships caused by the almost doubling of gas at the pump that have already been placed on poor Americans who must drive their cars to and from work. We are further cognizant of the many people, in both urban areas and rural, who have suffered tremendously from the increased cost of fuel for use in both heating, and lighting and livelihood.

I am at a loss to know why this tax is being touted as a fuel conservation measure. No reduction in consumption of gasoline is expected to occur with the imposition of this tax. According to the recent Harris survey, a 25-cent-per-gallon increase in the price of gasoline would be needed before most of the Americans will even consider limiting use of their automobiles and a 60-cent-per-gallon increase would be needed before they will seriously consider not using their cars for work-related purposes. Thus, I do not see how either the Howard substitute or the Rostenkowski amendment can be said to be a deterrent to the use of gasoline. These measures are clearly tax measures and as such need not be made an integral part of this energy package.

Other arguments for passage of the Howard amendment are that this 5-cent-per-gallon tax will help to alleviate the emerging coal transportation problem which is attributable to the poor condition of many roads between coalfields and railfields. I see no reason why Congress cannot take action to provide funds for these purposes if the need is there. It has always done so and I see no reason for it to shirk that responsibility at this time. Similarly, I have heard arguments that many of the railroad crossings will have to be changed to allow for longer coal trains. Here again, we write legislation to cover other purposes and I do not see why separate legislation cannot be written and funding authorized to solve that situation.

Finally, this amendment would impact even greater on America's poor than would the 4-cent-per-gallon tax offered by the ad hoc committee. I urge my colleagues to vote this substitute and the Rostenkowski amendment down.

Mr. LENT. Mr. Speaker, I want to express my strong opposition to the proposed amendments which will provide for an increase of up to 5 cents per gallon in the gasoline tax.

Purely and simply, an increase in the gasoline tax will place an unjustifiable and unnecessary burden on the people who have no alternative to the automobile as a means of transportation. It will do nothing more than increase the cost of driving for most Americans, regardless of income or economic status. I do not quarrel with the fact that the added revenues would be put to worthwhile uses, but the tax itself is regressive, and that is what should concern us.

H.R. 8444 contains a number of provisions which have dubious merit and which will serve to increase the cost of energy for the consumer. I hope we will resist this opportunity to add a regressive gasoline tax increase to the legislation.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New Jersey (Mr. HOWARD) as a substitute for the ad hoc committee amendment to part II, title II.

The question was taken.

RECORDED VOTE

Mr. MARTIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 82, noes 339, not voting 12, as follows:

[Roll No. 503]

AYES—82

Alexander
Anderson, Calif.
Andrews, N. Dak.
Ashley
Aspin
Badillo
Baldus
Beilenson
Bennett
Bingham
Blouin
Bolling
Brademas
Brodhead
Brown, Calif.
Burlison, Mo.
Burton, John
Burton, Phillip
Corman
de la Garza
Delaney
Diggs
Duncan, Oreg.
Edgar
Edwards, Calif.
Eilberg
Evans, Colo.
Fascell
Flowers
Fowler
Fraser
Gephardt
Gialmo
Gibbons
Ginn
Harkin
Holtzman
Howard
Ireland
Johnson, Calif.
Long, Md.
McCloskey
McCormack
Madigan
Mathis
Mazzoli
Mineta
Moorhead, Pa.
Murphy, N.Y.
Myers, Gary
Nix
Nolan
Nowak
Obey
Ottinger
Pickle
Pritchard
Rangel
Reuss
Richmond
Roberts
Roncalio
Rosenthal
Rostenkowski
Ryan
Sharp
Simon
Skubitz
Smith, Iowa
Solarz
Staggers
Steed
Stratton
Tsongas
Tucker
Udall
Ullman
Van Deerlin
Vanik
Vento
Weiss
Wright

NOES—339

Abdnor
Addabbo
Akaka
Allen
Ambro
Ammerman
Andrews, N.C.
Annunzio
Applegate
Archer
Armstrong
Ashbrook
AuCoin
Badham
Bafalis
Barnard
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bevill
Biaggi
Blanchard
Boggs
Boland
Bonior
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burleson, Tex.
Butler
Byron
Caputo
Carney
Carr
Carter
Cavanaugh
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Cornell
Cornwell
Cotter
Coughlin
Crane
Cunningham
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dodd
Dornan
Downey
Drinan
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gammage
Gaydos
Gilman
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Grassley
Gudger
Guyer
Hagedorn
Hall
Hamilton
Hammer-schmidt
Hanley
Hannaford
Hansen
Harrington
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Holland
Hollenbeck
Horton
Hubbard
Huckaby
Hughes
Hyde
Ichord
Jacobs
Jeffords
Jenkins
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kildee
Kindness
Kostmayer
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Le Fante
Leach
Lederer
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
Luken
Lundine
McClory
McDade
McDonald
McEwen
McFall
McHugh
McKay
Maguire
Mahon
Mann
Markey
Marks
Marlenee
Marriott
Martin
Mattox
Meeds
Metcalfe
Meyner
Mikulski
Mikva
Milford
Miller, Calif.
Miller, Ohio
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moss
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, John
Myers, Michael
Natcher
Neal
Nedzi
Nichols
O'Brien
Oakar
Oberstar
Panetta
Patten
Pattison
Pease
Pepper
Perkins
Pettis
Pike
Poage
Pressler
Preyer
Price
Pursell
Quayle
Quie
Quillen
Rahall
Railsback
Regula
Rhodes
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Rooney
Rose
Rousselot
Roybal
Rudd
Runnels
Ruppe
Russo
Santini
Sarasin
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Seiberling
Shipley
Shuster
Sikes
Sisk
Skelton
Slack
Smith, Nebr.
Snyder
Spellman
Spence
St Germain
Stangeland
Stanton
Stark
Steers
Steiger
Stockman
Stokes
Studds
Stump
Symms
Taylor
Thompson
Thone
Thornton
Traxler
Treen
Trible
Vander Jagt
Volkmer
Waggonner
Walgren
Walker
Walsh
Wampler
Watkins
Waxman
Weaver
Whalen
White
Whitehurst
Whitley
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—12

Anderson, Ill.
Bonker
Burke, Mass.
Dent
Flippo
Holt
Koch
McKinney
Michel
Patterson
Scheuer
Teague

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

Messrs. RODINO, THOMPSON, LEFANTE, HANNAFORD, HAMMERSCHMIDT, DANIELSON, BONIOR, and FARY, and Mrs. FENWICK changed their vote from "aye" to "no."

So the amendment offered as a substitute for the ad hoc committee amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the ad hoc committee amendment to part III, title II.

RECORDED VOTE

Mr. STEIGER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 52, noes 370, not voting 11, as follows:

[Roll No. 504]

AYES—52

Ashley
Badillo
Beilenson
Bennett
Bingham
Bolling
Brademas
Brown, Calif.
Burlison, Mo.
Burton, John
Burton, Phillip
Corman
Diggs
Dingell
Edwards, Calif.
Eilberg
Fascell
Fisher
Fraser
Gephardt
Giaimo
Gibbons
Howard
Johnson, Calif.
Long, Md.
McCloskey
Mazzoli
Mineta
Nix
Nolan
Obey
Pattison
Pike
Pritchard
Rangel
Richmond
Rostenkowski
Ryan
Seiberling
Sharp
Simon
Solarz
Staggers
Tsongas
Udall
Ullman
Van Deerlin
Vanik
Vento
Weiss
Wright
Yates

NOES—370

Abdnor
Addabbo
Akaka
Alexander
Allen
Ambro
Ammerman
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Applegate
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badham
Bafalis
Baldus
Barnard
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bevill
Biaggi
Blanchard
Blouin
Boggs
Boland
Bonior
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burleson, Tex.
Butler
Byron
Caputo
Carney
Carr
Carter
Cavanaugh
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Cornell
Cornwell
Cotter
Coughlin
Crane
Cunningham
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dodd
Dornan
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Colo.
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fenwick
Findley
Fish
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frey
Fuqua
Gammage
Gaydos
Gilman
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Grassley
Gudger
Guyer
Hagedorn
Hall
Hamilton
Hammer-schmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Holland
Hollenbeck
Holtzman
Horton
Hubbard
Huckaby
Hughes
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jenkins
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kildee
Kindness
Kostmayer
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Le Fante
Leach
Lederer
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
Luken
Lundine
McClory
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKay
Madigan
Maguire
Mahon
Mann
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Mattox
Meeds
Metcalfe
Meyner
Mikulski
Mikva
Milford
Miller, Calif.
Miller, Ohio
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Gary
Myers, John
Myers, Michael
Natcher
Neal
Nedzi
Nichols
Nowak
O'Brien
Oakar
Oberstar
Ottinger
Panetta
Patten
Pease
Pepper
Perkins
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pursell
Quayle
Quie
Quillen
Rahall
Railsback
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rousselot
Roybal
Rudd
Runnels
Ruppe
Russo
Santini
Sarasin
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Shipley
Shuster
Sikes
Sisk
Skelton
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
St Germain
Stangeland
Stanton
Stark
Steed
Steers
Steiger
Stockman
Stokes
Stratton
Studds
Stump
Symms
Taylor
Thompson
Thone
Thornton
Traxler
Treen
Trible
Tucker
Vander Jagt
Volkmer
Waggonner
Walgren
Walker
Walsh
Wampler
Watkins
Waxman
Weaver
Whalen
White
Whitehurst
Whitley
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—11

Anderson, Ill.
Burke, Mass.
Dent
Flippo
Holt
Koch
McKinney
Michel
Patterson
Scheuer
Teague

The Clerk announced the following pairs:

On this vote:

Mr. Burke of Massachusetts for, with Mr. Teague against.

So the ad hoc committee amendment to part II, title II, was rejected.

The result of the vote was announced as above recorded.

AD HOC COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will designate the page and the line numbers of the next ad hoc committee amendment to part II, title II.

The Clerk read as follows:

Ad hoc committee amendment: Insert the matter beginning on page 448, line 11, through page 449, line 23:

(The ad hoc committee amendment reads as follows:)

SEC. 2024B. INCREASE IN TAX ON FUELS USED IN NONCOMMERCIAL AVIATION.

(a) GASOLINE.—Paragraph (1) of section 6430(c) (relating to repayment of fuel conservation taxes on fuels used in aircraft), as added by section 2023C, is amended by adding at the end thereof the following new sentence: "The preceding sentence shall not apply to any fuel used in an aircraft in noncommercial aviation (as defined in section 4041(c)(4)).".

(b) OTHER FUELS.—Section 4042 (relating to imposition of diesel and special motor fuels conservation taxes), as added by section 2023A, is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c) NONCOMMERCIAL AVIATION.—In addition to any tax imposed by section 4041(c), there is hereby imposed a tax of 4 cents a gallon upon any liquid (other than any product taxable under section 4086)—

"(1) sold by any person to an owner, lessee, or other operator of an aircraft, for use as a fuel in such aircraft in noncommercial aviation (as defined in section 4041(c)(4)); or

"(2) used by any person as a fuel in an aircraft in noncommercial aviation (as so defined), unless there was a taxable sale of such liquid under this section.

Rules similar to the rules provided by section 4041(i) shall apply for purposes of the preceding sentence."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1978, except that no tax shall be imposed under section 4042(c) of the Internal Revenue Code of 1954 (as added by subsection (b)) with respect to the use by any person of any fuel sold to such person before January 1, 1978, if such use would have been taxable under such section 4042(b) if it had occurred on January 1, 1978.

Mr. ASHLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, it has been suggested that this amendment, which would increase the tax on general aviation gasoline by 4 cents a gallon, may have trouble getting off the ground, let alone fly.

It is a fact, Mr. Chairman, that this amendment was adopted in the ad hoc committee following the adoption of the Rostenkowski amendment providing for a 4-cent tax on automotive gasoline that was just disposed of.

Mr. Chairman, I do not think that it is going to be necessary to debate this long and extensively. Let me simply say that in 1978 it is estimated that 1.1 billion gallons of gasoline will be consumed by general aviation, and by 1985 the amount consumed will be 1.9 billion gallons, almost a doubling of the general aviation consumption of fuel by 1985.

This clearly goes contrary to the direction set forth, which we all applaud, in the President's plan calling for a 10-percent in reduction in gasoline consumption by 1985.

We can see what we are looking forward to here, since if there is no change in the tax on fuel used by general aviation, there will be an 8-percent compound annual growth rating in the amount of fuel used by general aviation.

It is on this basis, Mr. Chairman, that I offer the amendment, as well as the equity basis that was also a motive at the time that I offered the amendment in the ad hoc committee; so I offer the amendment for the consideration of this body, Mr. Chairman, and I hope it will be approved.

Mr. LLOYD of California. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. LLOYD of California. Mr. Chairman, I would like to point out to my colleague that in the use of thousands of barrels of gasoline in 1976, these are the figures I have in barrels of fuel; automobiles consumed 2,553,833,000.

Aviation barrels consumed were 13,362,000.

But I ask the gentleman, does he believe that general aviation is a pleasure type of aviation? Does he see it as that?

Mr. ASHLEY. Well, it is really both. I must say that I have flown a good deal—not as much as the gentleman has—and, as a matter of fact, it was suggested that I might have been flying when I offered

this amendment in the ad hoc committee. That was not the case.

I have had 3,000 flying hours, and I expect that two-thirds of those hours were for pleasure and the rest were for business. I have flown all over the country. I have flown outside the country. I am pretty familiar with general aviation. The gentleman can make a case that it is not all pleasure flying, but there is a very substantial amount of general aviation that is pleasure flying.

Mr. LLOYD of California. I concur with my colleague on that, that some of it is, but let me point out to my colleague that most of the pilots who fly commercial aviation today, most of those who fly military aviation today, learned their trade, got their start in basics and got their interest in general aviation.

Let me ask another question: In dealing with this, does my colleague recognize that, for instance, about 75 percent of all general aviation today is a "tax write-off flight"? I honestly believe that these people actually are flying for commercial purposes. Does the gentleman understand that?

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. LLOYD of California. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to continue for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. HILLIS. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to continue for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Iowa.

Mr. HARKIN. Skipping over the point about whether it is pleasure or business, I happen to own my own plane. In flights from different towns in my district, it takes me three-quarters of an hour and I burn 7.5 gallons of gasoline. If I drive my car, which gets 20 miles per gallon, it takes me 3 hours for 180 miles at 20 miles per gallon, which is 9 gallons. I use more gas if I drive my car, so it does not make any difference whether it is pleasure or business, I am still using more if I drive.

Mr. ASHLEY. I do not think a persuasive case can be made for pleasure flying as a conservation activity, as compared to the use of the automobile. I do not think the gentleman can make that case.

Mr. HARKIN. I think the gentleman can make that case. I can use less gasoline by flying to certain parts of my district than by using my car.

Mr. ASHLEY. Is it not a fact that if it is a single-engine airplane, it has to be consuming 12 or 15 gallons per hour?

Mr. HARKIN. Negative. I burn less than 10 gallons. I can get down to a little over 9 gallons an hour.

Mr. ASHLEY. Well, try to find a car that matches that.

Mr. HILLIS. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Indiana.

Mr. HILLIS. I thank the gentleman for yielding to me. I have here an analysis by the chairman of the Committee on Taxation on the various sections of the bill. It refers to this amendment. I would like to read this. It says:

The committee amendment would increase the present 7-cent-a-gallon taxes on fuel used in noncommercial (general) aviation by 4 cents a gallon (for a total tax rate of 11 cents).

The committee believed that it was equitable to increase the burden on general aviation by the same 4 cents a gallon as is provided for other users of gasoline, diesel fuel, and special motor fuels to the extent that such users are currently subject to a fuels tax.

In general, this provision is to take effect on January 1, 1978.

ENERGY SAVINGS ESTIMATE

The energy savings from this proposal is estimated to be negligible.

REVENUE ESTIMATE

It is estimated that this provision will result in an increase in budget receipts by $38 million in fiscal year 1978, $47 million in fiscal 1979, and $76 million in fiscal 1985.

The question I wanted to propose to the gentleman is this: It is apparent that the tax here was proposed to be linked or to go with the two taxes which have just been voted down. It looks to me that now, to put it on, it is a penalty and it is obviously not going to be an energy saving.

Mr. ASHLEY. Did the gentleman hear my opening remarks?

Mr. HILLIS. I did not hear it all, I am sorry.

Mr. ASHLEY. In a very quiet way, I covered the ground that the gentleman just covered.

Mr. HILLIS. I want to be more than quiet about this matter. As I recall the figures, less than 1 percent of the fuel in the country is used in general aviation. It looks like this is going to be pulled out, the red flags will be waved, and it will be said that this is going to be used for saving gasoline, when the rest of them were voted down overwhelmingly.

Mr. ASHLEY. I appreciate the gentleman's contribution.

Mr. KETCHUM. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I will not use the 5 minutes. I have no wish to prolong this debate on this great tax bill that we have been working on. There are a number of us in this Chamber who are private pilots. Those of us who are, know that general aviation probably saves more fuel than any other form of transportations. The administration came before the Committee on Ways and Means, and the Assistant Secretary of the Treasury attempted, in his very best fashion, to tell us how many gallons of gasoline general aviation was wasting. That is simply not the truth. The truth is that general aviation is far more fuel efficient than

Bear in mind, at the same time, that automobiles, by a long way.

our companions in the aviation business, the commercial aviation business, particularly those in the jet field, pay not one penny of tax. A head tax, yes. But only on the number of people who are in that aircraft. That diverges somewhat from this amendment. This amendment is absolutely, positively ridiculous. It is a smoke screen, a straw man, trying to throw a little more load on another segment of society.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I thank the gentleman for yielding.

Mr. Chairman, I would tell the Members of the House that for many years I was under the mistaken impression that there was great fuel inefficiency in general aviation. But as chairman of the National Transportation Policy Commission, we have held hearings last month and, one of the things we learned—and for me, it was a great revelation—was that general aviation is very fuel efficient. I just never guessed it, but having seen the facts, I am now persuaded. I think it would be very unwise for us to proceed under the kind of myth which I proceeded under for many years.

Mr. KETCHUM. I thank the gentleman for his contribution.

Mr. LLOYD of California. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from California (Mr. LLOYD).

Mr. LLOYD of California. Mr. Chairman, the general aviation industry supports the decision of the House Ways and Means Committee not to impose a 4-cent tax on aviation fuel as has been now proposed by the Ad Hoc Select Committee on Energy.

There was much discussion during the Ways and Means consideration of an aviation fuel tax as part of the overall fuel tax proposal. It was clearly established that such a tax is without merit and would not achieve energy consideration.

Seventy-five percent of general aviation flying is for business and commercial purposes. The growth of fuel efficient general aviation flying in recent years is directly related to the decrease in airline availability and the reduced speed limit on the Nation's highways. General aviation has proven to be an economical user of fuel, flying the shortest direct routes to the thousands of small communities throughout the Nation, and connecting with scheduled airlines, using less than 0.7 percent of the fuel used in transportation.

General aviation is already paying 7 cents tax per gallon which goes into the airport and airways development trust fund, plus gasoline taxes in 41 States.

The general aviation industry has consistently asked for fair and equitable treatment. If Congress adopts a tax policy on all users of transportation, general aviation will pay its share. However, general aviation should not be asked to pay a tax which is not imposed on other users. If a new aviation fuel

tax is imposed. revenues should be used for aviation related activities.

Mrs. KEYS. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentlewoman from Kansas.

Mrs. KEYS. Mr. Chairman, the Ad Hoc Committee on Energy has unwisely chosen to recommend an increase in the tax on general aviation fuel—a proposal which was rejected by the Ways and Means Committee. The measure would increase the price of fuel used for general aviation from 7 to 11 cents a gallon resulting in the highest tax on any transportation fuel.

The provision is neither wise nor just. General aviation consumes only seventenths of 1 percent of all the fuel used for transportation in the United States. While general aviation makes up almost 90 percent of the planes in the United States—180,000 aircraft—it consumes less than 8 percent of the fuel. By contrast, approximately 2,500 scheduled airliners use 68 percent of the fuel and 20,000 military aircraft use another 24 percent. Clearly, general aviation is not the "gas guzzler" of the United States air fleet.

More importantly, however, small aircraft are more energy efficient than automobiles over long distances. For example, an auto traveling between Memphis and Philadelphia consumes 105 gallons of gasoline while a small plane consumes less than half that amount—only 51 gallons. Small aircraft efficiency and direct route flights can make significant differences in energy usage.

The ad hoc committee has proposed a tax on both gasoline and general aviation fuel. In rural areas where the automobile and the airplane are the only forms of transportation, these taxes will have an unusually severe impact.

In the vast rural sections of the United States, small aircraft are the only form of mass transit available. There are some 12,200 airports across the country which are served exclusively by general aviation. In Kansas, for example, only 12 airports are served by scheduled airlines. The other 302 public and private airports must rely solely on general aviation for flight service.

Mr. Chairman, I am strongly committed to the goal of energy conservation. However, even the proponents of the gas and aviation fuel taxes do not pretend that they are aimed at conserving fuel. In fact, the aviation tax runs counter to the other energy-saving provisions of the bill. In view of the unfair burden which the aviation tax places on rural States, I cannot support it and must urge my colleagues to reject the amendment.

Mr. GOLDWATER. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from California.

Mr. GOLDWATER. Mr. Chairman, I rise against the proposal to increase the tax on noncommercial aviation fuel from 7 to 11 cents per gallon. There is no real justification for this increase. It will not encourage conservation as it is well recognized that the demand for gasoline is not directly responsive to changes in price of only a few cents per gallon. This small price increase is extremely unlikely to discourage increase in the use of aviation gasoline. Fuel costs are not a major factor for most airplane owners. An analysis by the Joint Committee on Taxation has shown that the projected energy savings from this tax would be negligible. Noncommercial aviation fuel usage accounts for less than one half of 1 percent of the total gasoline used in the United States. It is unfair to place this price burden on the small group of noncommercial aviators without commensurate likely savings in energy.

Mr. Chairman, 75 percent of general aviation activities are business related. Many small businesses use unscheduled air service to ship materials and products. There is no doubt in my mind that the burden of this tax will pass directly to these businesses and their customers and, in case anyone has not noticed, small business is reeling from an already staggering tax burden as it is. To tax general aviation when every member of the ad hoc committee and the House knows full well where the increased costs will finally hit is unjustifiable. When the administration proposed this tax not one shred of evidence was produced to show that the general aviation industry is not being as fuel efficient as possible or to show that this tax would produce any further energy conservation.

General aviation is already paying a federally imposed 7 cents a gallon fuel tax, in addition to paying fuel taxes in 41 States.

Make no mistake about it, the sole object of this amendment is to raise revenue for the Treasury of the Federal Government.

This amendment is unjustified, wrongheaded, unfair, and a blatant ripoff.

I urge my colleagues to defeat it.

Mr. TUCKER. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Arkansas.

Mr. TUCKER. Mr. Chairman, I thank my colleague on the Committee on Ways and Means for yielding.

As the gentleman knows, we defeated this tax amendment in the Committee on Ways and Means. There may be a good case to be made for additional taxes on general aviation, and when we hold a hearing on that subject, we can look at the aviation trust fund and consider that matter.

As an energy conservation measure, there is no justification for this tax, and as a revenue measure, it would not produce enough revenue to justify adoption of the amendment.

Mr. Chairman, I thank my colleague for yielding.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise to associate myself with the remarks of my friend from California (Mr. KETCHUM) and commend him for his statement in opposition to the ad hoc committee amendment which would increase the fuel tax on general aviation type aircraft.

This would be a punitive tax measure being presented and advocated as an energy conservation proposal. In my view, this is a charade, would have very little impact on conserving energy and would penalize those people who use general aviation type aircraft because of their flexibility, efficiency, and accessibility to the multitude of small communities located in the sparsely populated areas of the country. The people I refer to are engineers, medical people handling emergencies, sales people, and thousands of people who are the decisionmakers in our great free enterprise system that make an extraordinary contribution to economic growth and stability throughout the country.

Too few people understand the contribution our air transportation system and, in particular, our general aviation fleet, make to the economic and social well-being of all Americans.

General aviation is already contributing 7 cents a gallon to the airport-airways trust fund which is dedicated to providing us with a safe and efficient en route navigation, approach control and airport system for the air travel users of America.

The proposed additional 4 cents would not be used for aviation purposes but rather be transferred to the energy conservation and conversion trust fund. This does not seem to be fair and equitable and, as I have stated before, is, in fact, punitive.

So, I hope my colleagues will reject the amendment overwhelmingly.

Mr. DORNAN. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from California.

Mr. DORNAN. Mr. Chairman, as the gentleman knows as a fellow private pilot, a peculiar thing has happened in our country, and that is that the base level of new pilots emerging into the private and general aviation field is static; it is not growing.

One of the reasons for that is that the cost of general aviation is up at all levels, partly as a result of Government interference.

General aviation in this country and in any country that retains its freedom in the world is a treasure.

Contrary to what those people say who feel very strongly about private ownership of guns, the first thing a totalitarian power does when it takes over any nation is not to seize all the guns but to completely end private and general aviation. General aviation is immediately shut down, and every plane that goes into the air thereafter is subservient to the state.

Mr. Chairman, putting one more tax on this area would lead us further to the destruction of general aviation.

The CHAIRMAN. The time of the gentleman from California (Mr. KETCHUM) has expired.

(By unanimous consent, Mr. KETCHUM was allowed to proceed for 1 additional minute.)

Mr. ERTEL. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Pennsylvania.

Mr. ERTEL. Mr. Chairman, I appreciate the gentleman's yielding, and I appreciate the gentleman's comments.

I have spoken with the chairman of

the ad hoc committee, and he advised me that he does not think this tax will go through. Therefore, I suggest we vote on it and get it over with.

Mr. KETCHUM. Mr. Chairman, I yield back the balance of my time.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the ad hoc committee amendment.

Mr. GLICKMAN. Mr. Chairman, I rise in strong opposition to the ad hoc committee amendment to increase the present 7-cent-a-gallon tax on general aviation fuel to 11 cents a gallon.

We all believe that the various segments of society should be treated equitably. But general aviation is perhaps the most energy efficient means of transportation we have available. The statistics speak clearly to this issue. In addition, vast numbers of people, particularly in sparsely populated areas, rely almost exclusively on general aviation just to survive. This amendment strikes at the heart of these users.

I hope that the Members of this body will understand that the vast majority of general aviation flying is, in fact, business and commercially related, and not recreational in nature. To a great extent, our economic strength is dependent upon general aviation for survival.

The CHAIRMAN. The question is on the ad hoc committee amendment to part II, title II.

The ad hoc committee amendment to part II, title II was rejected.

The CHAIRMAN. The Clerk will designate the page and line numbers of the next committee amendment to part II, title II.

Mr. ASHLEY. Mr. Chairman, I ask unanimous consent that we be permitted to consider the remaining technical amendments to this part en bloc, as they appear on pages 450 and 451, and that the amendments be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. ASHBROOK. Mr. Chairman, reserving the right to object, may I ask, how many amendments is the gentleman talking about?

Mr. ASHLEY. Mr. Chairman, if the gentleman will yield, I am talking about three amendments.

One amendment is at the top of page 450, on lines 1 and 2; another amendment is on line 16, page 451; and the other amendment is on line 18, page 451.

Mr. ASHBROOK. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

TECHNICAL AD HOC COMMITTEE AMENDMENTS TO PART II, TITLE II

(The technical amendments of the ad hoc committee to part II, title II, are as follows:)

Technical ad hoc committee amendments to part II, title II:

Page 450, line 1, strike "Subpart B" and insert "Subpart C";

Line 2, strike "SEC. 2023." and insert "SEC. 2025.";

Line 16, strike "SEC. 2024." and insert "SEC. 2025A."; and

Page 451, line 18, strike "SEC. 2025." and insert "SEC. 2025B."

The technical ad hoc committee amendments to part II, title II, were agreed to.

The CHAIRMAN. The Clerk will designate the heading of the part now pending.

The Clerk read as follows:

Page 469, line 12, part III—crude oil equalization taxes.

(Part III, title II, reads as follows:)

PART III—CRUDE OIL EQUALIZATION TAXES

Subpart A—Imposition of Taxes

SEC. 2031. CRUDE OIL EQUALIZATION TAXES.

(a) IN GENERAL.—Subtitle D (relating to excise taxes) is amended by adding at the end thereof the following new chapter:

"Chapter 45—ENERGY EXCISE TAXES

"SUBCHAPTER A. Crude oil equalization taxes.
"SUBCHAPTER B. Tax on business use of oil and gas; rebates.

"Subchapter A—Crude Oil Equalization Taxes

"Sec. 4986. Crude oil equalization taxes.
"Sec. 4987. Rules relating to application of section 4986.
"Sec. 4988. Definitions and special rules.

"SEC. 4986. CRUDE OIL EQUALIZATION TAXES.

"(a) IMPOSITION OF TAX ON CONTROLLED CRUDE OIL.—A tax is hereby imposed on the first purchase—

"(1) during 1978 or 1979, of lower tier crude oil and

"(2) after 1979 and on or before the termination date, of controlled crude oil.

"(b) AMOUNT OF CONTROLLED CRUDE OIL TAX.—The amount per barrel of the tax imposed by subsection (a) is—

"(1) 1978.—In the case of a first purchase during 1978, $3.50.

"(2) 1979.—In the case of a first purchase during any calendar month in 1979, the excess (if any) of—

"(A) the national average refiner acquisition cost for such month of upper tier crude oil, over

"(B) the national average refiner acquisition cost for such month of lower tier crude oil.

"(3) AFTER 1979 AND ON OR BEFORE THE TERMINATION DATE.—In the case of a first purchase of controlled crude oil of any classification during any period after 1979 and on or before the termination date, the excess (if any) of—

"(A) the uncontrolled price for such period of crude oil of the same classification, over

"(B) the controlled price for such controlled crude oil.

For purposes of subparagraph (B), now new oil (as defined in section 4988(a)(7)) which is controlled crude oil shall be deemed to be controlled at the highest controlled price for oil of the same classification.

"(c) IMPOSITION OF TAX ON NATURAL GAS LIQUIDS.—

"(1) IN GENERAL.—A tax is hereby imposed upon any controlled natural gas liquid—

"(A) sold by any person for use by the purchaser, or

"(B) used by any person unless there was a taxable sale of such liquid under subparagraph (A).

For purposes of this paragraph, the placing by a manufacturer of a liquid in a container having a capacity of 2 gallons or less shall be treated as a use.

"(2) EXEMPTIONS.—No tax shall be imposed under paragraph (1) on any controlled natural gas liquid sold for use or used—

"(A) on a farm for farming purposes (within the meaning of section 6420(c)),

"(B) in an exempt structure (within the meaning of section 6429(b)), or

"(C) as a feedstock in the production of natural gas liquids.

"(d) AMOUNT OF TAX ON NATURAL GAS LIQUIDS.—

"(1) IN GENERAL.—The amount per barrel of the tax imposed by subsection (c) is—

"(A) 1978.—In the case of a taxable sale or use during 1978, ⅓ of the amount of the price gap.

"(B) 1979.—In the case of a taxable sale or use during 1979, ⅔ of the amount of the price gap.

"(C) AFTER 1979 AND ON OR BEFORE THE TERMINATION DATE.—In the case of a taxable sale or use after 1979 and on or before the termination date, the amount of the price gap.

"(2) PRICE GAP DEFINED.—For purposes of paragraph (1), the term 'price gap' means, with respect to any taxable sale or use of any natural gas liquid during any calendar month, the excess of—

"(A) the average wholesale price of a barrel of No. 2 distillate oil in the region in which such sale or use occurred (for the most recent calendar month for which data is available) adjusted—

"(i) to reflect differences in energy content between such liquid and No. 2 distillate oil, and

"(ii) to reflect seasonal price differences between the month for which data is available and the month in which the sale or use occurred, over

"(B) the controlled price for a barrel of such natural gas liquid.

"(e) TERMINATION DATE.—For purposes of this subchapter, the termination date is September 30, 1981.

"SEC. 4987. RULES RELATING TO APPLICATION OF SECTION 4986.

"(a) LIABILITY AND COLLECTION OF TAX ON CRUDE OIL.—

"(1) FIRST PURCHASER LIABLE FOR TAX.—The first purchaser of the controlled crude oil shall be liable for the tax imposed by section 4986(a) on the first purchase thereof.

"(2) COLLECTION AND PAYMENT OF TAX.—

"(A) IN GENERAL.—Except in the case of a jeopardy assessment, and except as otherwise provided in this subsection, the tax imposed by section 4986(a) shall be due and payable on the first day of the 4th calendar month following the month of the first purchase.

"(B) COLLECTION OF TAX IN CERTAIN CASES.—The Secretary may by regulations provide for the collection from a subsequent purchaser, user, or exporter of the tax imposed by section 4986(a) on the first purchaser—

"(i) where the first purchaser is not a United States person and is not engaged in a trade or business in the United States, and

"(ii) in any other case where there is substantial likelihood that such tax will not be paid.

"(b) LIABILITY AND COLLECTION OF TAX ON NATURAL GAS LIQUIDS.—The tax imposed by section 4986(c)—

"(1) on any sale shall be paid by the purchaser and collected by the seller at the time of the sale, or

"(2) on any use shall be paid by the user, and shall be due and payable on the 15th day of the second month following the month in which such sale or use occurred.

"(c) CREDIT OR REFUND OF CRUDE OIL TAX WHERE CRUDE OIL IS USED TO PRODUCE NATURAL GAS LIQUIDS.—

"(1) IN GENERAL.—If any natural gas liquid is produced in the United States by a refiner from crude oil, the amount determined under paragraph (3)—

"(A) shall be allowed as a credit against any tax which is imposed by section 4986(a) for which the refiner is liable, and

"(B) to the extent not allowed as a credit under subparagraph (A), shall be paid by the Secretary to the refiner at such times (not less frequently than once each calendar

quarter) as the Secretary may by regulations prescribe.

"(2) CREDIT OR PAYMENT MUST BE PASSED ON.—No credit or payment shall be allowed or made under paragraph (1) unless the refiner furnishes such evidence as may be prescribed by the Secretary by regulations that the price of the natural gas liquid has not been increased to reflect any portion of the tax imposed by section 4986(a) for which credit or payment is claimed.

"(3) AMOUNT OF CREDIT OR PAYMENT.—The amount determined under this paragraph for any refiner for any period is the number of barrels of petroleum products produced by the refiner during such period multiplied by the amount determined—

"(A) by multiplying 42 times the amount per gallon determined under section 6429(c) for the calendar year in which such period occurs, by

"(B) a fraction—

"(i) the numerator of which is the aggregate Btu of natural gas liquids produced by the refiner from crude oil during such period, and

"(ii) the denominator of which is the aggregate Btu of all petroleum products produced by the refiner from crude oil during such period.

"(4) APPLICABLE LAWS.—

"(A) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4986(a) shall, insofar as applicable and not inconsistent with this subsection, apply in respect of the payments provided for in paragraph (1)(B) to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

"(B) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this subsection, or the correctness of any payment in respect to any such claim, the Secretary shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for the tax.

"(d) AUTHORITY OF PRESIDENT TO SUSPEND INCREASES IN TAX.—

"(1) GRANT OF AUTHORITY.—If the President determines—

"(A) that, by reason of a significant increase in the world price of oil, there has been or will be an increase in any tax imposed by section 4986, and

"(B) that such increase in tax will have a significant adverse effect on the economy of the United States,

he may submit to the Congress a suspension plan providing for the suspension of part or all of such increase in tax for the period specified in such plan. Such period may not begin before the date on which the plan takes effect and may not exceed 1 year in the case of any 1 plan.

"(2) PLAN MUST STATE CIRCUMSTANCES.—Any plan submitted under paragraph (1) shall set forth the circumstances leading to the submission of the plan and the considerations which the President took into account in formulating the scope and duration of the plan.

"(3) METHOD OF SUSPENSION.—Any plan submitted under paragraph (1) shall provide for the suspension by placing a cap on the increase (or prospective increase) in the price or cost which would (but for such suspension plan) be taken into account—

"(A) under section 4986(b)(3)(A), in the case of crude oil, or

"(B) under section 4986(d)(2)(A), in the case of natural gas liquids.

"(4) TAKING EFFECT OF PLAN.—A suspension plan described in paragraph (1) shall take effect only if—

"(A) such plan is submitted to the Congress in accordance with section 2081(a) of the Energy Tax Act of 1977, and

"(B) before the close of the 15th day (as defined in section 2081(c)(5) of such Act) after the day on which such plan is delivered to the Congress, neither the House of Representatives nor the Senate disapproves such plan in accordance with the procedures set forth in section 2081(b) of the Energy Tax Act of 1977.

"SEC. 4988. DEFINITIONS AND SPECIAL RULES

"(a) ITEMS SUBJECT TO TAX.—For purposes of this subchapter—

"(1) CRUDE OIL.—The term 'crude oil' means a mixture of hydrocarbons which existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Such term includes condensate recovered in associated or nonassociated production by mechanical separators located at any point at or before the inlet side of a gas processing plant.

"(2) NATURAL GAS LIQUIDS.—The term 'natural gas liquids' means a hydrocarbon stream containing, in whole or in substantial part—

"(A) ethane, butane (iso-butane and normal butane), propane, or natural gasoline, or

"(B) a mixture of any substance described in subparagraph (A).

The term does not include crude oil.

"(3) LIQUID.—The term 'liquid' means crude oil or natural gas liquid.

"(4) LOWER TIER CRUDE OIL.—The term 'lower tier crude oil' means controlled crude oil which is certified by the producer as having been sold pursuant to the lower tier ceiling price rule in effect (at the time of the first purchase) under section 4(a) of the Emergency Petroleum Allocation Act of 1973.

"(5) UPPER TIER CRUDE OIL.—The term 'upper tier crude oil' means controlled crude oil which is certified by the producer as having been sold pursuant to the upper tier ceiling price rule in effect (at the time of the first purchase) under section 4(a) of the Emergency Petroleum Allocation Act of 1973.

"(6) CONTROLLED LIQUID.—

"(A) CRUDE OIL.—Crude oil shall be treated as controlled if such crude oil is subject to a first sale ceiling price under section 4(a) of the Emergency Petroleum Allocation Act of 1973.

"(B) NATURAL GAS LIQUIDS.—Any natural gas liquid shall be treated as controlled if—

"(i) in the case of a sale for use described in subparagraph (A) of section 4986(c)(1), such sale is subject to a ceiling price under section 4(a) of the Emergency Petroleum Allocation Act of 1973, or

"(ii) in the case of a use described in subparagraph (B) of section 4986(c)(1), such use would be subject to a ceiling price under such section 4(a) if the user sold such liquid instead of using it.

"(7) NEW NEW OIL.—

"(A) IN GENERAL.—The term 'new new oil' means production from a property which did not have commercial production at any time during the 90 day period ending on April 20, 1977.

"(B) DEFINITION OF PROPERTY.—For purposes of this paragraph—

"(i) the term 'property' means the right, arising from a lease or from a fee interest, to produce crude oil, and

"(ii) a producer may treat as a separate property each separate and distinct producing reservoir subject to the same right to produce crude oil, if such reservoir is recognized by the appropriate governmental regulatory authority as a producing formation which is separate and distinct from, and not in communication with, any other producing formation.

"(b) TERRITORIAL EXTENT.—

"(1) IN GENERAL.—

"(A) CRUDE OIL.—The tax imposed by section 4986(a) shall apply only to liquids produced in the United States.

"(B) NATURAL GAS LIQUIDS.—The tax imposed by section 4986(c) shall only apply to liquids sold or used in the United States.

"(2) UNITED STATES.—For purposes of this subchapter, the term 'United States' means the United States and any possession of the United States (as such terms are defined in section 638).

"(c) FIRST PURCHASE AND FIRST PURCHASER.—For purposes of this subchapter—

"(1) FIRST PURCHASE.—

"(A) IN GENERAL.—The term 'first purchase' means the first transfer for value by the producer or royalty owner.

"(B) USE OF CRUDE OIL BEFORE FIRST PURCHASE.—Where crude oil is refined or otherwise used (or is exported) before its first purchase, the first purchase shall be treated as occurring at the time of removal from the lease or lease storage.

"(2) FIRST PURCHASER.—The term 'first purchaser' means a transferee determined under paragraph (1).

"(3) EXEMPTION FOR CRUDE OIL USED IN EXTRACTION.—The use of crude oil in the extraction of crude oil, natural gas, or natural gas liquids shall not be treated as a first purchase.

"(4) EXEMPTION FOR CERTAIN REFINED PRODUCTS USED IN EXTRACTION.—The transfer of crude oil to a refiner for refining, and the refining of such crude oil, shall not be treated as a first purchase to the extent that—

"(A) such crude oil is transferred by the producer to a refiner for refining, and

"(B) the producer receives in return for such crude oil products refined from crude oil by such refiner which are used by the producer in the extraction of crude oil, natural gas, or natural gas liquids.

"(d) DEFINITIONS RELATING TO PRICE.—For purposes of this subchapter—

"(1) CONTROLLED PRICE.—The term 'controlled price' means—

"(A) with respect to crude oil, the ceiling price applicable to the first sale of such crude oil under section 4(a) of the Emergency Petroleum Allocation Act of 1973, and

"(B) with respect to any natural gas liquid—

"(i) in the case of a sale for use described in subparagraph (A) of section 4986(c)(1), the ceiling price applicable to such sale under section 4(a) of the Emergency Petroleum Allocation Act of 1973, or

"(ii) in the case of a use described in subparagraph (B) of section 4986(c)(1), the ceiling price which would be applicable under such section 4(a) if the user sold such liquid instead of using it.

"(2) UNCONTROLLED PRICE.—The term 'uncontrolled price' means, with respect to any classification of crude oil, the price at which the first sale of crude oil of the such classification would have been made if such first sale had not been subject to a ceiling price.

"(3) NATIONAL AVERAGE REFINER ACQUISITION COST.—The national average refiner acquisition cost of any tier of crude oil for any month means the average cost to refineries in the United States of crude oil of such tier delivered during such month (properly reduced for the amount of any tax imposed by section 4986).

"(4) CLASSIFICATION.—The Secretary shall establish classifications for crude oil which are based on grade, type, and location and which are designed to avoid undue financial hardship or benefits to producers or first purchasers.

"(5) DETERMINATIONS OF PRICE, ETC.—All determinations of price, cost, and classification necessary to the application of this subchapter shall be made by the Secretary (after consultation with the Secretary of Energy) on the basis of the best available information. Such determinations shall be made not less frequently than once each calendar quarter (or once each calendar month, in the case of natural gas liquids). Such determinations shall be made under procedures established by the Secretary by regulations.

"(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

"(1) BARREL.—The term 'barrel' means 42 gallons.

"(2) FRACTIONAL BARRELS.—In the case of a fraction of a barrel, the amount of the tax shall be the same fraction of the amount determined under subsection (b) or (d) of section 4986 (whichever applies).

"(3) DETERMINATION OF REGIONS.—The Secretary, after consultation with the Secretary of Energy, shall divide the United States into such regions as may be necessary to carry out the purposes of the tax imposed by section 4986(c)."

(b) CLERICAL AMENDMENT.—The table of chapters for subtitle D is amended by adding at the end thereof the following:

"Chapter 45. Energy excise taxes."

(c) TECHNICAL AMENDMENTS.—

(1) CREDIT OF NATURAL GAS LIQUID TAX MUST BE PASSED ON TO USER.—Subsections (a), (b), and (c) of section 6415 (relating to credits or refunds to persons who collected certain taxes) are each amended by striking out "or 4271" and inserting in lieu thereof "4271, or 4986(c)".

(2) SEPARATE ACCOUNTING FOR NATURAL GAS LIQUID TAX COLLECTIONS REQUIRED IN CERTAIN CASES.—Section 7512 (relating to separate accounting for certain collected taxes, etc.) is amended—

(A) by striking out "or by chapter 33" each place it appears and inserting in lieu thereof ", chapter 33, or section 4986(c)", and

(B) by striking out "or chapter 33" each place it appears and inserting in lieu thereof ", chapter 33, or section 4986(c)".

(3) ADMINISTRATIVE PROVISIONS APPLICABLE TO REFUND OF TAX ON CRUDE OIL USED TO PRODUCE NATURAL GAS LIQUIDS.—

(A) Subsection (a) of section 6675 is amended by inserting "4987(c) (relating to crude oil used to produce natural gas liquids)," before "6420 (relating to gasoline".

(B) Subsection (b) of section 6675 is amended by striking out "section 6420" and inserting in lieu thereof "section 4987(c), 6420".

(C) The section heading of section 6675 is amended by striking out "LUBRICATING OIL" and inserting in lieu thereof "LUBRICATING OIL AND WITH RESPECT TO REFUNDS OF CRUDE OIL EQUALIZATION TAXES".

(D) The table of sections for subchapter B of chapter 68 is amended by striking out "lubricating oil" in the item relating to section 6675 and inserting in lieu thereof "lubricating oil and with respect to refunds of crude oil equalization taxes".

(E) Sections 7210, 7603, 7604(b), 7605, 7609(c)(1), and 7610(c) are each amended by striking out "6420(e)(2)" each place it appears and inserting in lieu thereof "4987(c)(4)(B), 6420(e)(2)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) crude oil the first purchase (within the meaning of section 4988(c)(1) of the Internal Revenue Code of 1954) of which occurs after December 31, 1977, and before October 1, 1981, and

(2) sales or uses of natural gas liquids after December 31, 1977, and before October 1, 1981.

SEC. 2032. MISCELLANEOUS PROVISIONS.

(a) STUDY OF SMALL AND INDEPENDENT REFINERS.—

(1) STUDY.—The Secretary of Energy shall conduct a study of the competitive viability of small and independent refiners. Such study shall include an examination of the possible hardships which might be placed on such refiners as a result of the crude oil equalization taxes.

(2) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Energy shall submit to the Congress a report on his findings under the study conducted under subsection (a), together with such recommendations for legislation as he determines to be appropriate.

(b) EFFECT OF CRUDE OIL EQUALIZATION TAXES ON CERTAIN NATURAL GAS CONTRACTS.—The taxes imposed by subchapter A of chapter 45 of the Internal Revenue Code of 1954 shall not be taken into account for purposes of determining or redetermining natural gas prices under any contract which was entered into before the date of the enactment of this Act.

Subpart B—Return of Crude Oil Equalization Taxes

SEC. 2033. ESTABLISHMENT OF TRUST FUND FOR THE RETURN OF CRUDE OIL EQUALIZATION TAXES.

(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the Crude Oil Equalization Taxes Trust Fund (hereinafter in this section referred to as the "Trust Fund"), consisting of such amounts as may be appropriated to the Trust Fund as provided in subsection (b).

(b) TRANSFER TO TRUST FUND OF NET REVENUES FOR 1978 FROM THE CRUDE OIL EQUALIZATION TAXES.—

(1) IN GENERAL.—There are hereby appropriated to the Trust Fund amounts determined by the Secretary of the Treasury (hereinafter in this section referred to as the "Secretary") to be equivalent to the excess (if any) of—

(A) the amount of the taxes under section 4986 of the Internal Revenue Code of 1954 (relating to crude oil equalization taxes) received in the Treasury before January 1, 1980, and attributable to liabilities incurred during 1978, over

(B) the sum of—

(i) the estimated reduction in the taxes imposed by chapter 1 of the Internal Revenue Code of 1954 resulting from the imposition for the calendar year 1978 of taxes by section 4986 of such Code, plus

(ii) the credits or payments allowed or made under section 4987(c) for 1978.

(2) METHOD OF TRANSFER.—The amounts appropriated by paragraph (1) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the amounts referred to in paragraph (1)(A) received in the Treasury, properly reduced for that portion of the sum referred to in paragraph (1)(B) which is attributable to such amounts. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) USE OF AMOUNTS IN THE TRUST FUND.—Amounts in the Trust Fund may be used only for—

(1) making the payments provided by sections 2035, 2036, 2037, and 2040 of the Energy Tax Act of 1977 and section 6429 of the Internal Revenue Code of 1954,

(2) the payment or reimbursement of the administrative costs in connection with the making of the payments referred to in paragraph (1), and

(3) the aggregate amount of the credits allowable under section 44E of the Internal Revenue Code of 1954 solely by reason of subsection (d)(2) of such section 44E,

and such amounts are authorized to be appropriated for such purposes.

(d) TERMINATION.—The Secretary shall transfer from the Trust Fund into the general fund of the Treasury any amount in the Trust Fund at the close of December 31, 1979, which is not obligated for expenditure.

SEC. 2034. PER TAXPAYER CREDIT OF CRUDE OIL EQUALIZATION TAX RECEIPTS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by inserting after section 44D the following new section:

"SEC. 44E. CRUDE OIL EQUALIZATION TAX RECEIPTS CREDIT.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxpayer's first taxable year beginning in 1978 an amount equal to the crude oil payment for 1978.

"(b) 2 PAYMENTS IN THE CASE OF A JOINT RETURN OR A HEAD OF HOUSEHOLD.—In the case of—

"(1) a joint return made under section 6013, or

"(2) a head of household (within the meaning of section 2(b)),

the amount of the credit allowable by subsection (a) shall be equal to 2 times the crude oil payment for 1978.

"(c) AMOUNT OF PAYMENT.—The Secretary, in consultation with the Secretary of Energy, shall publish in the Federal Register before October 1, 1978, the amount of the crude oil payment for 1978. The Secretary shall determine such amount by dividing—

"(1) the estimated revenue to be derived from the taxes imposed by section 4986 for calendar year 1978, reduced by the sum of—

"(A) the estimated reduction in the taxes imposed by this chapter resulting from the imposition for the calendar year 1978 of taxes by section 4986,

"(B) the estimated aggregate amount with respect to the calendar year 1978 which will be credited or paid under section 6429 (relating to payments for heating oil for residences, hospitals, schools, and churches) or 4987(c)(1) (relating to credits or payments to refiners who use crude oil), and

"(C) the estimated administrative costs to be borne by the United States in connection with sections 2035, 2036, 2037, and 2040 of the Energy Tax Act of 1977, and in connection with the operation of section 6429 of this title with respect to the calendar year 1978, by

"(2) the estimated number of crude oil payments for 1978.

"(d) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this part having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43.

"(2) REFUND MADE IF TAXPAYER IS ENTITLED TO EARNED INCOME CREDIT.—Paragraph (1) shall not apply to any individual who, for his first taxable year beginning in 1978, is entitled to a credit under section 43 (relating to credit for earned income). For purposes of section 6401(b) (the amount of the credit allowable by reason of the preceding sentence shall be treated as a credit allowed by section 43.

"(e) CERTAIN PERSONS NOT ELIGIBLE.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) TECHNICAL AMENDMENT.—Subsection (b) of section 6096 is amended by striking out "and 44D" and inserting in lieu thereof "44D, and 44E".

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 44C the following new item:

"Sec. 44E. Crude oil equalization tax receipts credit."

(d) WITHHOLDING.—The tables prescribed under section 3402(a) of the Internal Revenue Code of 1954 which apply to wages paid during 1978 shall reflect the reductions in the withholding amounts which the Secretary of the Treasury estimates (as of October 1, 1977) will be appropriate in the light

of the credit provided by section 44E of such Code.

SEC. 2035. SPECIAL PAYMENT TO RECIPIENTS OF BENEFITS UNDER SOCIAL SECURITY, RAILROAD RETIREMENT, AND SUPPLEMENTAL SECURITY INCOME PROGRAMS.

(a) PAYMENT.—Except as otherwise provided in this section, the Secretary of the Treasury shall, before October 1, 1979, make a payment equal to the crude oil payment for 1978 (as determined under section 44E(c) of the Internal Revenue Code of 1954) to each individual who, for the month of May 1979 (June 1979 in the case of a supplemental security income benefit), was entitled to—

(1) a monthly benefit payable under title II of the Social Security Act,

(2) a monthly annuity or pension under the Railroad Retirement Act of 1935, the Railroad Retirement Act of 1937, or the Railroad Retirement Act of 1974, or

(3) a benefit under the supplemental security income benefits program established by title XVI of the Social Security Act (as an eligible individual or as an eligible spouse).

The determination of whether an individual was entitled for May 1979 to a benefit described in paragraph (1) shall be made without regard to sections 202(j)(1) and 223(b) of the Social Security Act; and the determination of whether an individual was entitled for such month to an annuity or pension described in paragraph (2) shall be made without the application of section 5(a)(ii) of the Railroad Retirement Act of 1974.

(b) SPECIAL RULES.—In the application of subsection (a)—

(1) payment under subsection (a) shall be made only to an individual who is paid the benefit, annuity, or pension for May or June (as the case may be) of 1979 in a check issued no later than June 30, 1979;

(2) no payment under subsection (a) shall be made to any individual who is not a resident of the United States; and

(3) no individual shall be entitled to receive more than one payment under subsection (a).

For purposes of this subsection, the term "resident of the United States" means an individual whose address of record for purposes of paying the benefit, annuity, or pension for May or June (as the case may be) of 1979 is located within the United States. For purposes of the preceding sentence, the term "United States" means the 50 States and the District of Columbia.

(c) LIMITATION ON PAYMENT WHERE INDIVIDUAL RECEIVES INCOME TAX CREDIT.—Notwithstanding any other provision of this section, if any individual otherwise entitled to a payment under subsection (a) shows on his return of tax under chapter 1 of the Internal Revenue Code of 1954 a credit under section 44E of such Code, the amount of the payment to which such individual would otherwise be entitled under subsection (a) shall be reduced (but not below zero) by the amount of the credit so shown under such section 44E (determined as of June 1, 1979).

(d) CERTAIN CHILDREN EXCLUDED.—No payment shall be made under this section to an individual described in section 202(d) of the Social Security Act unless such individual is entitled to a benefit under section 202(d)(1)(B)(ii) of the Social Security Act (relating to disabled adult children).

(e) TERMINATION.—No payment shall be made under this section to any individual unless the name of such individual has been submitted to the Treasury under section 2038(a)(1) before August 1, 1979.

SEC. 2036. SPECIAL PAYMENT TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN UNDER APPROVED STATE PLANS.

(a) PAYMENT.—Every State which has in effect a plan for aid and services to needy family with children approval under section 402(a) of such Act shall, before October 1, 1979, make a payment equal to the crude oil payment for 1978 (as determined under section 44E(c) of the Internal Revenue Code of 1954) to each individual who, for the month of June 1979—

(1) received aid to families with dependent children under the plan as a relative with whom a dependent child was living, or

(2) was the spouse of such relative living with such relative, or was an adult individual living in the same home whose needs were taken into account in making the determination under section 402(a)(7) of such Act.

(b) TWO PAYMENTS WHERE RELATIVE IS HEAD OF HOUSEHOLD.—If for the month of June 1979 the relative referred to in subsection (a)(1) was either not married or not living with such relative's spouse, the amount of the payment under subsection (a) shall be 2 times the crude oil payment for 1978.

(c) SPECIAL RULES.—In the application of subsection (a)—

(1) payment under subsection (a) shall be made only to individuals with respect to whom aid to families with dependent children for June 1979 is paid in a check issued no later than June 30, 1979; and

(2) in the case of an individual who is entitled for May 1979 to a benefit, annuity, or pension under a program referred to in paragraph (1) or (2) of section 2035, the amount of the payment to which such individual would otherwise be entitled under subsection (a) shall be reduced by the amount to which such individual is entitled under section 2035 (determined without regard to subsection (c) thereof).

Compliance by any State with the requirement of subsection (a) shall be a condition of its eligibility for Federal financial participation under section 403 of the Social Security Act for the first calendar quarter of 1980, and the State's plan approved under section 402(a) of such Act shall be deemed to so provide.

(d) FULL FEDERAL REIMBURSEMENT OF STATE COSTS.—Notwithstanding any other provision of law (or of any State plan approved under section 402(a) of the Social Security Act), the Secretary of the Treasury shall pay to each State, in advance on the basis of satisfactory estimates or by way of reimbursement, the full amount of all payments made by such State under subsection (a), plus an additional sum, as compensation for the administrative costs incurred in connection with such payments, equal to the product of $2 multiplied by the number of relatives referred to in subsection (a)(1) who for June 1979 received aid to families with dependent children under the State plan.

(e) STATE DEFINED.—For purposes of this section, the term "State" includes the District of Columbia.

SEC. 2037. OTHER SPECIAL PAYMENTS.

(a) PAYMENT.—The Secretary of the Treasury shall, at the earliest practicable date after September 30, 1979, make a payment under this section to each individual who, on or before December 31, 1979, files a request with the Secretary for payment under this section. Such request shall be in such form, and filed in such manner, as the Secretary may by regulations prescribe and shall include such individual's social security account number.

(b) ELIGIBILITY FOR PAYMENT.—An individual shall be eligible for payment under this section only if—

(1) on December 31, 1978, such individual was a resident of the United States (as defined in the last sentence of section 2035(b)) who had attained age 18, and

(2) such individual has not received by reason of section 44E of the Internal Revenue Code of 1954 and sections 2035 and 2036 of this Act the full amount of the payment to which he is entitled under this section.

(c) AMOUNT OF PAYMENT.—The amount of the payment to which an individual is entitled under this section shall be—

(1) the amount of the crude oil payment for 1978 (determined under section 44E(c) of the Internal Revenue Code of 1954), reduced by

(2) the sum of—

(A) the amount of the credit under such section 44E shown on such individual's return, and

(B) the amounts (if any) of the payments to such individual under sections 2035 and 2036 of this Act.

(d) TWO PAYMENTS FOR HEAD OF HOUSEHOLDS.—In the case of an individual who was a head of household (within the meaning of section 2(b) of the Internal Revenue Code of 1954) as of December 31, 1978, the amount taken into account under subsection (c)(1) shall be 2 times the amount set forth therein.

SEC. 2038. PROVISIONS APPLICABLE TO SPECIAL PAYMENT GENERALLY.

(a) RECIPIENT IDENTIFICATION.—

(1) IN GENERAL.—Notwithstanding any provision of Federal law heretofore enacted—

(A) the Secretary of Health, Education, and Welfare and the Railroad Retirement Board (i) shall provide the Secretary of the Treasury with such information and data, in such form and after such processing, as the Secretary of the Treasury may determine to be necessary to enable him to make the payments authorized under section 2035 or 2037 (and to determine the amount of any such payment), and (ii) shall provide the State agencies referred to in subparagraph (B) of this paragraph with such information and data, in such form and after such processing, as the Secretary may determine to be necessary to enable them to exercise their responsibilities under section 2036; and

(B) the appropriate agency of each State administering or supervising the administration of its State plan approved under section 402 of the Social Security Act and the Secretary of Health, Education, and Welfare shall furnish the Secretary of the Treasury with such information and data, in such form and after such processing, as the Secretary of the Treasury may determine to be necessary to enable him to exercise his responsibilities under this subpart.

(2) RESTRICTION ON USE AND DISCLOSURE OF INFORMATION.—Information and data furnished by any officer or agency to the Secretary of the Treasury or to another officer or agency under paragraph (1) shall be used by the Secretary or such other officer or agency only for purposes directly connected with carrying out the relevant provisions of this subpart, and the Secretary and such other officer or agency shall establish such safeguards as may be necessary to restrict the use or disclosure of such information and data to those purposes.

(b) PAYMENTS TO BE MADE AS SOON AS PRACTICABLE, ETC.—

(1) IN GENERAL.—Payments under this subpart shall be made as soon as practicable. If the Secretary of the Treasury determines that, because of the lack of information on compatible computer tapes or for similar reasons, the application of subsection (b)(3) or (c) of section 2035, of subsection (c)(2) of section 2036, or of subsection (c)(2)(B) of section 2037 will unduly postpone the making of payments under this subpart to any category of individuals or would unduly increase the costs of administering this subpart, the Secretary shall waive the application of that provision to such category of individuals. In the case of any waiver under the preceding sentence, the Secretary of the Treasury shall promptly notify the Congress of the waiver, the category of individuals affected by the waiver, the circumstances surrounding the waiver, and the reasons why such waiver is necessary to carry out the purposes of this subpart.

(2) RELIEF FROM LIABILITY.—Under regulations prescribed by the Secretary, in the absence of fraud or gross negligence, to the extent any erroneous payment is attributable to subsection (b)(3) or (c) of section 2035, to subsection (c)(2) of section 2036, or to subsection (c)(2)(B) of section 2037—

(A) the recipient of such payment shall not be liable to repay such payment, and

(B) all fiscal, disbursing, and other officers shall be relieved of liability with respect to the making of such payment.

(c) SPECIAL RULE FOR JOINT RETURNS.—For purposes of sections 2035 and 2037, in the case of a joint return of the tax imposed by chapter 1 of the Internal Revenue Code of 1954, one-half of the credit under section 44E of such Code shown on such return shall be allocated to each spouse.

(d) COORDINATION WITH OTHER FEDERAL PROGRAMS.—Any payment made to any individual by the Secretary of the Treasury under section 2035 or 2037 or by a State under section 2036(a) (and any credit to an individual under section 44E of the Internal Revenue Code of 1954 which exceeds such individual's tax liability) shall not be regarded as income (or, in the calendar year 1979 or 1980, as a resource) of such individual (or of such individual's family) for purposes of any Federal, State, or local program which undertakes to furnish aid or assistance to individuals or families, where eligibility to receive such aid or assistance (or the amount of such aid or assistance) under such program is based on the need therefor of the individual or family involved. The requirement imposed by the preceding sentence shall be treated as a condition for Federal financial participation in any such State or local program of aid or assistance for the first calendar quarter of 1980.

(e) PAYMENTS NOT TO BE CONSIDERED INCOME.—Payments made under sections 2035, 2036, and 2037 shall not be considered as gross income for purposes of the Internal Revenue Code of 1954.

SEC. 2039. REFUNDS OF CRUDE OIL EQUALIZATION TAXES FOR RESIDENTIAL, ETC., USE.

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application for abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6429. HEATING OIL FOR RESIDENCES, HOSPITALS, SCHOOLS, AND CHURCHES.

"(a) PAYMENTS.—

"(1) IN GENERAL.—If any heating oil has been sold and delivered into the tank of an exempt structure for use in such structure, the Secretary shall pay (without interest) to the ultimate vendor of such oil an amount per gallon determined under subsection (c).

"(2) PAYMENTS MUST BE PASSED ON TO USER.—No payment may be made under paragraph (1) with respect to any heating oil unless the ultimate vendor furnishes such evidence as may be prescribed by the Secretary by regulations that the price of heating oil will not be increased to reflect any portion of the tax imposed by section 4986 for which payment is claimed.

"(b) EXEMPT STRUCTURE DEFINED.—For purposes of subsection (a), the term 'exempt structure' means any building or other structure 80 percent or more of the internal usable space of which is used as—

"(1) a residence, or

"(2) a hospital, school, or church.

"(c) AMOUNT PER GALLON.—On or before December 1 of 1977 and of each subsequent calendar year the Secretary, after consultation with the Secretary of Energy, shall determine the amount per gallon which will be applicable under subsection (a) for sales by ultimate vendors occurring during the succeeding calendar year. The Secretary shall determine such amount per gallon by dividing—

"(1) the estimated revenues to be derived from the taxes imposed by section 4986 for such succeeding calendar year, reduced by the estimated reduction in the taxes imposed by chapter 1 resulting from the imposition for such succeeding calendar year of taxes by section 4986, by

"(2) the estimated number of gallons of petroleum and petroleum products to be used in the United States during such succeeding calendar year.

For purposes of the preceding sentence, if the tax imposed by section 4986(a) applies to only a portion of any calendar year, such portion shall be substituted for the calendar year.

"(d) HEATING OIL DEFINED.—For purposes of this section, the term 'heating oil' means—

"(1) No. 2 distillate oil, and

"(2) residual fuel oil.

"(e) DEFINITIONS AND SPECIAL RULES RELATING TO RESIDENCES, HOSPITALS, SCHOOLS, AND CHURCHES.—For purposes of this section—

"(1) RESIDENCE.—The term 'residence' includes an apartment or other multifamily dwelling, but does not include lodging facilities where the predominant portion of the accommodations is used by transients.

"(2) MAXIMUM PAYMENT PER RESIDENTIAL UNIT.—The maximum amount allowed under this section with respect to any dwelling unit of any calendar year shall not exceed the applicable amount set forth in the schedule published by the Secretary as the amount of heating oil to be used in a representative dwelling unit for the calendar year concerned and for the region in which the dwelling unit is located.

"(3) SCHOOL.—The term 'school' means a public or private educational organization—

"(A) which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

"(B) the primary function of which is to advance the educational or career objectives of individuals (rather than their avocational or recreational objectives, and

"(C) not more than 20 percent of the student course hours of which are normally hours devoted to courses enrollment in which would be disapproved by the Administrator of Veterans' Affairs under section 1723 of title 38 of the United States Code.

"(4) UNRELATED BUSINESS, INVESTMENT, ETC., USE NOT TAKEN INTO ACCOUNT.—In the case of a hospital, school, or church, there shall be taken into account only use which is an integral part of its function as a hospital, school, or church, as the case may be.

"(f) MONTHLY CLAIMS; ADVANCE PAYMENTS.—

"(1) MONTHLY CLAIMS.—The claim of any person for payment under this section with respect to such person's sales during such month shall be filed on or before such date as may be prescribed by the Secretary by regulations.

"(2) ADVANCE PAYMENTS.—The regulations prescribed under this subsection shall provide for—

"(A) at the election of the ultimate vendor, advance payments with respect to the estimated sales which will qualify for payment under this section for any month, and

"(B) a reconciliation of—

"(i) the advance payments made pursuant to subparagraph (A) for the calendar months during any period, with,

"(ii) the payments to which the ultimate vendor was entitled for such months.

"(g) APPLICABLE LAWS.—

"(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4986(a) shall, insofar as applicable and not inconsistent with this section, apply in respect of the payment provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

"(2) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for the tax.

"(h) REGULATIONS.—The Secretary may in the regulations under this section prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

"(i) CROSS REFERENCES.—

"(1) For civil penalty for excessive claims under this section, see section 6675.

"(2) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures)."

(b) CLERICAL AMENDMENTS.—The table of sections for such subchapter B is amended by adding at the end thereof the following:

"Sec. 6429. Heating oil for residences, hospitals, schools, and churches."

(c) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 6675 (relating to excessive claims with respect to the use of certain fuels or lubricating oil) is amended by striking out "or" before "6427" and by inserting ", or 6429 (relating to heating oil for residences, hospitals, schools, and churches)" before "for an excessive amount".

(2) Subsection (b) of section 6675 is amended by striking out "or 6427" and inserting in lieu thereof "6427, or 6429".

(3) Sections 7210, 7603, and 7604(b) are each amended by striking out "6427(f)(2)" and inserting in lieu thereof "6427(f)(2), 6429(g)(2)".

(4) Subsection (a) of section 7605 is amended—

(A) by striking out "6427(f)(2)" the first place it appears and inserting in lieu thereof "6427(f)(2), 6429(g)(2)", and

(B) by striking out "or 6427(f)(2)" and inserting in lieu thereof "6427(f)(2), or 6429(g)(2)".

(5) Paragraph (1) of section 7609(c) is amended by striking out "or 6427(e)(2)" and inserting in lieu thereof "6427(f)(2), or 6429(g)(2)".

(6) Subsection (c) of section 7610 is amended by striking out "or 6427(e)(2)" and inserting in lieu thereof "6427(f)(2), or 6429(g)(2)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to heating oil sold after December 31, 1977, and before October 1, 1981.

SEC. 2040. PAYMENTS TO PUERTO RICO AND THE POSSESSIONS OF THE UNITED STATES.

(a) SUBMISSION OF PLAN.—The Governor of Puerto Rico and the Governor of each possession of the United States may submit to the Secretary of the Treasury a plan for the distribution of crude oil payments for 1978 among the residents of Puerto Rico or such possession, as the case may be.

(b) APPROVAL OF PLANS.—The Secretary of the Treasury shall (not later than 90 days after the date on which any plan is submitted under subsection (a)) approve such plan if he determines—

(1) that such plan will result in the distribution of approximately the same amounts to approximately the same individuals who are residents of such Commonwealth or possession as would be the case if the provisions of section 44E of the Internal Revenue Code of 1954 and the provisions of sections 2035, 2036, and 2037 of this Act applied with re-

spect to such Commonwealth or possession, and

(2) that the costs of administering such plan will not be excessive.

(c) PAYMENTS.—In the case of any plan approved under subsection (b), the Secretary of the Treasury shall make a payment to the Governor of the Commonwealth or possession in an amount equal to the sum of—

(1) the product of—

(A) the amount of the crude oil payment for 1978 (determined under section 44E of the Internal Revenue Code of 1954), and

(B) the number of crude oil payments for 1978 which the Secretary of the Treasury estimates will be made under the plan, and

(2) the amount which the Secretary of the Treasury estimates will be necessary to administer the plan.

AD HOC COMMITTEE AMENDMENT TO PART III, TITLE II

The CHAIRMAN. The Clerk will designate the page and line numbers of the first ad hoc committee amendment to part III of title II.

The Clerk read as follows:

Ad hoc committee amendment: On page 471, strike out the matter on lines 3 through 6.

(The Ad Hoc Committee amendment reads as follows:)

Page 471, lines 3 through 6, strike out: "For purposes of subparagraph (B), new new oil (as defined in section 4988(a)(7)) which is controlled crude oil shall be deemed to be controlled at the highest controlled price for oil of the same classification".

Mr. ASHLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, the bill of the Committee on Ways and Means provides its own definition of "new new oil" for purposes of the crude oil tax. Since price controls on oil under present law are determined by the FEA, this leaves open the possibility that the tax definition and price control definition would not be consistent.

The ad hoc committee amendment eliminates this potential inconsistency by deleting the separate definition of "new new oil" for tax purposes.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, the bill of the Committee on Ways and Means purported to define "new new oil" in a different way from that which is contained in the President's energy proposal. In the President's energy proposal it was designated as that oil found 2½ miles away from an existing well or 1,000 feet deeper than the existing find.

The amendment very broadly defines "new new oil" in a broader way even than the new gas provision that we adopted yesterday. But the point is not what we want to call new new oil. We might decide to either go the President's route or ultimately we might decide to broaden the definition; but the trouble with putting it in here is that it simply does not hit the mark.

This bill does not open the Energy Policy and Conservation Act for amendment with respect to the establishing of price. That continues to be within the authority of the President, and the President may set a category of oil at any level so long as the final result does not exceed the composite price of $7.66 or whatever that composite price is at a given time.

The only thing that this provision can do, Mr. Chairman, is say that any definition that the President makes different from that contained in the bill of the Ways and Means Committee will prohibit the application of any tax to the refiner on that portion of oil within the definition of the Committee on Ways and Means. The result would simply be that if the President follows the program that he has presently propounded, a certain quantity of oil within a 2½ mile area and that not deeper than 1,000 feet below an existing well would not be subject to a tax to the refiner, which would be a total windfall to the refiner.

The provision, if it stayed in the bill, would not give producers one nickel more. It would simply insulate the refiner from the tax that would otherwise apply.

Mr. TUCKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this amendment does need to be adopted. However, I regret that it needs to be adopted.

The reason we must strike this provision of the act is that we have failed in this bill to address the pricing problem of oil in this country.

Mr. Chairman, I would like to have a brief colloquy, if I may, with my colleague, the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Chairman, if the gentleman will yield for just a moment, I entirely agree with the gentleman's analysis of what the bill does.

Mr. TUCKER. Mr. Chairman, my colleague, the gentleman from Oklahoma (Mr. JONES), who, I think, will speak in a moment, will address himself to the question of the adoption of this new definition for "new new oil," which reflected the desire of the Committee on Ways and Means to provide a new incentive for people to find new oil, in new reservoirs, and bring it to the people of our country.

However, my colleague, the gentleman from Texas (Mr. ECKHARDT), might explain, if he will, why, as I understand it, under our present oil pricing policy, we must reach toward a composite price of roughly $7.66 a barrel.

Does that mean that if we were to decontrol new-new oil by forcing the President's hand through this amendment without changing the composite price requirement, that the President would have no flexibility to increase prices of such items as stripper oil or other marginal oils?

Mr. ECKHARDT. That is true unless it came back to the Congress in an energy action, for instance, or by asking for a change in the law.

Mr. TUCKER. Is it the gentleman's understanding of the bill as drafted that the President does have authority to increase significantly the price of various petroleum products ranging from marginal oil to new-new oil?

Mr. ECKHARDT. He does.

Mr. TUCKER. Is it the gentleman's understanding of the present pricing policy that the only thing that really saves us from an emergency in the area of composite price restriction is the fact that the new Alaskan oil, which will be coming on, due to transportation costs, will be priced below the legal price that it could be?

Mr. ECKHARDT. Below the ceiling price of new oil because the ceiling price will probably be somewhere in the area of $11.28, and the Alaskan oil will have to be priced below the composite price, that is below $7.66. The result will be that the President will have enough flexibility because that oil is selling below the control price and thus other oil may sell at a higher ceiling price than would otherwise be possible.

Mr. TUCKER. I thank the gentleman from Texas (Mr. ECKHARDT) for his explanation. This should not be, at this point, a controversial amendment. But the issue it raises obviously demands future action to deal with it. It is crucial to the entire energy program. I hope very much we will be able to do it in this Congress, and ideally do it this year, addressing the price strictures that exist on truly newly discovered oil and marginal oil. I regret we are not addressing that in this bill. I hope we will do so in the future.

Mr. GEPHARDT. Mr. Chairman, will the gentleman yield?

Mr. TUCKER. I yield to the gentleman from Missouri.

Mr. GEPHARDT. Mr. Chairman, I thank the gentleman for yielding and I would like to associate myself with the gentleman's remarks, and would ask the gentleman and those who are interested, to join with me in a letter I intend to send to Mr. Schlesinger which will ask the administration to do two things: First, to promulgate, as they do under the present law, a definition of new-new oil that would be defined exactly like new-new gas, that definition being much more geologically sound than the definition the President proposed in his energy plan.

Second, we use this definition to raise the composite price of oil over the limit of the existing EPCA law, so that he can ask Congress to amend EPCA to accommodate this more realistic definition.

I do this because I agree with the gentleman in the well that we do need to provide an incentive to all production of new oil, defining new oil, and the best way to do it is to properly define new-new oil, to give that incentive. This is the only way we will do it, is to define new-new oil.

Mr. ECKHARDT. Mr. Chairman, if the gentleman will yield, let me say that we can do that by an energy action submitted by the President, but the energy action of course would have to be subject to an either-House veto.

Mr. GEPHARDT. I understand that. It is also my understanding that he could not go over that composite price without legislative change.

Mr. ECKHARDT. He could not do so without an energy action not legislatively vetoed. Otherwise this would require a Federal legislative change.

Mr. TUCKER. Mr. Chairman, I thank my colleague, the gentleman from Missouri (Mr. GEPHARDT) and I will be happy to join the gentleman in his letter. The only regret I have is that it is necessary to send the letter. I hope he can make the administration take action and the

Secretary, to solve the problem, but, as long as the composite price continues to limit the price, we are going to be faced with serious strictures in the future.

Mr. STEIGER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, during the general debate we debated this issue at some length, as those Members who are in the room now who were present know from listening to that debate, or through having read the RECORD extensively. It is an argument, in my view, without substance.

If you adopt the Eckhardt amendment, even though you send Gephardt letters, you can send Tucker letters, you can send Ullman letters, and we can send Steiger letters asking Jim Schlesinger to change the definition from that of the President of the United States and perhaps he will do that. But if we adopt the Eckhardt amendment, then what we have done is to lose our leverage. There is no guarantee that he is going to do that at all.

The Jones definition adopted by the Committee on Ways and Means, which admittedly has nothing to do with EPCA or anything else and has only to do with the tax policy, was designed to do one thing. It was designed to say to the President of the United States that we want a chance, we want a shot, we want some leverage on the definition that you promulgate.

I know the Eckhardt amendment will be adopted. I know those wells are already drilled, or those skids are already greased, or however one says that in this business. But I would not want the opportunity to pass by without some little small voice of protest and to note that the gentleman from Oklahoma (Mr. JONES) did an excellent job. He gave us an excellent amendment of a new definition of new-new oil. It deserves to be adopted if for no other reason than I think this House ought to stand up and be counted.

I want to make one other comment on the point that has been made by the gentleman from Arkansas (Mr. TUCKER). He is right. He is absolutely right that this whole program is deficient, because even if the President does redefine new-new oil, then it faces the composite problem, price, under the Energy Policy and Conservation Act, and he cannot do anything unless he submits something. This is the whole problem with this bill, that we do not have a chance to deal with oil pricing. So I suspect my friend, the gentleman from Arkansas, will be one of those who will be statesmanlike in his position on the Republican substitute. It does deal with oil pricing. It does raise that, and it does it in an effective manner, and it gives us a far better, more comprehensive energy bill.

Mr. TUCKER. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. Of course, I will yield to my friend, the gentleman from Arkansas (Mr. TUCKER), whose vote I am begging for at the moment, may I say to my friend.

Mr. TUCKER. I thank the gentleman for his comments. He is correct that our colleague, the gentleman from Oklahoma, did a superb job on this, and part of the objective of this language was, indeed, to send a message to the President. But my friend also recognizes apparently that it is necessary to strike this language or we would in fact end up with an untenable result. I wish I could cast my vote in protest against the amendment with him, but I think he recognizes that we do in reality have to strike the language.

Mr. STEIGER. I disagree with the gentleman's analysis that the amendment is necessary to be adopted, because I really do not think it is. I think that argument is not a good argument. I think the Jones language should be adopted.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. STEIGER. I will yield to the author of the amendment.

Mr. ECKHARDT. I thank the gentleman for yielding.

My distinguished colleague, the gentleman from Wisconsin, is one of the sharpest men on the very complicated questions related to education that I know in this House. I know that some of that sharpness of intellect will permit him to understand what our problem is here. If we should force the President to designate arbitrarily a body of oil as new-new oil, and at the same time retain the composite—and that is all we would do—we would deprive him then of any margin, for instance, to take care of the problem of my colleague, the gentleman from Texas (Mr. YOUNG), regarding the wells that ought to be strippers that produce 35 barrels, but 9 times as much water. We would deprive him of having some margin, for instance, to give some additional price to tertiary recovery, and we would deprive him of certain other flexibility in oil pricing to bring on new oil.

As my friend, the gentleman from Arkansas, has carefully pointed out, the only way to resolve these questions is either by an energy action with the approval of both bodies, or by legislation, but merely to attempt to force the President to take action within EPCA will not do the job.

Mr. STEIGER. My friend, the gentleman from Texas, is very, very perceptive. Of course, my effort in trying to defeat the gentleman's amendment that strikes the Jones language is to force the President to take that energy action, or, even better, to force him to send up something to us that deals in oil pricing. I do not kid anybody about this.

Mr. JONES of Oklahoma. Mr. Chairman, I move to strike the last word.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Chairman, the ad hoc committee amendment offered by Mr. ECKHARDT bases its hope for finding more than a few drops of new oil on the goodness and grace of the bureaucracy. Now, I may be a cynic but that behemoth has never to my knowledge found any oil, nor has it adequately satisfied the needs of anyone except its own employees.

The amendment is founded on the belief that the bureaucracy will be able to make careful and expeditious decisions on something it cannot see and has no expertise in judging. I would venture that there is scarcely a Member present who believes the bureaucracy possesses these qualities if he has spent a day since the last election listening to his constituents or reading his mail.

Under the Eckhardt amendment, the appropriate governmental regulatory agency will be given the authority to determine on a case-by-case basis whether wells within 2.5 miles of, or less than 1,000 feet deeper than any existing well are in fact new reservoirs.

The skeptics among us, those who have worked directly with the bureaucracy, believe that relatively few, if any, wells, will be exempted from the 2.5 mile/1,000 feet deep regulation.

Several studies which have been conducted to determine the impact of this provision on oil exploration and production reveal that a serious reduction in new wells will result.

In Oklahoma, a recent study reported that less than 6 percent of the wells sunk in 1976 which then qualified as new, would now qualify. In other words, 94 percent of last year's wells may not have been drilled had this law been in effect.

A Texas study notes that 97 percent of all new-field oil discoveries in recent years have been within the 2.5 mile limit.

During consideration of the bill, the Ways and Means Committee adopted a proposal by Mr. JONES which utilizes the property definition concept. Under the Jones provision, "new-new" oil would be defined as that oil produced from a property not in production 90 days prior to April 20. This concept is both rational and geologically sound; the Eckhardt amendment sets arbitrary criteria which are neither necessary nor sufficient to define new discoveries.

I urge my colleagues to oppose the Eckhardt amendment which will at best present an administrative "tapemeasure" nightmare. I further urge them to support the property definition concept, which has been geologically and geophysically proven a more equitable method.

Mr. JONES of Oklahoma. Mr. Chairman, since I was the author of this amendment which gives a rational definition to the term "new-new oil," I would like to say a few words about what we have before us. I rise to strike the last word as opposed to arguing against this motion to strike. The reason is that the parliamentary situation we find ourselves in is clearly one in which we should not continue the definition as it is in the bill because it would in fact give a windfall to the refiners as opposed to giving some incentive to the producer of crude oil in this country, which was the purpose of this whole exercise on energy.

I offered this amendment in the Ways and Means Committee and I applied it only to the tax structure because that was the only jurisdiction in which I had to offer it.

Those who believe the administration is suddenly going to see the light in the 11th hour of debate on this bill and suddenly produce a rational definition and an incentive in the way of a new price to newly discovered oil are kidding themselves and trying to justify some of the

pressure under which we have been put over the last few days to vote against my plowback amendment.

As a matter of fact, from the very beginning in the Ways and Means Committee, the administration opposed this definition of "new-new oil." For the last 3 weeks to a month, since the bill left the Ways and Means Committee, the administration has said they might work out something which approached the language which we passed on a 22 to 15 vote in the Ways and Means Committee, and to this day they have yet to send anything to me, written or oral, which clearly demonstrates they are willing and able to give a rational definition to newly discovered oil.

So the situation we are in today is that this definition is being challenged on procedural and germaneness reasons and not on the substance or value of this definition for newly discovered oil. On that basis I will not oppose this motion to strike, and I hope that those in the other body who are trying to make some rational sense out of this supposed energy policy will adopt this definition of newly discovered oil. I would hope that they could do it even though the administration continues to resist and continues to oppose these efforts.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I want to say the gentleman raised the issue in the only way he could under the parliamentary situation that existed. I think he well put forth his point. I agree that this amendment is primarily related to the jurisdictional question rather than to the merits.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Chairman, I thank the gentleman from Oklahoma for yielding.

Mr. Chairman, at exactly 2 o'clock, an hour and a quarter ago, I was at the White House conferring with Secretary-designate James Schlesinger of the Department of Energy and New York City Administrator Robert Loew about urgent national energy policy programs and their impact on New York.

I regret very much that I missed the two Committee votes on the Rostenkowski amendment and the Howard amendment.

Mr. ULLMAN. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Chairman, I commend the gentleman from Oklahoma. I think in making this fight he has highlighted a basic problem in the whole energy picture that has to do with pricing. I think that we must pass this amendment, but I think in raising the issue the gentleman has rendered a service to the whole energy program.

Mr. JONES of Oklahoma. I thank the chairman for his generosity, but I do want to reiterate that for a month now the administration has resisted this rational definition that will give the only incentive—there is no other incentive—in this bill to increase our production of domestic oil particularly. They have resisted it, they have opposed it, and here at the last minute there seems to be some indication they have agreed with my colleague, the gentleman from Missouri, that they would take another look at it.

I want to see it, and I think this Congress and this House has a responsibility to do something to give an incentive.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

(On request of Mr. GEPHARDT and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 1 additional minute.)

Mr. GEPHARDT. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Missouri (Mr. GEPHARDT).

Mr. GEPHARDT. Mr. Chairman, I thank the gentleman from Oklahoma for yielding.

I commend him as others have in the Ways and Means Committee. It was a very constructive approach he took in offering a legitimate and proper incentive to oil producers to produce more oil.

I ask the gentleman to join with me in a letter to Mr. Schlesinger to reform the present administration policy in the pricing of oil.

Mr. JONES of Oklahoma. Mr. Chairman, may I ask the gentleman, would the gentleman be willing to draft the letter and ask the administration to adopt the definition that we adopted by a vote of 22 to 15 in the Committee on Ways and Means, which does give a rational definition and does underscore what the FEA considers to be rational definition today.

Mr. GEPHARDT. Mr. Chairman, if the gentleman will yield further, I certainly would and I would go a step further and say if they do not respond positively, I would join with my friend and sponsor legislation to attack this oil-pricing problem.

The CHAIRMAN. The question is on the ad hoc committee amendment to part III, title II.

The question was taken; and the Chairman being in doubt, the Committee divided and there were—ayes 44, noes 20.

So the ad hoc committee amendment was agreed to.

AD HOC COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will designate the page and line numbers of the next ad hoc committee amendment to part III, title II.

The Clerk read as follows:

Ad hoc committee amendment: Strike out the matter beginning on page 480, line 20, through page 481, line 13:

(The ad hoc committee amendment reads as follows:)

"(7) NEW NEW OIL.—

"(A) IN GENERAL.—The term 'new new oil' means production from a property which did not have commercial production at any time during the 90 day period ending on April 20, 1977.

"(B) DEFINITION OF PROPERTY.—For purposes of this paragraph—

"(i) the term 'property' means the right, arising from a lease or from a fee interest, to produce crude oil, and

"(ii) a producer may treat as a separate property each separate and distinct producing reservoir subject to the same right to produce crude oil, if such reservoir is recognized by the appropriate governmental regulatory authority as a producing formation which is separate and distinct from, and not in communication with, any other producing formation.—

The CHAIRMAN. The question is on the ad hoc committee amendment to part III, title II.

The ad hoc committee amendment was agreed to.

AMENDMENT OFFERED BY MR. HANNAFORD

Mr. HANNAFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANNAFORD: On page 470, strike all after line 11 through line 18 and insert the following:

"(1) 1978—In the case of a first purchase of lower tier crude oil of any classification during any calendar month in 1978, one-half the excess (if any) of:

"(i) the ceiling price for such month of upper tier crude oil of the same classification, over

"(ii) the ceiling price for such lower tier crude oil."

"(2) 1979—In the case of a first purchase of lower tier crude oil of any classification during any calendar month in 1979, the excess (if any) of:

"(i) the ceiling price for such month of upper tier crude oil of the same classification, over

"(ii) the ceiling price for such lower tier crude oil."

Mr. HANNAFORD (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HANNAFORD. Mr. Chairman, I commend my good friend and colleague, the gentleman from California (Mr. KETCHUM) for the gentleman's diligent work on this amendment and the lingering problem it addresses.

I would like to thank the Committee on Ways and Means, the chairman and my colleague, the gentleman from California (Mr. CORMAN) for addressing this problem in the bill, H.R. 8444.

The problem is addressed in the bill and it states that the Secretary of the Treasury will impose a variable tax on all grades, types, and locations of oil beginning in 1980.

Our amendment endorses the committee variable tax concept and simply sets up a mechanism for implementing the tax in 1978.

Now, what is happening is this; the lower the quality of oil with the fixed tax or the fixed entitlement, the heavier the percentage of burden. If you have $4 oil and a $4 tax, you are paying a 100-percent burden to market that oil. If you have $6 lower tier oil and a $4 tax, you are paying a 66-percent burden. This makes the lower quality oil depressed in price; indeed, so depressed in price that production is being curtailed. A large amount of production in the Wilmington field in California has been curtailed and the flexibility of the entitlement program

has made it impossible, with all our efforts, to get that adjusted.

The present legislation will lock that inequity in for the next 2 years, the fixed tax replacing the fixed entitlement.

To put it another way, if you put a $1,000 tax on a Pinto and a $1,000 tax on a Cadillac, which is going to be the greater burden competing in the marketplace, both with other domestic models and with foreign competition?

Obviously, the Cadillac can carry the burden and the Pinto cannot carry it nearly as well.

To clarify my position, some history is in order. Under the entitlements program FEA shifts millions of dollars around the country to equalize the cost of crude oil to refiners. To determine who gives and who gets, FEA uses national average acquisition costs. The problem arises when you produce a poorer quality of oil whose price is below the averages. In California, where over half of the domestic heavy crude oils are produced, the average price of crude is $4.30 per barrel; yet it is more economical for refiners to process foreign crudes at over $14 per barrel. Oil wells are being shut down.

On marginal wells, the State of California and independent producers are not reinvesting in the necessary remedial work to keep older wells pumping. It is estimated that California has up to 1 billion barrels of recoverable oil reserves. This oil will not be produced if the inequities of FEA regulations are perpetuated by this legislation.

Over the last 2½ years, I have worked with FEA to prevent this tragic loss to the Nation. I first petitioned FEA to review and resolve this problem in February 1975. After many proposals, rulemakings, and hearings, FEA tells me that it knows we have a problem, but it cannot figure out how to solve it. The State of California, the independent producer, and, most importantly, the American consumer have waited long enough.

The Hannaford-Ketchum amendment, by instituting a variable tax in 1978 and 1979, provides the necessary pricing flexibility to encourage refiners to process the less expensive domestic lower tier crudes without any loss of revenue to the Federal Government.

In short, Mr. Chairman, I urge my colleagues to support the Hannaford-Ketchum amendment.

Mr. ULLMAN. Mr. Chairman, will the gentleman yield?

Mr. HANNAFORD. I will be glad to yield to the chairman.

Mr. ULLMAN. I think the Ways and Means Committee recognizes that there is a problem in this tax with respect to low grade crude oil, particularly that crude coming out of California. Now, as of 1980, I think we recognize that fact by applying a variable tax rate based upon oil classification. Is it correct that the gentleman's amendment moves that same general classification procedure up 2 years, to 1978; applies it to 1978 and 1979? Is that the impact of the gentleman's amendment?

Mr. HANNAFORD. That is quite right, Mr. Chairman.

Mr. ULLMAN. I want to say that it is a matter of equity. There is an equity in the treatment of different grades of oil, if we use the averaging mechanism for establishing the tax. This amendment does, in my judgment, meet the equity problem. Therefore, we would have no objection to the amendment.

Mr. HANNAFORD. I thank the gentleman very much.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. HANNAFORD. I will be glad to yield to my colleague.

Mr. KETCHUM. I thank the gentleman for yielding. I commend him for his efforts, such as this particular amendment, in attempting to address a very serious problem in the State of California.

I thank the gentleman from Oregon, the chairman of the Ways and Means Committee. Mr. HANNAFORD and myself have been working on this problem since 1974. We have the support, I believe, of the comptroller of the State of California, the Governor of California, and anyone who has any acquaintanceship with this problem. I commend the gentleman.

Mr. Chairman, the purpose of this amendment is to adjust the crude oil equalization tax schedule on lower tier crude oil according to grade and location difference beginning in 1978 and 1979. My amendment will remove inequities in this tax as proposed in the committee bill which by computing the equalization tax on national averages would penalize producers of heavy and/or high sulfur crude oil across the country.

The effect of the tax is similar to FEA's crude oil entitlements program, established in November 1974. The entitlements program was implemented on the premise that it would equalize the price of all crude oils. However, it has failed in its objected goal by not recognizing gravity differentials.

Lower quality crude oils, particularly in California, are placed at a competitive disadvantage relative to higher quality domestic and imported crude oils. The cost of the entitlements is proportionately greater on lower quality crudes—the lower the price the greater the relative burden. The entitlement program has consequently caused downward pressure on prices for lower quality crudes.

In the summer of 1976 the Energy Conservation and Production Act included a provision to adjust ceiling prices for the lower quality crude oils which resulted in a subsequent regulatory change that increased California lower tier crude oil ceiling prices. However, because of the inabiilty of the entitlements program to take into account quality, gravity, and location differences between crudes, selling prices for the California crudes have not been adjusted up to the ceiling prices. (There is an average $.54/bbl. difference between ceiling and posted prices for lower tier California crude.) Were it not for an inappropriately high entitlement cost, the true value of these crudes could be reflected in the selling price without causing any competitive disadvantage to refiners.

H.R. 8444 now provides that the Secretary of the Treasury will impose a variable tax on all grades, types, and locations of oil beginning in 1980. However, the tax proposal for the years 1978 and 1979 will only perpetuate indefinitely the current price inequities.

The combination of a flat rate tax and an entitlement, both based on the average of crude oil acquisition costs nationally, will continue the problems currently being experienced by refiners and producers on lower quality oils. In California, for example, the lower quality lower tier crude oil is more expensive to refineries after entitlements adjustments than upper tier or stripper oil of similar quality. This inequity prohibits refineries from making equipment adjustments to process our heavy and/or high sulphur crude oils and Alaskan heavy high sulphur crude oil.

In addition, the arrival of Alaskan crude oil will result in a glut of heavy crude oil on the west coast market. Unless the Federal policy addresses the current inequities in the market conditions there will be no market for the indigenous California crude oil.

At a time when we desperately need more domestic crude oil, I sincerely question the prudence of continuing this disparity. It is my sincere hope that my colleagues will grant prompt relief to the gravity differential penalty now applied to heavy crude oils by adopting the Ketchum-Hannaford amendment.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. HANNAFORD. I will be glad to yield to the chairman.

Mr. ASHLEY. Mr. Chairman, I am pleased to say to the gentleman that the majority members of the ad hoc committee support the gentleman's amendment.

Mr. HANNAFORD. I thank the chairman. I appreciate his support, and I am awed by his hard work.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. HANNAFORD).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JONES OF OKLAHOMA

Mr. JONES of Oklahoma. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Oklahoma: Page 469, line 19, after the item relating to section 4988 insert the following new item: "Sec. 4989. Plowback credit against tax."

Page 473, strike out line 12 and all that follows through line 15 and insert in lieu thereof the following:

"(1) LIABILITY FOR TAX.—The person entitled to the deduction under section 611 for depletion with respect to the controlled crude oil shall be liable for the tax imposed by section 4986(a) on the first purchase thereof to the extent of such person's economic interest in such oil.

Page 473, strike out line 23 and all that follows through line 8, page 474 and insert in lieu thereof the following:

"(B) ALTERNATIVE METHOD OF COLLECTING TAX.—The Secretary may by regulations provide for the collection of the tax imposed by section 4986(a) from the first purchaser or a subsequent purchaser, user, or exporter of the controlled crude oil to which such tax applies.

Page 485, line 16, strike out the quotation marks and after such line insert the following:

"SEC. 4989. PLOWBACK CREDIT AGAINST TAX.

"(a) ALLOWANCE OF CREDIT.—There shall be allowed to each person liable for the tax imposed by section 4986(a) for calendar year 1978, as a credit against such tax paid or incurred by such person for such year, an amount equal to 90 percent of the plowback investment of such person for such year.

"(b) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of credit allowed under subsection (a) to any person for calendar year 1978 shall not exceed the sum of the amounts determined under paragraph (2) for each calendar month ending in such year.

"(2) AMOUNT FOR EACH MONTH.—The amount determined under this paragraph with respect to any person for any calendar month is an amount equal to—

"(A) the amount of the tax imposed by section 4986(a) paid or incurred by such person for such month, multiplied by

"(B) a percentage determined by multiplying one-half of 1 percent by the number of calendar months in the period beginning with the month of January 1978 and ending with the month to which such percentage applies.

"(c) PLOWBACK INVESTMENT.—For purposes of this section, the plowback investment of any person for calendar year 1978 shall be the excess of—

"(1) an amount equal to the qualified investment of such person for such year, over

"(2) an amount equal to the plowback threshold of such person for such year.

"(d) PLOWBACK THRESHOLD.—

"(1) IN GENERAL.—For purposes of this section, the plowback threshold of any person for calendar year 1978 is an amount equal to the sum of the amounts determined under paragraph (2) for each property with respect to which the deduction for depletion under section 611 is allowable to such person for such year.

"(2) AMOUNT FOR EACH PROPERTY.—

"(A) IN GENERAL.—The amount determined under this paragraph with respect to the property of any person for calendar year 1978 is an amount equal to 25 percent of the gross income of such person from such property (within the meaning of section 613(a)) for such year.

"(B) LIMITATION BASED ON 75 PERCENT OF TAXABLE INCOME.—The amount determined under this paragraph for any property for calendar year 1978 shall not exceed an amount equal to 75 percent of the taxable income of such person from such property for such year. For purposes of the preceding sentence, the taxable income from a property shall be determined by taking the taxable income from such property (within the meaning of section 613(a)) for such year, computed with the allowance for depletion and without any deduction for any qualified investment with respect to such property made in such period.

"(e) QUALIFIED INVESTMENT.—For purposes of this section, the qualified investment of any person for calendar year 1978 is the amount paid or incurred by such person for such year (with respect to areas within the United States) for—

"(1) intangible drilling and development costs described in section 263(c);

"(2) geological and geophysical costs;

"(3) drilling any nonproductive well;

"(4) the construction, reconstruction, erection, or acquisition of—

"(A) any depreciable asset used for the exploration for, the development of, or the production of crude oil or natural gas, or

"(B) any pipeline used for gathering crude oil or natural gas from wells in a field (or under a lease) to the point at which the first purchase of such crude oil or natural gas occurs;

"(5) the secondary or tertiary recovery of crude oil or natural gas; or

"(6) the acquisition of on-shore crude oil or natural gas leases.

"(f) DENIAL OF DOUBLE BENEFIT FOR QUALIFIED INVESTMENT.—

"(1) EXPENSES.—If credit is allowed under subsection (a) to any person for any expenditure for calendar year 1978—

"(A) which is not chargeable to capital account, and

"(B) which is allowable as a deduction under chapter 1 for any taxable year,

the amount of the deduction for each such expenditure which would (but for this paragraph) be so allowable shall be reduced by an amount which bears the same ratio to the amount of credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(2) DEPRECIABLE EXPENDITURES.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure which is of a character subject to the allowance for depreciation, the increase in the basis of any property which would (but for this paragraph) result from such expenditure shall be reduced by an amount which bears the same ratio to the amount of credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(3) DEPLETABLE EXPENDITURES.—

"(A) Expenditures to which cost depletion applies.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure to which the allowance for cost depletion under section 612 applies, the increase in the basis of any property which would (but for this paragraph) result from such expenditure shall be reduced by an amount which bears the same ratio to the credit allowed under subsection (a) to such person for such year as the amount of such expenditure bears to the amount of qualified investment of such person for such year.

"(B) EXPENDITURES TO WHICH PERCENTAGE DEPLETION APPLIES.—If credit is allowed under subsection (a) to any person for calendar year 1978 for any expenditure of a character subject to the allowance for cost depletion with respect to any property to which the allowance for percentage depletion under section 613 applies, the aggregate amount of percentage depletion deductions which would (but for this paragraph) be allowable with respect to such property for each of the first five taxable years ending after calendar year 1978 shall be reduced by one-fifth of an amount which bears the same ratio to the credit allowed under subsection (a) to such person for calendar year 1978 as the amount of such expenditure bears to the amount of qualified investment of such person for such calendar year. For purposes of the preceding sentence, in the case of any expenditure which resulted in a reduction in basis under subparagraph (A), if, in any taxable year, percentage depletion under section 613 is elected with respect to the property to which such expenditure applies, the reduction in aggregate amount of deductions which would but for this sentence occur under this subparagraph for any taxable year shall be adjusted to take into account the amount of deduction denied under subparagraph (A).

"(g) GEOLOGICAL AND GEOPHYSICAL COSTS.—For purposes of this section, the term 'geological and geophysical costs' means any amount paid or incurred for the purposes of ascertaining the existence, location, extent, or quality of any deposit of crude oil or natural gas."

Page 488, after line 17, insert the following new subsection:

(c) Effect of Crude Oil Equalization Taxes on Crude Oil Pricing.—For purposes of the Emergency Petroleum Allocation Act of 1973 as amended, the tax imposed by section 4986 (a) shall not be considered an element of the ceiling price applicable to the first sale of crude oil under section 4(a) of such Act.

Page 489, line 22, strike out "section 4987 (c)" and insert in lieu thereof "sections 4987 (c) and 4989".

Page 492, strike out lines 13 and 14 and insert in lieu thereof the following: "schools, and churches), 4987(c)(1) (relating to credits or payments to refiners who use crude oil), or 4989 (relating to plowback credit against tax),".

Mr. JONES of Oklahoma (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JONES of Oklahoma. Mr. Chairman, I ask unanimous consent to extend my remarks for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The CHAIRMAN. The gentleman from Oklahoma is recognized for 10 minutes in support of his amendment.

Mr. JONES of Oklahoma. Mr. Chairman, I asked for this additional time in order to fully correct many of the misunderstandings and misinformation which has been disseminated concerning the amendment which the gentlewoman from Colorado (Ms. SCHROEDER) and I offer today. Our amendment would plow back a small portion of the crude oil taxes collected and paid by the producer at the wellhead for the purpose of increasing domestic oil and gas production here in the United States. Harry Truman once said that even if you are on the right track, you will get run over if you just sit there.

The administration is on the right track, to the extent that they say that the price of oil should reflect its replacement cost. But they are sitting on that track without coupling a program of proper incentives to their energy train. They are wrong by providing absolutely no incentive, no new capital for those who are drilling exploratory wells in this country to find new sources of oil and gas.

Let me clearly set in focus what the policy issue before us is before we get to the technical explanation of our amendment.

Simply put, the policy issue is whether or not we believe that this energy program should provide at least one incentive to increase domestic oil and gas production.

The administration was apprised of this plowback amendment when members of the Committee on Ways and Means went to the White House some weeks ago. The chief spokesman for the administration at that point said he opposed the plowback for this reason—and it is a policy reason, and a valid one, at least from his perspective. His opposition stemmed from the belief that we have sufficient drilling activity in the

United States today and that we should not increase that drilling activity or increase our level of production of domestic oil and gas.

That is a valid policy position. But I disagree with it. And the reason we offer this amendment is that we think the policy should be to increase our domestic oil and gas production, for two reasons. The first reason has to do with national security, economic security, and foreign policy questions. We are too highly dependent upon imports for our daily oil needs. Over the past year, our daily consumption of oil amounted to between 42 and 50 percent of imports. At the present time, 43 percent of our daily consumption of oil comes from overseas. That is a significant increase over 5 years ago, when only about 30 percent of our daily consumption came from foreign sources.

Mr. Chairman, what really disturbs me from a foreign policy point of view, is that 72 percent of those imports come from OPEC, and most of that comes from the Middle East. I think that is dangerous for our foreign policy commitments in the Middle East, for our allies, and for the leadership role that we are trying to assert in the Middle East to bring about some kinds of a peaceful solution there.

The administration started out, when they presented this package, saying that their goal was to add 6 million barrels of oil a day in 1985 in imports. Subsequent to announcing that goal, they had to admit that they were wrong by 1 million barrels a day. So that under their plan they feel oil imports will be 7 million barrels a day in 1985.

The General Accounting Office, at the request of Congress, conducted a very thorough study of the administration's program, particularly in the area of oil. The GAO study shows that the administration's estimates and goals will be missed by 4.3 million barrels a day in 1985 under its policy, including a new definition of new oil. And if that is the case, the GAO tells us that under the administration's program, in 1985 we will be dependent on foreign sources for 47 percent of our oil. I think that is too high.

So the first reason why we offer this amendment is for foreign policy, economic and national security reasons, to increase our domestic supply of oil slightly so that we can decrease that dependence on imports.

The second reason is that we have to increase production by increased drilling activity today if we are going to maintain in 1985 the level of domestic production that we have today.

Mr. Chairman, it has been estimated that we will have to drill approximately a thousand new wells a year in order to maintain present domestic production at the same level in 1985 as it is today.

So that is the policy. I hope that none of the Members try to confuse what is at issue here. If you think we have enough domestic production, if you think 43 to 47 percent dependence on foreign imports is fine, you should vote against the amendment. But if you think we ought to do something to increase domestic supplies and decrease imports, you will support this amendment.

Let me explain very briefly what the amendment does. The amendment in essence says that we will take the last 5 years, which have been the highest in the last 17 years as far as the level of domestic drilling activity is concerned. We take the average over those last 5 years, with what the industry has put in as its own investment into domestic exploratory activity, up to 25 percent of the gross revenues they receive from production income sources.

Then we say, "Let us take this high level of 25 percent," and we say to them, "If you do better than that, if you do better than you have done in these last 5 high years of explanatory activity, we will let you recapture in 1978 approximately 3 percent of what you paid in crude oil taxes in order to give you some cash flow to go out and sink more exploratory wells and development wells."

That is all the amendment does. We know that the crude oil tax will be applied. Under the amendment the producer will pay it, and all our amendment says is that for every $100 the administration was supposedly going to rebate to the consumer, instead, three of those dollars will come back to the producer if he exceeds what he has done before in domestic exploratory activity.

Let me answer some of the criticism that has been floating around the floor. First of all, it seems that we have gone back to the old rhetoric. The first criticism was that this was nothing but a ripoff for the domestic companies, the integrated oil companies. I challenge that statement.

I have not been able to find any one of the big eight that would be able to qualify under this amendment for any plowback credit. The fact of the matter is we do not think any of the major integrated oil companies would qualify, because the level of their investment in domestic activity is far too low. If they decide that they are through investing in circuses and real estate and various nonenergy related investments, and want to sink money into the ground of the United States to increase domestic production, then I say this is the incentive to get that done, and it coincides with our national energy policy.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I will be happy to yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Chairman, I am asking this question in order to clarify a dispute in the facts which I have received from the proponents of this amendment and the opponents of the amendment.

I received some information which corroborates what the gentleman from Oklahoma (Mr. JONES) said, and that is that the major oil companies would not generally qualify because their investment is somewhere in the range of 18 to 20 percent, and the threshold is 25 percent. But I have received another sheet of information which says that the investment by major companies is running at 30 percent of gross income and goes as high as 63 percent of gross income.

I was also told that the study called the Chase Group Study indicated that 45 percent was the approximate investment figure, which would qualify them under this amendment.

Mr. JONES of Oklahoma. Mr. Chairman, I would say they are mixing apples and oranges.

Mr. LEVITAS. Mr. Chairman, I wish the gentleman would clarify that.

Mr. JONES of Oklahoma. All I can say in answer to the gentleman is that we get our statistics from the Census Bureau records, which is the same place the administration theoretically got its statistics.

The CHAIRMAN. The time of the gentleman from Oklahoma (Mr. JONES) has expired.

(On request of Mr. HILLIS and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 2 additional minutes.)

Mr. HILLIS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Indiana.

Mr. HILLIS. Mr. Chairman, I want to commend the gentleman for offering this amendment.

As far as I have seen—of course, I have not heard all the debate, but I have heard practically all of it—this is the only place in the legislation where anything has been offered to increase the supply of energy and energy production. Am I correct in that?

Mr. JONES of Oklahoma. The gentleman is correct. If this amendment is agreed to, this will be the only incentive for increased domestic production of oil in the bill. I recognize that there has been unprecedented pressure placed on a lot of Members.

This morning I was told that some State delegations were asked to adopt the unit rule to oppose this particular amendment. I think that is repugnant, particularly to Democrats, Democrats who, at the 1972 convention and at the 1976 convention which nominated Jimmy Carter, fought against the unit rule and fought for the principle that every representative at those conventions ought to be treated as an individual, as a valued person, and as someone with intelligence.

I think that those kinds of tactics and pressure ought to be resisted.

I would hope that those who have told the gentlewoman from Colorado (Mrs. SCHROEDER) and myself that they have studied the principle would agree that we must do something to increase the domestic supply of oil and will help us in adopting that policy.

We must pass this amendment, and this will be the only item in the whole bill that will have anything to do with providing incentive for increased production.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. JONES of OKLAHOMA. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, the major complaint against this bill all along has been and continues to be that it does not really do anything substantial to increase the exploration and production of oil and gas.

I realize that the gentleman's amendment would not be a major step forward, but it could be considerably helpful, and it would, to some extent, establish a sound principle.

The CHAIRMAN pro tempore (Mr. VOLKMER). The time of the gentleman from Oklahoma (Mr. JONES) has expired.

(On request of Mr. MAHON and by unanimous consent, Mr. JONES of Oklahoma was allowed to proceed for 2 additional minutes.)

Mr. MAHON. Mr. Chairman, will the gentleman yield further?

Mr. JONES of Oklahoma. I yield to the gentleman from Texas.

Mr. MAHON. To continue, Mr. Chairman, I think that the gentleman's amendment would show that we are interested in encouraging additional exploration and production.

I rise in strong support of the gentleman's position. I know how diligently he has tried to get something done about this matter through the adoption of this amendment.

Mr. Chairman, I support it. I have appealed to my colleagues to support it, and I hope it will receive favorable consideration.

The gentleman is deserving of credit for trying to do something to increase the domestic supply of oil and gas so urgently required in this country in the coming years.

Mr. JONES of Oklahoma. I thank the chairman.

I would like to try to complete my answer to the gentleman from Georgia (Mr. LEVITAS).

First of all, one chart has been floating around the Chamber that shows the top 20 integrated oil companies produce 67 percent of the old oil in this country, and therefore they are going to get two-thirds of this plowback credit.

The fact of the matter is that this simply is not true. Very few, if any, of the majors will qualify for the threshold. This can be demonstrated by the fact that this amendment's revenue impact is only $82 million, as opposed to the roughly $150 million that it might be if the majors qualified.

As to the other point which the gentleman raised with respect to the threshold level, I can only cite the Census Bureau statistics that show the 5-year average is roughly 18 or 19 percent for integrated companies for the total percentage of their investment which is going into domestic exploration in the qualified investment categories.

However, the figures which I think the gentleman was talking about deal with such things as investment in the Alaskan pipeline, investment in offshore drilling, and several nonrelated energy-producing investments which we do not allow in order to meet the qualification threshold.

That is the difference in those statistics.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Chairman, I thank the gentleman for yielding.

First of all, let me say I am grateful for his response. This Member is very much in doubt as to what he intends to do.

We are not operating under a unit rule in my delegation. It would be a wonderful day if we in Georgia could all agree on anything at any one time, but it might be a good idea just to try it.

The CHAIRMAN pro tempore. The time of the gentleman from Oklahoma (Mr. JONES) has again expired.

Mr. LEVITAS. Mr. Chairman, I ask unanimous consent that the gentleman from Oklahoma (Mr. JONES) be allowed to proceed for 3 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. ASHBROOK. Reserving the right to object, Mr. Chairman, even those of us who cannot get 2 minutes recognize that the sponsor of a major amendment should have a little more latitude, but the gentleman has had 12 minutes.

If this is the last request, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield further?

Mr. JONES of Oklahoma. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Chairman, I have two questions I would like to ask the gentleman from Oklahoma (Mr. JONES).

The first is whether the gentleman could tell me if the data he and the gentlewoman from Colorado (Mrs. SCHROEDER) have supplied as to the threshold information is 1970 data or is it current data?

The second question is this, and I think this one lies at the heart of the great concern of many of us: We do want to build in incentives for the production of oil, but I have also been given information which indicates there are great incentives in this legislation by permitting what will be new oil to rise from the present new oil price of something over $11 to the world price of $13.50, not the $2.22 price.

Mr. JONES of Oklahoma. Let me try to answer both of those questions.

In the first place, the data I just gave is a 5-year average for the last 5 years, which were the highest years' production of drilling activity in the last 17. We do not have it broken down, I believe, by years, within this 5-year category, but we are talking about a 5-year average.

In the second place, the administration is absolutely opposed to a new oil definition price. This is what we were talking about in the previous amendment.

The point I have tried to make is the one that the General Accounting Office has argued. They say there is no incentive, but even if you include possible incentives for the world price for new-new oil, the fact is the administration said the composite price would remain the same, so that in 1985, according to the GAO, producers of new oil today will have less capital to invest in 1985 under the administration's program than they will have under existing law.

For that reason the GAO says it is deficient in incentives to meet the goals in the administration's request.

Mr. ULLMAN. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I do want to commend the gentleman from Oklahoma (Mr. JONES) for his persistence in this matter. He did raise the subject matter in the committee. We had quite a number of votes there. In each instance, we tried different alternatives, but we voted down any plowback concept. This particular concept was not presented in the Committee on Ways and Means. But, in looking at it, I find perhaps not as much validity in this particular amendment or this approach as in some of the others that we did look at and consider in the committee.

Aside from lesser objections, such as administrative complications and the tax under the bill applies to 200 or 300 persons in the form of first purchasers, and the amendment would now apply to the producers who are in the thousands or perhaps hundreds of thousands when royalty holders are added in.

I believe the thing we have to look at in this amendment is: What does it apply to? It applies only to old oil. Then we have to look at this only in that respect.

I think there is no question about the statistics that about 15 major oil companies own 67 percent of the old oil. Then if you follow the argument of my friend the gentleman from Oklahoma (Mr. JONES) he would say, but, they own it, but they are not ever going to reach the threshold.

Well, in the first place, if they do not hit the threshold then it is a shocking thing that the major oil companies are not putting more money back into exploration and development. That is about as shocking a statistic as I have ever heard.

But I question that statistic. The statistics that show that pattern are not available. The statement quoted by the gentleman from Oklahoma may include new definitions and criteria that might have come out within the year.

But I venture to say that if you get to defining the kind of expenditures, in tertiary recovery, and all these other types, I think that there is no question but what the major oil companies are up to 25 or 30 percent.

So I think there is no question that this applies to the major oil companies predominantly.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. Not at this time. I will yield later on, or I hope to be able to do so later on.

Mr. Chairman, I think we also have to recognize that the whole theory of this equalization tax is that we set up a rebate to the American people. That is what justifies it and gives it a neutral effect on the economy. The consumers of America are made at least partly whole through the rebates that we have applied to them.

So, to the extent, under this amendment, that you do have a plowback to the oil companies, and I say again to the major oil companies, you are depriving the American consumer, the American citizen, of rebates.

There has been a great deal of argument about incentives—it is an old cliche—that there are no incentives in

this bill. That is the simple truth. Anybody who knows the American marketplace knows that price is the most dynamic incentive we have. There is no question about it. We are giving to the finders of new oil the world price, and what more dynamic incentive can one have than that? On top of that, in this bill we have adopted the Carter recommendation of relieving from the minimum tax the intangible drilling expenses. That is a major incentive. If one does not believe it, he should have been subject to the kind of pressures that we were when the town was full of the independent oil companies, the small producers. They are the people who produce the new oil. Their intangible drilling expense incentive is tremendously significant. That, coupled with price, it seems to me, puts the incentive picture back in proper perspective. We have all the incentives in the world for the oil companies to go out and develop and produce the new oil in this country.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(At the request of Mr. JONES of Oklahoma, and by unanimous consent, Mr. ULLMAN was allowed to proceed for 1 additional minute.)

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I thank the gentleman for yielding.

I want to clarify a few points. Our statistics come from the Census Bureau, and it does take some work to extrapolate these figures. We had to take only those investments which would qualify under this amendment and determine what the majors actually spent in those investment categories. In 1973 the majors put in 20 percent in these categories; in 1974, 19 percent; and in 1975, 22 percent.

With regard to rebate to consumers, if this amendment passes, the consumer will be deprived of 66 cents according to the Joint Committee on Taxation. Sixty-six cents, less than a dollar—for giving this kind of incentive on an annual basis to increase domestic production. And finally, the statement "there are no incentives on oil" was not my statement; that was the statement of the General Accounting Office who studied the administration's program.

Mr. ULLMAN. Let me say again that the best judgment that our Joint Committee on Taxation can possibly come up with is that the majors who own 67 percent of this oil will be the people who benefit from this.

Mr. MIKVA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I do not think that there is an amendment that we will consider during this entire energy bill that could do more to undermine the intentions of the National Energy Act than the plowback provisions that are proposed by this amendment.

Let me say to my colleague, the gentleman from Oklahoma, no one has a higher regard for him than I do. I do not know of any State that sought to implement a unit rule on this amendment. I do not think anyone has been seeking to take unfair advantage of our distinguished colleague. A lot of us happen to think he is wrong. He is hard-working, very able, and he has put together a very ingenious amendment which makes it very hard to separate out the apples from the oranges. But as far as I am concerned, he is only wrong, not pernicious.

The figures he has been using to show you where this money will go have, in fact, confused a lot of people; what he has done is to take the census figures and put some things in and take other things out. He has taken out the money spent on offshore drilling expenses—which it is true is a lot of money that the major oil companies spend—but he has put in the second and tertiary drilling expenses which benefit the majors the most. A lot of us happen to think that most of this money will go to the major 15 oil producers.

But whether he is right or we are right as to where it goes, there is no doubt as to from whence it comes. It comes from the consumer. And every penny that this amendment spends, whether it is $80 million as the gentleman from Oklahoma says, or $2 billion as we project down the line, that is the money, the $80 million or $2 billion, that will not go to the consumer. That is rebate money that will be pulled out of the pool, skimmed off the top and it will not go to the consumer even though the consumer is paying it.

We just voted down by overwhelming margins two efforts to tax still further the consumer on the cost of gasoline. The arguments were made that even though the money would go for laudable things like mass transportation and research, it was not right to take that money from the consumer through a regressive tax and give it even to mass transit, which so many of us favor.

I question how many of us can go home and say we taxed our people more on gasoline to give to the oil companies so they could dig more dry holes or even wet holes. I question how generous our consumers will be about that argument.

The gentleman from Oklahoma says it is 66 cents per consumer. Of course we can draw it out and eventually it can sound de minimis. It can be only $2 billion if we stay with this.

The gentleman says it will be for only 1 year. But the first time the depletion allowance was put on the books I understood it was for 1 year. It took a long time to get it off. If anyone thinks this amendment will be taken off after 1 year and that it is only desperately needed for 1977 and 1978 and not for future years, then that one sees this Congress in a different light than I do.

We are being asked to take money from the consumer and give it to the oil companies as a tax break. That is the plan and the equation. Whether it is $80 million or $2 billion and whether it is for the top 15 companies or whether it goes down to some of the mom-and-pop producers, it is wrong and ought not to be done.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. MIKVA. I yield to the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I would just like again to confirm that these figures I mentioned, the 66 cents per taxpayer and the $83 million total, are not mine. They are from the Joint Committee on Taxation.

The second point I would like to underline is that if we pass this bill in its form as it is today, what we are doing is going back to our constituents and saying we are increasing their gasoline 7 cents by Government action and we are going to probably give it back to our constituents hoping they will conserve, but we are not doing anything to find any new domestic supplies of oil.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. MIKVA. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Chairman, I would like to say to the distinguished gentleman from Illinois, some of us have a different perception of this than he does. He sees the plan of the gentleman from Oklahoma as a very ingenious one. I find his own argument is the ingenious one.

The wellhead tax itself is going to come out of the consumer.

Mr. MIKVA. Absolutely.

Mr. CONABLE. A tiny portion of that as proposed by the gentleman from Oklahoma would go to try to bring about some additional production. What is going to the consumer out of the wellhead tax is a maximum of $22 per person under the rebate plan, and we reduce that by roughly the 6 percent plowback the gentleman proposes. That is what we are taking from the consumer. The wellhead tax itself is taxing much more from him, and giving him nothing in return, certainly not the hope of more domestic energy.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. MIKVA was allowed to proceed for 1 additional minute.)

Mr. MIKVA. Mr. Chairman, the gentleman can say it is smaller and it may be a smaller piece of the salami, but the equation of taking it from the consumer and giving it to the principal oil companies is something I cannot believe this House would adopt.

Three times we had the plowback proposal before the Ways and Means Committee. Three times that distinguished body voted it down. I hope this House is equally wise.

Mr. EDWARDS of Oklahoma. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to urge my colleagues to join me in supporting the gentlewoman from Colorado, PAT SCHROEDER, and the gentleman from Oklahoma, JIM JONES, in what is an altogether reasonable amendment.

All this amendment does is return a comparatively small amount of the crude oil tax to producers for a very specific purpose and for a very short time.

I do not think for one moment that this amendment is going to solve all of our energy problems. I do not believe that either PAT SCHROEDER or JIM JONES believe it will do that; but it is a small

step in that direction, a small incentive for increased production.

Heaven knows it is time that we added something to this bill that encourages production. We cannot continue to act in this body as though it is our deliberate policy not to encourage development of future oil supplies.

Let us try some kind of a small return for increased production and see what happens. We are talking about a return of one-half of 1 percent per month for 1 year, and yet we have all this great rush by the administration and the Democratic leadership in this Congress to try to kill this simple amendment. The leadership that supported a 5-cent-a-gallon gasoline tax now opposes as outrageous this one amendment that encourages production.

I believe my friend, the gentleman from Oklahoma, and the gentlewoman from Colorado have done a good job with this amendment. I commend them for it and I hope the House will support it

Mr. HILLIS. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Indiana.

Mr. HILLIS. Mr. Chairman, it seems to me as I listen to this debate, and I would like the gentleman to correct me, I am not an expert and I am not on the committee, but if we took this pool for consumer rebate, as domestic production goes down, and as it has, at least as a percentage of our usage of national energy, the pool is going to go down; is that correct?

Mr. EDWARDS of Oklahoma. That is correct, absolutely.

Mr. HILLIS. The amount of salami or the pie, whatever it is, that comes from off-shore is going to go up.

Mr. EDWARDS of Oklahoma. That is correct.

Mr. HILLIS. Who is going to pay for that off-shore oil?

Mr. EDWARDS of Oklahoma. The same person that is paying for everything else we do in this body, the consumer.

Mr. HILLIS. The consumer gets no rebate from the Arabs?

Mr. EDWARDS of Oklahoma. Absolutely not. The Arabs have not yet passed a rebate for our taxpayers.

Mr. ECKHARDT. Mr. Chairman, I move to strike the requisite number of words. I rise against the amendment.

Mr. Chairman, I want to talk about the mom and pop producers. They do not sell salami and they do not sell fruits. They are pretty big people, some of them. Those of them that would get the greatest advantage are those that hold the greatest proportion of old oil.

Now, who are these people? I know some of them. I know them in Texas. They are the people that made their fortunes a good while ago. They did it when oil drilling was relatively cheap. The people we want to help, if anyone, with this kind of a measure are the people that are heavy in new oil, not the old. There are many persons who inherited oil production who still produce vast quantities of old oil in east Texas and in south Texas. They are complaining, because they are only getting $5.25 for it now; but they drilled those wells when it was profitable to drill them anticipating about $3.25 a barrel and the wells have long ago paid out their drilling costs.

Now, the way this amendment works, this goes to persons only in 1978. Of course, in 1978 only old oil suffers the tax. Therefore, only the persons heavy in old oil get the plowback.

I want to point out a few other things with respect to this point. I have already, I think, demonstrated the fact that exactly the wrong type of people, the ones heavy in old oil, are getting the biggest profits.

The second point is this; that in order to apply this scheme, we must give up the rather simple method of applying the tax to the refiner. There are only about 200 to 300 refineries involved; but what we have to do to apply this amendment is to determine the plowback tax credit based upon particular circumstances of each type of producer regarding qualified investment income from depletable property or off-setting production and other tax benefits. We would have to tax perhaps 10,000 or 12,000 or 20,000 or 100,000 persons at various rates rather than to simply collect the tax from the refiner.

The gentleman from Oklahoma is very sincere about this proposition, and so is the gentleman from Colorado; but before we go into the plowback proposition, we ought to look at what its impact is. We ought to consider exactly how hard it is to collect the money and what the difficulties are involved.

Now, this is an amendment that goes far beyond anything else that the two appropriate committees dealt with in this energy bill. I rather agree with my colleagues from Oklahoma and Louisiana and Texas that we ought to, at some time, look at the whole question of oil price control and oil taxes, but if we got into that question here we could not possibly do it justice. We would not come out with a well reasoned bill, nor would we have considered it within the committtees that have studied the problem the most.

This comes up from Ways and Means, when the committee that has done the most with the plowback question and studied most the price control question has been the Committee on Interstate and Foreign Commerce. Ways and Means would properly be in this field and knows a lot about the practicality of collecting taxes, but when we get into a question like this, we had better consider it in both the committees, and not in a mere amendment that comes up on the floor of this House as this one has done.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I would like to make two points of clarification. First, this is a much more modest version of an amendment that was brought up in Ways and Means which lost by a 20 to 17 vote. This is much more modest.

The second point is that the gentleman complained about the administrative complexities. The amendment allows the Secretary of the Treasury to collect the tax in the same fashion as under the administration bill, but the tax liability would be on the producer. The tax collection could be on that refiner.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent Mr. ECKHARDT was allowed to proceed for 1 additional minute.)

Mr. ECKHARDT. The problem is, though, that in order to determine the amount of the plowback the conduct of each one of the producers must be considered, which would not have to be done under the original bill. I am certain that if producers are, as Mr. JONES argues, putting 25 percent of their gross back into drilling—and indeed my figures show that they put about 40 or 45 percent back—we do not have to give a bonus to make them do it. What are we gaining by giving them some of this money back from earnings on old oil if they are already pumping back 25 percent of their earnings into drilling?

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield.

Mr. HUCKABY. It is my understanding that most of the new oil and new gas that is found today in Oklahoma, Texas, and Louisiana is found by small independents, and not the eight major oil companies.

Mr. ECKHARDT. That is not the point I was making.

Mr. HUCKABY. Is that still true?

Mr. ECKHARDT. Yes, that is true, and that is the reason that the most productive producers are heavier in new oil than in old.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

(On request of Mr. HUCKABY and by unanimous consent Mr. ECKHARDT was allowed to proceed for 1 additional minute.)

Mr. HUCKABY. Have not most of these small independent producers been in business for a number of years? Are they not today producing? Will they not benefit from this? Certainly they will, so it comes to a question——

Mr. ECKHARDT. Will the gentleman permit me to answer his question? The producers that are the most active in the field are, in general, producers that have not been in as long as either the majors or some of the big, old independents. The new producers, the active producers the gentleman is talking about, run into proportions of 50 or 75 percent new oil. The old producers and the ones that would get the greatest benefit out of this plowback are the persons who inherited land, have produced for many years, perhaps for many generations.

Mr. HUCKABY. But nevertheless the fact remains that this money would go to production and exploration of new oil and new gas rather than coming to Washington.

Mr. CONABLE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I think it is important that the Members understand what we are talking about here so that we can keep our perspective on it. There seems to be an impression abroad in this Chamber that the gentle-

man from Oklahoma is trying to give a magnificent windfall to those people who are in the energy production business, in oil. I think the facts are quite the contrary. It is a much more modest amendment than any considered by the Committee on Ways and Means. It provides for a maximum plowback of 6 percent.

The basic idea of this energy program, as conceived by the President and as embodied in the final ad hoc committee bill, is that, while we are not going to allow any additional return to the oil companies through a higher price for oil, we are going to raise the price for domestic oil to the world market price by an oil equalization tax.

In other words, our producers are going to continue to get the same return on their oil that they have had under the price controls imposed on them. But the consumers are going to be buying the oil at the world price, where before they bought it below the world price. Obviously, that is going to mean that the people are going to be spending a lot more for oil. The theory is that this tax-imposed price hike will result in some conservation.

Conservation is the whole idea back of this bill, and it is the exclusive idea back of this bill. The American people, accepting this bill as an energy program, can have a vision only of increasing scarcity. So many of us have been trying to find some way in which we can give them some assurance that there would be additional efforts made to produce more oil in this country so that they would not have gradually dwindling domestic supplies to deal with.

I have heard it said that the oil industry does not need any additional incentive, that they are making plenty of money now. I do not want to get into that issue. All I know is that we are getting a declining amount of oil now in relation to the amount we are having to import. If we can possibly find some way to get more oil, we ought to do it. This kind of modest plowback, a 6-percent plowback, I think is going to have a marginal impact. But it embodies a principle which I think can give the American people some confidence that Congress is worrying about how we are going to get more domestic supplies and not just how to spread the scarcity.

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. Mr. Chairman, I endorse what the gentleman is saying, I will ask the gentleman if it is not true at the present time that we are running in our foreign trade account an imbalance of historic proportions.

Mr. CONABLE. Yes.

Mr. DUNCAN of Oregon. If the gentleman will yield further, is it not also true that the value of the dollar is falling against foreign currencies, even against the British pound?

Mr. CONABLE. That has been the case generally in recent times, yes.

Mr. DUNCAN of Oregon. The necessity for this Nation to import foreign oil is one of the largest sources of outflow of our currency into foreign nations. That, it seems to me, from the standpoint of the consumer for whom I think we all have a concern, is going to inevitably result in an increase in prices for all imported products.

Furthermore, I think it is vital to try to maintain the stability of the American dollar in the world market, and I think this is a modest effort in that direction.

Mr. CONABLE. It is a modest effort indeed. I would urge my colleagues not to be carried away with the thought that somehow we are creating a windfall, when we are expecting to produce oil in this country far below the world price, while we are expecting the American people to pay the world price.

Mr. DUNCAN of Oregon. If the gentleman will yield further, I want the Members to know that we are not operating under the unit rule in Oregon either.

Mr. PIKE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask the author of this amendment a couple of questions. Before I do, I would like to say that there are some things the gentleman from Oklahoma (Mr. JONES) said with which I agree.

I do not like the fact that we import 43 percent of our oil, and while I am in favor of encouraging conservation first, I am in favor of a little more production also. I would rather see it in alternate sources, though.

Where I have trouble with the gentleman's amendment is in his conclusion that it is going to cause more production of energy.

First of all, I honestly find it hard to believe that the oil companies need more money in order to drill more holes. I do not care whether they are big oil companies or little oil companies. I do not think that they need more money.

As I read the language of the gentleman's amendment, the threshold is 25 percent, and any amount of money that is spent over 25 percent of gross income for these allowed exploration credits would be eligible for their credit; is that correct?

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. PIKE. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, that is correct to this extent: Any investment over 25 percent of gross income would make the company eligible for credit. Even as credit, though, they would only get 90 cents on the dollar of the allowable credit. For example, we can assume that they would only have $100 coming back.

Mr. PIKE. Mr. Chairman, the gentleman has answered my question. I do not want him to take all my time.

Let us suppose that today the company is plowing back 50 percent of its gross into drilling new holes and it reduces that to 30 percent. Would the company then still be entitled to the credit under the gentleman's amendment?

Mr. JONES of Oklahoma. I suppose if that were the situation, the company would be entitled to it.

Mr. PIKE. Now the gentleman has answered my question.

I do not see how that generates more oil. If a man is entitled to the credit even while he is reducing the amount of money that he is putting into exploration and drilling, that does not produce any more oil.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. PIKE. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, the point is that the people who are eligible and who are qualified for this are spending the money to find new oil. I do not know of any who would reduce their domestic exploration, and I do not know of any who are putting 50 percent in.

Mr. PIKE. But my whole point is that while the gentleman is selling this as something that is going to increase the amount of money that is put into exploration, drilling, and production, the fact is that these people can get this credit even while they decrease the amount of money they are putting into drilling and production.

Mr. JONES of Oklahoma. I do not think that is a practical problem. If it is, however, it is something that can be worked out in conference. I think we need to establish the principle of this here and now.

Mr. PIKE. Mr. Chairman, I will work it out here on my time by voting against the gentleman's amendment.

Mr. STEIGER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am coming down to the well for fear of what will happen if I stay up there at the other microphone.

Mr. Chairman, I rise reluctantly in support of the Jones-Schroeder amendment. I say that because while it establishes the principle—and I think that principle is of value—it is not anywhere nearly as good as I think it could be or even as good as the one that was offered in the Committee on Ways and Means by the distinguished gentleman from Louisiana (Mr. WAGGONNER). That called for a 20-percent plowback.

I am under no illusions about what has happened in this Chamber over the last few days. There have been 2 issues about which the President of the United States and the administration have felt most strongly.

The first was that issue that we debated and voted upon yesterday, and that involved the lifting of price controls on new natural gas.

Then, second, we have this amendment, the Jones-Schroeder plowback amendment.

In both cases the adoption of either one or both of these amendments would in fact have reflected a significant change in the position taken by the administration, and it would have reflected a defeat for the administration as to the direction in which it wants this country to go.

Let me refer to the vote that we had not long ago. My friend, the gentleman from Missouri (Mr. BOLLING), said that having gone from 72 to 82, he thought he was making great strides in support of gasoline taxes. But that was a throwaway vote, and let us not kid ourselves

about that. It was an exceedingly good vote from the standpoint of the leadership which wants to keep votes together on all other amendments. The gas tax has been dead from the very beginning. So that vote was a good vote because it gave everybody a chance to vent their spleen.

Excuse me. That is not quite the right way to say that. It gave everybody a chance to be recorded on an issue that was politically sensitive in their own districts. However, when we get to this one, we can tell it is important by the exceedingly ingenious methods by which it is being argued by such gentlemen as the gentleman from Illinois and by our yachtsman, the gentleman from New York (Mr. PIKE). They can quibble about little details here and there and ask, Does it go up or down and what if it is 50 percent and goes to 35 percent?

I really do not have much confidence in the arguments they are making against the amendment because I think the amendment is exceedingly well drawn, and I know of no oil company that is at the 50 percent level.

Therefore, I do not think the Pike bogeyman will ever come to pass; but if it were to come to pass, I am sure the distinguished Senator from Louisiana in the other body would be able to deal with just that problem.

Mr. Chairman, what we are really dealing with here is a reasonably fundamental choice that the House is going to have as to whether or not to simply continue to have the American consumer pay at the world price and get absolutely nothing back for it, or whether to give the American consumer some opportunity for some reasonable additional production from American industry.

That is what the choice is, Mr. Chairman. That is what the argument is all about.

I think the gentleman from Oklahoma (Mr. JONES) has done an exceedingly good job in offering to us the chance to take a step in the right direction, and that is a modification of the President's program which is a basic improvement in strategy, tactics, and direction.

Mr. Chairman, I urge that the amendment be adopted.

Mr. DINGELL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this amendment is a most curious one. It might fairly be denominated as the amendment which will encourage reinvestment of oil profits by massive oil companies in circuses and London newspapers and massive housing developments, firms in the Fortune top 500 like Marcor Corp. and investments of that kind.

Mr. Chairman, why is this amendment a bad amendment? First of all, studies by Chase show that major oil companies are presently investing about 45 percent of their gross income from oil and natural gas production in new exploration and development.

The amendment only requires that a threshold of 25 percent of income be invested in new exploration to qualify for the credit. So it requires no increased investment by the major oil companies to qualify for the generous benefits of the amendment.

Who will be the principal beneficiaries? Because of the way the equalization tax is written, the amendment does not benefit the little independent. It is the major oil companies who benefit from the amendment. Why? Because the major oil companies own approximately 67 percent of the old oil now priced at $5.50 per barrel and they are fortunate individuals who would receive a 6-percent credit the first year and 12-percent credit the second year and God knows what size credit the third year if the Congress, in its wisdom, is foolish enough to extend this program beyond the first year.

Let us look at the situation in the industry to determine whether this amendment is needed. The situation in the industry is that every drilling rig that can be working is out drilling. They are drilling like crazy for oil and gas.

The beneficiaries of this amendment are the major oil companies who have the low-cost old oil, the $5.50 oil, not the independents who have the new oil.

That tax levied against this oil of about $3.50 per barrel will obtain not this year only, but next year, too. It will be at least 2 years before the new oil now going for around $11.28 will be taxed and the reinvestment credit will become available to these independents. These independents, who find most of the oil and gas in the country, will only then be able to begin to get aboard this gravy train and to enjoy the bonanza we are now giving the majors.

Let us not weep too much for the majors. Although their profits are down a little bit this year over last year, they continue to enjoy the highest profits in their history; this is an industry which has rivaled Midas insofar as its success in coining money is concerned.

The consequences of this amendment will be no new drilling activity because the drilling rigs are already all out drilling to beat all get out.

There will only be more benefits for the big boys for doing nothing.

The price of new-new oil is increased under the President's national energy plan as an incentive, which will benefit not just the giants of the industry but which will also benefit the little independents. Adoption of this amendment will probably cause such new oil price to be reconsidered under the Energy Policy and Conservation Act by Mr. Schlesinger and the administration to ascertain whether that same level of price should be allowed to the select group of giants of the industry, the Chase Manhattan companies, the 29 that would receive this monstrous advantage in higher profits on old oil.

We would not be giving an incentive to the little independents but a windfall to the majors. We would not be encouraging investment in new oil. What we would be doing is making the fat fatter.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Of course I yield to the gentleman from Oklahoma, the author of the amendment.

Mr. JONES of Oklahoma. Mr. Chairman, if I were to use a pun I could say that I would not like to plough some of the ground that has been covered.

Mr. DINGELL. The gentleman could not do so because he knows full well I am correct.

Mr. JONES of Oklahoma. But I would like to point out two things and the first is that at the present time there are 200 idle rigs in this country. The second point is the argument about Chase Manhattan's study and the 45 percent, which was made. Just before this debate began, I called Chase Manhattan and they say they have no such breakdown of that nature or report of that nature.

Mr. DINGELL. Two hundred rigs could be idle just in moving them from one drill site to another or in performing essential maintenance.

The gentleman may have made the phone call, but the hard fact is that drilling activity is near the highest level in history and nearly every available rig is being utilized today.

With respect to another aspect of this tax, the Ways and Means Committee noted the hardships small refiners might experience by loss of the small refiner bias by reason of the crude oil equalization tax. The committee therefore provided for a study of the issue to be completed within 90 days of enactment of the act. The committee report expressed the hope that the administration and the Commerce Committee, which has jurdiction of the entitlements program, would evaluate the possible hardships small refiners might experience during the 90-day period of study and initiate whatever action might be necessary and appropriate. The Ways and Means Committee, therefore, recognized that the FEA Administrator should not be denied the necessary discretion to determine what programs are needed to preserve the competitive viability of the small refiners during this interim period.

The FEA Administrator has, under existing law, the authority to make compensating adjustments to the entitlements program. In rejecting an amendment which would have required adjustments for an indeterminate period, and without regard to the outcome of the study, the ad hoc committee did not intend that the Administrator should not evaluate the possible hardships of the crude oil equalization tax on small refiners and take appropriate action under existing law, after affording interested persons an opportunity to comment on the issue, to maintain the competitive viability of small refiners. In conclusion, the objectives of the Emergency Petroleum Allocation Act of 1973 are intended to govern the actions of the FEA Administrator with respect to assuring preservation of the competitive viability of small refiners during this period of study.

Mr. Chairman, with respect to title I of this legislation, questions have been raised regarding the committee's intention.

Specifically, section 416 subjects SNG facilities to the jurisdiction of the Federal Power Commission under the Natural Gas Act. Concern has been ex-

pressed that this section may encourage production of synthetic natural gas from liquid hydrocarbon feedstocks. In that case the section might actually run counter to our objective of reducing our Nation's reliance on imported petroleum.

The gentleman from Connecticut (Mr. MOFFETT) has discussed this issue with me. The gentleman has inquired whether it was the intent of the committee to encourage development of new, liquid-based SNG plants.

I commend the gentleman for his perception in recognizing the apparent conflict between encouraging expanded SNG development and reducing petroleum imports.

The answer to the gentleman's inquiry is that the FPC, in administering this program, is expected to balance these competing objectives.

In considering whether to grant a certificate of public convenience and necessity to liquid-based SNG plants the FPC must take into account factors other than just the need for such SNG facilities. Specifically, the Commission should consider alternative uses of the raw materials used for producing SNG; the impact of diversions of scarce liquid hydrocarbons away from high priority users, such as residences, farmers, and petrochemical producers, to SNG plants; whether such SNG plants increase our vulnerability to and reliance on foreign sources for petroleum and petroleum products; the cost to the economy of high priced SNG rolled into the rate base of gas pipelines; and whether or not liquid-based SNG is the highest and best use of scarce liquid hydrocarbons. In summary, the Commission should consider these and many other factors before granting such a certificate, and should issue such a certificate when the Commission determines that it would be in the public interest to do so.

Mrs. SCHROEDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take the floor to speak to the Members and to say that I have heard some of them call me different names, such as here comes the "Voice of Oil." Representing oil is a role that I must say that I have not been accustomed to taking.

I would also point out that it appears that this debate that we are having now and that we have had for the last 2 weeks is developing into a morality play where you have the good guys and the bad guys. Everybody knows that I have been nicknamed "Plowback PATTY," and "Sell-out SCHROEDER." I have also heard the remarks around here that my husband has lots of oil companies for his clients. Let me say that my husband is listed in the phone book, and he will be glad to answer your calls and show you that he has no oil clients.

I believe that I must confess about the oil companies and disclose every gift I have received from them, so I will tell you about all of the gifts that I have ever gotten from the oil industry: one was a corsage with two carnations; another two 7-Up's, one which had a marachino cherry in it which I did not drink, because marachino cherries have red dye No. 2 in them; and the other was a birthday card. From the consumers, I have received $17.35 worth of nickels for the Consumer Protection Agency.

But, let me tell you why I am here. I am here because I think the debate we are having is becoming a morality play, and we are having a great time between the bad guys and the good guys. But let us look at the international fishbowl, because I am one of those people who believes one of the greatest problems we have in this country is that we send the Arabs who sell us the oil to the Harvard Business School where they learn our business ways. Maybe we should stop doing this. Perhaps then they will not do as well as they seem to be doing. In any event, I believe it depends on which fishbowl you are talking about.

I do know that all of the oil drilling rigs are not up and drilling. I do not know a whole lot about oil, but I know that I can tell when a rig is up or down around my district, and there are many rigs that are down because the costs have risen incredibly.

One of the side effects of this amendment has been that since the beginning of the week I have never seen such lobbying activities in my life. Blue Cross is going to have to raise our group rates if the arm-twisting does not slow down a little bit.

Let me just answer some of the things I have heard being talked about. If old oil gets the benefits of this—and you are right; they might—they get it only as they are putting money back in the ground. Why do I get so concerned about this area? First of all, we should not even use the word "production." It is the wrong word. If we are using the word "production," we are misconstruing the whole area. We do not produce it. It comes out; it is gone. It is not like it is on a line forever. So we should not use the word "production."

The next thing is that with almost any kind of investment you make in America, if the bottom falls out of it you may lose 50 cents on the dollar. If you drive a drilling hole to zero you have nothing, but someone says, "Aha! they can deduct all of those costs." That is true, but you have got to have income to make deductions count for anything. How many of you are plowing back 25 percent of your income into your office? I doubt if many are.

What we are trying to say is we need some incentives for these people to keep gambling. They are gambling to kingdom come. The majors have done a very brilliant thing. They are drilling abroad because it is cheaper to drill abroad. They are much more apt to hit a flowing hole abroad. They are also able to get a foreign investment tax credit, which is one of the wonderful things they have. Why do we not have the same kind of equity for domestic drillers?

There are some good things in the energy bill, but we still are not treating our domestic drillers equitably. I think there is irony in this situation.

As I sat through the Agriculture Act debate not too long ago, I heard how important it is to have a domestic sugar industry so we would not be subject to foreign whims. I cannot believe that this Congress thinks it is more important to have a domestic sugar industry than it is to have a strong domestic energy industry.

This amendment is probably not perfect, but this amendment certainly does give some message to domestic producers that we as a Congress care.

The CHAIRMAN. The time of the gentlewoman has expired.

(At the request of Mr. MAGUIRE, and by unanimous consent, Mrs. SCHROEDER was allowed to proceed for 2 additional minutes.)

Mr. MAGUIRE. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. I thank the gentlewoman for yielding.

I wonder if the gentlewoman is aware, and I think she is, that the industry's capital and exploration budget for this year is more than three times what it was just 4 years ago. It is in the range of $30 billion a year now, whereas it was $9 billion in 1973. All the indications are that even under existing prices—never mind the prices that will be in effect in future years under the Carter program—the trend for plowing back capital into exploration and drilling is going right up through the ceiling now. Is the gentlewoman aware of that?

Mrs. SCHROEDER. The gentle lady is aware that the 5-year average was 26 percent. I doubt if increasing the threshold would do any good—anyone who is complaining about the threshold of 25 percent still probably would not vote for plow-backs if it went to 50 percent. Yes, it is increasing, and let me tell you why. These are environmentalists' figures I think the gentleman would agree with. In the petroleum industry today, for every employee in the field a capital investment of $109,000 is required. In general manufacturing, for every employee a capital investment of $19,500 is required. Once again, to treat oil production the same as regular production is not quite fair, because it does require a phenomenal capital investment.

Mr. MAGUIRE. I have a second question if the gentlewoman will yield further. Is she aware that the margin of return on a barrel of new oil produced domestically in the United States is several times the margin of return on a barrel of oil imported from abroad, given the changing profile of taxes and payments that are now required in the Middle East for every barrel of oil? Is the gentlewoman aware of that?

Mrs. SCHROEDER. I am also aware that the profits are much higher in the Middle East than they are here.

Mr. MAGUIRE. To whom? To our companies?

Mrs. SCHROEDER. I am not protecting our companies in Saudi Arabia.

The CHAIRMAN. The time of the gentlewoman from Colorado has expired.

(On request of Mr. CONABLE, and by unanimous consent, Mrs. SCHROEDER was allowed to proceed for 1 additional minute.)

Mr. CONABLE. Mr. Chairman, if the gentlewoman will yield, I wonder if our

colleague would care to speculate about why some of our oil companies are going into other businesses like Barnum and Bailey and Montgomery Ward. I wonder if she would comment on the profitability of oil and whether they were really looking for a lower return on their investment than they could get in oil? Possibly they fear the future profitability of the oil business?

Mrs. SCHROEDER. I think they were looking for something which would give them a safer return.

They have got to have the money to buy the rigs, but once they have flowing oil the temptation to put the profits into real estate or something else must be very great.

Mr. CONABLE. I think it must be very great. The whole purpose of this bill should be to try to get some reinvestment in energy and not in real estate or other nonenergy businesses. If we continue to follow the course we are, we will find our oil investors deciding to invest their money in circuses or in retail trades. That is something we want to avoid.

Mrs. SCHROEDER. Mr. Chairman, I would like to say a few more words on behalf of the Schroeder-Jones amendment. Since there seems to be some misunderstanding of the amendment, I would like to outline its provisions and try to clear up some of the controversy.

First, the amendment would permit producers to earn back a small portion of the crude oil equalization tax they will pay during 1978 if they make additional investments in the exploration and production of oil and gas. The portion of the tax which would be earned would be one-half percent in the first month of 1978, increasing one-half percent each month thereafter. The percentage would be 6 percent in December of 1978.

Despite the small plowback percentage, critics of the amendment have claimed that the plowback will be too costly. To quote from a "Dear Colleague" letter that was circulated by opponents of the amendment:

> It starts small; $80 million in the first year. But hold on. In 1980, the plowback formula would siphon almost $2 billion from consumers to the oil companies.

It seems that the amendment's critics failed to read its provisions carefully. Not only does the plowback start small, it ends small. Our proposal would run for 1978 only. Wild charges that our proposal is going to cost the consumer $2 billion in 1980 are therefore false and misleading.

Second, before producers could qualify for the plowback, they would first have to invest at least 25 percent of their gross production income in exploration and production activities. Once this threshold is reached, they could earn a credit against the equalization tax equal to 90 percent of their future expenditures. In other words, 90 cents on the dollar for qualified expenditures above the threshold level would be eligible for the credit. Moreover, by providing only a 90-percent credit, producers must risk some of their own money without being eligible for any plowback credit.

This 25-percent threshold corresponds to historic spending trends among producers and insures that they will spend the normal amount of their own funds in exploration and production before they are eligible for the credit. If producers do not spend additional money to increase crude oil or natural gas supplies, they will not get a credit.

The amendment's critics, however, are claiming that most of the benefits would flow to the large oil companies and royalty holders. They say that FEA figures show that the 20 largest oil companies produce 67 percent of our "old oil," which is subject to the crude oil equalization tax. The claim is then made that the major oil companies would reap about two-thirds of the benefits from plowback, the two-thirds corresponding to their 67 percent "old oil" production figure. However, they fail to mention one important factor: most of the major oil companies do not presently qualify for a plowback credit, because their investments in production and exploration activities are below the 25-percent threshold level. The oil majors typically reinvest roughly 18 to 20 percent of their gross income in exploration and production activities. Therefore, unless the majors dramatically increase their exploration and production activities, they will not qualify for the plowback credit. If they do qualify, they will have significantly increased their investments in exploration and production activities, which is the express purpose of the legislation.

Also, cries that the 25-percent threshold is too low are being heard. Figures from every source imaginable are being tossed out. According to some FEA figures that are being bandied about, the independents are supposedly reinvesting as much of 70 percent of their gross income in exploration and production and the majors over 30 percent. The problem here is that it is another case of trying to compare apples and oranges. The FEA figures are based on total expenditures, not on the narrow defined qualified investment categories in our proposal. Our proposal excludes offshore lease acquisition costs, severance and ad valorem taxes, overhead, operating and lifting costs from the qualified categories. The FEA figures, on the other hand, include all of these items in their figures.

In other words, we are simply not talking about the same thing. As stated previously, the 25-percent figure corresponds to historic spending trends among producers—the rounded industry average for the last 5 years is 26 percent. Moreover, it only stands to reason that, in order to have an average, some producers have to be above the threshold and some below it. Therefore, since most of the majors are below the threshold, many of the independents have to be somewhat higher than 25 percent. But, to be fair to all segments of the industry, the industrywide average is the figure that should be used.

Third, another argument along the same lines is that the plowback will help the big oil companies get bigger and that it is unfair to new companies or companies just trying to enter the industry. But the plowback credit would exist for old and new companies alike—anyone who wants to invest more than the industry average in exploration and production would be eligible. Moreover, it is typically the smaller firms which fall into this category.

Fourth, the plowback is being labeled an "administrative nightmare." The argument is made that instead of the Internal Revenue Service—IRS—having to deal with 300 refiners, it will have to deal with 16,000 oil producers. The fact is overlooked that these firms are already filing tax returns and are already being taxed in numerous ways by the Federal Government. Why "administrative nightmares" would result is a little hard to fathom.

Fifth, critics claim that plowback is not needed to encourage more oil production and that drilling activity is at a 17-year high. They fail to mention, however, that oil imports are at an all-time high despite conservation efforts—between 1957 and 1976 imports have more than quadrupled—and that demand has more than doubled in the past 17 years. What this means is that we need to increase both our conservation efforts and domestic production—conservation alone just is not going to get the job done.

Sixth, our proposal is supposed to be a "rip-off" of the consumer, because it will supposedly transfer funds from the pocketbooks of consumers to the coffers of the oil and gas companies, fail to increase oil and gas production, and be a "mockery" of efforts to encourage conservation by taxation and to refund these tax revenues to consumers. This claim is faulty on several counts:

Our amendment would plow back approximately $80 million of the more than $4.4 billion to be collected in crude oil equalization tax revenues. That is less than 2¼ percent. Moreover, the plowback would decrease the rebate of each eligible taxpayer from crude oil equalization tax revenues by about 66 cents a person—hardly a "rip-off" of the consumer.

A producer would not earn a plowback credit unless he first sinks 25 percent of his own money into exploration and production activities and then continues these activities and surpasses the industry average. The sole purpose of our amendment is to further incentives to find and produce new sources of oil and natural gas, which means enough energy to go around in the years ahead. I can think of nothing more anti-consumer than closing down factories, schools, and businesses like we did last winter because we did not have enough energy to go around.

Calling efforts to increase domestic energy supplies a "mockery" of efforts to encourage energy conservation refutes basic economics. Both are needed if we are to solve our energy crisis.

Seventh, to pursue the anticonsumer argument a step further, I think it is sheer madness to make the American consumer depend on unreliable foreign energy sources when it is possible to sig-

nificantly increase our domestic production. By increasing the incentive for domestic production and exploration, we would be helping to insure that Americans will not have to rely on unpredictable foreign sources whose prices are continually rising, risk future oil embargoes, or play the odds that another war in the Middle East would not interrupt our oil supply.

A July 25, 1977, GAO evaluation of the national energy plan states that the plan will fall short of its goals of reducing imports to 6 million barrels of oil a day in 1985. The GAO estimates a 4.3 million barrel a day shortfall, which would increase from 43 to 47 percent our dependence on imported oil.

The GAO report goes on to say that the administration expects to increase oil production by 0.1 million barrels a day over what would otherwise be expected in 1985 by proposed specifications covering oil pricing, oil taxes, natural gas pricing, and other measures. However, the GAO questions the likelihood of this increased production and states that producers' revenues and presumably capital available for exploration and production will be less under the administration's plan than under a continuation of current policy. To quote from the GAO report:

Detailed Administration estimates show that there is essentially no change in crude oil or shade oil, but that an increase in natural gas liquids accounts for the overall increase. Because crude oil prices in 1985 are no higher than under existing policy for newly discovered oil, it is not surprising that the Administration expects no increase in supply, except for natural gas liquids. However, the Administration estimates no less production of oil, new, and already discovered Alaskan oil by 1985 even though prices for these categories will be lower under the plan than under existing policy. It is possible that lower prices for old, new, and already discovered Alaskan oil will reduce production in these categories. If so, the Plan could result in less production than under a continuation of current policy.

By 1985, the Plan will result in lower prices for old, new, already discovered Alaskan, and natural gas liquids and no change in other categories. [Old oil will decrease by $1.15 a barrel by 1985 under the Administration's Plan, new oil by $2.22 a barrel, Alaskan gas by $2.22 a barrel, and natural gas liquids by $1.87 a barrel]. The result of these changes is that no category of oil will command a higher price under the Plan than under existing policy. Hence, there is no additional financial motive for producers to increase their exploration and development activities. Moreover, according to an Administration estimate, lower prices for most of the oil to be produced between now and 1985 will cut producers' revenues by 1985 by almost $13 billion (in 1977 dollars), relative to a continuation of existing policy.

This, in turn, will presumably reduce their profits and ability to attract new capital to finance additional exploration. Therefore, the Plan not only keeps incentives for new production at current levels, but potentially reduces producers' financial ability to increase their efforts to produce more oil.

The GAO's report could not be any clearer. And yet, many choose to ignore its words.

The Office of Technology Assessment in a June 1977 prepublication draft analysis of the national energy plan also raises serious questions as to whether the plan's goals can be reached:

There is no serious question as to whether resources are available to meet the goals of the National Energy Plan. There is, however, a serious question about whether new oil and gas can be discovered early enough to reverse the trend in domestic production, which is a key element of the Plan.

Oil production from existing fields containing the known reserves will drop significantly by 1985. This means that enough new reserves must be discovered and developed in the Plan period to make up the difference between production from known reserves and the Plan's production goals. The rate of discovery of new reserves of oil and gas during the period of the Plan must be two to three times the rate of discovery between 1965 and 1975. If domestic supplies do not rise to about the levels anticipated in the Plan in 1985, the U.S. would be forced to increase oil imports or reduce oil and gas demand through more stringent conservation measures.

As for oil and gas pricing, OTA states:

The price and tax provisions in the Plan would increase incentives for new oil and gas production and for tertiary oil recovery. These are offset to some extent by continued price controls on all oil and by new price controls on intrastate gas. [But] the crucial question is not whether incentives are increased, but whether they are increased enough to stimulate production of about 6 million barrels a day of new oil and gas equivalent on which the Plan relies heavily to achieve its goal of reducing imports to 6 million or 7 million barrels a day in 1985."

OTA concludes:

It is not possible to judge at this point whether the Plan's pricing policies will sustain a flow of capital adequate for the required exploration and development [and], for that reason, it seems prudent to devise some procedure as part of the Plan ensuring that the pricing policy will support an adequate exploration and production effort.

OTA even goes so far as to suggest decontrol, with a tax on excess or "windfall" profits, and a plowback provision as an alternative to the plan's proposal for continued controls.

The statements by the GAO and OTA draw the same conclusions: First, means must be sought to support an adequate exploration and production effort and increase our domestic supply, and second, there are serious doubts as to whether the administration's plan provides the incentive necessary to increase our domestic supply. I am, therefore, asking for your support of our amendment. It is a reasonable means of encouraging increased exploration and production efforts and increasing our domestic supply.

Mr. MOFFETT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. ROBERTS. Mr. Chairman, I move to strike the requisite number of words.

I had not expected to speak on this bill; but I have so many reports from instant experts about the oil business that I think I might throw in a little information.

The east Texas oil field alone is comprised of 26,000 oil wells. Better than 13,000 of those are in my district, so I know a little about the oil business.

We talk about fairness and equity. Most of you are talking about the major oil companies, the big oil companies. You are assuming all oil belongs to the oil companies. That simply is not so. One out of every eight barrels of oil produced and you can ask anybody that knows anything about the oil business belongs to the landowner or the royalty owner. It belongs to the landowner if he has not sold his royalty.

Talk about fairness, let us talk about the east Texas oil fields. It was a poor area of the country that happened to be above a tremendous oil pool. They are selling their oil because of the price we have established at $5.50 a barrel. The oil is worth on today's world market $13 a barrel. Now, that is exactly the same as passing a law saying, "You have got to sell all your $20 bills for $10." It is worth $13 or $14, but we say they have got to sell it for $5.50.

Now, that little landowner is deprived without due process of the difference between $5.50 and what his oil is worth. So before we get so all-fired religious about what the oil business is all about, go down and see how it really works. Talk to somebody that knows, whether they are on my side or not, talk to the gentleman from Texas (Mr. ECKHARDT). The gentleman is an expert and he knows what I am saying is true.

But remember 12½ percent of that oil belongs to the landowner, or the royalty owner. He may have 3 acres or 10 acres or 5,000 acres. I will tell you, he is not getting what his oil is worth.

Mr. TUCKER. Mr. Chairman, I move to strike the last word.

I would like to ask the authors of this amendment, Mr. JONES and Mrs. SCHROEDER, a couple of questions about it.

I understand first that this will involve collecting the equalization tax from some 16,000 producers rather than from the relatively small number of refiners that were involved in the Ways and Means bill.

Mr. JONES of Oklahoma. If the gentleman will yield, that is not necessarily true. It says that the liability for the tax is on the producer, 16,000 or however many there are that come into the producing field, but that we give full discretion to the Secretary to determine the best way and the most administratively proper way to collect it. We give him full rein to collect it in the same fashion as it is being collected under the administration proposal.

Mrs. SCHROEDER. If the gentleman will yield further, I think the other point is to say that this is too bureaucratic, because it is even going to be worse dropping it at the other end.

Mr. TUCKER. I am not sure that is the case, for two reasons. One, in the Ways and Means Committee we had some detailed discussion of collection procedures from the refiners. It did not appear to be particularly difficult. Collecting from producers will be quite complicated. In connection with that, I have

a very deep concern about what happens to propane users. We adopted a provision in the Ways and Means Committee to make sure propane users do not have an extra price passed to them as a result of this tax.

Mr. JONES of Oklahoma. It is the intention of the authors to change in no way what we did in the committee with reference to propane users.

Mr. TUCKER. I fail to see in the gentleman's amendment how he is going to be able to take care of propane users, because I do not think he can identify the oil going into propane production if he places the tax on at the producer level.

On page 77 of the amendments that were sent out, we find the term "qualified investment." I understand the objective of this bill is to provide incentives for the exploration and development of new oil, is that correct?

Mr. JONES of Oklahoma. That is correct.

Mr. TUCKER. Is it true, on page 77, line 15, of the amendment proposals that intangible drilling and development costs, which would be a qualified investment, would include the wages and salaries and fuel paid out and expended on existing wells?

Mr. JONES of Oklahoma. It would include what is considered in intangibles; that is, drilling rigs, drilling fluids, labor costs.

Mr. TUCKER. On existing wells.

Mr. JONES of Oklahoma. Not for new exploration, no.

Mr. TUCKER. But it would be a qualified investment. It is not limited to new exploration?

Mr. JONES of Oklahoma. They get the credit for new exploration. It would be limited to new exploration to reach the threshold.

Mr. TUCKER. These qualified investments will help them reach the threshold.

Mr. JONES of Oklahoma. That is right.

Mr. TUCKER. So if an oil company purchases a new airplane, which would be a depreciable asset used for the exploration of oil, that is going to help them go toward the threshold?

Mr. JONES of Oklahoma. That is not correct.

Mr. TUCKER. That is not a qualified investment?

Mr. JONES of Oklahoma. It is not a qualified investment.

Mr. TUCKER. Line 21 says, any depreciable asset used for the exploration of oil. An airplane is a depreciable asset.

Mr. JONES of Oklahoma. If the gentleman is interested in legislative history, the answer is that it is not a qualified investment.

Mr. TUCKER. Does the gentleman stand on that answer?

Mr. JONES of Oklahoma. If the gentleman wants to go ahead and phrase it again, if I understood his question, they purchase an airplane to fly people down to the site or something like that, would that qualify—that answer to that is no. If they are using an airplane for the purpose of seismographic work, things such as that, they would qualify to that extent.

Mr. TUCKER. It becomes a debate as to what the use of the airplane is for, then.

It has been directly related to what is outlined here.

On line 24, the gentleman says "any pipeline" used for gathering oil and natural gas from fields.

That would be gathering lines and pipelines from those wells which have already been discovered but perhaps have not had gathering lines extended to them at this point; is that correct?

Mr. JONES of Oklahoma. I believe that is correct.

The CHAIRMAN. The time of the gentleman from Arkansas (Mr. TUCKER) has expired.

(By unanimous consent, Mr. TUCKER was allowed to proceed for 1 additional minute.)

Mr. TUCKER. So the conclusion that I read is that, in reaching the threshold, there is no limitation on the qualified investments, that those qualified investments must be expenditures for new oil, but, rather, it covers the whole gamut of expenditures made by big oil companies for old oil, as well.

Mr. JONES of Oklahoma. No, I do not believe that is correct.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. TUCKER. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, the gentleman is raising another question that I think is of interest, and that is: Suppose a company has 75,000 barrels of old oil per year, 25,000 barrels of new. Another company is just the reverse, 75,000 of new and 25,000 of old.

It seems to me that the last company is the one that has been going out to get oil, but they are only going to be drawing this credit on one-third the amount that the lazy, lackadaisical company with a large amount of old oil draws.

Mr. TUCKER. As I read the amendment, there is no limitation that these investments be made on new oil in order to qualify.

Mr. MAGUIRE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as the facts and figures fly back and forth and the arguments are made by the proponents and by the opponents, I think it is sometimes useful to go for source material, to what one would think would be a source on the other side of the issue, and see what they have to say on the subject.

Forbes magazine, one of the most well known business publications in the United States—its nickname is "Capitalist Tool"—wrote recently about the incentives that are presently available and that will be available to the oil industry under the Carter program. Reprints of this are available at the desk, but let me hit some of the highlights.

The article describes the "hefty" and "powerful" incentives that the President's pricing proposal grants for oil exploration.

The article tells how oil men privately concede these incentives. It reveals that:

> There is more drilling going on in the United States today than any time in almost 20 years.

It shows that the industry's capital and exploration budget for this year runs to $30 billion, compared to $9 billion in 1973. Expert industry analysts estimate that greater proportions of rising oil company revenues will be plowed back into drilling, not just this year, not just next year, but out to and through 1990.

Somebody over here who was supporting the amendment said a few moments ago that by 1985 there would be problems. The facts do not bear this out. Plowbacks are projected to continue to increase, proportionally, through 1990.

The article from Forbes further describes the attractiveness of drilling in the United States as "geographically second only to the Persian Gulf, and politically there is no place as attractive."

I would just interject, parenthetically, that it is amazing to me how many lives yet another special tax break for the oil companies seems to have in this Chamber. It does not matter whether we beat plowback one time or six times. It somehow always comes back to us.

It does not matter if we move way up from the average price of oil of $3, which it was in 1973.

It does not matter if we move way past the $4.65 price that all of the companies told us in 1973 would be the price they need to allow them to bring all of the oil out of the ground.

It does not matter if we go to $11.28 for new oil, which makes new oil in this country the most lucrative investment anybody has seen in the oil and gas industry anywhere in the world.

It does not matter that we eliminate the minimum tax provision; it does not matter that we have a 10-percent escalator every year that takes new and old oil and the composite up through the present ceilings; it does not matter that we have new new oil which will not have to pay a crude oil equalization tax in the future. The incentive price for that new new oil will be the world price of $13.50 and it can continue to escalate beyond that.

Yet, we still have, in spite of all this history of generosity, more proposals for more plowbacks.

I do not know how many people believe James Schlesinger when he speaks, but I would assume he would be on the safe side in statements relative to the economic viability of the oil industry in this country. Mr. Schlesinger has said:

> The oil companies can make more money in the U.S. than anywhere else in the world.

That is true at the current price, never mind the price that will be in effect after the Carter program goes into effect. In short, the companies are plowing back and will be plowing back so much under current prices that they do not need any additional plowback.

This is why I believe the Jones-Schroeder amendment should be defeated. The consumer argument others have made eloquently. The problems we will have with the other body if we give them anything to run with over there by way of a plowback are well known to our Members. But the major argument is that plowback credit is not necessary.

Mr. Chairman, on the economic merits of the case, there is no justification whatsoever for this proposal.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. MAGUIRE. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, while we are debating this amendment and playing this wonderful tennis match, with the ball going back and forth, from one court to another let me quote from the GAO report of July 25, 1977, which says that by 1985 under the administration plan we are passing the oil industry will be down in revenues by $13 billion in the U.S. oil and gas industry.

The CHAIRMAN pro tempore. (Mr. EVANS of Colorado). The time of the gentleman from New Jersey (Mr. MAGUIRE) has expired.

(By unanimous consent, Mr. MAGUIRE was allowed to proceed for 2 additional minutes.)

Mr. MAGUIRE. Mr. Chairman, in answer to the statement of the gentlewoman from Colorado, the point I was making at the beginning of my comments is that everybody will have all sorts of figures on every aspect of this thing.

But what we do in the end is we go to the other side to get the figures that are most reliable, the figures at the bottom line. If we want figures on the profits that are being made in the oil industry, we probably should not go to ANDY MAGUIRE's office in the Longworth House Office Building, but we go to one of the major investment houses in New York to track the oil and gas industry.

If you want information as to what the margin of profit is on a barrel of oil produced in this country versus a barrel of oil that is produced abroad, if we want to find out what is actually being done in terms of drilling activitly, in terms of performance in the stock market, or in terms of drilling activity, in terms of ments, not only as an absolute amount but as a percentage on returns, we go to the data of the oil industry itself and we go to the analytical experts who look carefully at that data from the industry point of view.

I do not know what the GAO report is based on, but I would suggest to the gentlewoman, in line with the facts given by the gentleman from Michigan (Mr. DINGELL) and alluded to by the gentleman from Illinois (Mr. MIKVA), that there is not a Member of this body who does not know about the economic boom in the oil and related industries that we have had and that we will continue to have without the adoption of this amendment.

Mrs. SCHROEDER. Mr. Chairman, if the gentleman will yield further, I would point out that the GAO report is a 17-page report, and the gentleman is talking about a 1-page article.

The other problems we have had are with inflation. Inflation has gone mad in this whole area of the oil industry, as it has in many other areas. It has impacted heavily on the oil industry because there is a much higher investment per person in it.

Mr. MAGUIRE. Mr. Chairman, let me ask the gentlewoman, does the GAO report suggest that we need a plowback?

Mrs. SCHROEDER. The GAO report does not talk about a plowback. It only says the domestic oil industry will lose $13 billion in revenue in the industry by the year 1985 by our pricing program in this bill and with inflation they really will be squeezed.

Mr. MOFFETT. Mr. Chairman, if the gentleman will yield, let me ask this question: How much of that inflation has come from higher oil prices? That is the question.

The CHAIRMAN pro tempore. The time of the gentleman from New Jersey (Mr. MAGUIRE) has expired.

Mr. WAGGONNER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman and Members of the House, I remember that a couple of years ago we were here in this same Chamber debating the wisdom of an energy bill. At that point the same arguments were being made that are being made now to the effect that there was plenty of oil and gas, that there was no relationship of price to exploration and production, and that we need not worry about the problem of cost because through conservation we could reduce demand. Regulation was the cry then and still is.

Thank God that bill was never signed into law because almost everything we proposed turned out to be wrong. Every estimate we made was in error.

First of all, I offered plowback amendments in committee with three different formulas, and they failed. My amendments would have required a greater plowback than is asked for by this amendment. This amendment asks very little.

Mr. Chairman, let me explode the idea that the gentleman from Ohio (Mr. VANIK) and some others have tried to impart that we are providing for a double credit, because that absolutely is not so.

Mr. Chairman, it is not primarily intended for these people against whom there seems to be so much animosity, for those who are classified as the "majors" in the oil and gas business. They are not the people who really do the exploration. It is intended to provide encouragement and incentive to the independent people in the business.

Mr. Chairman, many people have the wrong impression, plenty of people go broke in this business. They wear patches on their pants and they are on welfare because they gambled and lost.

Occasionally somebody makes it, and then people get jealous of them; but thank God they do because they provide for Americans more energy at a cheaper price than anybody else anywhere on the face of this earth is privileged to enjoy.

To get this miniscule plowback that the Jones-Schroeder amendment suggests, they have to give up an investment credit if they are entitled to an investment credit. The amendment specifically says that this is so. No one would be permitted to have double tax benefits if this provision is adopted, which means that more and more income tax credits would be disallowed to the extent of this plowback credit.

Mr. Chairman, my good friend, the gentleman from Michigan (Mr. DINGELL), has an awful lot of interest in some big people in the automotive business. We share that interest. It is just a tragedy that my good friend, the gentleman from Michigan (Mr. DINGELL), does not have an interest in the people who provide the fuel that propels the automobiles and trucks which he has an interest in. They are both vital to this country; there is not any mistake about that, but the gentleman from Michigan (Mr. DINGELL) says that the industry is already plowing back 45 percent of their net profit. I believe that was his figure.

Mr. Chairman, let me tell you that they are plowing back a lot more than 45 percent. They are plowing back everything they have, the industry is, and then it is borrowing money for exploration and other operations.

However, there is a lot of difference really in what they are required to do here, which is reinvesting 25 percent of their gross to get anything by way of a credit. There is a lot of difference in 25 percent of one's gross and 45 percent of his net. The 25-percent gross figure will be drastically higher.

Mr. Chairman, my good friend, the gentleman from Ohio (Mr. VANIK), stands up here and says that the industry already has some incentive, that the industry is going to be able to claim the intangible drilling costs as a business deduction. Why should they not be able to do that? They always did until retroactively, last year, we included as a minimum tax preference item a tax on intangible drilling costs, which means that we levied unwisely a tax on expenditures. That means we decreased the capital gain rate. That was the net effect of it, which means that from a cash-flow point of view, the vast majority of the independents in exploration were put at a disadvantage. Cash flow for most was in deficit more than 100 percent. Furthermore, the IDC provision of this bill applies only to independents. The corporations already have it. Independents have had it every year but 1976.

Who is not for equity of that sort? They are just being restored to a position of equity. That is all this amounts to.

The CHAIRMAN pro tempore (Mr. EVANS of Colorado). The time of the gentleman from Louisiana (Mr. WAGGONNER) has expired.

(On request of Mr. GIBBONS and by unanimous consent, Mr. WAGGONNER was allowed to proceed for 2 additional minutes.)

Mr. WAGGONNER. To continue, Mr. Chairman, they are being restored to a position of equity, and there is a difference between a tax on an expenditure and the tax situation which the gentleman from Ohio (Mr. VANIK) talks about.

But, yes, the independents are going to get this equitable position. The GAO report that everybody has been talking about is here, and it is a rather recent one, dated July 25, 1977. And do not tell me that you are going to say that I will believe what the GAO says tomorrow but because I do not want this provision I do not agree with it today because either

they have credibility or they do not have credibility. But here is what the GAO has to say about the administration's provision, if we do not provide for incentive. I am reading from page 4.5:

The result of these changes is that no category of oil will command a higher price under the plan than under existing policy. Hence, there is no additional financial motive for producers to increase their exploration and development activities. Moreover, according to an administration estimate, lower prices for most of the oil to be produced between now and 1985 will cut producers' revenues by 1985 by almost $13 billion (in 1977 dollars), relative to a continuation of existing policy.

This, in turn, will presumably reduce their profits and ability to attract new capital to finance additional exploration.

That is what the plowback is intended to do: provide for new capital to provide for additional exploration. It is not any more than that. But just as 2 years ago we stood here and said, "Look, these people are bleeding us dry. They are making all the money they need to. Price is not related to production. We can just tell the public to conserve and it is all accounted for."

But we were wrong and we are wrong now if we think we are going to improve the situation unless we continue to provide for something in the way of an incentive.

After all, what is wrong with making money in these great United States? Profit to some of you is a dirty word.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, unfortunately this bill results in the continuation of the disastrous price control program followed so ineffectively by the Federal Government.

Even though the expressed purpose of the ad hoc committee was to consider all aspects of energy policy, the Republican effort to separately amend the Emergency Petroleum Allocation Act to provide for the restructuring of price controls on new oil so as to spur additional domestic production was ruled out of order as nongermane to the bill. Nevertheless, the bill was amended to include a study of the energy conservation potential of bicycles. Now perhaps that is desirable, I have a bicycle. But to address bicycles and not be able to address the issue of oil pricing is appalling logic.

The need for opening up for revision the oil price control law is readily apparent because the present provisions of that law—EPCA—simply have not worked. What is the test? The United States is today more dependent than ever on foreign oil—mostly Arab—and this Nation's consumers are paying more for foreign oil than they would for domestic oil if there were no price controls on domestic oil. A brief review of the oil pricing policy and its impacts since its December 1975 enactment confirms its lack of success.

Under the provisions of the Energy Policy and Conservation Act (EPCA) of December 1975, the Federal price control scheme, first enacted under the Emergency Petroleum Allocation Act of 1973, was continued in a modified form. EPCA picked up Cost of Living Council 2 tier price ceiling initially setting "old" oil frozen at May 15, 1973 posted prices plus 35 cents or $5.25 under EPCA "new" oil was allowed to float to market prices—about $12.95 by time EPCA was passed. EPCA provided for mandatory Federal price controls on crude oil to continue for 39 months (through May of 1979) with a provision that the President may, in his discretion, continue such controls through September 1981. Many of the Members who supported the Energy Policy and Conservation Act as I did did so because they felt Federal price controls were necessary for a temporary period to protect the consumer, and that any price control mechanism should last for as short a period as possible and then gradually move controlled prices toward market levels so as to provide appropriate price certainty for the producer and, thus, encourage domestic production of as much oil as possible.

The clearly stated policy of the Carter administration in submitting its energy program to Congress was to retain Federal price controls on oil as long as world oil prices are subject to OPEC's determination. This policy of continuing domestic oil price controls indefinitely will have a disastrous impact upon our energy supply. Federal price controls under the Emergency Petroleum Allocation Act have been a dismal failure for several reasons: First, domestic production has drastically declined under oil price controls; second, the certainty that is necessary to provide proper signals for investment in domestic production has been absent; and third, the consumer has not been protected, contrary to the desires of the strongest advocates of crude oil price controls. The consumer pays more for oil because more of our oil consumed in the United States is foreign oil as it is the highest priced oil we get.

With respect to domestic production, while some decline may have been inevitable even without Federal price controls, the counter-productive effect of the Emergency Petroleum Allocation Act as amended by EPCA has been to magnify the rate at which this decline has taken place. In 1973, when Federal price controls were first enacted, our average domestic production was 9.2 million barrels per day. By March of this year this had declined to only 7.8 million barrels a day.

With respect to certainty for producers, the intent of the EPCA amendments to EPAA was to try to create a mechanism whereby, although there would be price controls, there would be steady and definite increases in the controlled price that the producer was permitted to receive for his efforts. The complete opposite has been the case—the history of Federal price controls under EPCA has been a continued series of rollbacks and price freezes with the attendant result that the March 1977 controlled price of new oil—the latest figures available by the FEA—was $11.03 or almost $2 less than the price of $12.95 that the producer was receiving at the beginning of the old EPAA system in effect at the time of the enactment of EPCA in December of 1975.

The composite price of $7.66 originated in EPCA had been predicated upon information provided to Congress by the bureaucrats at FEA that 60 percent of our domestic oil was old oil, selling at $5.25, and 40 percent was new oil, selling at $12.60. Subsequently, in June 1976, FEA discovered that the figures on which Congress had based its decision were incorrect—FEA was wrong—imagine that. In fact the actual proportion of lower tier to upper tier was 57 percent to about 43 percent, and that lower tier oil was really averaging about $5.07. The result of this several-million-dollar bureaucratic blunder was that crude oil prices in February 1976 and subsequent months had exceeded the statutory composite allowed for those months. As a result, a crude oil price freeze on both upper and lower tier was imposed for July and August to allow the upward moving statutory composite price to catch up to real prices. (Under EPCA, the statutory permissible annual increase in the composite price was 10 percent—or an increase in 1976 from $7.66 to $8.24).

Later, in 1976, stripper well production was exempted from the composite price allowed for domestic oil by Federal controls and a production incentive was permitted for high cost oil. Congress took such action in the Energy Conservation Production Act. The net result of this was that much less oil was classified as low tier than had originally been anticipated. Therefore, actual prices continued to considerably exceed the statutory composite. As a result, the crude price freeze on upper and lower tier oil was extended through November, and in December of 1976, upper tier prices were actually rolled back an additional 20 cents. The result was that upper tier oil sold at $11.35 in January of 1977 rather than the $12.05 for January 1977 as originally had been projected by the composite price regulations. The problem was exacerbated by a situation with respect to the confused interpretation of the definition of a "producing property," the keystone upon which all calculations as to the breakdown between old and new oil is based. Due to a change made by FEA in the regulations defining producing property, even less oil was in the lower tier than before. As a result, on March 1 of this year, an additional rollback in upper tier oil was implemented, bringing upper tier oil down to $11.03, the lowest it has been since 1974.

Thus, at a time when our oil policy should have encouraged production, the prices of domestically produced oil have been decreasing—a clear disincentive to producers to seek and produce more domestic oil.

Finally, with respect to consumer impacts, the basic goal of enacting price controls—to protect the consumer from excessive OPEC-dictated price increases by holding down the price of oil—has not been met. Under the price control schemes of EPAA and EPCA the volume

of our imports and outflow of dollars to pay for these imports had skyrocketed. In 1972, just prior to the imposition of price controls on crude oil, the U.S. imported 2.2 million barrels of oil per day at an annual cost of $3 billion. In 1974, one year after the imposition of price controls and the Arab oil embargo, our imports averaged 3.5 barrels per day at an annual cost of $24 billion. At the end of this past year, 1976, U.S. imports were 5.3 million barrels per day at an annual cost of over $40 billion.

The significant failure of our crude oil pricing policy begs for a solution. It is a problem basic to our whole energy crisis, but the administration and the Democrats in Congress have turned their backs on this problem. Significant adjustment is necessary in the oil price control mechanism to meet the original goals that the architects of EPAA and EPCA desired—protecting the consumer from excessive energy price increases while at the same time providing appropriate incentives and certainty for the producers. H.R. 8444 fails completely to deal with these basic questions. It does not even try to address it. At least the Jones-Schroeder amendment does.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. BROWN) has expired.

Mr. BROWN of Ohio. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. ECKHARDT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. GIBBONS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I am going to attempt to be brief. We have been on this amendment some 2 hours and I think the House is ready to vote.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, I hope the gentleman will be brief because, since I could not get an extension of time, I am going to have to try to impose the same standards that the gentleman from Texas (Mr. ECKHARDT) just imposed on me.

Mr. GIBBONS. When whatever remains of my 5 minutes expires, I will sit down.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I will yield for a unanimous-consent request only.

Mr. CONTE. Mr. Chairman, I join the gentleman in the well in his sentiments.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Oklahoma (Mr. JONES), and the gentlewoman from Colorado (Ms. SCHROEDER). Mr. Chairman, this amendment would draw from the revenue fund created by the crude oil equalization tax, which would be intended, under this amendment, to go back to the producers for the payment of costs of intangible drilling and development, geological or geophysical; nonproductive well drilling; secondary or tertiary recovery of crude oil or natural gas; and acquisition of onshore crude oil or natural gas leases. Mr. Chairman, I am concerned that this amendment will actually result in a reduction of the number of companies who will be entering this business of oil and gas exploration and production. I believe the oil industry is "squeezing by" at present, without this additional Federal subsidy. In fact, production in this country is at a 17-year high, and shows no sign of slackening. All this without the plowback scheme that we are now considering.

Mr. Chairman, I believe this massive bill now before us, provides the necessary incentives to further increase the exploration and production of domestic oil and natural gas. The effect of this amendment would simply mean that producers who discovered new supplies of oil would receive an additional financial reward in addition to what is already provided. The profits of the majors are already at an all-time high, with the prospects for the future looking brighter. The credit provided for under this amendment would be the greatest benefit to the large, integrated major oil companies, since they receive a large portion of their income from their flowing oil production revenues.

Mr. Chairman, I further believe the threshold that is provided for in this amendment would be insufficient to accomplish the goal the sponsors desire, since the 25-percent figure would cover investments which would normally be made. Thus, we would be rewarding investments that are considered routine, and not providing the incentive the sponsors desire; that of providing new exploration and production incentives.

Mr. Chairman, I do not feel that this amendment is in the best interest of the public or our future energy requirements. I therefore urge my colleagues to reject this amendment.

Thank you, Mr. Chairman.

Mr. GIBBONS. Mr. Chairman, the charge has been made that not enough has been done to make America as self-sufficient as can be done in the matter of oil. I think all of us admit we would like to do more, but how do we do it?

First of all, the price of new oil is $13.50 a barrel or roughly that figure, and that is the highest price in the world, or is the world price, which will continue to go up.

Secondly, in this bill we remove a part of the taxes, the small taxes that some independent producers were paying. We had to remove them from the minimum tax because frankly they were not paying any tax other than the minimum tax on preferences. We could not do any more for them in the tax area.

Do we need to stimulate exploration? The facts are that exploration is going forward at a very rapid pace now in the United States, probably faster in this sophisticated society than at any time previously in the United States or anywhere else in the world.

The oil companies have plenty of cash. They demonstrated it themselves. They say it at their stockholders' meetings. They are investing in other businesses. They have plenty of cash and we all know what they have done. Their budget this year, as reported by authoritative oil journals and from Dallas shows they have about $30 billion in their capital and expenditure budgets for this year.

The Jones-Schroeder amendment at the most would produce $2 billion, but $80 million only would be in this next year, and if we produce $80 million, we would be giving them a pittance compared to what they already planned to expend.

Who would get the money? That always has got to be a subject of debate because frankly that figure is locked in the tax returns of the oil companies and none of us has access to those returns and none of the figures we get reflect those returns, but the best estimates are that the majors would get 67 percent of it, but that is only an estimate.

The facts are that if one is in the oil business and he discovers new oil he can get the world price for it in this market.

The bottom line is that if one is in the oil business and he discovers oil, he can keep more of it and more of the profit here in the United States than any place else in the world.

So incentives to explore have moved back to the United States. These people are going to explore anyway. They do not need any more encouragement than has already been given to them. If we pass the Jones-Schroeder amendment we will be taking money from the consumer and giving it back to the oil companies so some of them can go out and go into other businesses and perhaps do a very marginal amount of additional exploration.

It is a bad piece of tax policy. It would be extremely hard to administer.

The difficulties of administering this have been explained to us by the IRS. They think it would be an almost impossible thing to administer the Jones-Schroeder amendment; so I would ask and I hope we can wind up this debate now, please vote "no" on the Jones-Schroeder amendment and let us get on with the rest of this bill.

Mr. LEVITAS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I may be one of the few Members in this Chamber who began to listen to this debate several hours ago not knowing how I would vote. I was, in truth and in fact, undecided, having previously listened to the arguments, read my constituents letters pro and con, weighed the reports of the Library of Congress and other sources, discussed the issues with experts, read the "Dear Colleague" letters and having been handed slips of information papers as I walked in and out of the Chamber. I have listened very carefully to the debate on both sides of this issue. I have now come to my own conclusion.

First of all, what we are going to have to talk about in this energy debate, whether in this bill or at some other time, is more energy. We cannot fill the empty oil barrel merely by conservation. We need more energy, not less, to main-

tain our quality of life and fuel the productivity fires of our great economy. Therefore, I confess that I have been disappointed in the entire energy policy of the administration and in this legislation because there has not been more emphasis on the development of new alternative energy sources, synthetic fuels, and more domestic production of energy. This is vital. New and more and different domestic energy is essential for our future and what we have done thus far is woefully inadequate in this regard.

I would support the principle and do, indeed, believe that if we can create incentives for the domestic energy industry for new, more, and different energy and for the oil industry in this country to produce more oil and gas—that we should and must support that approach of providing those incentives.

I would support this and any other amendment, plowback or what have you, if I believed it would result in the production of more energy, more oil, more gas. Indeed, the plowback idea is a very promising one and a fertile approach.

I really do not care whether this plowback will put more money into the pockets of Exxon or Marathan or the mom and pop producers, as long as it economically results in the production of more energy and helps make this Nation self-sufficient and less dependent on foreign oil imports and at the mercy of an oil cartel.

It has been said by some that there are no incentives in this legislation for new exploration and new production, but that is absolutely false and untrue. There may not be enough incentives but in one major respect this bill provides the best of all incentives—profit. By permitting the price of "new" oil to go up to the world market price, we will build in the most effective incentive that exists in the marketplace, which is profit, and I mean a $2.22 per barrel profit over the present "new" oil price; so there is great incentive. Do not be told there is not. There is a difference between incentive and greed.

Indeed, I believe that a plowback of taxes into exploration may very well be the best way to provide the needed incentive for additional exploration and production.

I do not believe, and in this I disagree with many of my friends in this Chamber and some downtown at the White House, that we are taking away something in a plowback that the consumer is otherwise going to get by way of rebates. I am not really convinced that the consumer is going to get any of the money that we tax and then recycle here in Washington; but I have finally concluded in my own mind after listening to the entire debate that this particular plowback amendment will not provide any incentive.

There is no assurance that a single dime of new exploration investment will result because of this amendment. There is not even any assurance that a person taking advantage of this particular plowback tax credit will invest more next year in oil exploration than he did last year. In fact, under this amendment, a person could receive the plowback credit having invested less next year than he did last year. If we do not have the assurance that someone will put more in next year in exploration than he did last year, then where is the incentive to get more exploration?

If we give credits with no assurance of more exploration, we are not serving any worthwhile purpose except giving away the taxpayers' money.

It does not concern me whether the big companies or the little companies get a rebate if it is properly used to produce more oil. What does concern me is whether we are really spending that tax credit as an incentive or whether we are working it or providing some sort of corporate welfare?

After listening to this debate, I must conclude that this particular plowback proposal is not an incentive. If the other body can devise a plowback incentive in which I and other people can be convinced that new exploration will occur and not merely dishing out money in tax benefits to producers who are making investments that they are already putting in, then I will support that plowback or any other incentive that produces the result we want, which is incentives for additional exploration and the production of more oil.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, first of all, the incentive that the gentleman says is in the bill to give the new or world price for so-called new oil is not, in fact, in the bill; in fact, is imposed by the administration.

From what the GAO report says, the producers of oil and gas today will actually be in a worse off position even if their definition is adopted in 1985.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(On request of Mr. MAGUIRE and by unanimous consent Mr. LEVITAS was allowed to proceed for 1 additional minute.)

Mr. JONES of Oklahoma. If the gentleman will yield further, the second point is that we have no assurance that this is going to be used to increase domestic activity. The preponderance of evidence that we have been able to come up with is the fact that if there is not increased domestic activity, then this will not cost the Treasury or the revenue in any way, shape, or form. The reason we put it in for a 1-year period only was to have at least one incentive in this bill, and we could take a look again at the end of next year and determine what is the best approach to increased domestic production.

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman.

Mr. MAGUIRE. I just want to underline one of the points the gentleman made, which is very important. That is, we are not going to get, necessarily, any incremental benefit from this tax incentive or tax break as it is presently constituted in this amendment. The only justification for treatment through tax policy is if we get an increment. There is no increment. Therefore, it does not work even on its own terms.

Mr. FISHER. Mr. Chairman, I move to strike the last word.

I will speak but very briefly. This is a critical part of the whole energy program; that is obvious. The question is, Do we need the additional incentive of this plowback over and above the incentives built into the bill already and operating anyhow in the industry to bring forth the effort to find new oil and develop it? Do we need that?

I come to the conclusion that we do not need the plowback, the extra incentive, at this time. As I examine the evidence, I see no reason why we need to have the plowback. Looking at the companies, their cash position, and their profit position seem quite adequate. Looking at the statistics of drilling, of activity to find new oil, I see no reason for the additional plowback incentive.

It may be that 1 year from now or 2 years from now we will want to look at this again, and I would not resist that at all, but for the time being I do not think we need it. New oil is going to be brought up to the world price of $13.50 or wherever it is at this time, from $11.30 or so now. Old oil will have to face this tax, of course, but the tax will expire in a few years and that prospect, looking down the road to 1981, surely will be inviting for all oil enterprises to engage in investments in exploration and development.

So, it seems pretty clear to me that, judging on the statistics available to us now, whether they are company statistics or otherwise, we do not need this plowback incentive over and above incentives that exist at the present time in the market, and those additional incentives that would be provided under this bill. I come, therefore, to the conclusion that we should vote the plowback amendment down and get on with the remaining parts of this bill.

Mr. GARY A. MYERS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I apologize to the committee, but I do want to ask the gentleman from Oregon (Mr. ULLMAN) a question about a previous section which we have already passed. In relation to the gas-guzzler tax on inefficient cars, I had expressed in a letter to a number of Members who were dealing with the legislation the concern that there are a set of individuals in the country who might not be able to avoid purchasing a larger car, such as handicapped individuals, and in some cases senior citizens with particular problems.

Mr. Chairman, I received one letter back from a member of the committee, Mr. JONES, who wrote that the legislation did provide the flexibility for regulations to be drafted that would protect an exemption for these individuals.

I would like to ask the gentleman whether he can respond as to whether that is the intent of the legislation.

Mr. ULLMAN. If the gentleman will yield, let me say that in drafting the provision of the guzzler tax, we very deliberately steered away from a tax that would apply to cars that are near the mandatory standards that have been set.

It is my judgment that cars for the handicapped could and certainly should

fall within that free zone. Even though they might not meet the EPCA fleetwide standards, they should be fairly close to the standards.

Mr. GARY A. MYERS. I would like to ask if we are inaccurate in predicting the accessibility for people who are handicapped, for their family, and to take the equipment along that they need to provide adequate mobility at either end of their transportation.

Can we have some assurance that the agencies will have an opportunity to provide some mechanism for exemption?

Mr. ULLMAN. If the gentleman will yield further, let me say to the gentleman that we certainly are sympathetic to that kind of a problem, and I am sure it can be taken care of. But normally the kind of instrumentation and equipment the gentleman is talking about would not be part of an automobile at the time the car is tested to meet the gasoline efficiency standards. All one needs for the purposes you describe is an automobile of sufficient size to handle the needed equipment. But if there are some very special circumstances, we have built some flexibility into the regulatory power of the administration. I do not think it is a problem.

Mr. GARY A. MYERS. I thank the gentleman.

Prior to yielding back my time, I simply want to say that I also support the Jones-Schroeder amendment on the plowback.

Mr. WATKINS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I realize the time is late and most Members have made up their minds.

However, I rise to speak in support of the Jones-Schroeder amendment to title II of H.R. 8444, the National Energy Act. This amendment would provide a minimal, but essential, incentive to producers to increase the exploration and production of oil and natural gas.

Because Mr. JONES of Oklahoma, and Ms. SCHROEDER have already done such an excellent job in explaining the amendment, I will not delve deeply into its specifics. However, I would like to stress that the amendment has been strictly tailored to prevent any double dipping or unfair tax advantages, and also affords Congress the opportunity to make any adjustments necessary after the first year of implementation.

We have all been deluged with facts and figures, analyses, and an analysis of the analyses. However, because we are dealing with very important legislation which has dramatic impact on the domestic production of petroleum and natural gas and the extent of our reliance on foreign imports from now until 1985, I think it is absolutely essential that we have a grasp of exactly what kind of impact the legislation we are talking about will have on our Nation's energy security.

I think we all basically agree on the credibility of the General Accounting Office and can accept its analyses and figures on national legislation. In an unbiased study of the administration's energy bill, GAO concluded that this legislation would reduce revenues to producers and thereby may reduce capital availability for further exploration and production. Specifically, GAO found that, expressed in 1977 dollars, producers would be earning $13 billion less in 1985 under this legislation than they would with a continuation of current policy. For purposes of the record, I would like to insert the following text from the GAO report:

As shown, by 1985 the plan will result in lower prices for old, new, already discovered Alaskan oil, and natural gas liquids and no change in other categories.

The result of these changes is that no category of oil will command a higher price under the plan than under existing policy. Hence, there is no additional financial motive for producers to increase their exploration and development activities. Moreover, according to an administration estimate, lower prices for most of the oil to be produced between now and 1985 will cut producers' revenues by 1985 by almost $13 billion (in 1977 dollars), relative to a continuation of existing policy.

This, in turn, will presumably reduce their ability to attract new capital to finance additional exploration. Therefore, the plan not only keeps incentives for new production at current levels, but potentially reduces producers' financial ability to increase their efforts to produce more oil.

. . . By not increasing the financial incentives for additional exploration and by reducing companies' financial strength, the plan fails to come to grips with the problem of increasing domestic crude oil production.

This GAO report documents the need for the Jones-Schroeder plowback amendment.

Exploration for oil and natural gas is a highly capital-intensive venture. And, although exploration and drilling costs have been high in the past, they have absolutely skyrocketed over the past 2 years as our independent producers have exhausted the easy-to-get oil and have begun drilling for the risky oil.

The latest figures available for drilling costs cover the 1975 period. These statistics indicate the total cost of drilling and equipping oil and gas wells and sinking dry holes in the United States during that year amounted to about $6.6 billion. That represents a whopping 50.5-percent increase over the 1974 figures.

In Oklahoma alone, the total costs of drilling 3,616 wells during 1975 amounted to $639,875,839. That constituted a 52.8-percent increase over the $418,875,839 spent drilling wells in the State the previous year.

Figures for dry holes provide further enlightenment. During 1975, $187 million was spent in Oklahoma in drilling 1,237 wells that ended up as dry holes. This was 39.5 percent increase over the previous year, when 1,155 dry holes were drilled in the State at a cost of almost $134 million.

That gives you a brief idea of what it cost to drill a well in 1975. I can assure that cost will rise each year between now and 1985, as producers search for more oil and gas.

At this minute, a rotary rig is grinding away on a wildcat well in an extension of the Anadarko basin. This well, the No. 1-11 Cobb, is located in the South Madill area of Marshall County in my district. The producers of this well have already spent more than $7 million, and the drillbit has just passed 22,150 feet. They plan to drill at least 1,000 feet deeper, at a cost of $200 per foot. It takes the crew 8 hours just to pull the drill-string out of the ground. At one point, when downhole pressure rose sharply, the drilling mud bill rose to $20,000 a day as weighting material was added!

Why are drilling costs skyrocketing? Well, like all other businesses and industries, the producers have had to cope with higher wage demands and price increases for steel and other equipment. But, in addition, the easy-to-produce wells have already been drilled. Producers must now venture out into marginal and frontier areas to find new sources. They have to drill deeper holes, and, as we have already seen, the cost of drilling increases with the depth of the well.

The effect of this has been to make this capital-intensive industry even more capital-intensive. Obviously, producers must be given a price incentive simply to attract the investment capital required to achieve the administration's production goals for 1985. Yet the administration's energy bill actually reduces these same producers' revenues by $13 billion within that same timeframe!

It is obvious, therefore, that the legislation before us is counterproductive. It is inherently self-defeating, because it is based on a production goal for 1985 that can't be met without additional capital, and at the same time reduces the capital available to the producers to search for more oil and gas.

Today we have the opportunity to alleviate this problem. The solution lies within the Jones-Schroeder amendment, which provides, as I said earlier, a modest but essential financial incentive to increase exploration and production. Therefore, I urge my colleagues to support and vote for this amendment.

Mr. VANIK. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Jones amendment.

Mr. Chairman, the amendment to provide the oil companies with a plowback credit for a tax they do not pay is simply outrageous. Proponents of the amendment argue that the credit is needed to stimulate domestic oil production. The argument is absurd. Domestic exploratory drilling activity is at a 17-year high. There is currently a 6- to 12-month backlog in drilling equipment. Why all this activity? The answer is simple: oil and gas is a very profitable business. Forbes magazine ranks the energy industry as the third most profitable industry in our economy over the past 5 years.

WOODS PETROLEUM CORP.

But these are abstract figures. To find out more about the financial operation of an independent drilling company, I requested my staff to examine the annual report of one independent oil production company. The results were startling.

What follows is an inside look into one independent oil driller, the Woods Petroleum Corp. Woods is involved almost entirely in oil exploration and production, 94 percent of its 1976 revenues came from oil and gas sales. Table 1 shows the interests that Woods owns in oil production property. According to its 10–K annual report filed with the Securities and Exchange Commission, Woods' major domestic producing properties are located in Oklahoma, Wyoming, and Montana.

TABLE 1.—WOODS PETROLEUM CORP. INTEREST IN OIL AND GAS ACREAGE, DEC. 31, 1976

	Producing acreage		Nonproducing acreage	
	Gross [1]	Net [2]	Gross	Net
United States:				
Oklahoma	58,885	26,816	203,446	93,038
Wyoming	40,447	10,297	362,182	104,141
Ohio	1,379	905	4,777	4,687
Montana	1,280	340	38,443	35,286
Kansas	618	336	19,657	9,104
Other States (2)	3,317	691	33,321	21,869
Total	105,926	39,385	661,826	268,125
Canada:				
Alberta	10,234	3,022	76,915	21,228
British Columbia	11,206	3,908	77,023	38,172
Total	21,440	6,930	153,938	59'400
Foreign: Brunei (3), total	0	0	254,976	136,906
Overall total	127,366	46,315	1,070,740	464,431

[1] "Gross" refers to the total acres in which Woods owns an interest.
[2] "Net" refers to the gross acres multiplied by the percentage interest owned by Woods.

Source: 10–K annual report, 1976.

PROFITABILITY OF WOODS PETROLEUM

A short look at Woods' 10–K report show that the company is very profitable. Table 2 represents a comparison. Woods has a profitability of over twice that of the energy industry as a whole. When we exclude multinational oil industry and look at just the domestic energy industry, Wood is still over twice as profitable. The reasons behind this remarkable record are twofold. First, the statistics on the domestic energy industry include refining which has historically been a weak profit segment of the oil industry. Secondly, oil production has become very profitable due to increased prices. As Forbes magazine voted in its industry survey of 1976 performance—

Today analysts and industry sources agree there is an inexorable upward pressure on U.S. oil and gas prices, which obviously augurs well for domestic oil company profits in 1977 and beyond.

Looking in more detail at Woods' financial performance reveals just how important price has been. Woods suffered a 23-percent decline in oil production from 1972 to 1976. Yet, the corporation's revenues have been increasing with a 54 percent increase from 1975 to 1976. How can you explain higher revenues on lower production? The answer lies in increased prices. While production was declining 23 percent from 1972–76, prices on oil Woods sold increased 197 percent over the same time period. Domestic oil prices went from $3.38 per barrel in 1972 to $10.06 in 1976. Table 3 summarizes both the production and price trend for Woods:

TABLE 2.—RELATIVE PROFITABILITY OF WOODS PETROLEUM CORP., 1976

	Return on equity [1]	Return on total capital [2]	Debt/equity return [3]	Net profit margin [4]
All-industry medians	12.9	9.8	0.4	4.6
Energy industry medians	15.2	11.9	.4	4.8
Domestic oil and gas industry medians [5]	15.1	11.1	.5	4.4
Woods Petroleum Corp	31.5	48.5	.08	37.2

[1] Return On Stockholders' Equity: Companies obtain their capital from two sources: Stockholders and creditors. Return on Stockholders' Equity is the percentage return on the stockholders' portion of the capital.

[2] Return On Total Capital: This figure is the percentage return on a combination of stockholders' equity (both common and preferred) plus capital from long-term debt (including current maturities), minority stockholders' equity in consolidated subsidiaries and accumulated deferred taxes and investment tax credits. The profit figure used in this computation is the sum of net income, minority interests in net income and estimated aftertax interest paid on long-term debt—in other words, income before charges (primarily, interest payments on long-term debt) relating to the nonequity portion of the capital.

The Return on Total Capital is a "basic" measure of an enterprise's profitability. It does not reflect—as the Return on Stockholders' Equity does—the effects of financing decisions upon profitability. For companies that derive all of their capital from common equity, the two profitability measures would, of course, be identical. But a company that employs debt wisely can thereby boost its Return on Stockholders' Equity well above its Return on Total Capital. The time periods employed for this calculation are the same as for Return on Stockholders' Equity.

[3] Debt-To-Equity Ratio: The Debt/Equity Ratio tells us to what extent management is using borrowed funds (leverage) in an attempt to upgrade profitability. It is calculated as of the end of the last reported fiscal year by dividing long-term debt (including current maturities) by the sum of stockholders' equity, minority stockholders' interests and accumulated deferred taxes and investment tax credits. A high debt/equity ratio makes earnings more volatile and is usually considered prudent only in relatively stable industries.

[4] Net Profit Margin: The Net Profit Margin gives a view of profits different from either the Return on Stockholders' Equity of the Return on Total Capital. Calculated by dividing net profits for the latest 12 months by net sales, it reveals what percentage of each dollar of revenue is available for payment of dividends and reinvestment in the business. Net profit margins vary widely from industry to industry.

[5] Includes production and refining.

Source: Forbes Magazine, January 1, 1977, 10–K report Woods Petroleum Corporation.

TABLE 3.—OIL PRODUCTION AND SELLING PRICES, WOODS PETROLEUM, CORP.

	Year ended Dec. 31—				
	1972	1973	1974	1975	1976
Average daily oil production (barrels):					
United States	3,116	2,564	2,359	2,353	2,395
Canada	38	53	62	81	103
Total	3,154	2,617	2,421	2,434	2,498
Average oil sales price (barrels):					
United States	$3.38	$4.12	$7 27	$9.31	$10.06
Canada	2.14	3.25	4.04	6.85	8.14
Weighted average	3.36	4.10	7.19	9.23	9.98

Source: 10–K annual report.

EXPLORATION ACTIVITY OF WOODS PETROLEUM

The increasing profitability of oil production has led—as one would expect—to an increased level of oil exploration by the company. In 1972, the net exploratory oil well drilled by Woods totaled 0.28, in 1976 the net exploratory oil wells totaled 4.78. A net exploratory oil well is determined by multiplying the number of exploratory oil wells in which a company has an interest multiplied by the percentage interest the company owns. Net development oil wells over the same period increased from 4.65 to 8.19. This data is summarized in table 4.

TABLE 4.—EXPLORATION ACTIVITY OF WOODS PETROLEUM CORP.

	Year ended Dec. 31—				
	1972	1973	1974	1975	1976
Net wells:					
Exploratory oil	0.28	1.54	2.30	2.70	4.78
Development oil	4.65	3.59	9.76	10.18	8.19

Source: 10–K annual report.

In short, exploratory drilling from 1972–1976 increased by about 103 percent per year. Development drilling has increased by 15.2 percent per year. Where is the problem? Why do we need a plowback?

Woods earned last year over $10 million. It reinvested about 90 percent of these earnings back in the company. Not all of this money went to exploration. About $5 million went to retire long-term debts. Since the company borrowed

an additional $1 million in 1976, it reduced its long term borrowing from 1975 to 1976 by $4 million. The result is a remarkable debt-equity ratio of 0.08. In short, even if this company were not able to generate internally enough money to finance its exploration program, the company's capital structure has more than enough capacity to absorb more long term debt. The typical debt-equity ratio for the domestic oil industry is 0.5. If Woods were to have a similar ratio, it would borrow 50 cents for every dollar of stockholders equity. That would mean that it would not be abnormally risky for a bank to increase its long term lending to Woods to over $16 million, or an increase of $14 million over current levels. Why are we concerned with providing this company additional cash with the plowback credit? It is outrageous that we are even seriously considering this amendment.

Mr. Chairman, with this microscopic look at one oil and gas producing company, I hope we can explode the myth that the domestic oil industry is economically weak, starving for capital, and strangled by price regulations. The fact is that domestic oil production is a very profitable business. They need no help from a plowback. This amendment represents another in a long line of special subsidy programs which this industry has been pushing over the past 50 years. Like the others that preceded it, this program is inequitable, wasteful, and a perverse bit of narrow interest legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. JONES).

The question was taken.

RECORDED VOTE

Mr. BOLLING. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 198, noes 223, not voting 12, as follows:

[Roll No. 505]

AYES—198

Abdnor	Collins, Tex.	Grassley
Alexander	Conable	Guyer
Andrews, N. Dak.	Corcoran	Hagedorn
Archer	Cornwell	Hall
Armstrong	Coughlin	Hamilton
Ashbrook	Crane	Hammer-schmidt
Aspin	Cunningham	Hansen
Badham	Daniel, Dan	Harsha
Bafalis	Daniel, R. W.	Heckler
Baucus	Davis	Hightower
Bauman	de la Garza	Hillis
Beard, Tenn.	Derrick	Hollenbeck
Boggs	Derwinski	Horton
Bowen	Devine	Huckaby
Breaux	Dickinson	Hyde
Brooks	Dornan	Ichord
Brown, Mich.	Duncan, Oreg.	Jenkins
Brown, Ohio	Duncan, Tenn.	Jenrette
Broyhill	Edwards, Ala.	Johnson, Colo.
Buchanan	Edwards, Okla.	Jones, N.C.
Burgener	English	Jones, Okla.
Burke, Fla.	Erlenborn	Jordan
Burleson, Tex.	Evans, Del.	Kasten
Butler	Evans, Ga.	Kazen
Byron	Fascell	Kelly
Carr	Findley	Kemp
Carter	Fish	Ketchum
Cederberg	Flowers	Kindness
Chappell	Flynt	Krueger
Clausen, Don H.	Forsythe	Lagomarsino
Clawson, Del	Frenzel	Latta
Cleveland	Frey	Lehman
Cochran	Gammage	Lent
Coleman	Goldwater	Long, La.
	Goodling	Lott
	Gradison	

Lujan	Pressler	Stangeland
Luken	Pritchard	Stanton
Lundine	Pursell	Steed
McClory	Quayle	Steiger
McCormack	Quie	Stockman
McDonald	Quillen	Stump
McEwen	Rahall	Symms
McKay	Railsback	Taylor
Madigan	Regula	Thone
Mahon	Rhodes	Thornton
Mann	Rinaldo	Treen
Marlenee	Risenhoover	Trible
Marriott	Roberts	Vander Jagt
Martin	Robinson	Waggonner
Mathis	Roncalio	Walker
Mattox	Rousselot	Walsh
Milford	Rudd	Wampler
Miller, Ohio	Runnels	Watkins
Mitchell, N.Y.	Ruppe	White
Montgomery	Sarasin	Whitehurst
Moore	Satterfield	Whitten
Moorhead, Calif.	Sawyer	Wiggins
Myers, Gary	Schroeder	Wilson, Bob
Myers, John	Schulze	Wilson, Tex.
Natcher	Sebelius	Winn
Nichols	Shipley	Wright
Nowak	Shuster	Wydler
O'Brien	Simon	Yatron
Pettis	Slack	Young, Fla.
Pickle	Smith, Nebr.	Young, Tex.
Poage	Snyder	
	Spence	

NOES—223

Addabbo	Fenwick	Moakley
Akaka	Fisher	Moffett
Allen	Fithian	Mollohan
Ambro	Flood	Moorhead, Pa.
Ammerman	Florio	Moss
Anderson, Calif.	Foley	Mottl
Andrews, N.C.	Ford, Mich.	Murphy, Ill.
Annunzio	Ford, Tenn.	Murphy, N.Y.
Applegate	Fountain	Murphy, Pa.
Ashley	Fowler	Murtha
AuCoin	Fraser	Myers, Michael
Badillo	Fuqua	Neal
Baldus	Gaydos	Nedzi
Barnard	Gephardt	Nix
Beard, R.I.	Giaimo	Nolan
Bedell	Gibbons	Oakar
Beilenson	Gilman	Oberstar
Benjamin	Ginn	Obey
Bennett	Glickman	Ottinger
Bevill	Gonzalez	Panetta
Biaggi	Gore	Patten
Bingham	Gudger	Pattison
Blanchard	Hanley	Pease
Blouin	Hannaford	Pepper
Boland	Harkin	Perkins
Bolling	Harrington	Pike
Bonior	Harris	Preyer
Bonker	Hawkins	Price
Brademas	Hefner	Rangel
Breckinridge	Heftel	Reuss
Brinkley	Holland	Richmond
Brodhead	Holtzman	Rodino
Broomfield	Howard	Roe
Brown, Calif.	Hubbard	Rogers
Burke, Calif.	Hughes	Rooney
Burlison, Mo.	Ireland	Rose
Burton, John	Jacobs	Rosenthal
Burton, Phillip	Jeffords	Rostenkowski
Caputo	Johnson, Calif.	Roybal
Carney	Jones, Tenn.	Russo
Cavanaugh	Kastenmeier	Ryan
Chisholm	Keys	Santini
Clay	Kildee	Scheuer
Cohen	Kostmayer	Seiberling
Collins, Ill.	Krebs	Sharp
Conte	LaFalce	Sikes
Conyers	Le Fante	Sisk
Corman	Leach	Skelton
Cornell	Lederer	Smith, Iowa
Cotter	Leggett	Solarz
D'Amours	Levitas	Spellman
Danielson	Lloyd, Calif.	St Germain
Delaney	Lloyd, Tenn.	Staggers
Dellums	Long, Md.	Stark
Dicks	McCloskey	Steers
Diggs	McDade	Stokes
Dingell	McFall	Stratton
Dodd	McHugh	Studds
Downey	Maguire	Thompson
Drinan	Markey	Traxler
Early	Marks	Tsongas
Eckhardt	Mazzoli	Tucker
Edgar	Meeds	Udall
Edwards, Calif.	Metcalfe	Ullman
Eilberg	Meyner	Van Deerlin
Emery	Mikulski	Vanik
Ertel	Mikva	Vento
Evans, Colo.	Miller, Calif.	Volkmer
Evans, Ind.	Mineta	Walgren
Fary	Minish	Waxman
	Mitchell, Md.	Weaver

Weiss	Wirth	Young, Mo.
Whalen	Wolff	Zablocki
Whitley	Wylie	Zeferetti
Wilson, C. H.	Yates	

NOT VOTING—12

Anderson, Ill.	Holt	Patterson
Burke, Mass.	Koch	Skubitz
Dent	McKinney	Teague
Flippo	Michel	Young, Alaska

The Clerk announced the following pairs:

On this vote:

Mr. Teague for, with Mr. Burke of Massachusetts against.

Messrs. EDGAR, PRICE, MURTHA, and EMERY changed their votes from "aye" to "no."

Mr. DERWINSKI and Mr. RINALDO changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. DRINAN. Mr. Chairman, while I wish to commend everyone who labored diligently on the development of this bill, I have come to the conclusion that the basic approach taken by this bill might well aggravate rather than resolve the energy problem in America.

Clearly the centerpiece of the proposed national energy policy is the imposition of a theory that increased energy supplies can best be achieved by applying OPEC-based energy prices on domestic energy supplies. This assumption was never questioned or examined in the several committees which reviewed this plan or in the Ad Hoc Committee on Energy.

The fact of the matter is that 77 percent of America's energy supplies come from domestic sources. Despite this, H.R. 8444 would impose the artificial cartel price set for the imported 23 percent to determine the price for 77 percent of our supplies.

Congressmen JOHN E. MOSS and HENRY S. REUSS stated it well in their supplemental views in the report of the ad hoc committee when they wrote—page 268—that the bill tends to "substitute OPEC regulation for Federal regulation—a motion which if clearly put to the American people would fail for a lack of a second."

It is no less than astonishing that the several committees which viewed the President's energy plan somehow agreed to the use of OPEC prices as the benchmark in fashioning U.S. energy policy.

An amendment to extend the authority to the new Department of Energy to purchase OPEC oil by secret bid and thereby drive down the price was passed by a narrow margin by the House Government Operations Committee—only to be set aside the following day when Mr. James Schlesinger and the entire oil industry pressured for the deletion of this amendment from the bill which would structure the new Department of Energy. Mr. John O'Leary, the able Administrator of the Federal Energy Agency, FEA, speaking to the New England congressional caucus, asserted that in his judgment the new Department of Energy had the inherent power to seek to drive down the quintupled cartel "blackmail" OPEC price of oil by bidding against American oil corporations which have absolutely no motivation to diminish the OPEC price.

To call the OPEC price the world price is a capitulation to the arrogance of 13 nations which in 1973 established the most powerful cartel and international conspiracy in modern history.

In response to a question from a Member of the House, Mr. James Schlesinger gave no assurance that the new Department of Energy expected to make any effort to diminish OPEC prices or to blunt the paralyzing power of this cartel.

The major premise, therefore, of H.R. 8444 is the unexamined assumption that all oil produced and sold in America must escalate to the price of $13.50 per barrel which the OPEC monopoly charges Americans for the oil which the United States imports.

The report of the Ways and Means Committee on page 10 seeks to present reasons to justify the conclusion that—

The price to consumers of U.S. crude oil should be increased to the world price.

The committee report actually gives no reasons and slides over this crucial point in one rather incoherent paragraph. The committee without proof states that the increase in the price of oil for American consumers to the world price will not cause "serious economic disruptions" if it is phased in over a 3-year period.

The fact is that granting legitimacy to the noncompetitive, cartel-set price of oil could bring about catastrophic inflation and widespread unemployment—just as the quintupling of the oil price in 1973 by the OPEC nations brought about a world depression of almost unprecedented size.

The second major premise of the proposed national energy plan is the silent suggestion that higher oil and gas prices are indispensable both to stimulate conservation and to encourage production. If the proposed higher prices could be demonstrated to have an actual relationship to the cost of production or to prices determined in a competitive marketplace, the consumers of America would be prepared to undertake the sacrifice involved. But the tragic fact is that consumers have already borne the burdens of enormous increases in energy prices for costs which have never been documented or demonstrated to be fair.

H.R. 8444 grants to the oil producers of America a way by which after 3 years they will be able to claim some legitimacy in their assertion that they are entitled to the OPEC-established prices. H.R. 8444, in other words, concedes to domestic producers, who themselves constitute a virtual cartel, who have never provided the Government with accurate or ordered information regarding the costs of finding and producing oil, a price for oil equivalent to the arbitrary cartel price established by OPEC.

It is more and more amazing to me that the energy companies of America have apparently been able to persuade the administration and Congress that the only way to produce more new oil in America is to allow the price of that crude oil to rise not to a price that can be justified by careful accounting but to that politically inspired price established by OPEC without regard to market conditions.

The tax that the Federal Government would impose under the provisions of H.R. 8444 will be rebated, it should be noted, only in 1978. The failure to extend the rebate for the 3-year life of the tax suggests that the energy industry will be lobbying the Congress to use the tax in 1979 and 1980 to subsidize oil company exploration and research efforts.

THE NATURAL GAS RIP-OFF

Another cause of distress at the provisions of H.R. 8444 arises from exorbitant escalation of prices which is granted in this bill to natural gas. The current price of $1.45 for natural gas which was set by the Federal Power Commission in the Nixon-Ford years was an almost fantastic escalation in the price charged to consumers. Over the past 11 years the price of natural gas has increased 760 percent; 184 percent of that 760 percent has occurred in the past 2½ years.

President Carter, for reasons that have never been explained, decided to increase the price of natural gas by 20 percent up to $1.75 for large amounts of gas, including substantial amounts of gas in already discovered reservoirs. The additional cost to American consumers of the natural gas provisions in H.R. 8444 is probably in the range of more than $100 billion over the next 10 years.

It may be that the Congress and the country are terrified at the unfortunate shortages of natural gas during the severe winter of 1976–77. It would appear that the administration and the Congress have so panicked that they have capitulated to a powerful gas lobby which has made all forms of false representations that they would or could produce more natural gas if the price were entirely deregulated.

The fact is that between 1972 and 1976, with a price increase of 445 percent for new natural gas and an increase of 126 percent in the weighted average price of all natural gas, the production of gas decreased 12 percent, and reserves declined 19 percent. During that same 4-year period the profits of the top 22 oil companies, the major producers of natural gas, increased by 50 percent.

The underlying assumption of the administration's energy program is the acceptance of existing intrastate prices for natural gas as reasonable and just. Unfortunately, there is little evidence to substantiate such an assumption. The "bottom line," therefore, is that the administration's energy plan is virtually tantamount to the deregulation of natural gas.

THE PLAN'S EXPLOSIVE INFLATIONARY IMPACT

The Ad Hoc Committee on Energy concedes on page 71 that "The plan will engender one burst of inflation." The committee report also concedes that the legislation will "exert a net inflationary effect on the economy." The committee, without notable success, tries to demonstrate that the crude oil equalization tax which may raise $13.5 billion by 1981, will have "a moderate inflationary effect."

In addition to the inflationary impact of the plan, there might well be at least a short-run effect of lowering real income and, therefore, consumer demand. The report of the Library of Congress on the President's plan stated that there are no models "that can provide assured forecasts of events so far removed from the patterns of the past." The Library's report also noted that the administration's plan failed to provide "assurance that its specific proposals for rebates, redistribution and the like will be able to provide an offset to adverse effects."

The contention by the report of the ad hoc committee "that the inflationary impact is primarily a one-shot adjustment to higher prices for energy rather than a continuing source of pressure on prices" seems to be rejected by the very statistics gathered by the committee.

Four reliable economic forecasting groups were asked for their prediction as to the percentage difference in the level of the Consumer Price Index in 1980 that will be brought about by the Carter energy plan. Data Resources, Inc., predicted 2.4 percent, the Wharton Econometric Forecasting Associates turned up with 1.6 percent, the Chase Econometrics gave 1.8 percent, and the Congressional Budget Office forecast 1.6 percent. The average of the four predictions comes close to a 2-percent rise in the Consumer Price Index for 1980—exclusively because of the plan which the ad hoc committee report tries to tell us will have only a "moderate" inflationary impact.

The standard reply to these frightening forecasts is the assertion that another Arab oil boycott would have far more devastating effects on America's economy than the foreseeable inflationary impact of the massive rise in the price of domestic energy. But the assumption behind this response is apparently the fallacy that things will be better in America if somehow the price of domestic energy is escalated to the so-called world price.

HOW MUCH WILL THE COAL COST?

One of the strangest factors in the development of the national energy plan is the complete lack of consideration which has been given to the price of coal which, under the plan, must replace oil and natural gas in vast areas of our economy. Paradoxically the most elaborate care has been taken to control and harmonize the price of crude oil and natural gas, but absolutely no consideration has been given to the present or future price of coal. In fact, in assessing the inflationary impact of the bill, the foreseeable rise in the price of coal was not factored into the equation in any way.

The conversion to coal mandated in the national energy plan gives the green light to the oil companies to move even more into the ownership and production of coal. In 1965, there was only one major coal company controlled by an oil corporation. Ten years later 32 oil and gas companies accounted for 16 percent of the total U.S. coal production.

The invasion of the oil and gas companies into the production of coal has been concomitant with the almost tripling in price of coal during the years 1970 to 1975. In 1970, bituminous coal cost 23.9 cents per million Btu; in 1975,

the price had jumped to 78.1 cents. During the same period, anthracite coal rose from 42.6 cents per Btu to 98.4.

The average delivered price of coal at utilities rose sharply in 1975 and 1976. In January 1975, a short ton cost $14.57. The same unit in December 1976, cost $18.15. There is no reason whatsoever to think that the sharp rise in the price of coal will not continue and indeed worsen. Sad to say, H.R. 8444 offers to the consumers of America not a single protection against the greed, however egregious, of those who own the coal mines of America. There is no protection against the growing monopolistic trends which have prompted the oil and gas industries to seek to dominate the world of coal. The new attractiveness given to coal in the national energy plan can only be viewed as a marriage of government and private industry to the potential or probable detriment of the consumer.

There is nothing in H.R. 8444 for a Federal plan to mine for the benefit of the people of America the approximately 40 percent of the coal which is located on Federal lands. Nor is there any vision in H.R. 8444 for the creation of something like the TVA to produce massive amounts of energy from oil or shale or nonrenewable sources like the Sun.

The President called for something like the "moral equivalent of war." But H.R. 8444 does not make war on anyone. It only declares a truce in the battle of the energy giants against the consumers of America. It pretends that the consumers of America will be better off if the Government makes things easy for the giant oil companies who occupy 8 of the top 15 positions in the list of America's largest industrial enterprises.

H.R. 8444 does virtually nothing to break up the monopoly of the energy industry. It says nothing about a measure for which last year 45 Senators voted that would call for the break-up of the integrated oil corporations and limit their adventures into other energy areas.

H.R. 8444 overlooks the exciting possibility of the formation of a Federal fuels corporation to explore and exploit for the benefit of the people of America the 80 percent of the Nation's oil shale, the 60 percent of America's geothermal resources and the 50 percent of our remaining oil and gas, all of which reside on Federal lands. A Federal fuels corporation, operating in competition with private oil companies would establish a competitive situation from which we would finally know what is the actual cost of producing energy. We would face the challenge of the energy crisis with the same imagination and creativity that America established the Manhattan project for the nuclear bomb and NASA for the exploration of space.

There is not even a provision in H.R. 8444 to prevent any energy company from taking their new vast income and investing it in totally unrelated industries. Mobil can buy another Montgomery Ward or Marcor for $1.6 billion, Gulf can purchase another Ringling Brothers Circus along with Rockwell International, and Arco can buy any number of entities just like they purchased Anaconda Copper. The 20 or so major oil companies are not made accountable to the people or to the Government for their actions in resolving the energy problem. They escape from H.R. 8444 without being required to perform a single sacrifice, a single loss, or even the threat of a possibility of a diminution of profits. It is no wonder that the major oil companies are not upset about the enactment of H.R. 8444.

OTHER INEQUITIES OF EQUALIZATION

The more one studies the first major proposal of the Carter administration in the field of energy, the more one is astonished that all of the worst ideas of the past few years have somehow been incorporated in the 110 different features embodied in H.R. 8444. In virtually every instance where a stimulus is required a tax credit or deduction of some kind is offered. New loopholes will abound for wealthy individuals and corporations. The upper-middle class will sharply diminish their taxes over the next several years by taking advantage of the very attractive tax credit up to $2,150 for the purchase of solar heating or solar air conditioning. It is distressing that President Carter, who campaigned extensively on the promise that he would reform a tax system which, in his words, has become "a disgrace to the human race" has announced an energy program which is replete with tax loopholes of all types.

Despite the vast potential giveaways for the introduction of solar energy, the plan contemplates that solar would constitute only 1.5 percent of the energy supplies of the Nation over the next 7 years.

Ralph Nader spoke perceptively about the administration's energy plan in these words: "The more I looked at the plan, the worse it got."

The tax relief for corporations and for utilities are possibly the most indefensible of all of the losses and subsidies doled out in H.R. 8444. The bill does not recognize that over one-third of the investor-owned utilities are off the tax rolls completely since they pay no tax. According to reports filed with the Federal Power Commission, the Nation's 150 largest electric utilities paid a total of only $505 million in Federal income taxes in 1974; 57 of these companies paid absolutely no Federal income tax at all in 1974. Pretax profits for these 150 utilities in 1974 were $6.8 billion. While the statutory tax rate for corporations is 48 percent, these companies with the availability of tax loopholes paid an average of only 7.4 percent of their taxable income to the Federal Government.

It will be these 150 power companies which will have a new and most important relationship to their customers under the proposed energy plan. I cannot conceive of the possibility that these companies will overnight become models of public service seeking only to bring the desired amount of energy at the most modest rates.

Last, but far from least, is the bitter disappointment that H.R. 8444 carries hardly a crumb for the harassed commuter who had hoped that the Carter administration would turn up with a whole new vision of mass transit that would relieve the middle-class worker from the mounting costs of transportation while simultaneously contributing in a significant way to energy conservation.

I am the first to acknowledge that there are elements of H.R. 8444, as reported by the ad hoc committee, which individually merit the full suport of the House. Utility rate reform based on cost-of-service and peak-load pricing was first proposed in my Electric Utility Rate Reform Act of 1975, and is a policy approach which relieves household consumers of the burden of subsidizing promotional rates for the largest industrial users.

The solar energy and weatherization program contained in H.R. 8444 will also make great strides in reducing growth in our national energy demand, and rightfully exploits those conservation opportunities which are most immediate and economical. Though I regret that tax credits were relied upon, rather than more equitable loans and grants, and regret that the income cutoff for low-income weatherization assistance was established at a meager level, I am confident that these provisions of H.R. 8444 constitute a much-needed step in the right direction.

An aggressive solar grant and loan program similar to that contained in my Solar and Energy Conservation Commercialization Act, H.R. 3981—which has been cosponsored by 90 Members of the House—will assure solar an even more significant role as a substitute for fossil fuels.

Stiff taxes on gas-guzzling automobiles are also a positive element of H.R. 8444, and warrant favorable action by the House. Such penalties are more progressive and involve a great deal more consumer discretion than outright taxes on gasoline, and should be combined with strict gas mileage requirements—beyond those mandated by the Energy Policy and Conservation Act of 1975—to insure that all new automobiles achieve reasonable standards of energy efficiency.

Finally, the legislation takes great strides in requiring the payment of attorney's fees to those consumers and State agencies who prevail as intervenors in utility regulatory proceedings, and who would otherwise be unable to participate. This is an issue which has received my longstanding attention as a member of the House Judiciary Committee and reflects elements of my own legislation. It is a principle which is long overdue and deserves our uncompromising support.

It is difficult, however, to balance and reconcile these positive issues with the major uncertainties and deficiencies of the energy plan as a whole.

It is not a pleasant task to be so critical of the work product of an administration and a Congress which has recognized the urgency of conserving energy and developing a program which will protect the Nation from the awful consequences that would result if another Arab boycott came about. No one pretends that the development of such a plan can be simple or easy. But I am afraid that H.R. 8444 is based on the delusion that we can rely upon the existing monopolistic energy companies to

bring us out of the crisis which they, more than any other force in America, helped to create—a crisis by which America consumes and wastes more energy per capita than any other highly industrialized country. It is these energy companies that have not had the decency or honesty to share even with Federal agencies, much less the Congress and the country, the basic facts about their reserves, their plans and their pricing.

H.R. 8444 offers only a series of bad choices. The Congress and the country have yet to formulate the good choices. I have the hope that the Carter administration and the Congress will recognize the grave limitations and severe deficiencies of H.R. 8444 and together will begin again to develop a solution which, because it does contain the "moral equivalent of war," will be able to bring peace at last.

AMENDMENT OFFERED BY MR. WAGGONNER

Mr. WAGGONNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WAGGONNER: Page 488, strike out line 18 and all that follows down through line 16 on page 504 and insert:

Subpart B—Transfer of Crude Oil Equalization Taxes to the Federal Old-Age and Survivors Trust Fund

SEC. 2033. TRANSFER OF CRUDE OIL EQUALIZATION TAXES TO THE FEDERAL OLD-AGE AND SURVIVORS TRUST FUND

(a) IN GENERAL.—Subsection 201 of the Social Secuirty Act is amended by striking out the period at the end of clause (4) and inserting in lieu thereof "; and" and by inserting after clause (4) the following new clause:

"(5) the taxes received in the Treasury under section 4986 of the Internal Revenue Code of 1954 (relating to crude oil equalization taxes) with respect to such taxes imposed during calendar year 1978 reduced by the amount of the credits or payments allowable under such Code which are properly chargeable against the amount of such taxes."

(b) ADMINISTRATIVE COSTS.—Subparagraph (A) of section 201(g)(1) of such Act is amended by inserting ", and subchapter A of chapter 45 of such Code" after "Internal Revenue Code of 1954" where it appears in clause (1), and where is first appears in the matter following clause (ii).

(c) CONFORMING AMENDMENT.—Subsection (a) of section 201 of such Act is amended by striking out "clauses (3) and (4)" each place it appears and inserting in lieu thereof "clauses (3), (4), and (5)".

Mr. WAGGONNER. Mr. Chairman, I ask unanimous consent that I may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The CHAIRMAN. The gentleman from Louisiana (Mr. WAGGONNER) is recognized for 10 minutes.

Mr. WAGGONNER. Mr. Chairman, the amendment I propose is intended to have a single purpose, a single goal, and that is to transfer for the year 1978 those dollars collected by the crude oil equalization tax designated in the bill to be rebated on a per taxpayer basis in a general way through the tax structure, and that these funds be transferred to the social security trust fund rather than rebating these equalization tax dollars.

I understand as well as any Member of this House the controversy which surrounds the desirability or even the feasibility of financing in any way any part of the social security from General Treasury funds. I have questions myself. But I would like to point out to those who say we have never financed any part of social security benefits from the Treasury, that they just do not understand the system, because we have.

Part of the system is now being financed from the Treasury, so we are not plowing new ground as some would say.

I understand your point of view, whatever it might be; however, I want to tell you at the outset what I think the basis of your decision with regard to this amendment ought to be. Now, we are going to collect under the provisions of this bill through the mechanism of the crude oil equalization tax, tax dollars. I would submit that the decision is yours in the instance of this amendment. You have got to make a decision whether or not you believe it would be better to rebate these tax dollars or put them into the troubled social security trust fund.

It is not a matter of whether or not you like the rebate. It is a matter of whether you like the rebate more or less than you do stabilizing to the extent we can with these dollars the social security trust fund.

Now, just last week we completed hearings on the administration's social security proposal. I can tell you that financing of the social security program is in trouble. I want to tell you what our findings have been. I speak of trust fund financing, short-term deficits, alternatives, and the administration proposal.

FINANCING THE SOCIAL SECURITY TRUST FUNDS

The social security system is the Nation's primary means of providing economic security to workers and their dependents or survivors in the event of retirement, death, or disability. There are presently over 33 million people receiving monthly social security benefits and about 108 million workers will contribute to the system this year.

The social security system is financed on a current-cost basis. That is, current taxes paid by workers and their employers are paid out to current beneficiaries. The benefits to present workers will be paid in the future by future workers. Any surplus paid into the trust funds remains in the funds as reserves to be used in the event that outgo from the funds exceeds income in a given year.

SHORT-TERM DEFICIT

Over the past 5 years, outlays from the old-age, survivors and disability insurance (OASDI) trust funds have been exceeding income. In 1970, the OASDI trust funds had a balance of about 1 year's outgo. At the beginning of 1977 the balance had been reduced to 47 percent of a year's outgo. This trend will continue, and the combined funds will be exhausted in 1982 unless action is taken by Congress to correct this situation. Considered separately the DI fund will be exhausted in 1979 and the OASI in the early 1980's.

The operations of the trust funds are extremely sensitive to changes in economic conditions. Outgo is higher than was estimated in the past because the rate of inflation during the last few years has been higher than had been expected, and under automatic increase provisions in the law, benefits have been raised more than was expected. On the other hand, although income is also higher than was expected, income has not risen fast enough to offset the effect of the rise in prices. In addition, the high rate of unemployment in recent years has resulted in fewer people contributing to the system, while the number of beneficiaries has increased.

ALTERNATIVES FOR SHORT-TERM FINANCING

There are basically three methods increasing trust fund revenues:

(1) Increasing the tax rate;

(2) Increasing the taxable wage base; and

(3) Using general revenue contributions.

The effect of any of these methods on the program and the taxpayers depends, of course, on the specific method or combination of methods used.

Reallocation

If short-term financing legislation is not enacted within a year, then the additional funds needed by the disability insurance program could be reallocated from the OASI fund or the HI fund. Such a transfer would require enabling legislation. Reallocations among the three trust funds have been legislated in the past. However, this measure could be considered as a last resort, inasmuch as it merely postpones, and that for only a very short time, rather than solves this serious problem.

THE ADMINISTRATION'S SHORT-TERM FINANCING PROPOSALS

The administration has recommended several changes which would provide sufficient income to enable the cash-benefits programs to meet their short-term financial obligations. Assuming that the trust funds should have year-end balances approximating 50 percent of the outgo anticipated for the following year, the administration estimates that the programs will require an additional $83 billion in the period 1978–83. The changes it recommends would (1) reduce the amount needed by $27 billion and (2) provide $56 billion in additional income as follows:

	Billions
Additional employer taxes	$30
Additional employee taxes	4
Diversion of hospital insurance taxes	7
Increase in self-employment tax rate	1
Appropriation from general revenues	14
Total	56

Specific provisions of the crude oil equalization tax are as follows:

1. Imposition of tax

The bill imposes an excise tax on the first purchaser of domestically produced crude oil. The tax is imposed in three stages and is designed to increase the price to consumers of this crude oil to the world price by 1980. The tax expires on September 30, 1981, (the "termination date"), when the existing price controls on crude oil are scheduled to expire, if the President exercises his full authority to extend those controls.

Now, the equalization tax is to be rebated.

The bill provides two basic rebates of the equalization taxes (in addition to the exemptions from these taxes described above in the explanation of the taxes themselves.) These are a system of per-adult tax credits and special payments and a heating oil refund to residences and to certain institutions.

1. Crude oil equalization tax receipts credit

The bill provides a new tax credit for individuals called the "crude oil equalization tax receipts credit." Generally, the credit will be a flat amount for each taxpayer. (In a joint return, each spouse is considered a separate taxpayer for this purpose.) This amount, referred to as the crude oil payment, will be based on the net revenue from

the equalization taxes and will be determined by the Secretary of the Treasury in a manner described below. The amount of the credit will equal the crude oil payment for single persons and for married persons who file separate returns. For married couples who file joint returns and for heads of households (that is, single persons with dependents), the amount of the credit will equal twice the crude oil payment. Estates, trusts and nonresident aliens will not be eligible for this tax credit.

Generally, the tax credit will be limited to tax liability; however, it may exceed tax liability for persons entitled to the earned income credit.

The crude oil equalization tax receipts credit will be reflected in lower withheld taxes for wages paid during 1978. The bill gives the Secretary of the Treasury the authority to issue new withholding tables for 1978 which reflect his estimate (as of October 1, 1977) of the amount of the crude oil payment for 1978. The committee intends that the credit appear as a separate line item on tax forms 1040 and 1040A.

The precise amount of the crude oil payment, on which the tax credit will be based, is to be determined by the Secretary of the Treasury in consultation with the Secretary of Energy.

The precise amounts are yet to be calculated.

In addition, special payments are provided to recipients of social security—SSI—and those who draw railroad retirement benefits. In addition, special payments are provided to aid the families with dependent children, recipients of AFDC benefits, and there are other special provisions.

Who among you would tell me that they want to provide for this benefit rather than for those who are on social security? There is what is called a roundup rebate, the roundup rebate, is to provide a tax credit and special payments to, not just social security and railroad retirement and AFDC beneficiaries.

There are other special payments even with the tax credit and the special payments to social security, SSI, railroad retirement and AFDC beneficiaries, there would be adults who would not receive any benefit under the rebate program. To insure that every adult receives some compensation for the higher energy costs which result from the crude oil equalization taxes, the bill includes a "roundup payment," which may be claimed by any individual who, on December 31, 1978, is age 18 or older and is a resident of the United States and who files the appropriate form with the Treasury Department. The committee intends that the Treasury make provision for married couples to claim the roundup payment by filing a joint return.

But, it goes further than that. Special payments are provided for the citizens of Puerto Rico as well.

Yes, the social security trust fund is in trouble. The administration opposes a rebate plan, a rebate plan very much similar to the already discredited $50 rebate proposed earlier and withdrawn. But, this is not a $50 rebate. This is estimated to be something on the order of only about $22 in 1978. I do not know what has happened. The situation in the economy has improved since that rebate plan was withdrawn earlier this year as being a discredited and unnecessary plan.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. WAGGONNER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

Mr. ASHBROOK. Mr. Chairman, reserving the right to object, am I under the understanding that the gentleman from Louisiana has already had 10 minutes?

The CHAIRMAN. That is correct.

Mr. ASHBROOK. I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. WAGGONNER. They say now that we must return this crude oil equalization tax to the economy, that the economy demands it, that we need the stimulus. I do not think the situation is as bad now as it was earlier. I do not think that this is exactly so. But, it is inconsistent, if it should be returned to the economy with a request of the administration which asks that we siphon off $30 billion by taxing all the employee wages to the employer above $16,500.

Here is what my plan does: It will take about $3.4 billion of the money collected by the crude oil equalization tax in 1978 and put it into the troubled social security trust fund. It will not in any way affect the provision of the bill which provides for the home heating oil rebate that those Members in the Northeast are so vitally interested in.

It will not affect the heating oil rebate provided for institutions, hospitals, schools and churches. It is for only 1 year. The crude oil equalization tax extends for 3 years beyond 1978. The Committee on Ways and Means makes a decision what to do about those 3 years. We do not need to revise withholding tables for the year 1978 simply to redistribute through the tax mechanism $22, as estimated, to each of the taxpayers.

There are some in the administration who believe that the social security trust fund should be the beneficiary of this crude oil equalization tax. This was seriously considered by the administration and, yes, there is a division with regard to what should be done with these dollars.

The Committee on Ways and Means, in all probability, is going to do nothing this year, or next, except to do something about short-range financing for social security.

As I said at the outset, the choice is not whether or not we want the rebate, as the crude oil equalization tax, as the bill proposes, or whether we want to put it in the trust fund, as I propose, to stabilize the social security trust fund. The decision we have to make is, which would be the best expenditure, the best utilization of these dollars that are going to be collected?

I submit to you that for this one year the interests of the social security trust fund would be better served than it would be to revise all of our withholding tables and distribute a measly little $22 per capita through the taxing mechanism in this country.

Let us do what we can to help stabilize the social security trust fund by putting this money for this one year into that social security trust fund. But if we do not, the alternatives are clear. We are going to establish a rebate plan in perpetuity, in all probability, an already discredited rebate plan, which will turn out to be another welfare plan. But in addition to that, we are going to jeopardize further the social security system, which is going to mean that somewhere, sometime, we are going to have to bite a bigger bullet and we are going to have to raise social security taxes more than we want to and more than is necessary now, to both the employer and to the employee, and we are going to create further uncertainty in the minds of these 33 million people who are beneficiaries of the system now.

I say clearly it would be a better utilization of these crude oil equalization tax dollars to put them into the social security trust fund where they will reach the people rather than rebating them and then having to go and borrow the money to stabilize the fund at some later time. It is a far better expenditure now. It is late, and we ought to get on with it.

I would urge the Members to get the best utilization of these dollars now, vote for this amendment, and transfer these funds to the social security trust fund.

Mr. ULLMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

The distinguished gentleman from Louisiana is a very able acting chairman of the Subcommittee on Social Security and I can understand his concern about bringing legislation to the floor that would resolve the problems with social security. But let me say that there are answers to the social security problem.

The staff and the subcommittee are in the process of developing legislation that will come before the Congress shortly.

Let me say that this is not the way to solve social security problems. The whole concept of the equalization tax is that we will rebate to the consumers, to the people of America, the amount of the tax to make them whole as much as possible. To divert this tax in this way into the social security system would, it seems to me, distort the very purposes of the equalization tax.

I hope that we will not get into an extended discussion of this matter. Suffice it to say that the social security system has real problems. We will be facing up to the issues underlying those problems later on this year. This subject should be totally separated from the problems of energy and this equalization tax.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the distinguished ranking minority member of the committee.

Mr. CONABLE. Mr. Chairman, with great reluctance, I also rise in opposition to the amendment.

It seems to me that this is not the way to handle the social security problem. It

would represent a backdoor approach to General Treasury financing, and that is something I hope we will be able to avoid.

Mr. ULLMAN. Mr. Chairman, I thank the gentleman.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the Waggonner amendment to the energy bill that would divert some of the proceeds of the new wellhead tax on oil to the social security trust funds.

This concept is not new. It was considered very seriously by the administration and only at the last minute rejected in favor of a rebate of these revenues through the income tax system.

I testified before the Committee on Ways and Means and its distinguished chairman on behalf of the principle of using these new energy resources to help finance social security. I do not contend that this is a permanent solution, but I do believe that it does buy a little time for the committee chairman to work out a permanent long-time solution.

Mr. Chairman, a great deal is at stake. We have a rare chance here to kill several birds with one stone. Let me begin by explaining my particular interest in this proposal.

One of the primary tasks of the Subcommittee on Economic Stabilization of the Committee on Banking, Finance and Urban Affairs of which I am chairman is to explore and monitor all aspects of the Nation's serious and continuing inflation problems. One of the greatly neglected aspects of the discussions on this issue is the steady rise in the payroll tax. Our social security payroll tax just on the employer now amounts on the average to about 30 cents for each hour worked, and that is up from only 5 cents 15 years ago.

The tax operates exactly like a wage increase. That is, the bulk of it is passed through in higher prices. At the same time the financial problem of the social security system is rapidly moving from the serious to the acute, and we all know that something has to be done, although we do not seem to like at this time any of the alternatives.

I can sense the way the wind is blowing. The Senate Finance Committee, by a vote of 11 to 3, has already rejected the use of general revenues, and I understand the distinguished chairman of the Committee on Ways and Means has taken the same position.

This amendment, limited to the wellhead tax revenues just for the calendar year 1978, would provide an infusion of about $3.4 billion into the social security trust fund. That is not much, but at least it would head off any further decline in the trust fund as outlays continue to exceed present revenues.

We should recognize another important point. The amendment is limited to 1978, simply because the Committee on Ways and Means decided to reserve judgment on disposition of the revenues from the tax after 1978 for later consideration.

If we establish the principle of this amendment of using these revenues to help solve social security problems, the even larger revenues from this tax in the second, third, and fourth years can be used for the same purpose.

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Chairman, I normally find myself in agreement with my distinguished colleague, the gentleman from Pennsylvania (Mr. MOORHEAD).

The bitter fact of the economic plight of social security is that financing our social security system is not something that we can start to address with design on the floor of the House.

I yield to no one in my concern about the well being of those who receive benefits under the social security system, and I yield to no one on the imperative that we come up with a sound financing mechanism.

However, this is too simplistic, and it is gimmickry. We cannot possibly consider rewriting legislation on financing social security on the floor of the House until the Committee on Ways and Means has at least framed the issues and heard the objections.

Mr. Chairman, I urge the amendment be rejected.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I thank the gentleman for his comments.

I assure the gentleman that I am not suggesting a permanent solution.

However, we have an opportunity, with new revenues coming in which can be devoted now to a clearly worthwhile purpose; and it will give the Committee on Ways and Means a little more breathing space in which to come up with a permanent solution which may be entirely different from this one.

Mr. Chairman, I am suggesting this amendment is merely a 1-year amendment. I would suggest to the members of the Committee on the Budget that it would help to reduce the budget deficit. It would largely offset some of the expenditures of the farm bill that has just passed the House.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. MOORHEAD) has expired.

(By unanimous consent, Mr. MOORHEAD of Pennsylvania was allowed to proceed for 1 additional minute.)

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, the amendment, to repeat, kills several birds with one stone. It will reduce or eliminate the need for a yearly payroll tax increase and hence, will be most helpful on the energy front. It will buy us a little time, at the very least, to face up to our social security problem. It will help to balance the budget, and it will be nearly costless to our hard-working taxpayers, who will lose only a tiny amount in taxes, an amount that they would hardly see, $22 per person.

Mr. Chairman, it is not often that we have this excellent opportunity, and it does not upset the energy package. It is merely a different way of redistributing the taxes that we have already agreed upon.

Mr. ULLMAN. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Chairman, I hope that we are not leaving the impression that the social security trust fund is in an increasing deficit posture. The old age survivor's trust fund this year and next is in some surplus, so there is not an imminent problem, but one of a little longer range which we will have to look at.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I would only hope that the amendment will give the gentleman from Oregon (Mr. ULLMAN) and the committee a chance to work this out.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. WAGGONNER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WAGGONNER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 190, noes 226, answered "present" 1, not voting 16, as follows:

[Roll No. 506]

AYES—190

Abdnor	Fountain	O'Brien
Alexander	Fowler	Oakar
Allen	Frenzel	Perkins
Ammerman	Frey	Pettis
Anderson, Calif.	Fuqua	Pickle
	Gammage	Pike
Andrews, N.C.	Gaydos	Poage
Annunzio	Gilman	Pressler
Applegate	Ginn	Pritchard
Ashbrook	Glickman	Pursell
Bafalis	Goodling	Quayle
Barnard	Grassley	Quillen
Bauman	Gudger	Regula
Beard, R.I.	Guyer	Risenhoover
Bedell	Hall	Roberts
Bennett	Hansen	Robinson
Bevill	Harkin	Roncalio
Biaggi	Harsha	Rose
Blouin	Heckler	Rousselot
Boggs	Hefner	Rudd
Bowen	Heftel	Runnels
Breaux	Hightower	Ryan
Brinkley	Hillis	Sarasin
Brooks	Holland	Satterfield
Broomfield	Horton	Sawyer
Brown, Ohio	Hubbard	Schroeder
Buchanan	Huckaby	Sebelius
Burgener	Ichord	Shipley
Burke, Fla.	Ireland	Shuster
Burleson, Tex.	Jenkins	Sikes
Burton, John	Jenrette	Simon
Butler	Johnson, Calif.	Sisk
Caputo	Johnson, Colo.	Slack
Carter	Jones, Okla.	Smith, Iowa
Chappell	Jordan	Snyder
Clausen, Don H.	Kasten	Spence
	Kazen	St Germain
Cleveland	Kelly	Steed
Cochran	Krueger	Steers
Coleman	Lagomarsino	Stratton
Corcoran	Leach	Stump
Cornell	Lent	Symms
Coughlin	Long, La.	Taylor
Crane	Lott	Traxler
Daniel, Dan	Lujan	Trible
Daniel, R. W.	McClory	Vander Jagt
Davis	McDade	Waggonner
de la Garza	McDonald	Walgren
Derwinski	McKay	Walker
Dickinson	Madigan	Walsh
Dornan	Mahon	Wampler
Early	Mathis	Watkins
Edwards, Ala.	Mazzoli	Weaver
Edwards, Okla.	Milford	White
Emery	Mitchell, N.Y.	Whitehurst
English	Mollohan	Whitley
Ertel	Montgomery	Whitten
Evans, Colo.	Moore	Wilson, Bob
Evans, Del.	Moorhead, Calif.	Wmn
Evans, Ga.		Wydler
Fenwick	Moorhead, Pa.	Yatron
Flowers	Motti	Young, Fla.
Flynt	Murphy, Ill.	Young, Tex.
Foley	Myers, John	
Forsythe	Natcher	

NOES—226

Addabbo	Ford, Mich.	Myers, Gary
Akaka	Ford, Tenn.	Neal
Andrews, N. Dak.	Fraser	Nedzi
Archer	Gephardt	Nichols
Armstrong	Giaimo	Nix
Ashley	Gibbons	Nolan
Aspin	Goldwater	Nowak
AuCoin	Gore	Oberstar
Badham	Gradison	Obey
Badillo	Hagedorn	Ottinger
Baldus	Hamilton	Panetta
Baucus	Hammer-schmidt	Patten
Beard, Tenn.	Hanley	Pattison
Beilenson	Hannaford	Pease
Benjamin	Harrington	Pepper
Bingham	Harris	Preyer
Blanchard	Hawkins	Price
Boland	Hollenbeck	Quie
Bolling	Holtzman	Rahall
Bonior	Howard	Railsback
Bonker	Hughes	Rangel
Brademas	Hyde	Reuss
Breckinridge	Jacobs	Rhodes
Brodhead	Jeffords	Richmond
Brown, Calif.	Jones, N.C.	Rinaldo
Broyhill	Jones, Tenn.	Rodino
Burke, Calif.	Kastenmeier	Roe
Burlison, Mo.	Kemp	Rogers
Burton, Phillip	Ketchum	Rooney
Byron	Keys	Rosenthal
Carney	Kildee	Rostenkowski
Carr	Kindness	Roybal
Cavanaugh	Kostmayer	Ruppe
Cederberg	Krebs	Russo
Chisholm	LaFalce	Santini
Clawson, Del	Latta	Scheuer
Clay	Le Fante	Schulze
Cohen	Lederer	Seiberling
Collins, Ill.	Leggett	Sharp
Collins, Tex.	Lehman	Skelton
Conable	Levitas	Skubitz
Conte	Lloyd, Calif.	Smith, Nebr.
Conyers	Lloyd, Tenn.	Solarz
Corman	Long, Md.	Spellman
Cornwell	Luken	Staggers
Cotter	Lundine	Stangeland
Cunningham	McCloskey	Stanton
D'Amours	McCormack	Stark
Danielson	McEwen	Steiger
Delaney	McFall	Stockman
Dellums	McHugh	Stokes
Derrick	Maguire	Studds
Devine	Mann	Thompson
Dicks	Markey	Thone
Diggs	Marks	Thornton
Dingell	Marlenee	Treen
Dodd	Marriott	Tsongas
Downey	Martin	Tucker
Drinan	Mattox	Udall
Duncan, Oreg.	Meeds	Ullman
Duncan, Tenn.	Metcalfe	Van Deerlin
Eckhardt	Meyner	Vanik
Edgar	Mikulski	Vento
Edwards, Calif.	Mikva	Volkmer
Eilberg	Miller, Calif.	Waxman
Erlenborn	Miller, Ohio	Weiss
Evans, Ind.	Mineta	Whalen
Fary	Minish	Wiggins
Fascell	Mitchell, Md.	Wirth
Findley	Moakley	Wolff
Fish	Moffett	Wright
Fisher	Moss	Wylie
Fithian	Murphy, N.Y.	Yates
Flood	Murphy, Pa.	Young, Mo.
Florio	Murtha	Zablocki
		Zeferetti

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—16

Ambro	Holt	Teague
Anderson, Ill.	Koch	Wilson, C. H.
Brown, Mich.	McKinney	Wilson, Tex.
Burke, Mass.	Michel	Young, Alaska
Dent	Myers, Michael	
Flippo	Patterson	

The Clerk announced the following pairs:

Mr. Burke of Massachusetts for, with Mr. Koch against.

Mr. WEAVER and Mr. BLOUIN changed their vote from "no" to "aye."

Messrs. ARMSTRONG, MARKS, and BADHAM changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. DERWINSKI. Mr. Chairman, this is not an energy bill—it is a gimmick to slug the American public with new taxes.

The so-called National Energy Act creates three new taxes. These taxes will remove billions from the economy at a time when there is a critical need for more capital funds. According to the Office of Technology Assessment and the Congressional Budget Office, the administration's estimates of the magnitudes of import savings—resulting from the tax-induced conservation—are very optimistic.

The Ways and Means Committee has a report that concludes, as a result of these new energy taxes, real growth will be 2.5 percent lower in 1985 and unemployment will be 1 percent higher.

Even without a gasoline tax, the program called for in this bill will cost taxpayers over $200 billion in new taxes between 1978 and 1985. This amounts to $4,000 for every American family.

These new taxes will not reduce consumption, and they will provide no corresponding incentive for production and increased supplies. Tax incentives that channel profits into increased production will serve our national purpose far better than penalty taxes to discourage use. A far more effective means of encouraging conservation and production would be to lift price controls on newly discovered oil. Appropriate market pricing of petroleum, reflecting its replacement value, would do much more to reduce imports and encourage the use of alternative fuels. It would be less harmful to the economy and to American consumers.

Specifically as an Illinois Representative, I am flatly opposed to the proposed Federal gasoline tax. Unless at least 2 cents of the 5 cents per gallon goes back to the States for their highways, Illinois and many other States will be faced with the grim reality of having to raise their own State motor fuel taxes at least 2 cents per gallon to accommodate the cost of the increased upkeep and maintenance on the present highway system.

The regional transit authority is presently going to receive, beginning October 1, 1977, a 5-percent sales tax from gasoline in the six northeastern counties of Cook, Will, Du Page, Kane, Lake, and McHenry, Ill. This will amount to millions of extra dollars a year going to the mass transit systems in the Chicago area. The other transit systems in the State of Illinois, namely, buses in Rockford, Peoria, Springfield, Champaign/Urbana, Decatur, and the Bi-State in East St. Louis and so forth, have been able to find ways to keep their systems running without constantly trying to force downstate motorists to pay for their operation.

It has been estimated that the crude equalization tax will force the price of gasoline up 8 cents per gallon. At the present time, the retail cost of regular gasoline in Illinois averages 66 cents and no-lead is 69 cents. When you add 8 cents a gallon, it would make regular gasoline 74 cents and no-lead 77 cents. In addition, it will increase the State sales tax, which will add approximately another 1 cent to these prices.

These prices will be forced upon rich and poor alike. However, the economic impact on the wage earner who must drive to and from work because he has no other form of transportation available will be an uncontrollable increase in his living costs.

It is clear that gas taxes are not designed to reduce energy consumption, but really to raise revenues for mass transit and highway renovation. If this is so, why should the poor and low-income workers in our country have to pay a larger share for these programs. Everyone shares in the benefits of well-maintained highways, and expanded mass transit facilities. Yet, this tax is nothing but a sales tax on gasoline. Workers across the country frequently have to travel 50 or more miles just to get to their jobs. People in rural areas have to travel far just to get to town or to the doctor. These people have little choice over the use of their cars, yet this tax would fall directly upon them.

To repeat, the evidence is clear that the new Carter gasoline taxes will have little effect on consumption. They will fall most heavily upon the middle- and low-income segments of our economy. These families are already suffering the effects of inflation, and this new tax will increase their direct gasoline costs, and will increase prices for all commodities that are shipped by surface transportation.

This national energy plan lacks both balance and effectiveness. The plan will not solve the energy crisis but it will impose unnecessary economic burdens on individuals and American businesses.

Therefore, for the above and other reasons, I am supporting the Republican substitute as an acceptable alternative; but if that proposal, as expected fails, I will vote against this sham energy bill.

Mr. EVANS of Delaware. Mr. Chairman, when I came to the House of Representatives, I considered the development of a fair and comprehensive national energy policy to be the number one legislative priority before the Congress. Now, 7 months later, I still cling to that belief. Thus, it is with great disappointment that I must oppose the bill before us today, the National Energy Act, because it is neither comprehensive in scope nor fair to the American taxpayer.

I am convinced that the national energy bill which was proposed by President Carter and emerged relatively unscathed from the Ad Hoc Energy Committee, will do nothing to increase the supply of energy in this country; will conserve precious little of existing supplies; and will lead to major increases in taxes and in prices for every American.

Before I discuss some of my specific objections to the measure, I want to make a few comments on how this awesome bill was put together. To begin with, the administration slapped their 113 proposals together in only 90 days, in order to meet an arbitrary deadline. The leadership of the House then rammed these ill-conceived proposals through the standing committees and to the Ad Hoc Energy Committee in record time. Then, the ad hoc committee—or,

to be more precise, the Democratic members of the committee—fashioned their 580-page book, which is the bill, in only 1 week.

The result of this hectic effort is a bill which does not adequately consider either the short- or long-term economic effects on our Nation. It seems that the House leadership, in what can only be called a "railroad job," is more interested in making sure the train runs on time than it is in getting to the right destination.

TOTAL COST OF THE BILL

The bill before us will cost the American people $380 billion by 1985, or about $5,500 for every American family.

The Congressional Budget Office estimates that the total net tax burden on the economy will increase by $73.6 billion by 1985, thus increasing taxes by more than $1,050 per family over that same timespan.

It will lead to a substantial decline in economic output and personal income for millions of Americans.

It will cut employment by over 1 million jobs.

Industrial production, automobile sales, and housing starts would all decline.

And for what? Certainly not for energy conservation. Expert organizations such as the Congressional Budget Office, the Office of Technology Assessment, the Congressional Research Service, and the General Accounting Office have all said that this plan will not meet the goals set for it by the administration. In fact, it will fall far short of them.

Let me quote from the GAO report evaluating the national energy plan:

GAO believes that the plan will fall short of meeting some of the goals to an even greater extent than the administration estimates, including that of reducing oil imports to 6 million barrels of oil a day by 1985. The administration acknowledges that the plan will fall short by 1 million barrels a day unless voluntary conservation actions are effective. GAO believes that the plan could fall short by 4.3 million barrels a day because GAO doubts that the plan's 1985 domestic production forecasts for coal, nuclear power, and natural gas can be achieved. This means that, even with the plan, 1985 oil imports would be 10.3 million barrels a day, or 47 percent of oil consumption. To the extent that domestic energy production in these three areas falls short of the goals, oil imports will have to be increased unless further significant conservation is achieved.

With respect to coal, GAO concludes that there are serious problems in and obstacles to achieving a production level of 1 billion tons by 1985. This is the administration's base case estimate, the amount of coal the administration says would be produced without its plan. With the plan, the administration expects coal production to increase by .2 billion tons over its base case to a total of 1.2 billion tons in 1985. The problems with coal include serious environmental obstacles, enormous capital requirements, and a deficient rail transportation network. These are not dealt with adequately in the plan.

While the administration has stated that it will use nuclear energy as a last resort, it, nevertheless, expects that in 1985 nuclear energy will be four times the current level. GAO believes that achieving such an increase in 8 years is very doubtful. It would require that by 1985 all 77 nuclear powerplants now licensed for construction be completed and that all nuclear powerplants would have to operate at an average annual capacity of 69 percent. GAO believes such an achievement to be highly unrealistic. GAO also believes that 1985 natural gas production has been overstated by about 10 percent.

Thus, the investigative arm of Congress clearly indicates that the Carter plan will not achieve the desired results.

Mr. Chairman, this is not an energy conservation bill. It is a tax bill which will substantially increase both taxes and prices for every American family.

Let me now turn to some of the specific proposals in the bill.

RESIDENTIAL ENERGY CONSERVATION

As a member of the Banking, Finance and Urban Affairs Committee, I was proud of the legislation reported by the committee regarding residential energy conservation. Under our bill, weatherization grants were provided for the 14 million low-income families who now live in poorly insulated homes. We provided a mechanism to allow low-interest loans to moderate income persons for weatherization. We also rejected plans which would have required homes to be insulated before sale or transfer. Most importantly, we prohibited utilities from financing or installing insulation or other energy-saving devices. Utilities would simply distribute to its residential customers a consumer guide which provides information concerning materials, contractors, financing and consumer protection information. Such publication would be informative, but would not provide lists of persons to do the work.

However, the ad hoc committee took this very constructive language and destroyed it. The act as reported by the ad hoc group would politicize the process by allowing Governors to develop and mail lists to consumers of "recommended" sources for insulation work. In my opinion, these lists would probably be identical to the last fund-raisers held by the Governor. Small businesses would also be overlooked. The bill also allows utilities to get into the financing and construction work, thus establishing a monopoly enterprise.

Because the ad hoc committee has taken a good idea and turned it into a bad one, I oppose this section.

NATURAL GAS

As I have mentioned previously, one of the most striking problems of this whole bill is its lack of proper incentives for exploration of new sources of energy. Nowhere is this oversight more apparent than in the natural gas section.

I believe we should have a phased deregulation of natural gas. Phasing-in the deregulation of natural gas would mitigate any economic problems caused by higher prices, and would stimulate development of new supplies of this energy source which is of critical importance not only to residential customers, but to industries as well. As we learned last winter, shortages of natural gas means unemployment. Fifty percent of natural gas supplies in my area of the country go to industrial users. We simply cannot afford another shortage. Deregulation would protect us from just such a shortage.

The Brown-Krueger amendment unfortunately does not contain the phased-in standard which I think is so important. However, since my only alternative under the rules is the Carter proposal of $1.75 Mcf, which would not increase production of more natural gas, I supported the Brown-Krueger amendment.

This amendment removes Federal price controls from a very narrowly defined quantity of new natural gas. "New" gas is defined as: First, gas sold or delivered in interstate commerce for the first time on or after April 20, 1977, provided that such gas could not have been sold or delivered prior to April 20, 1977; second, gas produced from a new well which is 2.5 miles or more from any old well or gas from a new reservoir; or third, gas from a well drilled 1,000 feet deeper than an existing well less than 2.5 miles away or in a reservoir discovered after April 20, 1977, as established by applicable State or Federal authorities.

Offshore natural gas, which must be sold to the interstate market, remains subject to Federal price controls through April 20, 1982, based on a new national ceiling reflecting prospective costs. Thereafter, federal price controls are removed on offshore gas.

Old natural gas if sold in the interstate market remains subject to present FPC cost-based price controls and present contracts—ranging from about 18 cents per Mcf to $1.46 per Mcf—remain in effect until they expire by their own terms. Many of these contracts are for the life of the well. This maintenance of gas supplies at existing old, price-controlled contracts is the first protection for interstate gas consumers.

Natural gas now being sold in the interstate market is not subject to any price control. Prices are designated in contracts but such contracts are usually for shorter periods and at higher prices. Under this amendment, when these interstate contracts expire, that gas can be bid for by buyers for interstate markets—thus bringing added supplies to interstate gas consumers.

Another protection against prices jumping too rapidly is afforded the residential consumer by assuring that all the new gas purchased to fill shortages in a pipeline will be charged to boiler fuel users of natural gas and industrial users to the extent that they use gas in excess of their base period consumption until such costs reach 120 percent of the costs of imported crude oil on a Btu basis. This means that all higher cost new gas will be charged first to large industrial boiler users and then to medium and large users using over their base allowance, thus holding residential users harmless.

Not until old low cost contracts expire and are gradually replaced by contracts for more recently developed higher cost wells will the residential user be affected by higher prices for natural gas.

As a matter of fact, as pipelines become 100 percent utilized and fixed pipeline costs are spread over more units of gas in the line, distribution and transportation costs for consumers, which now represent about 70 percent of the consumers' bill, may actually go down. And as excessively costly synthetic fuels

are no longer needed to supplement shortages of lower cost natural gas, the costs to present natural gas users may in some cases be reduced. Finally, the necessity to curtail natural gas tap-ins for new homes—in effect in many parts of the Nation since the early 1970's—may actually be ended so that new home buyers can once again use environmentally clean, economical natural gas rather than electricity which is generally four times more expensive and environmentally more damaging to produce.

The amendment provides for the Federal price controls on new natural gas to be lifted after April 30, 1978, in order to give the Congress time to enact, if it wishes, a tax on windfall profits of gas producers which may occur. I strongly support the imposition of a windfall profits tax as the best way to protect against exorbitant profits being reaped by natural gas suppliers should deregulation occur.

A careful study of the natural gas amendment versus the natural gas provisions which emerged from the House Commerce Committee indicate that the amendment will provide for 25 trillion cubic feet more gas to be produced between now and 1990—about 3 tcf per year more than the Commerce Committee plan. In the same period of time, maintaining Federal price controls as the Carter-Dingell bill proposes would cost American consumers $48 billion more than terminating Federal price controls.

GASOLINE TAXES

I am also strongly opposed to any increase in the Federal gasoline tax. Under the bill, however, gas prices will skyrocket. The crude oil equalization tax will add 5 cents to a gallon. Additional markups will add 2 cents more. And now, the administration wants to add another 5-cent gasoline tax to the pot. That means that this bill will add about 12 cents a gallon to the cost of gasoline. This increase works out to about the same percentage increase in real prices as has been the case since the beginning of the oil embargo.

Yet this burdensome gasoline tax increase will have almost no conservation impact. It is regressive and inflationary, and should be defeated.

TAX CREDITS FOR INSULATION

One of the best sections of this otherwise troubling bill is the portion dealing with tax credits for home insulation and solar and wind energy conservation equipment.

Under the proposed bill, taxpayers would receive a credit of 20 percent on the first $2,000 of cumulative expenditures on home insulation and other energy conserving components, for a maximum credit of $400. The credit would be available for installations made from April 20, 1977 through December 31, 1984.

Insulation means materials that will reduce the heat loss or heat gain of residence. Attic, floor and wall insulation made of fiberglass, rock wool, cellulose or styrofoam are examples of insulating materials. Energy conserving components include a replacement burner for a furnace that provides increased combustion efficiency, devices to modify flue openings, automatic ignition systems that replace a gas pilot light, exterior storm or thermal doors or windows, a clock thermostat and exterior caulking of weatherstripping.

The expenditures must be made for a principal residence that was in existence on April 20, 1977. Vacation homes and other residences do not qualify for the credit. If a taxpayer moves to another principal residence after taking the credit on a previous principal residence, qualifying expenditures on the other residence would be eligible for the $400 credit.

Owners and renters will be eligible for the credit. Cooperative and condominium housing owners are each eligible for the $400 credit on their proportionate shares of the common qualifying expenditures. The credit is allocated among joint occupants of a principal residence.

Also, a credit up to $2,150 would be available on the first $10,000 of expenditures on solar and wind energy equipment. The credit is 30 percent of the first $1,500 spent and 20 percent of the next $8,500 spent for installations of this equipment from April 20, 1977, through December 31, 1984.

Eligible equipment covers equipment that uses solar energy to heat or cool, or to provide hot water for a principal residence, and equipment that uses wind to generate electricity and other forms of energy. Solar and wind energy equipment only need to be installed in connection with a residence rather than in or on it, but they do not include backup systems of conventional heating or cooling equipment.

For solar and wind energy equipment, the principal residence may be either an existing or newly constructed residence. Owners and renters are eligible for the credit. Members of cooperative and condominium associations are each eligible for the $2,150 credit for their proportionate shares of the common qualifying expenditures. The credit is allocated among joint occupants of a principal residence.

Mr. Chairman, this language is similar to legislation I cosponsored in early February. We must encourage people to insulate their homes, and these provisions will do this in a very effective manner.

COAL CONVERSION

The bill seeks to require power plants and other major fuel-burning installations to convert from oil and natural gas to coal. Although this proposal sounds acceptable on the surface, there are a number of unanswered questions:

Can we mine all the coal that would be required?

Can we transport the coal to its ultimate destination?

Can it be burned and still meet strict clean air standards?

The economic costs of this conversion program are staggering. Estimates place the cost at well over $50 billion.

Coal must generally be transported by rail. Yet, in many areas of our country, existing rail facilities may not be up to the task. On the Delmarva Peninsula, for instance, I have spent a great deal of my time trying to preserve what rail service we have. The continuation of a north-south artery is in jeopardy. If that artery is cut, only one rail bridge—which has been knocked out before—would stand in the way of economic disaster.

CONCLUSION

The National Energy Act will not lead to greater production of energy for our Nation.

It will not sufficiently conserve our existing supplies.

It will tax Americans, who are already taking it on the chin, substantially.

It will lead to greater Government regulations of our daily lives.

And it will cause unneeded economic hardship in our country.

Therefore, I oppose the National Energy Act, and urge my colleagues to defeat this unwise measure.

Mr. WOLFF. Mr. Chairman, the national energy plan as submitted by President Carter and as modified by the House of Representatives grapples with the most significant domestic problem in recent history. We, as Representatives of the people of the United States are committed to the development of a cohesive, coherent, rational, as well as effective energy strategy. Failure to take action now, failure to confront the long-term implications of current energy strategies and failure to develop alternative strategies would be a failure to exercise leadership. We do not act hastily but expeditiously, not heedlessly but thoughtfully. The national energy plan does not introduce startlingly new initiatives, but it does develop more comprehensively past congressional actions. It does not pursue contradictory goals and programs, but integrates and synthesizes. We, the executive and the legislative branches act not in conflict with the past, but in concert toward a desired future.

President Carter's energy proposals are the first comprehensive executive approach toward alleviating our Nation's current energy crisis. As noted, the plan does not call for starting new initiatives, but is in fact based and redefines energy legislation already enacted by past Congresses. For instance, the Energy Policy and Conservation Act established the mandatory fuel efficiency standards for all new automobiles, a voluntary program for appliance efficiency, and authorized the implementation of a national strategic petroleum reserve program. EPCA, however, was a regulatory oriented initiative, this plan represents the first time that regulatory and tax policies have been designed to complement, and therefore rationalize energy strategies. In this sense, I endorse the basic precepts of the energy plan. We must reduce our reliance on imported oil and gas.

The President's plan, and the congressional initiatives included therein, embody the recognition that energy demand far exceeds energy supplies. While this statement may appear simplistic, past policies and implementation thereof, have failed to fully take into account the ramifications of this principle. The plan's central theme, that of promoting energy conservation through a series of tax incentives, efficiency standards, and by

moving energy prices toward replacement costs recognizes the basic law of supply and demand, and therefore confronts the realities of the present. The various proposals set forth by the administration have provided the basic framework, Congress in the spirit of full cooperation, has elaborated and in part improved on, this framework with the aid and advice of our constitutents.

The energy plan has been designed to reflect national concerns. By its very nature, energy, be it derived from fossil fuels, nuclear power or other forms, is not a problem exclusive to a single State or a single region. President Carter's energy proposals have provided the necessary leadership to serve as a base for shaping public policy as a supplement for the private market, for assuring that the national welfare and national security are protected, and to encourage regional equity in the battle to decrease energy consumption.

Adherence to the policies and proposals set forth in the plan does entail a measure of sacrifice and some slight modifications in American values and ideals—efficiency, not size, should be valued. However, the attendant sacrifices of implementing this plan, are far less damaging or injurious to the American quality of life, than the potential scenarios involving increased dependence on imported oil. A repeat of the Arab oil embargo of 1973–74 and its economic consequences would be devastating.

In sharp contrast, analyses by the Congressional Budget Office, as well as the Office of Technology Assessment, have stated that the energy plan as formulated by President Carter will have only a slight impact on the economic health of our Nation. Our gross national product may decrease slightly, inflation may increase slightly—but the extent of these effects will be mitigated by the effectiveness of the proposed rebates of energy tax revenues in offsetting the reduced purchasing power of consumers and the ability of the economy to respond to changes in relative prices as energy costs rise. Again, these effects are minimal in comparison to the intolerable prospect of future energy embargoes.

While I rise in general support of the plan as modified by the House of Representatives, I do wish to note some of the weaknesses of the plan. For instance, the levels of domestic supply projected by the plan represent the upper limits of capacity, and supplies of fuels are likely to fall below the plan's production targets due to possible postponements in leasing schedules on the outer continental shelf, slippages in construction schedules, below maximum performance of powerplants, and regulations which may delay the opening of new coal mines. The energy plan, while acknowledging environmental limitations, does not attempt to fully reconcile them, and this is a problem which should be addressed in greater detail in future congressional actions.

Another weakness in the energy strategy is its overwhelming, albeit narrow, focus on the automobile as a form of transportation. The automobile is an integral aspect of American life, but not an exclusive one. There should be a greater emphasis on the development of mass transit as a viable alternative to the automobile—viable in the sense that it is efficient, effective, and fairly inexpensive. As presented, the energy plan does little more than pay lipservice to the promotion of mass transit alternatives, be they overland such as bus, or underland such as subway systems. The encouragement of car or van pooling will decrease energy consumption, but minimally so—the cost effectiveness of van pooling really rules it out. A greater focus on mass transportation would be much more effective, and much more consistent with national energy goals.

A final, and perhaps the most glaring weakness of the plan, is the absence of a convincing strategy for developing renewable and sustainable resources of energy. I have long been an advocate of these "clean" forms of energy, such as solar, geothermal, and wind which can prove to be the solution to our energy dilemna. We must further encourage the technological development of these resources. At present they may indeed appear exotic, but greater impetus through increased funding would make solar, geothermal, and wind energy a practical, long-range, solution.

In closing, I feel that the House of Representatives has done a valiant job on a Herculean task, but the long haul will not be over when this legislation is passed. We must continually monitor whether our goals are being reached, whether equity for all citizens will be assured. Above all, we must remain flexible, adapting to the changing needs and circumstances of the future.

Mr. GRASSLEY. Mr. Chairman, the crude oil equalization tax is especially unfair to American farmers and, in addition, may ultimately prove to be an extra burden on the already overtaxed American worker.

In the production of food and fiber in this Nation, farmers use about 6½ billion gallons of gasoline and diesel fuel. Assuming even a constant use of these fuels, a 5- to 7-cent tax will translate into increased fuel costs to farmers of between $325 million and $425 million a year. In Iowa alone, farmers can expect to spend an additional $25 million to $35 million for gas and diesel fuel. Contrary to some of the unusual economic theories advocated by many of my colleagues, farmers cannot pass on increased costs of production. Their products, no matter what it costs to produce them, will bring in only what the market will bear. So once again, Congress seems prepared to impose another burden on farmers, a burden that will ultimately be borne through lower incomes, and perhaps encourage more farmers to get out of the business.

Nobody will gain from the crude oil tax. American farmers stand to lose a great deal. I hope my colleagues consider these facts when voting on the final passage of this energy legislation.

This bill ought to provide for a way of refunding this wellhead tax—the equivalent of 5 to 7 cents a gallon—back to the farmer for the nonhighway use of fuel just like the present gasoline tax is refunded.

Mr. STOKES. Mr. Chairman, I rise in support of H.R. 8444, the National Energy Act. Such a measure is absolutely necessary considering the fact that the United States faces an energy shortage arising from an increasing demand for energy, particularly for oil and natural gas, and insufficient domestic supplies of oil and natural gas to satisfy that demand.

Though I support H.R. 8444, I must wholeheartedly speak out in opposition to two amendments offered to this bill.

The first amendment offered by the ad hoc committee would impose a 4-cent tax with the revenues used for a special energy conservation and convention trust fund. The other amendment, offered by my distinguished colleague, Mr. HOWARD, is a substitute which would be a 5-cent tax with revenues being applied toward mass transit and the highway trust fund.

In specific reference to the Howard amendment as a representative and resident of an urban area, I realize the importance of the benefit this amendment would have on mass transit. One-half of this new tax would be used to create a new mass transportation transit fund to support public mass transportation. It would for the first time provide for permanent funding for both capital construction and operating subsidies and would apply nationwide. The other half, which would supplement the existing highway trust fund, would be used for road repair, safety and general upgrading, including the replacement or reconstruction of more than 105,000 bridges over the Nation, the improvement of long-neglected sections of primary, secondary, and urban roads and the extension of the general improvement program to the off-system roads in the rural areas of the Nation.

Despite the benefits this amendment would have on mass transit, these taxes, both the 4-cent tax and the 5-cent tax, are sales taxes which are regressive in nature. It cannot be disputed that the burden of such a tax usually falls upon the shoulders of the poor.

Mr. Chairman, it is my feeling that the poor have too many burdens without adding more. Unemployment is still running rampant in our inner cities; particularly youth unemployment, which is 40 percent in some urban areas. Minority unemployment is even higher than the overall unemployment percentages. Minorities, the poor, and the underprivileged cannot and should not have to bear any additional and unnecessary burdens.

This is a very difficult decision for me. I realize the importance of this amendment to mass transportation. Yet I also realize the financial burden it would cause the poor. But, Mr. Chairman, when I weigh the purpose of the tax with the burden it presents, I must oppose the amendment as it is inequitable to the poor.

I additionally ask my colleagues to defeat this amendment as it would fall most heavily upon the middle- and low-income segments of the economy and would put middle- and low-income Americans in the unenviable position of financing our energy program.

Mr. ST GERMAIN. Mr. Chairman, the National Energy Act which is before us today promises, in one way or another, to touch the life of virtually every person in America. The impact of this legislation will certainly alter the manner in which we develop and use energy for many years to come. The act is far reaching and comprehensive. It will not be easy to implement, but the most important policies are usually the most difficult. Finally, and most importantly, it is a national policy.

In a country such as ours, with its diverse interests and needs, we face the task of reaching an agreement that is fair and equitable. One which asks every section of the country to share in the sacrifice; to make comparable efforts so that we, as a Nation, can emerge with strength and self-sufficiency.

As we work for the Nation as a whole, we are, at the same time, vested with the responsibility to express the interests and concerns of our constituency.

For this reason, on certain votes, I will have to go against the wishes of the leadership. But, as I have said, I am here, first of all, to let the voice of Rhode Island be heard.

The Ocean State, Rhode Island, is willing to make a fair effort to assure the success of this energy plan. In some ways, the bill will aid Rhode Island. In other ways however, it will make life more difficult.

New England, for example, relies more heavily on high-priced imported oil than any other area of the country. An increase in the already astronomical home heating bills New Englanders must now pay would be the result of any additional tax on oil.

Such an increase would, however, be less difficult to face if it were to be coupled with the home heating oil rebate that is being considered.

It is this type of approach, one which combines sacrifice with incentive, that I view to be the most workable.

At present, more than 88 percent of the energy used in New England is generated from oil. With the thrust of the Energy Act toward the conversion of oil generators to coal, our region is being asked to make major changes which would involve hundreds of millions of dollars. We cannot reasonably be expected to undertake this sort of conversion without assistance and the proper incentives.

The Energy Act calls for funds to develop new energy sources. In Rhode Island, we have already begun an active program to explore the possibility of turning the sun and wind into energy to heat our water and homes.

The bottom line of any energy proposal will be the people's willingness to accept the decisions we are making here. This willingness will be forthcoming if the people are convinced that their best interests have been promoted. On this point, however, I foresee trouble ahead for the National Energy Act.

The manner in which the "energy crisis" first hit the American people has given rise to speculation that it was a hoax perpetrated by the major oil companies. As you are well aware, much of this doubt remains today.

If the American people do not think there is an energy shortage, they will not be willing to invest money to insulate their homes and they will not support a hike in the price of oil.

Therefore, I contend that, with the decisions we are making here this week, we are but beginning the job of establishing a national energy policy. A much harder task lies ahead. We must convince the American people that the decisions we have made are, in light of a clear and understandable energy situation, unquestionably for their benefit and that of the country. And further, that we are building a strong foundation for future generations.

Mr. BROWN of California. Mr. Chairman, as we deliberate on this Energy Act, and in particular on the changeover from natural gas and petroleum to coal and other fuel resources in part VI, I would like to note with special interest the inclusion of sections 635 and 636 by the Energy Committee.

The Subcommittee on the Environment and the Atmosphere, which I chair, has just concluded 3 days of oversight hearings on the additional environmental research and monitoring which will need to accompany the increased emphasis on coal in the President's energy plan.

The subcommittee looked into the role of environmental health and safety considerations in energy decision making; the role of energy conservation; the adequacy of pollution control equipment for burning of coal; the impact of coal conversion into synthetic fuel versus direct burning of coal; the adequacy of environmental monitoring to provide a data base from which the impact of energy supply technologies can be gaged; the impact of the new energy program on water resources; the adequacy of energy transportation systems to meet the new demands; and other issues concerning environmental research and monitoring raised by the witnesses.

It is thus important to note that included in the act before us are studies for two key areas highlighted in our hearings—the monitoring of emissions and the assessment of socioeconomic impacts.

The Environment and Atmosphere Subcommittee will continue to follow the state of the art in both arenas. We will look at monitoring "the emissions from new and existing electric powerplants and major fuel-burning installations required to use coal or other fuels" by virtue of the changeover from other fuels. We will also continue to look at the other end of the spectrum, environmental monitoring at plants used for R. & D. and demonstration by ERDA. And the subcommittee will also be taking a broader look this fall at the condition of our national environmental monitoring networks in general.

Finally, regarding section 636(b), the subcommittee will examine carefully any suggestions for making environmental research more available and helpful to states and local communities participating in the shift to coal. We have already examined this question generically in hearings last Congress on the proposed Environmental Research Centers Act of 1975—Science and Technology Committee print, serial 000, December 1976. We hope the Administrator will make specific recommendations in his detailed report to the Congress, seeking particularly regional, State, and local views.

Again, I am pleased to have sections 635(b) and 636 (a) and (b) in the Energy Act. We will very much look forward toward their intended products.

Mr. ASHLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I am happy to yield to the distinguished Speaker.

(Mr. O'NEILL asked and was given permission to speak out of order.)

FURTHER LEGISLATIVE PROGRAM

Mr. O'NEILL. Mr. Chairman, I merely take this time to announce what the program is for the remainder of the evening.

The Chairman of the Committee will ask to rise and we will go forward with the conference report on the Clean Air Act amendments.

We have scheduled a conference report on the National Science Foundation authorization and a conference report on the U.S. International Trade Commission authorization.

There are several unanimous-consent requests.

So I would hope that we would rise by 8:30 for the evening for whatever business we have not completed at that time.

I understand there has been some concern about tomorrow. Tomorrow we will go forward and hope to be able to continue with the bill and finish it at a reasonable hour. That is up to the will of the Members.

There has been some talk that instead of coming in at 10 o'clock whether we should come in at 9 o'clock tomorrow. If that is the will of the Members, a request will be made when we go into the House.

The only business tomorrow will be the completion of the Energy Act and possibly several unanimous-consent requests.

Mr. ASHLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WRIGHT) having assumed the chair, Mr. BOLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8444) to establish a comprehensive national energy policy, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On August 2, 1977:

H.R. 7556. An act making appropriations for the Department of State, Justice, and

Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1978, and for other purposes; and

H.R. 7557. An act making appropriations for the Department of Transportation and related agencies for the fiscal year September 30, 1978, and for other purposes.

On August 3, 1977:

H.R. 2. An act to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes; and

H.R. 6714. An act to amend the Foreign Assistance Act of 1961 to authorize development assistance programs for fiscal year 1978, to amend the Agricultural Trade Development and Assistance Act of 1954 to make certain changes in the authorities of that act, and for other purposes.

On August 4, 1977:

H.R. 692. An act to amend the Small Business Act and the Small Business Investment Act of 1958 to increase loan authorization and surety bond guarantee authority; and to improve the disaster assistance, certificate of competency and Small Business set-aside programs, and for other purposes.

PERMISSION FOR COMMITTEE ON THE BUDGET TO FILE A REPORT

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that the Committee on the Budget may have until midnight, tomorrow, August 5, 1977, to file a report on the second budget resolution for fiscal year 1978.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6179) entitled "An act to amend the Arms Control and Disarmament Act to authorize appropriations for fiscal year 1978, and for other purposes."

PERMISSION FOR COMMITTEE ON INTERNATIONAL RELATIONS TO FILE REPORT ON H.R. 8658

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent that the Committee on International Relations may have until midnight, tomorrow, August 5, 1977, to file a report on H.R. 8638, a bill to provide for more efficient and effective control over the proliferation of nuclear explosive capability.

The SPEAKER pro tempore (Mr. WRIGHT). Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, why is it necessary to get unanimous consent for this?

Mr. BINGHAM. Because it is until midnight tomorrow night.

Mr. ROUSSELOT. I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 9 a.m. tomorrow, Friday, August 5, 1977.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION FOR COMMITTEE ON GOVERNMENT OPERATIONS TO FILE SUNDRY REPORTS

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight tomorrow, Friday, August 5, 1977, to file sundry reports.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5383, TO AMEND AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967

Mr. MEEDS, from the Committee on Rules, submitted a privileged report (Rept. No. 95–571) on the resolution (H. Res. 738) providing for the consideration of the bill (H.R. 5383) to amend the Age Discrimination in Employment Act of 1967 to provide that all Federal employees described in section 15 of such act shall be covered under the provisions of such act regardless of their age, which was referred to the House Calendar and ordered to be printed.

CONFERENCE REPORT ON H.R. 6161, CLEAN AIR ACT AMENDMENTS OF 1977

Mr. MEEDS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 733 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 733

Resolved, That immediately upon the adoption of this resolution it shall be in order, clause 2(a) of rule XXVIII to the contrary notwithstanding, to consider the conference report on the bill (H.R. 6161) to amend the Clean Air Act, and for other purposes, said conference report shall be considered as having been read, and all points of order against said conference report for failure to comply with the provisions of clause 3, rule XXVIII are hereby waived.

The SPEAKER pro tempore. The gentleman from Washington (Mr. MEEDS) is recognized for 1 hour.

Mr. MEEDS. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 733 waives points of order against the consideration of the conference report on 6161 for failure to comply with the provisions of clause 2(a) of rule XXVIII. Clause 2(a) of the rule states that it shall not be in order to consider the report of a committee of conference until the third calendar day after such report and the accompanying statement shall have been filed in the House.

Mr. Speaker, the Committee on Rules agreed that a waiver of the 3-day layover rule was necessary under these unusual circumstances in order that the clean air standards could be set in time to avoid the shutdown of the auto industry as had been threatened if Congress did not finish consideration of this matter before August 6.

Also, House Resolution 733 waives all points of order against the conference report on H.R. 6161 for failure to comply with the provisions of clause 3 of rule XXVIII which prohibits the House conferees from agreeing to modifications which go beyond the scope of those matters committed to the conference committee. The chairman of the Commerce Committee asked, and the Committee on Rules agreed that this waiver should be granted as a precautionary step against the possibility that minor technical violations might exist. Counsel for the committee, I have been advised, feels that there are minor technical violations in the conference report.

In addition, this rule provides that the conference report shall be considered as having been read. The Committee on Rules included this provision in the resolution in order that the consideration of the conference report would be expedited.

As you know, the conferees have worked very long and hard to reach what has been referred to as a "reasonable compromise." As in many compromises neither body got everything it wanted. between the House and the Senate, But the conferees are to be commended for putting their disagreements aside—working until 2 a.m. Wednesday morning in an effort to get this bill to the President before the automobile industry begins production of their 1978 model cars.

Mr. Speaker, I reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule includes three separate provisions designed to expedite consideration of the conference report on the Clean Air Act amendments.

First, this rule waives the requirement that a conference report be available for three days prior to consideration. This conference report was not printed until today, and therefore the waiver of clause 2(a) of rule XXVIII is necessary.

Second, the rule provides that the conference report shall be considered as read. In the Rules Committee, the justification presented for this provision was that it would prevent delay. Without such a provision, any one Member could object to the conference report being considered as read, and the whole text would have to be read. Mr. Speaker while such a provision may be justified this

week, because of the tight time schedule, I certainly hope this will not be a precedent for future rules. There may be times when the House would benefit from having the text of a bill or conference report read.

The third thing that this rule does is to waive points of order for failure to comply with clause 3, rule XXVIII. Clause 3 prohibits conferees from putting anything in the conference report which was not in either the House or the Senate bill. In this case, the chairman of the Committee on Interstate and Foreign Commerce testified before the Rules Committee, that he was not aware of any significant points in the conference report that exceed the scope of conference. However, this waiver in the rule was requested out of an abundance of caution.

Mr. Speaker, this conference report contains a number of significant provisions. One of the most important deals with auto emission standards. When the House considered this bill, an amendment known as the Dingell-Broyhill amendment was adopted by a vote of 255 to 139. That amendment, among other things, set auto emission standards at a realistic level. It provided a balance between clean air on the one hand and, jobs and fuel economy on the other.

Mr. Speaker, I ask unanimous consent to submit for the record a comparison of the emission levels permitted by this conference report and by the Dingell-Broyhill amendment. These standards cover three kinds of emissions, hydrocarbons, carbon monoxide, and oxides of nitrogen.

SUMMARY OF CLEAN AIR ACT CONFERENCE REPORT 1977

	HC	CO	NO_x
Auto emission standards:			
1978–79	1.5	15.0	2
1980	.41	7.0	2
1981	.41	[1] 3.4	[2] 1
Dingell-Broyhill proposal (1977):			
1978–79	1.5	15.0	2
1980–81	.41	9.0	2
1982 plus	.41	9.0	[3] 1-to-2

[1] Up to 2-yr administrative waiver of the CO standard is authorized upon a finding of the unavailability of technology (taking into account cost, fuel economy, driveability).

[2] A 2-yr administrative waiver of NO_x standard is authorized for AMC and other small producers with financial inability to comply who must rely on other manufacturers for emission control technology. A single 4-yr innovative technology NO_x waiver is authorized up to 1.5 for new or improved technologies with potential air quality and fuel economy benefit.

[3] In 1982 and beyond, emission standards for diesels and other technologies could be set up to 2.

Mr. Speaker, I would have preferred the Dingell-Broyhill amendment as passed by the House. However, the conference report does contain the same clean air standards for 1978 and 1979 as the Dingell-Broyhill amendment. We will undoubtedly have to face this issue again in 1980 if the standards set forth in the conference report cannot possibly be met. Failure to act favorably on this conference report at this time would cause the U.S. automobile-based plants to close in a matter of days. I need not enumerate the consequences of such a shutdown.

Mr. MEEDS. Mr. Speaker, I have no further requests for time and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the bill (H.R. 6161) to amend the Clean Air Act, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see part II of proceedings of the House of August 3, 1977.)

The SPEAKER pro tempore. The gentleman from West Virginia (Mr. STAGGERS) is recognized for 30 minutes, and the gentleman from Ohio (Mr. DEVINE) is recognized for 30 minutes.

The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like just briefly to tell the Members of the House how much time has been spent on this bill so that they will recognize that this has been given every consideration that it possibly could have been given by our committee.

In subcommittee hearings the members spent 5 days, and they spent 7 days in markup. The full committee spent 6 days in markup and consideration of the bill. The bill was considered on the floor of the House for 3 days, and it passed the House on May 26, 1977, by a vote of 326 to 49.

The conferees met for 8 days. It was 9 days really, because we ended up on the 9th day. We started at 7 o'clock in the evening and ended up at 2:30 on August 3. This conference report that we have before us now is the result of that work.

I will say to the Members of the House that this is a compromise. It is the best compromise the House could work out with the Senate. The Senate conferees were trying to work for what they thought were the best interests of America, and that is true as well for all the conferees from the House.

I would like especially to commend the conferees of the House and the members of the full committee, because there were many, many hours spent late in the evenings, at time when patience was thin and it was pretty hard to keep feelings and emotions under control.

I would also like to commend the chairman of the subcommittee, the gentleman from Florida (Mr. ROGERS), and the members of his subcommittee for the work they did.

I wish to extend commendations also to the members of the conference committee: The gentleman from Michigan (Mr. DINGELL), the gentleman from Florida (Mr. ROGERS), the gentleman from California (Mr. MOSS), the gentleman from New Jersey (Mr. MAGUIRE), the gentleman from California (Mr. WAXMAN), the gentleman from Ohio (Mr. DEVINE), the gentleman from North Carolina (Mr. BROYHILL), and the gentleman from Kentucky (Mr. CARTER).

We worked together as a team, trying to do what we thought was right for the best interests of this country. There were no partisan politics in it whatsoever, and it showed in the votes. We were all trying to get what we thought was the best conference report we could get to bring back to the House.

I think we have brought back a conference report that we can all agree is a good report, one that is good for America and one that will help to clean up the air.

This will help gradually to clean up the air; pollution did not all happen at one time, and we cannot stop it at one time. We are doing it gradually through this bill, and we are allowing progress at the same time. I think we have done a very good job with the conference report. We are doing what needs to be done to protect the public health.

With those words, Mr. Speaker, I would like to add my compliments to the staff. The staff worked long and hard. They worked many hours when we were not working. They worked far into the night trying to get the enormous conference report into shape and to get the statement of managers ready. It took many hours for them to complete their work, and as I say, they worked at times during which the conferees were not working. So, as I say, I would like to compliment them and say "thanks" for their work.

With that, Mr. Speaker, I now yield 2 minutes to the gentleman from New Jersey (Mr. MAGUIRE), a member of the conference committee.

Mr. MAGUIRE. Mr. Speaker, I thank the distinguished chairman of the committee for yielding. I want to compliment the gentleman on his work and compliment also the chairman of the subcommittee, the gentleman from Florida (Mr. ROGERS), and I will clarify with him a couple of points for the record later, if I may.

Mr. Speaker, the conference bill requires the Environmental Protection Agency to prepare an economic impact statement when it takes any of a series of listed actions, and it provides for citizen suit against the Administrator in the event that he fails to discharge this duty. However, it also provides that the filing or resolution of such a suit shall not invalidate the regulation in question.

Am I correct in my understanding, then, that the only remedy a court can provide in such a suit is an order to the Administrator to prepare or revise an economic impact assessment?

Mr. ROGERS. Mr. Speaker, will the gentleman yield?

Mr. MAGUIRE. I yield to the gentleman from Florida.

Mr. ROGERS. Your understanding is correct. Regardless of the court's ruling as to whether an assessment had been prepared, or whether an assessment fully canvassed the issues listed in the section, the courts would have no power to invalidate a rule or stay its effectiveness.

Mr. MAGUIRE. I note that the conference committee adopted a provision of the Senate bill that would allow the courts to award attorneys' and expert witnesses' fees to defendants in enforcement actions brought by the Environmental Protection Agency which the court found to be "unreasonable." Since this language was in the bill passed by the House last year as well, would I be

correct in assuming that the purpose of providing the courts this discretion is the same as that stated in last year's committee report—at page 277—

to provide protection for the parties against wholly unwarranted actions by the Administrator and to restrain the Administrator from over-zealous enforcement?

Mr. ROGERS. Yes, I think that is the intent of the conference.

Mr. MAGUIRE. I assume also that it was the intent of conferees representing this body to subscribe to the same interpretation of the term "unreasonable" as set out in last year's report?

Mr. ROGERS. Yes, I would agree.

Mr. MAGUIRE. So, this provision is not intended to authorize the courts to make the Government pay attorneys' and witnesses' fees every time the defendant prevails in an enforcement action, or the courts disagree with the Government's exercise of "prosecutorial discretion" as to whether to bring suit. It is aimed only at the situation where the Government's enforcement action is seen as frivolous or harassing, then, is it not?

Mr. ROGERS. Yes, that was our intent. We contemplate an award of fees in an enforcement action only if the Government's suit was "unreasonable"; that is, wholly without basis in the facts or the law.

Mr. MAGUIRE. On Thursday, July 28, the conference committee took up the House amendment concerning visibility protection. During the conference committee's discussion several votes were taken on a proposed agreement arrived at by the staff and now included in the conference bill.

The first vote I believe, Mr. Chairman, was a motion to eliminate the section entirely. The second motion was to remove EPA's power to supervise and assure under section 110 of the act the adequacy of the State plan revision required by the visibility protection section. The third motion attempted to strike the preamble to this section. All three motions on the Senate side were defeated 5 to 4. The staff proposal was then adopted 6 to 1, by the Senate side. Is this your recollection as well?

Mr. ROGERS. Yes, that is exactly what happened.

Mr. MAGUIRE. Mr. Speaker, in the visibility protection section of the Commerce Committee's report on this bill we clearly state that the class I increments under the section on prevention of significant deterioration are not adequate to protect class I lands from visibility impairment in all cases. In fact we had substantial testimony pointing out that very problem. One of the reasons why the committee decided to include a separate section on visibility protection was in order to remedy this situation. In many cases what we are trying to preserve in class I areas is the visibility which allows us to enjoy the magnificent scenery of the class I areas.

In our bill we required that the States revise their State implementation plans to carry out that mandate. It seems to me the conference bill enlarges that protection by adopting the Senate's air quality values test because the Senate bill requires that the Federal Land Manager protect the class I lands from visibility impairment even when the class I increments are not exceeded. Let me quote from the Senate bill and the Senate report:

Bill—"The Federal Land Manager and the Federal officials charged with direct responsibility for management of such lands shall have an affirmative responsibility to protect the air quality related values of any such lands with a class I area."

Report—"He (The Federal Land Manager) is required to protect Federal Lands from deterioration of an established value, even when class I numbers are not exceeded."

These two statements indicate that under the conference report both the State and the Federal Land Manager hold a responsibility to protect class I lands from visibility impairment even if the class I increments will not be exceeded by a new source.

Mr. STAGGERS. Mr. Speaker, I yield myself 1 minute.

I would like to rectify an omission I made, the fact that the gentleman from Louisiana (Mr. BREAUX) was with us on the Breaux amendment in the conference.

Mr. Speaker, the gentleman from Louisiana (Mr. BREAUX) did an excellent job, and his patience and understanding were just superb.

We tried to work out the Breaux amendment to his satisfaction as best we could with the other body, and I hope he is satisfied with the work we did in conference.

Mr. DEVINE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on the clean air bill, H.R. 6161.

It has been a long and hard road arriving at this point in the clean air struggle. Everyone will remember that in the 94th Congress, the Interstate and Foreign Commerce Committee spent many months fashioning a clean air bill to present to the House for its consideration. The product was not entirely to my liking but a bill did finally reach the floor. You will recall further that it arrived in the second session and was handled on an intermittent basis which militated against its thorough and proper consideration. The conference strung along for many weeks and a conference report came back to the House in almost the closing hours of the session. In the end the conference report was not taken up by the Senate and the whole effort came to naught.

Starting over again in this first session of the 95th Congress, the committee went through the whole process once again. The issues were considered in great detail, at great length, and with sharp differences of opinion. The bill which came to the floor and which was eventually passed by this House in May, although not entirely satisfactory to anyone, was the true product of our system and probably the best bill on this complicated subject that we would expect to achieve.

The problems of the House-Senate conference committee on H.R. 6161 have been well-publicized. It was no cake walk. The conferees did try to uphold the judgments made by this body on the major issues involved. For the most part, the committee was able to come away without abandoning any of the principles embodied in the House bill and were able at the same time to gain major modifications of the Senate version where the most important differences existed. Again, I must say that I am not thrilled with some of the compromises we had to make, but I was not totally enamored of some of the provisions we took to conference in the first place. We had to work with what we had in those two bills.

The 1970 Clean Air Act is desperately in need of amendment. It would be unconscionable to toss out the product of this long effort. The immediate need for some kind of auto emission standards is well understood. We are about 2 years late in telling the auto industry what it can do for the emission standards on 1978 model cars which are already standing around in lots and on docks waiting for the other shoe to drop before they can be sent on to dealers' showrooms.

There is absolutely no alternative at this hour to approving the marketing of 1978 cars which have manufactured to existing 1977 emission standards. Congress put the industry in its present position by insistence on unrealistic emission deadlines, and Congress must rescue it right now. The industry could have put the country and Congress in a bind by refusing to manufacture anything for this new model year until the emission standards were clarified. It did not create such a situation and relied on the ultimate fairness of this body.

So here we are today with a conference report on a clean air bill which even at this stage, or perhaps I should say particularly at this stage, is not entirely to my liking. There are many things included in the conference version that I would have changed. Most of the final version, with some significant exceptions, does reasonably well by the will of the House. The automotive sections, except for allowing 1978 and 1979 models to proceed on present standards, are too restrictive thereafter whereas the 1980 emission standard of 7.0 for carbon monoxide is a slightly more realistic figure than that in last year's conference report, the standards for all three pollutants for 1981 and thereafter are identical to the unnecessarily stringent ones in last year's conference report. I realize that there are certain provisions made for innovative technology waivers for NO_x and a 2-year waiver is possible for carbon monoxide. In my view, the negligible health benefits of retaining the 3.4 carbon monoxide statutory standard may well come back to haunt us because of their likely adverse effect on technology, fuel economy, consumer costs, and driveability.

Lastly, I feel constrained to mention that there is insufficient flexibility with respect to needed growth in class II areas and I regret that the Breaux variance procedure for class II was not retained.

Despite these definite drawbacks in the conference version of this bill and for the reasons previously stated, I felt it was

necessary to agree to the conference report and I urge my colleagues to approve the report now.

Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky (Mr. CARTER).

Mr. CARTER. Mr. Speaker, as a conferee of the House and Senate Clean Air Act conference of 1977, I can say to you and to the Members of the House, that I am satisfied with the compromise that the House and the Senate conferees came to early yesterday morning while most of the Nation was asleep. It is my firm belief that we as House conferees held to the House position to the very end.

The conferees have worked tirelessly in the last few weeks with the utmost dedication and determination to achieve a balanced law that will give protection to the health and welfare of the American people. It is my strong contention that we are moving with the best possible speed and balance in that direction.

Mr. Speaker, all throughout the Congress' deliberations on the Clean Air Act Amendments, the need for national primary and secondary ambient air quality standards has been my one main concern.

Primary air quality standards are those which are requisite to protect the public health with an adequate margin of safety. Secondary standards are those requisite to protect the public welfare from any known or anticipated adverse effects. Welfare includes, but is not limited to, effects on soils, crops, vegetation, manmade materials, animals, wildlife, weather, visibility and climate, damage to and deterioration of property, and hazards to transportation, as well as effects on economic values and personal comfort and well-being.

Again, Mr. Speaker, I believe that we upheld the House's wisdom and will in the conference. I believe in that wisdom and I adhere to it. The House creates a balance in its business of legislation, a balance which can assure us of a cleaner environment and a growing economy at the same time.

But, Mr. Speaker and my colleagues in the House, the other Chamber, the Senate, has its own wisdom and balance. Thus yesterday morning, earnest and with the greatest concern, both Chambers met and discussed the final issues to be decided.

At times discussion was strained, but having the desires and concerns of the American people uppermost in mind, both the House and Senate conferees reached the compromise now before you.

Mr. Speaker, I support this conference agreement and believe that the House will accept it. It is a good step in the right direction.

Mr. Speaker, one more thought. At the beginning of the Clean Air Act conference, Senator MUSKIE warned the conferees that they would stay and work on the clean air bill until "hell had frozen over." Well, Mr. Speaker, I can report that, because of the dedication of this Congress, may the sinners of the world still repent, for hell still is as hot as ever.

Thank you, Mr. Speaker.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Speaker, I think it is just fine that this conference report has been brought out.

However, there is one matter which bothers me a little bit. It looks as though there are 150 pages of typed material, and we have not had too much explanation of what is in here.

I just wonder whether my colleague, the gentleman from Ohio (Mr. DEVINE), would dissuade this Member of any impression that this looks as though it might be a lawyers' bonanza. There is so much fine print in this report that I wonder about it.

Is this going to be easy to administer or is it going to be what I think, a bureaucratic problem?

Mr. DEVINE. Mr. Speaker, I will say to the gentleman that this is a highly complex and highly technical piece of legislation. It well could become a lawyers' bonanza, as most of the legislation does which we produce out of this body.

Mr. ASHBROOK. At this late hour I will not speak any further. It does seem to be a rather extensive conference report.

Mr. DEVINE. Mr. Speaker, I reserve the balance of my time.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. Mr. Speaker, I rise in support of the conference report on the Clean Air Act Amendments of 1977. The House conferees have been working on this for several weeks now and I think we have produced a compromise between the two bills which is fair, workable, and effective.

I would like to briefly outline a few of the most important items in the report, starting with title II, which is aimed at mobile sources.

The House bill called for automobiles to reach .41 hydrocarbons—HC; 9.0 carbon monoxide—CO; and 1.0 oxides of nitrogen (NO_x) standards in 1982, while the Senate bill called for standards of .41 HC; 3.4 CO; and 1.0 NO_x to be met in 1980. We kept the House provisions for 1980 with a slight compromise in carbon monoxide and moved to the Senate numbers in 1981 with a waiver that may allow the automobile makers as long as 1983 for meeting the carbon monoxide standard. We keep existing standards for 2 years.

The figures for automobile emission standards are:

	HC	CO	NO_x
1978–79	1.5	15.0	2.0
1980	.41	7.0	2.0
1981	.41	[1] 3.4	1.0

[1] Up to a 2-year waiver for carbon monoxide if the Administrator finds that the technology is not available and 3.4 CO standard is not necessary for the public health. Also, the Administrator takes into account cost, fuel economy, and driveability.

The conference also provides for a 4-year waiver for diesels if it is found that they cannot meet the 1.0 oxides of nitrogen—NO_x—standard. This would allow until 1985 for diesels and up to 4 years for innovative technology.

WARRANTIES

The House bill provided for warranties for 18 months or 18,000 miles. The Senate bill would have retained the 5-year 50,000 mile warranty in existing law. The conferees agreed to a compromise of 24 months or 24,000 miles for the system with an additional warranty for the high-cost parts which are required exclusively for the control of pollution.

PREVENTION OF SIGNIFICANT DETERIORATION

Under this provision, the House bill called for three air quality classes, the Senate bill had two. The conferees retained the three classes.

The House bill incorporated variances of the standards for two classes of up to 18 days a year through the Breaux amendment. The Senate had a variance in class I, but had no class II variance. The Senate bill allowed a variance in class I if approved by the Federal Land Manager. The House allowed the Governor of a State to grant the variance.

In conference, we kept a class I variance for SO^2, and used the variance elements from both the House and Senate bills.

If a class I variance is requested the Federal Land Manager would make his recommendation. The Governor would then review the recommendation of the Federal Land Manager.

If the Federal Land Manager agrees with the Governor that a variance should be granted, then the Governor may grant it. If they disagree, the variance may not be granted, but the Governor may appeal to the President. And the President may approve the variance.

In class II, the conferees realized the need for flexibility for increased new growth, so the major part of the Nation designated is class II. To provide for expansion, we increased the key increment in class II by 50 percent over the House increments. This large expansion eliminated the need for a variance. The Governor, with the concurrence of local authorities, has the power under the bill to reclassify most areas in class III.

NONATTAINMENT

The House and Senate bills were very close on this issue to begin with. We have extended the deadlines for meeting the standards for States and communities where it is necessary until 1982. In the case of severe oxidant or carbon monoxide problems, we have extended the deadlines so that they may be as late as 1987 to meet the standards. We continue to allow the States the discretion of revising their plan to accommodate for new growth or to apply for a waiver under the new section.

The House bill called for an annual incremental reduction, but in the conference we have provided for more flexibility by eliminating the House provision for equal biannual reductions.

To help States which have nonattainment areas, we retained the House provision giving them the option of adopting the stricter California automobile standards for new vehicles. We have basically taken the House provisions relating to indirect sources. We have given authority to the Governor of a State to suspend onstreet parking supply restric-

tions, gas rationing, and vehicle retrofits until January 1, 1979, and allow States to eliminate indirect source control requirements from existing plans. We have eliminated the Administrator's authority to require indirect source programs directly or indirectly except for major, federally funded projects. The State, however, may adopt, if it wishes, an indirect source control program.

I would also like to include for the record a more complete statement of intent and clarification of select provisions:

CLEAN AIR CONFERENCE REPORT (1977): STATEMENT OF INTENT; CLARIFICATION OF SELECT PROVISIONS

Because of the necessity for expedition in concluding the conference, the limited time available for preparation of the conference report and statement of managers, and the complexity and length of the conference agreement, some important points on the intention and effect of the conferees action may have been overlooked or may be unclear in the text of the conference bill or the accompanying statement of managers. This paper is intended to clarify these points.

1. PURPOSE AND INTENT

The conference agreement is founded on several major principles. First, and foremost, protection of the public health remains the paramount purpose and value under the Act. Consideration of costs, energy, and technology is expressly authorized or required in many sections of the bill, but the overriding commitment of the 1977 Act (just as the 1970 legislation) is to the protection of public health. An example of this is the conferees' provision defining "lowest achievable emission rate" for nonattainment areas.

Second, this year's legislation retains and even strengthens the technology forcing and technology encouraging goals of the 1970 Act.

Third, the conference report emphasizes new values, which did not receive such great attention in the 1970 Act. Among these are (1) a *preventive* approach to pollution abatement, as well as a remedial one; (2) protection, preservation and enhancement of the quality of life and, in particular, protection of visibility in federal parks, wilderness areas, etc; (3) a mandate for indentification and prompt regulation of unregulated ambient air pollutants, emissions, and sources; and (4) increasing commitment to give States the necessary tools and authorities to meet the requirements of the Act (e.g. the new provision permitting other States with nonattainment areas for oxidants, carbon monoxide, or nitrogen dioxide to adopt and enforce California new motor vehicle standards for cars, trucks, and other new motor vehicles).

2. PARTICULAR PROVISIONS

A. Unregulated pollutants

For the first time, the Clean Air Act authorizes and requires the Administrator and the States to regulate radioactive air pollution, including pollution from NRC-licensed facilities. A disapproval authority is given to NRC for any emission standard applicable to such facilities, but it is intended to be a carefully limited one. NRC's disapproval is authorized only if the Commission shows that public safety would be significantly endangered if compliance with the outside-the-fenceline emission standard were required, i.e. that there is no safe way available to comply by the deadline. Moreover, the President may override NRC's disapproval. The conferees were, of course, concerned about nuclear safety and are aware that the States, EPA, NRC, and the President are and will be so concerned also. But this is not intended to provide a basis for inaction or resistance to safeguards on environmental radioactive releases. The conferees expect the Agency and the Commission to work together to permit and enhance the achievement of the goals and mandates of each.

This provision, of course, is not limited to NRC-licensed facilities. As in the House bill, the conference agreement covers ERDA and DOD facilities as well as privately owned sources and facilities. No delegation of authority from EPA or NRC would be required for States to set emission limits for radioactive pollutants under section 110 or 116 of the Act.

B. Ozone protection

Two points need clarification. First, the Administrator's authorization to exempt medical uses of fluorocarbons is retained as in the House bill. Second, this provision is intended to fill certain regulatory gaps. It would not restrict or alter the authority of FDA, CSPC, or other agencies to act under other laws. Nor would it limit EPA rulemaking presently underway under the Toxic Substances Act.

C. Smelters

The primary nonferrous smelter order provision (new section 119 of the Act) should be interpreted in accordance with this understanding of the conferees: Under this provision only ultimate SO_2 emission limits may be delayed. No smelter order under section 119 is authorized for any other pollutant. Moreover, no section 113(d) delay order could be granted to a primary nonferrous smelter for an SO_2 emission limitation if that smelter has received a 119 order. However, a smelter could receive a 113(d) order for any pollutant other than sulfur oxides, under the conditions specified in section 113(d).

Furthermore, the conferees understood that, with respect to both 113(d) orders (whether or not for a smelter) and 119 orders, in determining the best practicable interim emission control requirements, consideration should be given to the requirement with which the source must ultimately comply. Similarly, the conferees understood that sources receiving 113(d) orders and smelters receiving 119 orders because of lack of technology to comply would be subject to the research and development expenditures requirement.

The language of new section 119 differs from the "adequately demonstrated to be reasonably available" test in the House bill. However, this change in language does not, in my view, reflect any intention on the part of the conferees to significantly alter the meaning or effect of the House provision.

Finally, it should be pointed out that this provision replaces existing section 119 of the law relating to coal conversion extensions. Coal conversion delay orders, in the future, will be issued under section 113(d)(5). Existing section 119 CDE's, however, would remain enforceable in accordance with the savings provision.

D. Visibility protection

The conferees essentially agreed to the House provision for visibility protection. The provision was modified to give States a greater role in identifying sources which are contributing (or may in the future contribute) to visibility problems and in establishing control requirements for those sources. However, the conferees rejected a motion to delete the national goal. The conferees also rejected a motion to delete EPA's supervisory role under section 110 to assure that the required progress toward that goal will be achieved by the revised State plan. If a State visibility protection plan is not adequate to assure such progress, then the Administrator must disapprove that portion of the SIP and promulgate a visibility protection plan under section 110(c). Thus, visibility protection in most mandatory federal Class I areas remains a national commitment, which is nationally enforceable.

Moreover, as in the House bill, the section applies both to new and existing sources. As pointed out in the House Committee report, merely meeting Class I increments under prevention of significant deterioration will not be adequate to assure visibility protection. Clearly the conferees did not want to impose two separate pre-construction permit requirements for a new source for the purpose of assuring compliance with "significant deterioration" and "visibility protection" requirements. One permit should suffice.

E. Representation in civil litigation

The Statement of Managers on the conference bill contains an indication of how, in the conferees' view, certain provisions of the DOJ–EPA Memorandum of Understanding of June 13, 1977, should be construed. The conferees expect, however, that with the new cooperative spirit between the Department and the Agency, few conflicts will arise and those which do will be easily resolved. The conference agreement underscores the faith of the Congress in the Attorney General and the Justice Department and the propriety of the Attorney General's supervision and control of civil litigation under the Act. The Statement of Managers, thus, is intended only to provide guidance on the Congress' views which the Department and the Agency should consider in executing the Memorandum of Understanding.

F. Basis of administrative standards

This section was adopted from the House bill, with only the deletion of cross-references to the unregulated pollutants section. Questions have arisen whether the amendment to section 109 of the Act under this provision would prevent the Administrator from establishing national ambient air quality standards for derivative pollutants (such as sulfates or nitrates), which are not directly emitted into, but form in, the ambient air. No such limitation is intended. The rationale for the entire section is fully articulated in the House Committee report.

G. Amendments to section 114 of the act

Section 305 of the House-passed bill contains certain amendments to existing section 114 of the Act. The conference agreement incorporates these amendments. In so doing, the conference agreement permits the Administrator to enter, inspect, test, or require testing on the premises any person other than a new motor vehicle manufacturer in order to carry out and enforce the requirements of this Act. This authority would apply to persons not previously covered by section 114, including but not limited to fuel additive manufacturers, independent garages, service stations, auto parts makers and refineries. It may be used for the purpose of assuring compliance with any requirement of the Act (including, but not limited to, vapor recovery, transportation control, air quality maintenance plan measures, anti-tampering prohibitions, MMT restrictions) which does not pertain to new motor vehicle manufacturers. The authority of the Administrator under section 114 of the Act, as amended, would be delegable to the State as it has been in the past.

H. Coal conversion

The conference agreement authorizes delayed compliance orders for sources required to convert to coal. These provisions were drafted with the likely enactment of national coal conversion legislation which would supersede ESECA (P.L. 93–319) in mind. The conferees expect that the provisions of new section 113(d) of the Clean Air Act will be administered so as to be consistent with, and supportive of, the national coal conversion program. Of course, nothing in this section or in the remainder of the bill should be construed to overturn the State or local government's right to require compliance with stronger emission limitation or to require compliance more expeditiously under section 116 of the Act.

I. Nonattainment areas

A key aspect of the conference agreement is the retention of the House provision permitting other States than California with nonattainment areas for HC, CO, NO_2 or oxidants to adopt and enforce California's new motor vehicle emission standards. Also important in this respect is the conferees' retention of the House provision liberalizing and extending the California waiver provision. Under this new addition, for example, California will be able to get a waiver for its 1982 model year standards considered as a package, even though the California CO standard may be less stringent than the applicable federal CO standard. This is so because California's 1982 NOx standard is more stringent than the federally mandated NOx standard for that year. Other States with nonattainment problems for oxidant, or NO_2 would be authorized to follow suit, but could not be required to do so by EPA.

In general, the conference agreement adopts much of the Senate's approach to the nonattainment problem. But, among other provisions from the House Bill, the "lowest achievable emission rate" definition in the House bill was agreed to. While the conferees believe cost is an appropriate factor to be considered in determining "achievability," there was general agreement with the House Committee report's treatment of consideration of cost in nonattainment areas at page 215. Here again, protection of the public health must be the primary concern.

J. Trucks and motorcycles

In agreeing to the 75 percent NO_x reduction requirement for 1985 model year trucks, the conferees made no judgment on the achievability of this target standard by that deadline. Revision authority is expressly provided in case such target cannot be met.

With respect to motorcycles, the conference agreement permits the Administrator, if he chooses to do so, to continue with his present program of establishing a separate and different set of standards for new motorcycles than for other motor vehicles.

K. Noncompliance penalties

The conference agreement basically adopted the House bill approach to this provision. Three portions of the Senate bill which were agreed to are particularly worthy of noting: (1) the requirement that the penalty be calculated essentially on the basis of the economic value derived by the failure to comply (rather than on the lesser amount of the cost of compliance); (2) the absence of a ceiling on the penalty, in keeping with the purpose of the provision—i.e. to eliminate any incentive for, or economic advantage resulting from, noncompliance; and (3) the exemption from the penalty of the Louisville Gas and Electric plants, which utility early in the 1970's agreed to a compliance order and helped demonstrate flue gas desulfurization technology.

L. Standards review

The conference agreement, as last year's conference agreement did, adopted the House provision relating to review of present national ambient air quality standards, with a slight modification. The modification provided for the first review to occur by 1980.

Nothing in this section, however, should delay EPA action to promulgate the ambient short-term NO_2 standard. Nor should that action be subject to prior review by the Scientific Review Committee. If it is appropriate to deal with any of the four unregulated pollutants referred to in section 122, then that action should proceed without respect to the standards review process set up for existing standards.

M. Stack height limitations

The Conference Committee accepted the House bill's provision relating to the height of smokestacks, which provides that the emission limitations that apply to sources of pollution shall be calculated on basis of smokestack heights sufficient to avoid "atmospheric downwash, eddies, and wakes" nearby a facility (as we defined this in the House Committee's Report on last year's bill), so long as this does not exceed 2½ times the facility's height.

It was our intent that the former condition should take precedence over the latter—that is, if it should be determined that downwash, eddies, and wakes can be prevented by stacks of less than 2½ times facility height, the Administrator's rule should give "credit" only for the height needed to avoid these conditions.

In addition, the Administrator is free to promulgate a general rule providing a "sliding scale" for stackheight, if he determines that the proportion between building height and stack height needed to avoid downwash varies according to, for example, the size of the facility—that a proportionally higher stack is needed for smaller facilities, for example, or a proportionally lower stack is sufficient for larger sources—then his rule may take this into account, so long as it generally prevents downwash eddies and wakes and not allow "credit" for stacks exceeding 2½ times building height. In other words, it was not our purpose to make a Congressional judgment about what stack height was needed to prevent downwash. We intend EPA to make this judgment, subject only to the Congressional prohibition on the excessively high stacks of over 2½ times building height.

N. New source standards of performance best available control technology

The Conferees agreed to Section 111 of the House bill with minor modifications. Senator Randolph stated, and the Conferees agreed, during the Conference discussion of the House "Best Available Control Technology" requirement that, as the House Report, 95–294, concluded, (p. 189) current best technology achieves about 85 to 90 percent sulfur removal efficiency from the emissions of fossil-fuel fired boilers.

The intent of the House provision and of the Conference agreement is to require the Administrator to revise and strengthen current lax standards for new sources under Section 111 of the Act. Particularly troublesome are EPA's current SO_2 control standards and particulate control standards for coal-fired boilers. As the House Report stated: (p. 187).

. . . For example, instead of prescribing standards which effectively required use of the best practical control technology for new coal-fired power plants, the Administrator set levels which could be met either by use of untreated low-sulfur coal or scrubbers. These standards (e.g. 1.2 lbs. of SO_2/million B.t.u's)—by not requiring use of best practicable control technology—directly conflict with the aforementioned purposes in several respects:

1. The standards give a competitive advantage to those States with cheaper low-sulfur coal and create a disadvantage for Midwestern and Eastern States where predominately higher sulfur coals are available;

2. These standards do not provide for maximum practicable emission reduction using locally available fuels, and therefore do not maximize potential for long-term growth;

3. These standards do not help to expand the energy resources (this is, higher sulfur coal) that could be burned in compliance with emission limits as intended;

4. These standards aggravate compliance problems for existing coal-burning stationary sources which cannot retrofit and which must compete with larger, new sources for low-sulfur coal;

5. These standards increase the risk of early plant shutdowns by existing plants (for the reasons stated above), with greater risk of unemployment; and

6. These standards operate as a disincentive to the improvement of technology of new sources, since untreated fuels could be burned instead of using such new, more effective technology.

Similar problems exist with respect to the standards for new oil-burning stationary sources.

The Conference adopted provision is intended to rectify these problems by requiring for fossil fuel-fired boilers that a new source standard of performance be expressed as both:

1. A numerical emission limit—such as pounds of emittants per hour, and;

2. A required percentage reduction in the pollutant content of untreated fuel.

The standard of performance can be achieved by any technological control process (including precombustion treatment of fuels, such as solvent refining) approved by the permitting authority, as long as that technology assures that on a continuous basis both the numerical emission limit and the required percentage reduction are achieved. No averaging in fuel control or in emissions-content or levels is allowed in determining whether the prescribed performance standard will be met by a source.

While the Conferees agreed that the Administrator may set the percentage reduction requirement as a percentage range, the Conferees expect the Administrator to be exceedingly cautious if he should elect to do so. Any such range of percent reduction would be allowed only to reflect varying fuel characteristics, and must be based on a carefully and completely documented finding by the Administrator that such departure from the strict requirement does not undermine the basic purpose of the House provision as expressed on pages 183 through 195 of the House Report number 95–294.

O. Prevention of significant deterioration

Both the House and Senate bills provided for authority for variance from prescribed increments. The Conferees adopted large parts of both the Senate and House provisions. The Governor of a State may grant a variance from Class I increments in Federal Mandatory Class I areas. If the Federal Land Manager concurs, that variance may be granted. If in the judgment of the Federal Land Manager the air quality values of the area (and the Conferees agreed that such values include visibility and its vigorous protection in National Parks and National Wilderness areas designated as Mandatory Class I areas) will not be adversely affected by the emissions from the source seeking a variance, and the Federal Land Manager so certifies after a complete showing by the source, the variance may be granted. If the Federal Land Manager fails to concur with the Governor's recommendation to grant a variance, the Governor may then appeal to the President. The President may grant the variance only if he finds, and so publishes, that the granting of the variance is in the national interest. Such variance shall allow Class I increments to be exceeded on no more than 18 days per year.

It is recognized that there are many difficulties in air quality modeling as applied to the 18-day variance from Class I increments. Therefore, the States, the Federal Land Managers, and the Administrator of the U.S. Environmental Protection Agency will be expected to apply reasonably conservative judgments in reviewing applications for any such variance. Furthermore, the Administrator shall carefully and completely discharge his responsibility to supervise through the required revision of the State plan, the granting of and enforcement of any variance.

The Conferees intend that any variance granted under Section 165(d)(2)(D), allow the increments spelled out for Class I areas to be exceeded on only a total of up to 18 days (or during any part of 18 days) per year. This means that the increments may be exceeded only on a total of up to 18 days

per year, by which the Conferees mean that the allowed variation of the increment take place on no more than 18 days, or any part of 18 days per year, in any and all directions. The increments may be exceeded on no more than 18 days, and that total would be arrived at by aggregating all modeled and monitored measurements of pollutant concentrations. This means that the Class I increments could be exceeded on no more than 18 days in total. An exceedence during any single measurement period (during the day at any one site (e.g. the three-SO_2 measurement period)), shall be considered a violation for one entire day.

Some provisions of this bill relating to PSD will become effective immediately upon enactment. Other sections will become effective upon modification of state implementation plans. In the meantime, existing regulations issued by EPA will continue in effect.

There will not be any gap or disruption in carrying out this Nation's policy of preventing the significant deterioration of clean air. No grace period is required because, after all, this policy has been with us since the 1967 Air Quality Act. It was not altered in the 1970 clean air amendments. The Environmental Protection Agency's predecessor for air pollution, the National Air Pollution Control Administration, defined this policy in guidelines in 1969. Acting under authority of the 1970 Clean Air Amendments, EPA eventually adopted regulations to implement this policy. So this part of the bill merely continues the policy that Congress expressed years ago and for which EPA has promulgated regulations.

On the other hand, both the House and Senate bills reflected a sensitivity to problems that might occur in the transition from the regulations to this new law. So savings clauses appear in the conference bill where appropriate to assure the validity of the EPA regulations up to the time the act becomes fully effective.

Certain questions have arisen regarding the status of certain federal lands located in Alaska. My understanding is that the national resource lands, as designated by the Federal Land Policy and Management Act of 1976, which were formerly referred to as the public domain are class II lands under this conference report and subject to redesignation as class III under appropriate authority outlined in the report. Alaska has nearly one-half of the country's public lands and the great majority of the national resource lands. However, virtually all the national resource lands in Alaska are withdrawn under specific public land order or by legislation pursuant to a particular Federal purpose.

There are three separate withdrawals that act upon the national resource lands in Alaska. All are related to the implementation of the Alaska Native Claims Settlement Act which was passed in 1971. The first of these withdrawals is a statutory withdrawal under section 11 of the Alaska Native Claims Settlement Act for selection by Alaska Natives pursuant to the entitlement granted them under the legislation. Additionally, other lands are withdrawn for selection by public land order for Native selection pursuant to the Claims Act. The second type of withdrawal is what we call a d-2 withdrawal. This withdrawal extends to approximately 80 million acres of the national resource lands which are currently under study as potential additions to the national parks, wildlife refuges, wild and scenic rivers, and forest systems pursuant to section 17(d)(2) of the Alaska Native Claims Settlement Act. The third type of withdrawal extends to the remaining national resource lands in Alaska and the d-2 withdrawals and those lands withdrawn for native selection. The Secretary, under section 17(d)(1) of the Alaska Native Claims Settlement Act has withdrawn the remainder of the national resource lands and these other lands under what we call a d-1 underlay pursuant to the development of regulations for classification for specific land uses on these lands.

Questions have arisen as to what the status of these lands are. They are class II lands subject to redesignation as class III. It is very important that such definition be made clear. The fact that these lands are withdrawn for potential study as areas that may eventually be designated as class I or class II lands not subject to redesignation for some reason has left this matter unclear.

I wish to state conclusively that there is no question that these lands are all class II lands subject to redesignation as class III. The specific federal withdrawal pursuant to a public land order does not affect their status under the Clean Air Act. All national resource lands, so long as they remain national resource lands, are class II lands subject to redesignation under the act to class III. The only class II lands not subject to redesignation to class III are listed in the statute. The national resource lands, withdrawn or otherwise, are not among these and therefore are subject to redesignation.

Mr. Speaker, in the State of Montana there is a proposed powerplant project known as Colstrip 3 and 4. I have heard allegations that this project might receive special, favored treatment under the definition of "necessary preconstruction permits" in this conference bill. I can say that the "necessary preconstruction permit" definition in this bill will apply equally to all major emitting facilities through the country. The conference committee did not intend to hand out any special exceptions or to impose any special burdens. There was some concern expressed that this might interfere with litigation now pending with respect to the Colstrip project. It is not intended to have that effect. All the issues in that litigation are preserved. I assume there is a complicated factual situation involved to which I have not been exposed. This definition of "necessary preconstruction permits" does not automatically decide whether the project is commenced or not. The effect is neutral.

Personally, not being familiar with the particular facts, I do not know if the "necessary preconstruction permits" language in this bill will help or hurt Colstrip. But no special or favored treatment was intended by the conference committee.

The conference bill provides that both States and Indian tribes will continue to have the power they now have to redesignate their lands to a new air quality classification. In cases where another State may object to such reclassification, and when the two jurisdictions cannot amicably come to agreement, the Administrator is granted the power to review the redesignation. But it is intended that the Administrator's review of such determinations by tribal governments be exercised with utmost caution to avoid unnecessarily substituting his judgment for that of the tribe. The concept of Indian sovereignty over reservation lands is a critical one, not only to native Americans, but to the Government of the United States. A fundamental incident of that sovereignty is control over the use of their air resources. Some statutes, I imagine, have encroached upon Indian sovereignty, eroding treaty rights negotiated at an earlier time. This is not such a bill, for the Administrator should reverse the determination made by an Indian governing body to reclassify its land, only under the most serious circumstances.

The language of the bill also provides that those areas which shall have been previously designated class I under prior regulations shall not become class II as a result of this bill's enactment. The House report, at page 143, further explained that any completed proposal which was submitted to the EPA Administrator prior to enactment shall remain valid. Any subsequent decision by the Administrator on such proposal also shall remain valid. This was the intent of the conference committee, and it is how such an application would be treated under this bill.

Mr. FLOWERS. Mr. Speaker, will the gentleman yield?

Mr. ROGERS. I yield to the gentleman from Alabama (Mr. FLOWERS).

Mr. FLOWERS. Mr. Speaker, the Clean Air Act amendments currently being considered include a provision whereby responsibility for establishing emission standards for radioactive materials will be transferred from the Nuclear Regulatory Commission to the Environmental Protection Agency—EPA. In addition to transferring these currently regulated authorities, the act would establish for the first time EPA authority over unregulated radiological emissions. The original provision was included in the House version of the Clean Air Act amendments and during conference was agreed to by the Senate. During the House deliberations, there were no public hearings on this provision and, in my opinion, at no time were the potential impacts on the Nation's energy program adequately considered or investigated. It is my understanding that, during the conference deliberations, the administration expressed some concern over this provision but their concerns were not incorporated into the final agreement. In expressing their concerns, the administration did not present specific energy impacts or possible interferences with the President's National Energy Plan. I have significant reservations over the fact that delegating this authority to EPA, which by the provisions of the Clean Air Act provide for additional delegation to States and localities, will adversely affect the neces-

sary development of energy facilities. In addition, I believe that there is a need in this area for national standards and only in extreme circumstances where local conditions require, should higher standards be established. I hope that the administration will take a close look at this provision and report back to the Congress at the earliest possible time the potential adverse effects of this change and recommend as necessary legislative changes to this amendment.

Mr. ROGERS. Mr. Chairman, I would agree with the gentleman from Alabama (Mr. FLOWERS) that there is nothing in the bill that goes to that problem at all and there is no intention to do that.

Mr. McKAY. Mr. Speaker, will the gentleman yield?

Mr. ROGERS. I yield to the gentleman from Utah.

Mr. McKAY. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I would like to ask the gentleman from Florida some questions about the intent of the conferees on a matter pertaining to class II.

On May 25, the gentleman and I had a colloquy concerning my amendment to the House bill for a high terrain class II variance procedure. The reason for my amendment was to take into consideration the effects of high and low terrain, and not penalize those few areas of the country with high terrain problems. The gentleman from Florida understood the high terrain problem and was in full support of adopting language which would allow class II variances as I proposed. Is that not correct?

Mr. ROGERS. Mr. Speaker, if the gentleman will yield, that is correct.

Mr. McKAY. It is my understanding that in the conference a consideration for the differences between high and low terrain was taken into consideration with respect to class I areas, is that correct?

Mr. ROGERS. That is correct.

Mr. McKAY. I understand that the conferees made no allowance for any kind of a variance in class II because the conferees agreed to increase a key pollution increment by 50 percent, and also provided three classes. Such problems can be solved, therefore, by the ability of the governor to redesignate lands from class II to class III. Does this mean that the bill is somewhat flexible to meet these kinds of special problems in local areas?

Mr. ROGERS. Yes, to the extent that it does not violate the purposes, procedures or requirements of this part and allow a deterioration of air quality in those areas. If it is necessary to accommodate an industrial facility in a class II area, the bill does provide for the means by which the governor could redesignate the areas class III.

Mr. McKAY. In States where high and rugged terrain is a problem, does this mean that the governors may redesignate only areas in the high terrain where the appropriate air quality models predict the standards for class II to be exceeded?

Mr. ROGERS. As was stated in the House committee report, page 147:

For instance, if a State wished to designate its entire area as class III, and the area contains no Federal lands which this proposed legislation indicates cannot be designated class III, the State could do so. Conversely, if it is wished to designate some parts class I and retain some class II areas, it may draw classification boundaries in any way it chooses—by entire air quality control regions, along county lines, or even along smaller subcounty lines.

Mr. McKAY. One of the major problems in establishing the effect of pollutants is the difficulty in establishing modeling techniques which fit the circumstances. Is it the intent of the conferees that the EPA require use of modeling techniques which will take into account and accurately predict air quality when siting plants in high terrain?

Mr. ROGERS. The conferees recognize the problems related to modeling and siting in areas of elevated terrain. It is intended that those areas can be redesignated if necessary, and that appropriate and accurate modeling techniques be developed by the EPA through an air quality modeling conference, including models which apply in cases of plants proposing to site in areas where impact on high terrain occurs.

Mr. McKAY. Mr. Speaker, I thank the gentleman from Florida (Mr. ROGERS) for his responses.

Mr. ROGERS. I want to thank the gentleman from Utah (Mr. McKAY), my distinguished colleague, who has always cooperated in this committee.

Mr. BROWN of California. Mr. Speaker, will the gentleman yield?

Mr. ROGERS. I yield to the gentleman from California.

Mr. BROWN of California. I thank the gentleman for yielding, just for a query, if I may. I would like to make two points. First, as I have discussed with the gentleman, it is my understanding that in the bill the House yielded to the Senate position on the inclusion of Environmental Research and Development authorization in the air pollution field. I am not going to object to the bill on those grounds. I just want to be clear as to exactly what did take place, because in reading rapidly through the report I confess it looks rather ambiguous to me as to what actually happened.

Mr. ROGERS. It was included. We did accept it, as we had discussed with the gentleman earlier, and before we went to the conference, so it was accepted.

Mr. BROWN of California. I would just like to have on the record the fact that the Senate, which by its rules has not yet agreed to accept the Environmental Research and Development in one bill, has indicated—appropriate members of the Senate committee—that they would do so next year. I want the record to reflect that under these conditions I would not make an objection.

Mr. ROGERS. We understand and agree with the gentleman's position.

Mr. BROWN of California. May I ask one other point. I am concerned about the point raised by the gentleman from Alabama (Mr. FLOWERS) having to do with the jurisdiction over nuclear matter. I am particularly concerned because the funding for nuclear research and development in the EPA has been removed at the request of the administration, and it is dubious in my mind as to whether the capability exists there for the regulation of the nuclear functions that have been taken over from the NRC. I want to have some assurance that this entire problem will be examined to make sure that we have a program that best serves the public needs.

Mr. ROGERS. I would agree with the gentleman, and I will enter into those assurances, too, that this should be the intent and the goal for all of us. I thank the gentleman from California.

Mr. BROWN of California. Mr. Speaker, the conference committee on the Clean Air Act Amendments of 1977 has concluded its business, and agreed to report a bill. The final vote, on statutory auto emission standards, represented a genuine compromise between the House and Senate passed bills, both of which represented compromises between the current Clean Air Act, enacted in 1970, and the pressures for extensive revision and delay in clean air standards. The final product, which is a compromise of other compromises, is a complex and lengthy attempt to balance all of the pressures on the Congress and the environment.

The most important provisions of this bill, at least in my opinion, are those which allow State governments greater authority and discretion in dealing with air pollution problems. For example, for the first time States other than California can have automobile emission standards which are stricter than the Federal law if their air pollution problems need stricter standards. This is important because the conference bill gives the automobile companies 3 more years of delay over existing law. Under the compromise approved the automobile companies will not have to meet the statutory standards until 1981. In addition, the statutory NO_x standard has been changed completely, from 0.4 gm/mi. to 1.0 gm/mi, which represents a clear victory by the automobile industry in their efforts to change the standards in addition to the timetable.

In general, this bill is a retreat from our earlier goals, and represents a setback for those who hoped for clean, healthy air sooner, rather than later. However, I believe it is probably the best bill this Congress can produce, and it does represent the will of the majority. I only hope that its enforcement will be effective.

Mr. Speaker, I also note that the Clean Air Act amendments currently being considered include a provision whereby responsibility for establishing emission standards for radioactive materials will be transferred from the Nuclear Regulatory Commission to the Environmental Protection Agency—EPA. In addition to transferring these currently regulated authorities, the act would establish for the first time EPA authority over unregulated radiological emissions. The original provision was included in the House version of the Clean Air Act amendments and during conference was agreed to by the Senate. During the House deliberations, there were no public hearings on this provision and, in my opinion, at no time were the potential impacts on the Nation's energy program adequately considered or investigated. It is my understanding that, during the conference deliberations, the administration expressed some concern over this

provision but their concerns were not incorporated into the final agreement. In expressing their concerns, the administration did not present specific energy impacts or possible interferences with the President's national energy plan. I have significant reservations over the fact that delegating this authority to EPA, which by the provisions of the Clean Air Act provide for additional delegation to States and localities, will adversely affect the necessary development of energy facilities. In addition, I believe that there is a need in this area for national standards and only in extreme circumstances where local conditions require, should higher standards be established. I hope that the administration will take a close look at this provision and report back to the Congress at the earliest possible time the potential adverse effects of this change and recommend as necessary legislative changes to this amendment.

Mr. Speaker, I am informed that the bill reported by the conference committee includes the Senate bill provisions which authorize research and development under the Clean Air Act. Such provisions were not in the House passed bill, because under the rules of the House, such research and development authorization falls within the jurisdiction of another House Committee. It is my understanding that the Senate will be agreeable to dealing with research and development in separate legislation in future years. On the basis of that understanding I am agreeable to the conference committee bill.

Mr. DEVINE. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina (Mr. BROYHILL).

Mr. BROYHILL. Mr. Speaker, could I have the attention of the gentleman from Florida (Mr. ROGERS). As has been brought to our attention by our colleagues from Alaska about the classification of certain Alaska lands—and that may be somewhat unclear—I wonder if the gentleman could for just a moment put in the record as to what the intent is.

Mr. ROGERS, Mr. Speaker, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Florida.

Mr. ROGERS. I thank the gentleman for yielding.

I will include in my remarks a clarification of that point.

Mr. BROYHILL. There is no question that the lands that are class II lands are subject to redesignation of class III?

Mr. ROGERS. This is generally true.

Mr. BROYHILL. With certain exceptions.

Mr. ROGERS. Most class II areas may be redesignated class III, unless they are specifically precluded from doing so.

Mr. BROYHILL. There are some that are enumerated?

Mr. ROGERS. They are enumerated in new section 164(a) (1) and (2) of the act.

Mr. BROYHILL. Only those enumerated in the act.

Mr. ROGERS. The situation with respect to Alaskan lands is clarified in the summary.

Mr. BROYHILL. I was, of course, interested in several sections of the bill. One, of course, is the significant deterioration in the Breaux amendment. Of course, we did make adjustments in the House-passed bill on significant deterioration that is in an incremental number.

Also certain changes were made in Breaux amendment. I was disappointed, as the gentleman knows, that we did drop the variations that would have been permitted in class 2 areas as outlined in the Breaux amendment. There was considerable discussion on this issue, as the gentleman knows, and as he recalls in the discussion in response to a question from the gentleman from Michigan (Mr. DINGELL), the gentleman from Florida stated in the conference that under increments for class 2 areas that earlier EPA–FEA analyses have indicated powerplants up to 6,000 megawatts could be built. Of course part of the highlights is the important role that modeling is going to play in the implementation of this part of the bill. What we have done here is to impose stringent new limitations on protected pristine areas, the parks and so forth, and we intend by specifying, as I understand it, the increments in class 2 and in class 3 to strike a balance between clean air on the one hand and on the other hand jobs and economic standards and standards of living.

Does the gentleman have some comment on what I have said and on his comments in conference?

Mr. ROGERS. The gentleman is correct. Those figures do come from FEA and EPA studies.

Also I commend the gentleman from Louisiana who presented his proposal in a most effective way. It was adhered to in class 1.

The Senate would not agree to class 2, since we had the three categories 1, 2, and 3, but I think we have reached an agreement so that the 18 days will be applied to category 1, although we do not have to since we have the three areas that the Governors of the local areas can change.

Mr. BROYHILL. And the increment numbers of course will change in those class 2 and 3 areas.

Mr. ROGERS. Yes. As a matter of fact they were raised. This is correct.

Mr. BROYHILL. Mr. Speaker, I support the conference report. We did not get everything we wanted. The Broyhill amendment on emissions is not in here. The emissions standards adopted in the House I feel were a balanced approach. They did establish standards I sincerely felt not only could be met but also would achieve clean air, and I was convinced by the agency study which was released last year that showed these could be met and the goals could be met.

The standards set in the conference report in my judgment can be met by the automobile industry, I feel, but are going to result in a higher price in fuel penalties, but in my judgment the conference report is necessary because of the possibility of a shutdown and the economic harm and damage and loss of jobs which would follow and the harm that might do at a time when economically we are recovering somewhat.

I do support the conference report. I think the conferees did a good job not only in supporting the House position but also in improving the bill we bring back here in all respects.

After approximately 2½ years of consideration and debate on the Clean Air Act amendments, both the House and the Senate have passed extensive revisions to the Clean Air Act and the conference committee has reached agreement as reflected in the conference report.

As one of the conferees, I would like to emphasize that one of the more difficult issues we had to deal with on stationary sources was the question of the 3- and 24-hour increments for class I, class II, and class III areas and the form of the variance that should be provided for the class I and class II increments. A critical decision that had to be made on the part of the House conferees on the last night of the conference was whether to accept the offer of the Senate conferees to accede to the House provision for class II and class III areas, with the increments in last year's conference bill giving up the Breaux variance provisions for class II, or go to the Senate's earlier offer to abolish class III and to increase the class II increments.

There was a considerable discussion of this issue. In that discussion, in a response to the question from Mr. DINGELL, Mr. ROGERS stated that under the conference increments for class II areas earlier EPA-FEA analyses indicated that powerplants up to 6,000 megawatts could be built and, indeed, that the conference increments for class III areas would permit construction of powerplants up to 12,000 megawatts. I believe it fair to say that his assurances on this point were one of the decisive factors leading to acceptance by the House conferees of Mr. ROGERS' motion to accept the Senate conferees' offer.

This exchange during the conference highlights the important role that diffusion modeling will play in the practical implementation of the prevention of significant deterioration provisions in the conference bill. I believe it important to make it clear in these floor debates that our conclusion that the overall provisions of the conference bill on this subject are reasonable and in the national interest rests in large measure on our assumption that EPA and the States, in specifying the kind of diffusion models and the basic assumptions that must be made in connection with model studies, will result in constraints on plant size and location roughly equivalent to those set forth in the EPA–FEA studies to which Mr. ROGERS referred. In short, this means that powerplants using best available control technology or burning fuel previously cleaned to achieve equivalent reductions in pollution can normally be built up to approximately 6,000 megawatts in the conference bill class II areas. This, of course, means that constraints on construction of other types of new plants will be in the equivalent range. Thus, while we have imposed stringent new limitations to protect pristine class I areas from any significant adverse impacts, we intend in specifying the in-

crements for class II and class III areas to strike a reasonable balance between clean air values, on the one hand, and other social needs such as jobs, standard of living, and economic development, on the other.

Also, It has been brought to my attention that the classification of certain Alaska lands has been a bit unclear. I wish to concur with Chairman ROGERS that there is no question that these lands are all class II lands subject to redesignation as class III. The specific federal withdrawal pursuant to a public land order does not affect their status under the Clean Air Act. All national resource lands, so long as they remain national resource lands, are class II lands subject to redesignation under the act to class III. The only class II lands not subject to redesignation to class III are listed in the statute. The national resource lands, withdrawn or otherwise, are not among these and therefore are subject to redesignation.

In regard to another major and critical issue addressed in this bill, automobile emission standards, I co-sponsored with my colleague, the Honorable JOHN DINGELL, a proposal which would establish meaningful, workable and balanced emission standards which we felt could be met by the industry and would greatly assist in achieving clean and healthy air. To a large extent we based our standards on data and information which was compiled through an extensive study conducted by EPA, FEA and DOT. The report of these three agencies fully supported the automobile emission standards which were contained in our proposal and the House overwhelmingly approved our amendment which embodied these standards.

However, the conference committee substantially altered these standards which were approved by the House and substituted more stringent standards, especially in regard to carbon monoxide emissions. While I feel that the standards contained in the conference agreement can be met, perhaps with some difficulty, I did not feel that such standards were needed to protect public health or welfare. In addition it is my firm belief that these standards will result in fuel penalties and higher costs to consumers. Inasmuch as these adverse effects on our consumers were unnecessary in my judgment, I strongly opposed them in the conference committee. However, the prompt passage of this conference agreement was absolutely necessary to avoid a shutdown of the automobile industry, and for this reason I decided to support its passage. My only caution to the House is that we may, once again, be forced to address this issue once in the near future.

Another provision which was contained in the House bill and was adopted by the conference committee with only minor modifications is the provision relating to administrative procedures. This provision is of special note since it establishes a totally new set of administrative procedures which EPA will be required to observe in the proposal and issuance of most of its regulations. These procedures were carefully developed by the House Commerce Committee and were intended to give the public and to the regulated industries an opportunity to become part of the regulatory process and to be heard in a meaningful way on Agency proposals.

Among other things required by this provision is that the Agency, in its notice of proposed rulemaking, shall include a statement of the basis and purpose of the rule, the factual data upon which the rule is based, the methodology used in obtaining and analyzing the data, and the major legal interpretations and policy considerations underlying the proposed rule.

Also, the Agency is required to establish a rulemaking docket which is to contain, among other matter, all written comments and documentary information received on the proposed rule during the comment period and a transcript of the public hearing held on the rule.

In addition, this provision contains the very critical requirement that the promulgated rule may not be based—in part or whole—on any information or data which has not been placed in the docket as of the date of such promulgation.

The conference committee decided to change the "substantial evidence" scope of review to the "arbitrary and capricious" scope of review. However, in changing the scope of review as contained in the House bill, the conferees were aware that there may be little practical difference between the "substantial evidence" scope of review and the "arbitrary and capricious" scope of review and that the two tests tend to converge as described by recent court decisions. See: *Associated Industries* v. *Department of Labor*, 487 F.2d 342 (2d Cir. 1973). Therefore, in order to avoid misinterpretations or confusion regarding the intent underlying a change in the existing scope of review, it was the decision of the conferees to retain the "arbitrary and capricious" scope of review.

I firmly believe that these new procedural requirements will result in the promulgation by the agency of more meaningful, workable, and responsible rules and regulations since such requirements will assure the opportunity for more extensive public participation in the rulemaking process.

With respect to the issue of warranties, the House bill had provisions reducing the life of the performance warranty to 18 months/18,000 miles and narrowly construed the definition of an emission control device or system for purposes of the defects warranty. The House had taken steps because of a widespread recognition that the previous performance warranty life of 5 years/50,000 miles and the overly broad interpretation of emission control device or system was anti-consumer and anti-competitive. Existing law threatened to restrict the practical utilization of that portion of the independent automakers parts and service industry which was not connected to the automobile manufacturer.

The conference report followed closely the spirit of the House language in regard to the above warranty issue. That is, the performance warranty was set at 24 months/24,000 miles with required repairs being able to be performed by any establishment that uses certified parts. After 24 months/24,000 miles the emission control device or system would be narrowly defined as in the House bill. I view these provisions as a victory for the free enterprise system and the consumer.

One of the more troublésome activities in which EPA had been involved was the attempted regulation of indirect sources—such as shopping centers—which attract mobile sources of pollution. I am pleased to report that the conference report, following the general intention of the House bill, prohibited the Administrator of EPA from requiring indirect source review programs. States are given authority to adopt, suspend, or revoke such programs.

Mr. DEVINE. Mr. Speaker, I have no further requests for time and reserve the balance of my time.

Mr. STAGGERS. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. WAXMAN), a member of the committee of conference.

Mr. WAXMAN. Mr. Speaker, over 2 years of work on the Clean Air Act amendments is about to be completed. With enactment of this legislation, we will have charted a new course for environmental law for the next decade. This has not been an easy task; in many ways it has been a frustrating and thankless one. Less than a year ago, we were prepared to come before this House with a similar package, only to see it killed in the other body by virtue of a filibuster inspired by the most powerful lobbyists in the country.

This bill has escaped the grasp of those who would render it meaningless. We have withstood endless assaults by powerful corporations across the country. We have come back with a stronger bill this year than last year.

I want to take this opportunity to express my deepest appreciation and respect to the chairman of the subcommittee, PAUL ROGERS, for his leadership and dedication in shepherding this legislation. To bring a bill through conference twice within a year is simply an extraordinary achievement, and one of which the chairman should be very proud. He was our leader, trying repeatedly to forge a consensus—to get us to see the underlying privileges under all these complexities of the bill—to meet the challenge before us.

It is important for my colleagues to remember the purposes of the Clean Air Act: to protect the health of the American people, and to enhance their enjoyment of our precious clean air resources. It is no coincidence that this legislation was written in the Health Subcommittee. Air pollution is not merely a question of technological control, or economic growth, or land use, or transportation patterns. It is a matter, for some, of life and death. It is estimated that for automobile pollution alone, 4,000 people will die this year. For others, it is a question of increased rates of respiratory and heart disease, days which must be spent indoors, days in which exercise is impossible. And so we are talking not only

about the haze which afflicts our cities, but about cancer, bronchitis, emphysema, and cardiac dysfunctions.

Air pollution is also a threat to the Nation's economic welfare. Unless controlled, acid rain from sulfur oxide emissions will decrease agricultural yields by at least 10 percent—at the cost of billions to farmers and consumers.

And in a more tangible sense, the smogging of the pristine areas in the West means that the American people are being robbed of being able to enjoy one of our most cherished pursuits: Simple communion with the land which is the source of so much of our Nation's bounty.

We have laid out a comprehensive program to continue the progress initiated by the Congress 7 years ago. We have been responsive to the problems various industries have confronted in controlling their pollution. We have minimized any adverse impact on jobs and economic growth. We have provided our cities—which have the most serious pollution problems—another decade to reach air quality levels which will protect health.

We have taken the following steps:

First. We have provided the automobile industry with a generous 2-year extension of the current pollution control standards, and delayed until 1981 the imposition of tough limits for oxides of nitrogen, which the manufacturers claim is the most difficult pollutant to control.

I believe we could have asked for much more stringent standards. Indeed, the National Academy of Science concluded more than 2 years ago that the cars now parked on lots outside Detroit's factories should be meeting the full, statutory standards, and not the weaker ones to which we have agreed.

But because of enormous lobbying pressure, this legislative goal could not be achieved. And we have been forced to abandon, for the time being, the target of a full 90-percent reduction for NO_x. It is a decision which I believe gravely threatens the public health, and should be reconsidered.

And so I am hereby putting the automobile industry on notice: When this legislation is reconsidered in 1980, I will sponsor an amendment restoring the .4 NO_x standard. California will require its achievement in 1982. But for the rest of the Nation, the repeal of the NO_x standard means that over the next generation, there will be a 50-percent increase in respiratory disease in children alone. It means that we have compromised attainment of the health standard for NO_x in many areas of the country.

I believe such a prospect is intolerable.

The auto industry's capacity for generating arguments against even the weaker standards we have adopted is seemingly endless. Nevertheless, in order to be more than fair, we have provided, for 1981 and 1982, a waiver from the statutory CO standard if the technology does not exist. But the burden will be in the industry to make the necessary showing.

In sum, we have adopted a position consistent with the minimal pollution control needs of the Nation. I am certain Detroit can meet this schedule. But my colleagues must be aware that I consider this a compromise of a compromise of a compromise. For nonattainment States, they will have the option to adopt the more strict California standard as part of their strategy to clean up the air. This might result, as a practical matter, in a growing number of cars that may approach a majority so that a national car with the strict standards may become a reality.

Second. We have adopted a far-reaching policy of preventing the significant deterioration of air quality. We have set aside from the ravages of air pollution our national parks and other pristine areas.

We are determined to keep our clean air regions as clean as they are now.

Let no industry misunderstand our intent: in planning new facilities, there must be no consideration of siting a huge powerplant so close to a national park that it threatens the area's integrity. Protecting the Grand Canyon simply must become a normal business practice of the American industry. Preservation of our critical parks deserves no less.

At the same time, we have provided a procedure whereby new sources may build near class I areas if they can show, to the satisfaction of the Federal land manager, that their pollution will not affect the air quality values—including visibility—associated with our parks. The President can overrule a veto of these variances if he finds it is in the national interest for the source to build.

For the intermountain power project and other such endeavors this conference committee is saying: construction of your project, if it is allowed under this section, will be the exception, and not the rule. The burden is clearly on you to prove that you can build consistent with the purposes of our nondeterioration policy. You will have more than a fair chance at making these showings.

Nothing could be more equitable.

Third. For the first time, the Congress will write into law explicit protection for visibility. This will mean that the Four Corners and Navajo powerplants can expect to retrofit with additional pollution controls to limit the vast deterioration in visibility which their plumes have caused.

Impairment of visibility is the single most apparent impact air pollution has on the environment. It is our intent that aggressive steps be taken to reduce this eyesore which has defaced our grand vistas in the West.

Fourth. In order to speed compliance by industry, we are enacting a penalty applicable to each major source which will be equal to the economic value of noncompliance with emission limitations. No longer will United States Steel, or our major utilities, or our large refineries, be able to reap an economic windfall from polluting the air. No longer will they find it cheaper to send their lawyers into court instead of purchasing and installing the necessary pollution control equipment.

By making it prohibitively expensive to engage in further delays, we have provided the strongest incentive to recalcitrant polluters for them to clean up the air.

I believe we will find this economic tool the most effective one in our possession to enforce our clean air standards. It is a major regulatory breakthrough which I hope we will find useful to apply to other industries—such as Detroit—in the future.

Fifth. We have struck a proper balance betwen environmental controls and economic growth in the dirty air areas of America. Many of our cities suffer from unhealthy levels of air pollution. Without some flexibility and direction from the Congress, any further growth which adds to this pollution would be prohibited. There is no other single issue which more clearly poses the conflict between pollution control and new jobs. We have determined that neither need be compromised. The current imminent deadlines for air quality improvement will be extended for 10 years. Communities are given an option of continuing to secure trade-offs for pollution from new sources, or comprehensively revising their plans to assure attainment—through areawide pollution reductions—by the late 1980's.

This is a fair and balanced approach, which will not undermine our economic vitality, or impede achievement of our ultimate environmental objectives.

There are over 100 other major provisions in this report, Mr. Speaker, but suffice it to say that we have reached an earnest and just agreement with the other body, fully based on the House-passed bill, which will continue us along the road set out by the Clean Air Act of 1970.

I wish to conclude, Mr. Speaker, on a personal note. As many Members know, I have very strong feelings about the clean air amendments—and especially whether and to what extent the Congress would respond to the automobile industry's desire to relax—and in some instances repeal—auto pollution standards. My colleague JOHN DINGELL, from Michigan, led the fight on behalf of the opposition.

As a member of the Commerce Committee, I know JOHN DINGELL as a man of strong feelings, firmly held views, and at times a personality described as volatile. When the President announced his support for strict auto pollution standards, I knew JOHN was very upset. And while I appreciated his strong and sincere views on this issue—over which we disagree—I feared he might use his chairmanship of the Energy and Power Subcommittee in a way inconsistent with the wishes of the majority party constituency that elected him to that position; and I am one of his constituents. I wrote the gentleman for assurances that this would not be the case.

Well, I was wrong. I just did not know JOHN DINGELL well when we started with this issue. Clearly his action in recent weeks, and in recent days on the House floor, speak more clearly than any comments I might make. He is one of the hardest working and brightest Members of this House. He has taken the most difficult issue of deregulation of natural gas and shepherded it through in a gentlemanly and fair manner through a

deeply divided subcommittee, full committee, and House. His leadership and enormous skill—despite that rough exterior—makes me proud to be a colleague of his. As his constituent, I will always watch him carefully as all our constituents should do for us. When we disagree, we will not hesitate to express our differences. But, in the future, I expect to work with him not just as a constituent but as a friend and admirer.

I have learned a great deal in the past 2 years working on the Clean Air Act—about air pollution, the problems of the industries involved and a whole complex of interrelated problems associated with the legislation. But, I have learned a lot about my colleagues and the legislative process; and, I have come to respect both.

Your 10 House conferees worked as a team in trying to reconcile the sharp differences we had with each other as well as with the other body. We put in an incredible number of hours. Under the leadership of our full committee chairman HARLEY STAGGERS and subcommittee chairman PAUL ROGERS, we avoided the rancor that one might expect from a group with such sharp and differing positions, and we worked together—Democrats and Republicans, majority and minority staffs to clarify the crucial policy issues to be resolved and to move forward with our work.

The staff: Jeff Schwartz, Steve Connelly, Chris Dunn, Tom Greene, Bob Lamb and Pope Darrow—along with our personal staffs and particularly my legislative assistant Bruce Wolpe exemplified the kind of working relationships of which we can be proud.

SAM DEVINE, JIM BROYHILL and DAVE SATTERFIELD fought hard for their conservative point of view. They challenged those of us who consider ourselves liberals to re-examine our thinking to consider a perspective that needed to be considered in the developing of a compromise. DAVE SATTERFIELD is the best lawyer on the committee and constantly amazed me with his grasp of the details of this complex act.

TIM LEE CARTER was ferocious in his dedication to the primary health standards. He clearly agonized over the consequences of this bill, maybe because he knows better than any of us both professionally and personally the ravages of the kinds of diseases this act hopes to avoid. My respect for him has multiplied as I have gotten to know him better.

My fellow Californian JOHN MOSS approached his task with the honesty, integrity and principle that he adds to all his legislative efforts and for which he is so well respected in our home State and across the country.

My friend ANDY MAGUIRE championed the environmental cause. He authored much of the section on significant deterioration out of a conviction that we must protect our clean areas such as our national parks. He realized how badly his own State of New Jersey needed to get relief from the excess of pollution.

Mr. Chairman, HARLEY STAGGERS is a man national in size, but yet concerned about the little people in his West Virginia district. Asking always what impost will a provision have on the ordinary people, he held us together.

Contrary to the views that the auto industry must have of me, I am not against their industry or the men and women who work in it. As one of the largest businesses in our country, they have shown a creative genius and transformed our society for good and bad with the automobile. I was disappointed with them, and particularly the UAW for siding with them. I know that they wanted standards and deadlines that they could comfortably meet and from their own narrow self-interest that position makes sense. I was just frustrated and impatient because I didn't want to see Congress defer to their convenience at the expense of people's health.

I was pleased to hear Doug Fraser, the new head of the UAW say that the auto industry having achieved the legislative relief under this bill, should never again come to Congress for a bailout from their obligations to meet these standards.

I expect the auto industry to meet the standards in the law and to go beyond to achieve a full 90 percent reduction originally envisioned by Congress. I want to put them on notice that when their legislation is again considered in 1980, I will sponsor an amendment restoring the 0.4 No. standard. California will require its achievements in 1982. I expect them to respond to the national crisis we are in today—to look beyond narrow self-interest to help us all out of the energy and environmental dilemma that we face and to which they contribute. We must legislate that they carry this burden for the country because we know from bitter experience that unless we do so the job just won't get done. But when our national survival is at stake, I hope along with my colleagues that this most creative industry and the hard-working people in it will meet the challenge.

They now know what we expect of them. They know that we have a President in Jimmy Carter who is committed to the goals of this act and who is willing to resist the political pressures and tell the industry that they must obey the law. We have an EPA Administrator in Doug Costle who will enforce the law to its fullest. We have in Senator MUSKIE and Congressman ROGERS, men in the Congress who will challenge them on.

Despite all the assaults upon it, the Clear Air Act has retained its basic integrity and commitment. Above and beyond this legislation, we can take pride in the legislative process that produced it. The bill can be described as the best we could get and not all that bad after all. I urge you to vote for it.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Speaker, it is with great regret that I rise in strong opposition to the conference report on the Clean Air Act Amendments of 1977. My personal commitment to cleaning up our air compels me to make this vote, and my respect for the people I represent requires that I make my position known publicly.

The conferees have agreed to several provisions that make these amendments for the people of the Rocky Mountain region, the Dirty Air Amendments of 1977. They have compromised away something that is not a legitimate bargaining chip—the health and well-being of people who live at high altitudes. And make no mistake about it, the result of our actions will be an increase in the number of deaths from lung cancer, heart disease, and pulmonary problems for Americans who do not live at sea level. The recent announcement that "there is no known ill effect resulting from carbon monoxide" stuns me. That this deadly gas is a poison is common knowledge to most schoolchildren, yet apologists for the automobile industry—and it's inability to accomplish in several years what foreign manufacturers have already accomplished—are denying this common knowledge. It is appalling to me, and it is an insult to the intelligence of the American people. My only hope is that they are able to see past the political rhetoric and the self-justifying pronouncements to the heart of the matter. We are condemning them to bad health.

The claims that our economic health will suffer is a red herring. I very seriously doubt that the Big Three will close their doors and forego any profits for several years—among other things, they would have a difficult time explaining such an action to their stockholders. There is no excuse for the constant cries of "we can't do it"—such behavior is not fitting for the greatest industrialized nation in the world. What they should be saying, and what is there for us to read between the lines, is that "we don't think that the health of the American people is important enough for us to make the necessary investment and clean up our automobiles."

The amendments represent a callous insensitivity to the unique problems posed by high altitudes. As I pointed out in the debate, the current requirements do not recognize that difference. But the conference report treats the citizens of this region as second-class citizens. We are talking about permitting cars to be sold until 1984 that pollute twice as much as those at sea level. And only then will the carmakers begin offering the same protection that they are offering to the rest of the country now. And the length of time it takes to turn over a fleet of cars—between 8 and 10 years—means that we are postponing the right of these people to breathe clean air until the 1990's. And I hope that the significance of the date when we start to clean up our air—1984—is not lost on my colleagues.

It seems to me that we have the responsibility to treat all citizens of this country the same. This principle has governed our commitment to the civil rights issue, to the voting rights issue—indeed, it underlies the very basis of our society. Equal protection under law. Yet we are denying the resident of high altitude regions the protection we are giving to the rest of the country. This attitude is unconscionable, and I hope that we all recognize this provision for what it is.

Earlier, I said that I was opposing the bill with great regret. This is because there are some good provisions in the report—the noncompliance provisions, the stationary emissions requirements—these are all good provisions and should be enacted into law. But I cannot sacrifice the health of the people I represent on the altar of expediency, and I must oppose the conference report. I urge my colleagues to consider how they will justify condemning to death and disease members of society whose only fault is that they must breathe the air. These deaths could have been avoided by adhering to the commitment we made several years ago. I urge the rejection of the conference report.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. BREAUX), a member of the conference committee.

Mr. BREAUX. Mr. Speaker, I thank the chairman of the committee for allowing me to speak on the conference report.

I also thank the leadership and the chairman for allowing me to serve, I guess you would call it as a partial conferee on the clean air conference. I was only allowed to speak on the so-called Breaux amendment. It is kind of a new procedure. If you have an amendment, you are allowed to go to conference, but you are not allowed to talk about anything except that amendment.

I just want to express how much I enjoyed serving with the gentleman from West Virginia. Although I am not on the committee, it was very enjoyable missing three dinners in a row and working until 11 o'clock one night and 2 o'clock the next morning.

I thoroughly enjoyed the spirit of participation.

Speaking of the Breaux amendment that we fought so hard for in the House, it is still in the conference report. It is a lot more difficult to recognize it and you really have to look and read very hard, but it is still in there, or it is sort of still in there.

We still have a variance in class 2, although the gentleman from Florida made sure that it was very tightly drawn and tightly written. I commend the gentleman for his expertise in the conference.

We have no variance left in class 2, which I thought was very important and necessary to make the bill work; but we have a class 3, which is the position we took over to the Senate, so I guess we won in that.

I just want to summarize, that as part of the legislative process I support the conference report, although I do not agree with it in total. It was arrived at in a fair process. We voted and I lost.

I support the conference report, because I think it is better than what we started off with.

I enjoyed my stay with the Committee on Interstate and Foreign Commerce. I would just leave them with the final note, please do not do this too often. I have enough to do without joining the gentleman's committee.

Mr. ROGERS. Mr. Speaker, will the gentleman yield?

Mr. BREAUX. I yield to the gentleman from Florida.

Mr. ROGERS. Mr. Speaker, I want to commend the gentleman for his fine attitude and for his real contribution. He was a real gentleman about it, and a very effective advocate. The Breaux amendment is still in the bill. I agree with him.

Mr. BREAUX. I thank the gentleman.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. BREAUX. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Speaker, I want to commend the gentleman for his work, and I want him to keep his promise on the bumper line and catfish pike.

Mr. BREAUX. I thank the gentleman.

Mr. STAGGERS. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. ROGERS) for the purpose of answering some questions from the gentleman from Washington (Mr. McCORMACK).

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. ROGERS. I yield.

Mr. McCORMACK. I am reading from the report accompanying the conference report. It reads:

> Under this provision, radioactive pollutants, including source material, special nuclear material, and byproduct material are covered by Section 116 of the Clean Air Act. Thus, any State, or political subdivision thereof, may establish standards more stringent than Federal, or where a Federal standard has not been established, may establish any standards they deem appropriate. Thus the provision would not preempt States and localities from setting and enforcing stricter air pollution standards for radiation than the Federal standards, and would not follow the holding of Northern States Power Co. v. State of Minnesota, 447 F.2d 1143 (8th cir. 1971) aff'd 405 U.S. 1035 (1972) in the context of radioactive air pollution.

As I understand, what this is saying is that any county or political subdivision of any State may, on its own volition and at its own discretion, establish air quality standards for radioactive materials that are more strict than those established by the Nuclear Regulatory Commission, and have them assume the force of law under the Clean Air Act. Is that correct?

Mr. ROGERS. Yes, that has been true for all pollutants other than radioactive pollutants under the 1970 act.

Mr. McCORMACK. And is the gentleman saying that those States and local communities could preempt the Nuclear Regulatory Commission?

Mr. ROGERS. We do not say that, but under this bill States or local governments may set more stringent air quality or emission standards for radioactive air pollutants. This has been in section 116 of the law since 1970 for all other pollutants.

Mr. McCORMACK. As I understand the Northern States against Minnesota case, the individual States can not preempt the Federal Government in this area. What I am reading now seems to be saying that this conference report reverses that law.

Mr. ROGERS. I think the gentleman is talking about a water pollution control case.

Mr. McCORMACK. As it is written in this report, it is talking about air pollution. I am reading directly from the report. This is terribly important, because what I am reading in the report is that any county in the country could close down any nuclear power plant in the country just simply by establishing standards of emission that are lower than those that exist.

Mr. ROGERS. What it does say is that they may protect the ambient air and use their police powers to protect the health of the citizens in their area. This has always been true for other pollutants, and I see no reason for any exemption for radioactive pollutants.

If the gentleman will read the bill, he will also find that we give the NRC disapproval authority whenever a State or local standard would endanger public safety. NRC may veto any standard applicable to NRC facilities when it cannot be complied with safely.

Mr. McCORMACK. Is the gentleman saying that the NRC can override, then, the standards established by any county?

Mr. ROGERS. Whenever there is no way to comply with such a standard safely, certainly. Of course, NRC's disapproval could be overriden by the President.

Mr. McCORMACK. I must say that sounds to me to be a most ambiguous situation. The gentleman is saying on the one hand that counties can override the NRC——

Mr. ROGERS. We do not say counties can override NRC. We say NRC may override local standards which present a significant safety hazard, subject to Presidential review.

Mr. McCORMACK. That is not what the report says. I am glad the gentleman clarified this. NRC, then, has final authority in establishing all radioactive standards?

Mr. ROGERS. NRC's authority is for safety. EPA's is for protection of health and environment from radioactive pollution emitted into the environment.

Mr. McCORMACK. I thank the gentleman.

The SPEAKER pro tempore. The time of the gentleman from Florida (Mr. ROGERS) has expired.

Mr. STAGGERS. Mr. Speaker, I yield 1 additional minute to the gentleman from Florida.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. ROGERS. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Speaker, we have a very serious air pollution problem in one of the communities in my district, Waukegan, Ill., and we have been trying to identify it and to do something about it.

I notice, on page 476 of the conference report, with regard to air quality monitoring, there is augmented authority in the EPA to supplement State and local monitoring stations with Federal stations where necessary.

Mr. ROGERS. Yes.

Mr. McCLORY. This would authorize the establishment of additional monitoring stations in this area, at which we could detect the air flows and identify the different air pollutants which could then be detected, and perhaps we could

do something constructive about the serious air pollution problem there.

Mr. ROGERS. That is correct.

Ms. HOLTZMAN. Mr. Speaker, I am very pleased that this conference report on the Clean Air Act Amendments of 1977 includes my amendment to prevent New York City from being forced to impose tolls on its free bridges. This amendment will save New York from the destructive and inequitable consequences of the tolls, while at the same time assuring that essential steps will be taken to clean up our air.

The amendment requires the EPA Administrator to void a tolls strategy upon application by the Governor of a State, if the Governor certifies that the State's transporation control plan will be revised. The revised plan must include measures to improve mass transit, provide for the implementation of all transportation control measures needed to meet and maintain clean air standards, and assure that emission reductions equivalent to those expected from the tolls strategy are achieved.

Environmental groups have expressed their support for this amendment because, while eliminating the onerous burden of the tolls, it reaffirms New York's responsibility to take all necessary steps to reduce air pollution. For this reason, my colleagues from New York and I are most grateful to the conferees and to Chairman ROGERS of the Subcommittee on Health and the Environment.

Mr. MOSS. Mr. Speaker, one section of the Clean Air Act amendments currently being discussed provides for the Environmental Protection Agency, EPA, to assume responsibility for establishing radiological emission standards. This authority covers both the presently unregulated radiation sources as well as the regulated radiation sources currently under the jurisdiction of the Nuclear Regulatory Commission, NRC. It was felt that such an integrated standard-setting authority was necessary to provide a coordinated effort in this area. It was also recognized, however, that this might add to the already complex regulatory processes, particularly since States and localities could also now establish more stringent regulatory standards.

Therefore, the amendment to the Clean Air Act set up a series of requirements calling for close coordination between EPA and NRC, as well as override provisions by the NRC and utimately the President. While I think that the amendment as presented can effectively achieve the goals and objectives of the committee, I nevertheless have some reservations over the potential impact of this action on the Nation's energy program. These potential impacts were not adequately discussed during Committee debate nor has the administration provided sufficient information respecting these impacts to the Congress. I would urge the administration to look at the potential interaction of this amendment and the national energy plan and inform the Congress as quickly as possible as to any potential adverse impacts. Should there be such adverse impacts, I would hope that the administration would propose any legislative changes that might be required to remedy this situation.

Mr. STAGGERS. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING CORRECTIONS IN THE ENROLLMENT OF H.R. 6161, CLEAN AIR ACT AMENDMENTS OF 1977

Mr. STAGGERS. Mr. Speaker, I send to the desk a concurrent resolution (H. Con. Res. 327) directing the Clerk to make certain corrections in the enrollment of H.R. 6161, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 327

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H.R. 6161), to amend the Clean Air Act and for other purposes, the Clerk of the House of Representatives shall make the following corrections:

(1) In proposed section 165(d)(2)(D)(1) of the Clean Air Act (as contained in section 127 of the bill) (A) strike out "in any class I area", and (B) strike out "applicable to such area" and insert in lieu thereof "applicable to any class I area".

(2) In proposed section 162(a) of the Clean Air Act (as contained in section 127 of the bill) (A) strike out "1977, and all" and substitute: "1977 shall be class I areas and may not be redesignated. All" and (B) strike out "and may not be redesignated" and insert in lieu thereof "which may be redesignated as provided in this part".

(3) In proposed section 302(1) of the Clean Air Act (as contained in section 301 of the bill) insert a comma after "means" and insert a comma after "States".

(4) In proposed section 206(f) of the Clean Air Act (as contained in section 223(e) of the bill) strike out "(f)" and substitute "(g)".

(5) In proposed section 209 of the Clean Air Act (as contained in section 221 of the bill) strike out "(1)".

(6) In proposed section 223(d), strike out "redesignating section 214 as section 222" and substitute "redesignating section 214 as section 216".

(7) In section 221, relating to testing of fuel and fuel additives, after "221" insert "A".

(8) In section 219(b), after "Act" insert ", as amended by section 211 of this Act".

(9) In proposed section 207(g) of the Clean Air Act (as contained in section 212 of the bill) strike out "(g)" and insert in lieu thereof "(f)".

(10) In section 209(c), insert after "Act": ", as amended by subsection (a)".

(11) In section 207(a) of the Clean Air Act (as contained in section 205 of the bill) strike out "The cost" and insert in lieu thereof:

"(3) The cost".

(12) In section 205 of the bill strike out "new sentences".

(13) In section 206 of the bill strike out "Section 203(a)" and insert in lieu thereof "Sec. 203.".

(14) In proposed section 203(a)(4)(B) of the Clean Air Act (as contained in section 206 of the bill) strike out the comma before the period at the end thereof.

(15) In proposed section 202(b)(5)(A) of the Clean Air Act (as contained in section 201(c) of the bill) strike out "class or category" and insert in lieu thereof "model".

(16) In proposed section 202(b)(7) of the Clean Air Act (as contained in section 202 of the bill) strike out "the end of model year 1978" and insert in lieu thereof "model year 1979".

(17) In proposed section 207(g) of the Clean Air Act (as contained in section 212 of the bill) strike out the closing quotation marks and insert at the end thereof the following new paragraph:

"(3) Nothing in section 209(a) shall be construed to prohibit a State from testing, or requiring testing of, a motor vehicle after the date of sale of such vehicle to the ultimate purchaser (except that no new motor vehicle manufacturer or dealer may be required to conduct testing under this paragraph)."

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent that the concurrent resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, I will explain to the Members that all this resolution does is to correct technical and clerical errors in the conference report. It has been checked on both sides. We know that the corrections need to be made.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 6370, INTERNATIONAL TRADE COMMISSION AUTHORIZATION, 1978

Mr. VANIK. Mr. Speaker, I call up the conference report on the bill (H.R. 6370) to authorize appropriations to the International Trade Commission for fiscal year 1978, to provide for the Presidential appointment of the Chairman and Vice Chairman of the Commission, to provide for greater efficiency in the administration of the Commission, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 21, 1977.)

Mr. VANIK (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. VANIK) is recognized for 30 minutes, and the gentleman from Wisconsin (Mr. STEIGER) is recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. VANIK).

Mr. VANIK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report on H.R. 6370 is an excellent accommodation of the difference in views between the House and the Senate on the authorization of fiscal year 1978 appropriations for the U.S. International Trade Commission and on the best solution to certain administrative and organizational problems which have inhibited efficient administration and hurt employee morale in the Commission.

I want to express my appreciation to the chairman of the conference from the other body, Senator LONG, for his outstanding cooperation and understanding of the issues involved in this conference. The Members on both sides and the Trade Subcommittee staffs of both Chambers have done a fine job in this legislation in developing a consensus bill which will serve to improve the operations of the Commission.

Mr. Speaker, I also want to express my appreciation for the fine work and the cooperation of my colleague, the distinguished gentleman from Wisconsin (Mr. STEIGER).

In its consideration of H.R. 6370, the Congress is exercising its own statutory function of effective review and oversight of the International Trade Commission as required by section 175 of the Trade Act of 1974. This responsibility is particularly important since the budget submission by the Commission is independent of Presidential review or revision.

Mr. Speaker, on the issue of the authorization level for fiscal year 1978, I am pleased to report that the House figure was accepted. The House figure of $11,522,000 was $655,000 below the Senate figure, and the amount requested by the Commission.

The Commissioners should be on notice that in the authorization process Congress intends to continue to monitor their operations to assure that the Commission becomes both cost effective and efficient. If not, then next year I believe that we should consider reconstituting the Commission and its responsibilities.

The conference bill provides for a longer term for the chairman. In addition, the conference bill eliminates the present rotating chairmanship and provides for Presidential designation of chairman and vice chairman. To limit the power of the President over the chairmanship, the bill provides that the designation may not be from the two most recent appointments to the Commission. The bill provides that the chairman and vice chairman are to be of different political parties; the chairmanship is to be rotated between the parties every 2 years. This "chairmanship amendment" becomes effective after the term of the present chairman which expires June 16, 1978.

The heart of the conference bill lies in the agreement on the administrative authority of the chairman. At present no one has clear administrative authority. The conference bill provides for the chairman to administer the day-to-day activities of the Commission, subject to a disapproval of his actions by a majority of the Commission. Because the Congress has always intended the Commission to be a nonpartisan, semijudicial, semilegislative body capable of providing impartial and objective advice to the President and the Congress, the conferees did feel it necessary to withhold certain powers from the chairman so that he did not become too powerful.

In this respect, the conference agreement is close to the House provisions. It is a sound middle ground, between the present chaotic situation and the strong chairman concept of the Senate bill. It is hoped that it will end the present administrative deadlock, and at the same time preserve for the Commission as a whole those areas of responsibility most vital to its functioning as an objective independent Commission as indicated by comments on this issue in the report of the Ways and Means Committee. Thus the following two kinds of actions by the chairman are subject to the approval of the Commission: First, the formulation of the annual budget of the Commission; and second, the discharge from a position of an employee with responsibility for supervising personnel, whose duties involve substantial personal responsibility for Commission matters, and who is a GS–15 or above.

By these changes in administrative responsibility, it is hoped that the previous dissension over minor administrative matters will be replaced with a smoothly functioning Commission under which the Chairman and the Commission would appropriately delegate authority to staff position placing responsibility where it belongs, and exercise its own responsibility of holding the staff accountable for working effectively.

Regarding the discharge of key personnel, in reserving such action for Commission approval the conferees recognized that the need for an expert and objective staff is compelling. Personal differences between the Chairman and key staff personnel should not be permitted to result in the discharge of key personnel or their removal from their position if a majority of the Commission does not agree with such a proposed action by the Chairman. Clearly, the exception to this is the employees who serve as personal staff of a Commission.

With respect to reorganization, I ask unanimous consent to include in the RECORD at this point language from the House report to H.R. 6370 which requests a report from the ITC on certain administrative problems:

The Commission is directed to report to the Committee on Ways and Means six months after the date of enactment of this bill on what actions have been taken to:

1. Complete the reorganization of the Commission staff in conformity with Civil Service rules;

2. Delegate administrative matters and delegate to the staff operational responsibilities consistent with the responsibilities assigned to the organization units under the reorganization so that Commissioners may concentrate on substantive issues; and

3. Adopt a code of personal conduct with respect to employment of staff, travel, speaking engagements, prohibition on political speeches and partisan political activity, and other matters concerning personal conduct of Commissioners and staff in the interest of enhancing the public perception of the Commission as an objective, fact-finding agency with a quasi-judicial role in carrying out the trade policy of the United States.

The subcommittee expects to hold a hearing on this report prior to the end of the 1st session of the 95th Congress. Although this is less than 6 months away, the Commission has already been on notice for 3 months that this report is expected.

Finally Mr. Speaker as observed in the statement of managers the conferees expect the entire Commission to retain responsibility for administrative matters in the area of external relations involving liaison and relations with the Congress, with the President, and with the executive branch agencies. In the field of public relations, the entire Commission must also be in the position to protect the reputation of the Commission as an objective, nonpartisan, fact-finding body. In this respect, it is necessary that the Commission as a body be in a position to discipline individual members who may undertake action which would tend to discredit the Commission.

It is the intention of the conferees in agreeing to this provision to enable the Commission to devote all its energies to substantive matters within the jurisdiction of the Commission, leaving responsibility for administration of the Commission to the Chairman and his delegates. The conferees believe that ending full Commission debate of administrative matters should result in more definitive majority decisions on matters of substance.

The bill includes the House provision which attempts to insure that efforts to harmonize domestic import, production, and export statistics will proceed in coordination with a major international effort now underway to establish a uniform world system of import/export statistics.

The Senate provision is retained which provides in statute the ITC practice of making reports on the import sensitive synthetic organic chemical industry. Under the bill, these reports are to be continued for the period through the end of 1981.

In closing, it is my strong hope that this will be the beginning of a new day at the ITC and in the relations of the Commission with its oversight and legislative committees. With good will on the part of all concerned, the taxpayers of the country can be served by a well run agency staffed with public servants of high morale.

Mr. STEIGER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as we prepare to take final action on this piece of legislation by voting on the conference report, I would like to remind my colleagues of the urgent need for the reforms put forth in this bill. Not only does H.R. 6370 authorize $11,522,000 to be appropriated for the Commission, but also provides for improved organization, ad-

ministration and, thus, efficiency of this important trade body. Over the past several years, the ITC has made for itself an unfortunate reputation from dissension, confusion, disorganization and mismanagement. A body entrusted with major responsibilities involving domestic industry, as well as this country's trade posture, cannot continue to command such little respect or trust.

This conference report represents a good compromise as to the methods that will best effect a strong, efficient, and credible International Trade Commission. The bill now provides for designation by the President of a Chairman and Vice Chairman of the Commission and for notification to the Congress of these designations. Beginning June 16, 1978, the terms of office for the Chairman and Vice Chairman will be extended to 2 years. These officials cannot be of the same political party, and neither can a Commissioner of the same party succeed the Chairman. Further, the two Commissioners most recently appointed to the Commission will not be eligible for designation as Chairman. These changes will go far in assuring the independence and continuity of leadership so badly needed at this time.

The most significant improvement this measure brings to the ITC is with regard to its administration. The bill provides that the Chairman shall assume all administration functions, subject to disapproval by a majority of the Commissioners, except for: First, the termination of supervisory personnel; and second, the budget. Decisions involving these two areas will be subject to approval by a majority of the Commissioners. In addition, the bill precludes any Commissioner from making public statements represented as being the views of the Commission without the approval of the Commission. With these changes, the Commission can avoid time-consuming arguments over minor administrative details and can proceed in a coherent and integrated manner to conduct essential business.

Finally, and quite unrelated to appropriations and structure, H.R. 6370 provides further assurance that programs for achieving international harmonization of trade statistics will proceed as a part of an ongoing program, mandated under the 1974 Trade Act, to achieve comparability among import, export, and domestic production statistics.

Mr. Speaker, both Houses have devoted a great deal of time to this bill, and have studied extensively the various alternatives before them. On several previous occasions, I have expressed my fundamental desire to see legislation of this nature enacted. Although in many ways I feel it is not stringent enough, this bill offers sorely needed improvements in the operation of the Commission. It should serve to enhance the ITC's effectiveness as an independent, quasi-legislative body entrusted with significant trade responsibilities. I urge my colleagues to approve the conference report on H.R. 6370.

Mr. VANIK. Mr. Speaker, I move the prevous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 4991, NATIONAL SCIENCE FOUNDATION AUTHORIZATION ACT, 1978

Mr. THORNTON. Mr. Speaker, I call up the conference report on the bill (H.R. 4991) to authorize appropriations for activities of the National Science Foundation, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 20, 1977.)

Mr. THORNTON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER pro tempore. The gentleman from Arkansas (Mr. THORNTON) and the gentleman from New Jersey (Mr. HOLLENBECK) are recognized for 30 minutes each.

The Chair recognizes the gentleman from Arkansas (Mr. THORNTON).

Mr. THORNTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to explain the major features of the conference report on H.R. 4991 and the statement of managers.

With the exception of four sections which have been included in every recent NSF authorization—extraordinary expenses, obligation limitation, transfer limitation, and information requirement—the House and Senate were in disagreement on the bill. The conferees were able to resolve the differences as follows:

FUNDS

The bill reported by the conference includes a total authorization for the National Science Foundation of $884,250,000 for fiscal year 1978. This amount is $750,000 below the Foundation's budget request, $16,250,000 more than authorized by the House and $15,750,000 less than authorized by the Senate. The authorizations are in 10 categories, as follows:

1. For mathematical and physical sciences and engineering, the budget request was $249,200,000. The House authorized $243,800,000 and the Senate authorized $249,200,000. The conferees agreed on $246,500,000.

2. For astronomical, atmospheric, Earth and ocean sciences, the budget request was $213,400,000. The House authorized $207,600,000 and the Senate authorized $213,400,000. The conferees agreed on $210,500,000.

3. For the U.S. antarctic research program, the House, the Senate, and the conferees approved the request for $47,475,000.

4. For biological, behavioral, and social sciences, the budget request was $144,800,000. The House authorized $139,200,000, and the Senate authorized $145,800,000. The conferees agreed on $142,500,000 including an increase of $500,000 in the support of research on nitrogen fixation.

5. For basic research stability grants there was no request. The House authorized no funds, and the Senate authorized $6,800,000 or 2 percent of the funds available for categories (1), (2), and (4) above, whichever is less, for a new program. The conferees agreed on $4,500,000 or 2 percent of the funds available for categories (1), (2), and (4) above, whichever is less.

6. For science education programs, the budget request was $75,700,000. The House authorized $83,300,000 and the Senate authorized $83,900,000. The conferees agreed on $83,300,000.

Within science education the conference bill earmarks funds for 10 programs. The most significant compromises were:

First. For a Resource Center for Science and Engineering the budget request was $1,000,000. The House authorized not more than $1,000,000 and the Senate authorized $6,000,000. The conferees agreed on $3,000,000.

The statement of managers emphasizes that only one Center is to be fully funded, discusses the Center concept, and recommends that the alternative form of support for minority graduate studies proposed by the House, fellowships for minority graduate students, be funded at the level of $500,000.

Second. For science for citizens the budget request was $1,200,000. The House authorized not more than $100,000, and the Senate authorized $5,000,000. The conferees agreed on $1,800,000.

Third. For a comprehensive assessment of science education in 2-year colleges there was no request. The House authorized no funds, and the Senate authorized $1,000,000 for a new program. The conferees agreed on $500,000.

The statement of managers gives instructions on the conduct of the assessment.

Fourth. For comprehensive assistance to undergraduate science education the budget request was $14,500,000. The House recommended $17,500,000 and the Senate authorized not more than $100,000. The conferees agreed on $14,500,000.

7. For research applied to national needs, the budget request was $78,000,000. The House authorized $72,700,000, and the Senate authorized $79,000,000. The conferees agreed on $75,850,000 including an increase of $500,000 in the support of research on nitrogen fixation.

In place of a House floor of $23,000,000 in the RANN program for "applied social research" and "policy-related scientific research" the conference bill includes a floor of 25 percent of available RANN funds.

8. For Scientific, Technological, and International Affairs, the budget request was $22,600,000.

The House authorized $21,200,000 and the Senate authorized $20,600,000. The conferees agreed on $20,900,000.

Of that amount, for policy research and analysis the budget request was $4,000,000. The House authorized not less than $4,500,000 and the Senate authorized not more than $2,000,0000. The conferees agreed on $4,000,000.

9. For program development and management, the House, the Senate, and the conferees approved the Foundation request for $47,825,000.

10. For the special foreign currency program, the budget request was $6,000,000. The House authorized $4,900,000, and the Senate authorized $6,000,000. The conferees agreed on $4,900,000.

OTHER COMPROMISES

Compromises in the bill on matters other than funds were as follows:

First. The House bill was a 1-year authorization while the Senate bill was a 2-year authorization. The conference bill is a 1-year authorization.

The statement of managers presents some potential advantages of a 2-year authorization but notes that a 2-year authorization would not be acceptable to the House at this time.

Second. The Senate bill included a provision to permit researchers in the industrial sector to compete for basic research support on an equal basis with researchers in the academic sector. The Senate bill also authorized fellowships to enable academic researchers to spend up to 2 years in an industrial environment and to allow industrial researchers to spend up to 2 years in an academic environment, and directed the Foundation to increase support for cooperative research projects involving researchers from the industrial and academic sectors. The House bill included no comparable provisions. Of the three Senate provisions the conferees adopted the provision with regard to cooperative research projects.

The statement of managers endorses fellowship exchange programs between industry and academia and requests the Foundation to continue reviewing its policy regarding the support of basic research in industry.

Third. The Senate bill provided that not less than 12.5 percent of the amount available for research applied to national needs should be expended to small business concerns. The House bill had no similar provision. The conferees agreed to adopt the Senate provision.

Fourth. The Senate provided that emphasis in international cooperative Scientific activities should be placed on bilateral and multilateral research and exchange programs, particularly programs involving Western Europe and neighboring countries in the Western Hemisphere. The House bill had no similar provision. The conferees agreed to adopt the Senate provision with language added requiring coordination with the Office of Science and Technology Policy, the Secretary of State and other appropriate officials.

Fifth. The Senate bill contained provisions emphasizing activities of the programs in the Office of Science and Society of the National Science Foundation. The House bill contained no similar provisions. The conferees agreed to adopt certain of the Senate provisions with modifications in some.

The statement of managers suggests that the Foundation should give due consideration to some of the other Senate ideas for activities of that office and cites the conferees' intention that intervenors and lobbyists should not be funded in the program science for citizens.

Sixth. The bill as passed the House contained a section directing NSF to issue instructions to its curriculum development grantees to provide special protection for students involved in precollege research, pilot-testing, evaluation and experimental curriculum projects. The Senate bill contained no such provision and the managers on the part of the Senate opposed the language. Conferees agreed to retain in the bill the basic requirement for instructions to provide adequate protection for precollege students in the designated areas. They agreed that detailed implementation of this provision, however, was not essential to the legislation itself.

The statement of managers describes the intent of the provision in further detail.

Seventh. The House bill included a section establishing financial disclosure procedures to help guard against the possibility of conflicts of interest on the part of NSF employees and peer reviewers. The Senate bill included no comparable provision. The conferees agreed on the importance of guarding against possible bias in the consideration of applications for Foundation support and have included the substance of the House provision of the bill.

Eighth. Conferees agreed to three amendments to the NSF Act of 1950:

a. A House provision amending section 3(e) of the NSF Act of 1950 to emphasize that an objective of the Foundation in strengthening research and education in the sciences throughout the United States shall be to avoid undue concentration of those activities.

b. A House provision adding a new clause to the NSF Act of 1950 which requires an annual report of the National Science Board.

c. A Senate provision amending section 14(d) of the NSF Act of 1950 to permit the Chairman of the National Science Board to fix the rate of compensation for members of the Board and members of special commissions engaged in NSF business, provided this rate does not exceed the daily rate for GS-18 of the General Schedule.

Ninth. Senate provisions regarding interdisciplinary studies, a set-aside of instrumentation funds for small grants, and support of young scientists were all dropped in the conference bill. The statement of managers discusses the first two of these. The conferees were sympathetic to the difficulties facing young researchers and believe NSF should give careful attention to the support of young scientists.

Mr. Speaker, I would like to return for a moment to the matter of the 2-year authorization. The statement of managers makes this observation:

The conferees agreed that a two-year authorization would be useful in establishing a framework for planning that could be of substantial assistance to the Foundation and to the scientific community in the development of programs and policies. They agreed that a two-year authorization could be helpful in assuring full consideration by the appropriations committees of the programs and policies included in the authorization—and that a two-year authorization might also be of assistance in enabling the authorizing committees to meet the requirements of the Congressional Budget Act, under which stringent reporting deadlines must be met and projections of budget levels must be submitted.

Nonetheless conferees adopted the view of the Managers on the part of the House that a 2-year authorization would not be acceptable to the House at this time. The major reasons given by House managers were: (1) no record of fiscal year 1979 funding for NSF has been made or attempted by appropriate House committees; (2) evidence of a carefully considered 1979 budget for NSF by the Foundation itself is not available; (3) there are disadvantages as well as advantages to be considered in adopting a 2-year budget cycle—and these have not yet been thoroughly explored.

I know a number of members of the pertinent committees in both Houses are interested in eventually seeing a 2-year budget cycle of some sort developed. I have discussed the matter as it pertains to NSF at some length with Senator JAVITS and others.

Without making any commitment at this point, I am persuaded of the value in looking at a number of possible options in the budget process, especially that involving research and development, in the years ahead. Aside from the reasons stated in the conference report, I am mindful of the importance of being able to match research efforts to assured resources. This is particularly true for basic research which is frequently vulnerable to cuts in the name of economy. Of course, this is because so many people assume, mistakenly, I think, that basic research should be assigned low competitive priority since it has no immediately identifiable benefit. The need for predictable support in this area is very great indeed. So whether that need is met by multiyear budgets, long-range projections, forecasts of social needs requiring interdisciplinary scientific breakthroughs for their solution, or some other quite different approach—I do concur that we, as prudent legislators, will be obliged to consider all reasonable means for balancing predictability with a proper exercise of congressional oversight.

Mr. HOLLENBECK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report for H.R. 4991, the National Science Foundation authorization for fiscal year 1978.

The House passed H.R. 4991 in March of this year, authorizing $868 for fiscal year 1978—$17 million below the amount requested. When we took this bill to conference we were confronted by a unique situation in the Senate version. The Senate had passed a 2-year authorization, providing $900 million for NSF in fiscal year 1978 and $1.1 billion for fiscal year 1979. While a 2-year authorization does

provide some advantages in meeting the requirements of the Congressional Budget Act, the conferees accepted the House view and rejected a 2-year authorization.

The House conferees felt that the 2-year authorization was inappropriate at this time since our Science and Technology Committee had not held any hearings on proposed NSF fiscal year 1979 funding nor had NSF presented any detailed budget request for fiscal year 1979. Without first having made these considerations we felt a 2-year budget cycle should be rejected although the concept of a 2-year budget is desirable at least in this instance.

Overall, this conference report reflects the compromises worked out between the House and Senate conferees. The recommended authorization is $884.2 million. This is still slightly under the budget request and is $16 million over what the House has passed, $16 million under the Senate total.

In addition to the increased funding levels for certain categories, the House conferees also agreed to retain several other Senate provisions. The Senate bill provided that not less than 12.5 percent of the amount available for research applied to national needs should be set aside for small businesses. The conferees agreed to this Senate provision and expressed support for the small business innovation program. The House conferees also accepted a Senate provision directing the National Science Foundation to increase support for cooperative research projects involving researchers from the industrial and academic sectors and a provision emphasizing that International Cooperative Scientific Activities should concentrate on bilateral and multilateral research and exchange programs, particularly among Western European and Western Hemisphere nations.

Mr. Speaker, this is a piece of legislation that will eventually touch the lives of every citizen in a positive way. The National Science Foundation provides the bulk of the Federal support for basic scientific research in our colleges and universities. The effects of this alone will, of course, be far reaching. It will provide the basis for expanding our scientific knowledge and training young minds to insure even greater advances in the future. But the legislation will also have a more immediate effect on the everyday lives of citizens. The "science for citizens" program is designed to help the public understand science engineering and technology and their impact on public policies.

Too often we find that very important choices are made regarding scientific policy without the average citizen having any understanding of what such a choice will mean for his life. This NSF program is designed to provide a greater degree of understanding between science and society. The conferees have taken the precaution of insuring that no grant or contract under the "science for citizens" program will be made to an individual or group that would promote a special interest or be used to intervene in a judicial or administrative proceeding. This is an important safeguard that materially strengthens the program.

Mr. Speaker, I have touched only very briefly on the many aspects of this conference report. It is not substantially changed from the version of the bill that left the House. The major programs were discussed in greater detail at the time the bill was first considered on the House floor. I do have some concern over the increase in funding from the House-approved levels, but the total is still under the identical budget requests of President Ford and Carter for NSF. The conference report deserves the same strong support as H.R. 4991 originally received in the House. I urge its adoption.

Mr. STANTON. Mr. Speaker, will the gentleman yield?

Mr. HOLLENBECK. I yield to the gentleman from Ohio.

Mr. STANTON. Mr. Speaker, I would like to compliment the gentleman for the outstanding statement he has made and for the good work he has done in this conference.

Mr. GARY A. MYERS. Mr. Speaker, will the gentleman yield?

Mr. HOLLENBECK. I am happy to yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. Mr. Speaker, I would inquire of the gentleman from New Jersey in reference to the program for science for citizens and state that there was some concern that the Members had to the fact that that program might grow into an intervenor type program which will be used to provide or to influence, with Federal funds, programs and to provide some possible slowdowns when programs are going on. What is the intent there?

Mr. HOLLENBECK. Mr. Speaker, I can assure the gentleman from Pennsylvania that the conferees on this side of the House took every precaution and were able to succeed in assuring that no grant or contract under the science for citizens program will be given to any group that would intervene in any judicial or administrative proceeding.

Further, Mr. Speaker, I would like, in passing, to compliment my colleague, the genleman from Pennsylvania (Mr. GARY A. MYERS) on the amendments the gentleman offered in the original bill which were retained in the conference report.

Mr. GARY A. MYERS. I thank the gentleman.

Mr. HOLLENBECK. Mr. Speaker, I reserve the balance of my time.

Mr. THORNTON. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Washington (Mr. McCORMACK).

Mr. McCORMACK. Mr. Speaker, I want to congratulate the chairman of the subcommittee, the gentleman from Arkansas (Mr. THORNTON), upon his leadership in this matter, and also to compliment the conferees on the dedicated work that existed among them in preparing this conference report.

Mr. Speaker, it is not generally recognized by the Members that this bill was a good deal more difficult than appears on the surface. As presented to us today it seems very simple and full of sweetness and light, but there were a great many very difficult portions of the bill to negotiate. I know that it took a great deal of negotiating skill and many, many hours of hard work that were put in by the gentleman from Arkansas and the members of the conference in order to do the job. I believe they have done an especially good job and that this is an excellent bill, especially in the area of intervenors. I think it is a very important step forward for this country.

Again I want to congratulate the committee.

Mr. THORNTON. Mr. Speaker, I thank the gentleman for his kind remarks.

At this time I yield such time as he may consume to the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Speaker, I want to thank the gentleman from Arkansas (Mr. THORNTON) for yielding to me. I also want to pay a tribute to the gentleman as the chairman of the subcommittee and also to the ranking minority member. This was the first year that both of them handled this bill. I believe that the gentleman from Arkansas (Mr. THORNTON) and the gentleman from New Jersey (Mr. HOLLENBECK) have done a very outstanding job with some very, very difficult issues. I believe that some of the problems we have had with the National Science Foundation in the past have been corrected.

Again let me say that I am pleased at the fine leadership the gentleman from Arkansas (Mr. THORNTON) has asserted in this area and again congratulate the gentleman.

Mr. TEAGUE. Mr. Speaker, I am pleased to report that the committee of conference has completed its work on the bill H.R. 4991, the authorization bill for the National Science Foundation for fiscal year 1978.

The House and Senate conferees have resolved the differences in the House and Senate passed versions of H.R. 4991. The bill passed the House on March 24 and passed the Senate on May 5. In acting on the bill, the Senate struck all after the enacting clause and substituted new language. The committee of conference agreed to accept the Senate amendment with certain substitute amendments and with certain other stipulations insisted upon by the managers on the part of the House.

The conference report which the managers have developed and which we present to the House today is a compromise which has resulted from intensive negotiations. I first want to thank my colleagues on the committee of conference for their hard work on this conference report. All members made important contributions but I especially wish to recognize the distinguished chairman of the Subcommittee on Science, Research and Technology, the gentleman from Arkansas (Mr. THORNTON) and the ranking minority member of the subcommittee, the gentleman from New Jersey (Mr. HOLLENBECK).

The bill would authorize $884,250,000

for the National Science Foundation. This total is $15,750,000 less than the Senate amount of $900,000,000. The House bill authorized $868,000,000 which is $17 million less than he budget request. The conference amount is $16,250,000 more than the House figure. The conference amount is $750,000 less than the budget request of $885,000,000.

This authorization bill will provide support in two areas for which the NSF has major responsibilities: Research and science education. The conference report, in combination with a large number of recommendations in House report 95-98—which accompanied H.R. 4991 when it was passed by the House on March 24—reflects not only our legislative hearings but an extensive amount of oversight activity by the committee. In this oversight work, the committee has been assisted in important ways by the Congressional Research Service and the General Accounting Office.

There were major differences between the Senate and House bills which the conference had to resolve both in amounts authorized and in various program provisions.

Nevertheless, I believe this conference report reflects a reasonable and workable compromise with the Senate and will provide substantial support for important elements in our Nation's strength and well-being: Research and science education.

There are few problems that we have in today's world which do not depend—in the short run or in the long run—on how well we perform in these two vital areas.

Mr. Speaker, this report deserves the support of the House, and I urge its adoption.

Mr. WYDLER. Mr. Speaker, I support the conference report accompanying H.R. 4991, the fiscal year 1978 authorization for the National Science Foundation.

H.R. 4991 authorizes $884.2 million for the NSF's programs in fiscal year 1978. This amount is $16.2 million above the House-passed level and $15.8 million below the Senate-passed level. The $16.2 million increase over the House bill is equivalent to a 1.9 percent increase. The House conferees prevailed in refusing to accept a 2-year authorization, which the Senate bill contained.

The Members should be gratified to know that the final conference figure—$884.2 million—is $800,000 below the original budget request submitted to the Congress by Presidents Ford and Carter. In addition, the allocation of the funding among program elements in H.R. 4991 is very close to the Presidents' request.

The conference bill retains two important minority-sponsored amendments to the House bill. First, H.R. 4991 contains effective language to establish a statutory conflict of interest provision for NSF employees and peer reviewers. Second, it contains a provision protecting the precollege students who participate in NSF-sponsored projects which involve experimental curriculums and pilot testing. The NSF will establish criteria for protecting students and will require written approval from local school authorities before introducing experimental curriculums into local schools. Both of these provisions were House minority initiatives. I believe they will make the NSF more accountable, and I am pleased that they are part of the conference bill.

In turn, your conferees accepted several worthwhile Senate initiatives. H.R. 4991 earmarks 12.5 percent of $75.8 million in Research Applied to National Needs—RANN—for programs involving small businesses. Small business can make a contribution to NSF's activities and it is appropriate to insure they will receive a definite portion of NSF's RANN funding. Small business has many of the features and potential of the academic community, which is the NSF's principal constituency.

In structuring the NSF's program for "Science and Society," your conferees took special precaution to assure that funds available for public-interest type activities were distributed fairly. NSF funding of public-interest science investigations should contribute to the general elevation of public understanding of scientific issues and not be distorted to serve the ends of advocatory groups. The NSF should not award grants where the likely effect would be to support a program skewed to reinforce preconceived positions. Such activity is not the purpose of NSF grants.

Mr. Speaker, I believe that the conference report accompanying H.R. 4991 is a constructive compromise of the House and Senate positions on the fiscal year 1978 NSF Authorization Act. I urge my colleagues to accept the report.

Mr. THORNTON. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on the bill H.R. 4991, just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

EMERGENCY DROUGHT RELIEF

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from further consideration of the Senate bill (S. 1935) to amend Public Law 95-18, providing for emergency drought relief measures, and ask for its immediate consideration.

The Clerk read the Senate bill, as follows:

S. 1935

An act to amend Public Law 95-18, providing for emergency drought relief measures

Be is enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) clause (a) of the first section of the Act entitled "An Act to provide temporary authorities to the Secretary of the Interior to facilitate emergency actions to mitigate the impacts of the 1976-1977 drought", approved April 7, 1977 (91 Stat. 36), is amended by striking out "November 30, 1977" and inserting in lieu thereof "January 31, 1978".

(b) Section 8(c) of such Act is amended by striking out "September" and inserting in lieu thereof "November".

(c) Section 9 of such Act is amended by striking out all beginning with "water purchase" through "authorized by this Act and for" and inserting in lieu thereof "provisions of this Act which shall include the".

(d) Section 10(a) of such Act is amended by striking out all beginning with "during fiscal year" through "(62 Stat. 1052)", and inserting in lieu thereof "pursuant to this Act and the Act of June 26, 1948 (62 Stat. 1052)".

(e) Section 10(b) of such Act is amended—

(1) by striking out all beginning with "during fiscal year" through "(62 Stat. 1052)", and inserting in lieu thereof "pursuant to this Act and the Act of June 26, 1948 (62 Stat. 1052)"; and

(2) in the first sentence by striking out all beginning with the colon through "State".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Reserving the right to object, Mr. Speaker, can the gentleman explain briefly what this does for water problems in the West?

Mr. MEEDS. Mr. Speaker, I would be delighted to explain it, if the gentleman will yield under his reservation.

Mr. ROUSSELOT. I will yield to the gentleman from Washington.

Mr. MEEDS. I thank the gentleman for yielding. Mr. Speaker, I would be pleased to explain my unanimous consent request to proceed in what is admittedly an irregular manner on this subject. I can assure everyone that only the most extreme urgency justifies this procedure. Last March the House passed by an overwhelming margin S. 925, which became Public Law 95-18 the Emergency Drought Assistance Act, authorizing appropriations to the Secretary of Interior in the amount of $100,000,000. These funds have been appropriated.

The act contemplated a number of individual programs and set aside funds for them. Partly because of delays in promulgating guidelines, some of the programs have not been effective and the funds provided for them have not been used. Meanwhile other programs have proved to need more money than the act allows. We are thus confronted by a situation in which most of the appropriation has been "sterilized" because the terms of the authorizing legislation allowed the Secretary no flexibility in allocating moneys to programs. In short, it is imperative that the act be immediately amended in order for it to accomplish what the Congress intended. If we do not agree to this measure, today, and get it down to the President, the practical effect of such failure to act would be effectively to nullify the Emergency

Drought Assistance Act. I would only say to my colleagues who might be inclined to object to my request, that the drought is by no means over and, if anything, is more severe and devastating today than it was 4 months ago when we first considered this matter.

Now, if the gentleman will yield further, I would like to say that S. 1935 authorizes no new appropriations nor does it appropriate any new funds. It extends the deadline under the act by 2 months and simply provides that the money heretofore appropriated may be used for any program set forth in the act without limitation. Basically, the operative effect of the measure is to remove the limitation on loans for reimburseable facilities construction on reclamation and Indian irrigation projects and provides for financial assistance to State water resources agencies for drought services furnished by the State agencies.

In summary, Mr. Speaker, this bill is desperately needed at this time and I urge the House to agree to it.

Mr. ROUSSELOT. I appreciate the gentleman's explanation.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMENDMENT OFFERED BY MR. MEEDS

Mr. MEEDS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendments offered by Mr. MEEDS: On page 1, after line 10 insert the following: Add to Section 8 of Public Law 95–18.

"(d) The Secretary may condition grants, or may waive all or a portion of the repayment of loans made under this Act, upon the agreement of a recipient to undertake a program of water conservation and efficient management meeting standards established by the Secretary. The Secretary shall report to Congress on measures which he has undertaken to institute such conservation and management procedures."

And renumber the following sections accordingly.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

CONFERENCE REPORT ON H.R. 6179, ARMS CONTROL AND DISARMAMENT ACT AMENDMENTS OF 1977

Mr. ZABLOCKI. Mr. Speaker, I call up the conference report on the bill (H.R. 6179) to amend the Arms Control and Disarmament Act to authorize appropriations for fiscal year 1978, and for other purposes, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER pro tempore. The Clerk will read the conference report.

The Clerk read the conference report.

(For conference report and statement, see proceedings of the House of August 3, 1977, part II.)

The SPEAKER pro tempore. The gentleman from Wisconsin (Mr. ZABLOCKI) and the gentleman from Michigan (Mr. BROOMFIELD) are recognized for 30 minutes each.

The Chair recognizes the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on H.R. 6179, the Arms Control and Disarmament Act Amendments of 1977.

The major purpose of H.R. 6179, is to authorize the appropriation of $16.6 million for the Arms Control and Disarmament Agency for fiscal year 1978. Of this amount $2 million is to be used to support the nuclear safeguards programs and activities to the International Atomic Energy Agency.

Mr. Speaker, the most important provision in H.R. 6179, is that which requires the Director of the Arms Control and Disarmament Agency to report to the Congress on the verifiability of arms control agreements into which the United States has or may enter.

This is a major provision and in the judgment of the conferees, essential to the national security.

For example, verification will be a major element of any new agreement on SALT.

This provision insures that the executive branch will give proper emphasis to verification procedures before concluding any new SALT or other significant arms control agreement.

If not, Congress will be aware of the problem and will be in a position to take necessary action when ratifying or implementing the proposed agreement.

It should also be pointed out that the conference committee dropped the House provision which would have permitted the Director of the Arms Control and Disarmament Agency to grant access to restricted data to contractors and other employees.

The purpose of the amendment was to eliminate the time-consuming and costly practice of a special clearance for access to restricted data even though the contractor or employee already had a clearance from another Government agency.

This provision was dropped because the Energy Research and Development Agency and the Arms Control and Disarmament Agency assured the conference committee that the problem had been resolved administratively.

This was accomplished on July 8, 1977 when a memorandum of understanding was agreed to by the Energy Research and Development Agency and the Arms Control and Disarmament Agency which we think will eliminate unnecessary duplication of security clearances.

Since this was the objective of the House in including this provision in the bill, the conferees agreed that the provision was no longer necessary.

At this point I include the memorandum of understanding the RECORD:

INTERAGENCY AGREEMENT BETWEEN THE U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION AND THE U.S. ARMS CONTROL AND DISARMAMENT AGENCY FOR PERFORMANCE OF INDUSTRIAL AND RELATED SECURITY FUNCTIONS

This agreement, entered into by and between the U.S. Energy Research and Development Administration (hereinafter referred to as the ERDA) and the U.S. Arms Control and Disarmament Agency (hereinafter referred to as the ACDA), pursuant to the Energy Reorganization Act of 1974, Section 41 (a) of the Arms Control and Disarmament Act (22 U.S.C. 2581 (a)), and Section 601 of the Economy Act of 1932 as amended (31 U.S.C. § 686), constitutes the terms and conditions under which ERDA will perform for ACDA industrial and related security functions. This Agreement supersedes in its entirety the interagency agreement between ERDA and ACDA for industrial and related security functions effective February 12, 1976.

I. GENERAL

a. When the performance of an ACDA contract requires access to Restricted Data, ERDA security rules and regulations (specifically the Volume 2000 series of the ERDA Manual) will apply to all classified information provided to the contractor by ACDA for performance on that particular contract, except as otherwise provided herein or as otherwise required by Section 45 of the Arms Control and Disarmament Act, as amended (22 U.S.C. § 2585), or as it may be amended in the future.

b. ACDA contracts requiring the Contractor's employees to have access to Restricted Data will contain a security clause which will require that ACDA contractors adhere to ERDA security rules and regulations.

c. ACDA will assure by consultation with ERDA that the information required in the performance of the contract is properly classified as Restricted Data. ACDA will furnish to ERDA documentation necessary to enable ERDA to determine whether Restricted Data is involved.

d. The terms "contractor" and "contractors," as used herein, include actual or prospective contractors, subcontractors, suppliers, consultants, and advisory committee members including members of the General Advisory Committee on Arms Control and Disarmament. The term "contractors," for purposes of this agreement, however, shall not include ACDA contractors, subcontractors, suppliers, consultants, and advisory committee members in the capacity of licensees of the Nuclear Regulatory Commission.

e. This agreement is subject to modification by mutual agreement or termination of either party upon 30 days notice to the other.

II. PERSONNEL SECURITY

a. ACDA is responsible for requiring ACDA contractors to establish and maintain a program setting satisfactory qualification and general suitability standards for all contractor employees who will require access to classified information (including Restricted Data) before any requests for access authorizations are forwarded by ACDA to ERDA.

ACDA will require its contractors to conduct a pre-employment suitability check on each employee concerning the employee's integrity and personnel habits before access authorization is requested for such individual.

b. ACDA is responsible for screening all requests for access authorizations received from ACDA contractors to assure that the appropriate forms have been properly and fully completed, particularly in regard to identifying existing security clearances held by an individual.

c. ACDA, after determining that a contractor employee will require access to classified information (including Restricted Data) in the performance of his duties under an ACDA contract, is responsible for determining the level of access (Confidential, Secret, Top Secret) required by individuals and referring all requests for access authorizations to ERDA through agreed channels. ACDA will identify those cases that require expeditious processing by the investigative agency.

d. ERDA is responsible for processing ACDA requests for access authorizations to the appropriate investigative agency for the conduct of such investigations as are required under Section 45 of the Arms Control and Disarmament Act, as amended (22 U.S.C. § 2585), or as it may be amended in the future. A copy of requests for these investigations will be furnished to ACDA.

e. In lieu of submitting a request to an investigative agency for a background investigation as provided in subclause II.d., above, ERDA may request a copy of an investigation and report on the character, associations, and loyalty of an individual made by another Government agency.

f. ERDA is responsible for screening the results of the completed investigations under subclause II.c. and for determining the appropriateness of granting access authorizations in accordance with the established ERDA procedures and criteria in 10 CFR Part 710.

g. In those cases where ERDA determines that all the requirements of Subsection 145.c. of the Atomic Energy Act of 1954, as amended, have been fulfilled, ERDA may grant access to ACDA contractor employees on the basis of that subsection.

h. When an access authorization is granted by ERDA, ACDA will be formally notified. ERDA agrees to exercise its best efforts, within its present capabilities, to notify ACDA within 7 days after receipt by ERDA of the investigation from the investigative agency whether a determination to grant can be made on the record and, if so, that it has been made.

i. In those cases in which ERDA determines that additional or supplemental investigation is necessary, arrangements will be made by ERDA for the conduct of such investigation and ACDA will be notified of such action. ERDA agrees to exercise its best efforts to arrange for the conduct of the additional or supplemental investigation within 30 days after receipt by ERDA of the original investigation.

j. In those cases in which ERDA determines that the reports of investigation contain information requiring an interview with the ACDA contractor employee to resolve the question of eligibility for access, ERDA will arrange for the interview through ACDA. Following a review of the results of the interview, should ERDA determine that access authorization can be granted, ACDA will be notified and provided a summary or transcript of the interview, as appropriate, together with copies of the investigative reports.

k. In those cases in which ERDA determines that the reports of investigation contain information requiring the initiation of the Administrative Review Procedure, ERDA will notify ACDA before initiating such an action and subsequently will consult with and keep ACDA advised of the interim and final action to be taken by ERDA.

l. ACDA will be responsible for:

(1) timely notice to ERDA when an ACDA contractor employee no longer requires access to classified information (including Restricted Data), either during the investigative or adjudicative stage, or following the granting of an access authorization; and

(2) furnishing to ERDA, for appropriate action, any information which ACDA had developed independently or received from any other source and which might affect the continued eligibility of an ACDA contractor employee for access authorization.

m. In those cases where an ACDA contractor employee, at a DOD-approved facility, is simultaneously a DOD contractor employee who has been authorized to have access to certain Restricted Data pursuant to Section 143 of the Atomic Energy Act of 1954, as amended, ERDA in accordance with Section 45(c) of the Arms Control and Disarmament Act will accept the DOD personnel security clearance as sufficient for access to the same Restricted Data to which the contractor employee is authorized access pursuant to Section 143 of the Atomic Energy Act. In other cases where access by the ACDA contractor to different or additional Restricted Data may be required, the other provisions of this agreement shall apply.

III. PHYSICAL SECURITY

a. ACDA will be responsible for assuring that no classified information (including Restricted Data) is made available by ACDA outside of ACDA premises to ACDA contractors until ERDA has approved the storage facilities of the ACDA contractor for protection of the classified information (including Restricted Data) involved.

b. ACDA, when requesting facility clearance for an ACDA contractor, will provide ERDA with the following:

(1) The name(s) and location(s) of the place(s) where work is to be performed;

(2) The contract number, if any, or a brief description of the nature of the arrangement between the ACDA and the contractor;

(3) A description of the work to be done;

(4) The classification of each of the various elements of work;

(5) The manner in which the contractor will receive classification guidance (e.g., the existence of a classification guide);

(6) Whether the Restricted Data supplied will include Weapons Data and/or Research and Development reports;

(7) The name of the contractor's security officer, if any; and

(8) The termination date, if known, and the provisions made for closing out the security interest upon termination, of the arrangement.

c. Upon receipt of the information required in III.b. above, ERDA will survey the facility and recommend the establishment of protective measures as required by ERDA security rules and regulations. A copy of the survey and recommendations will be made available to ACDA for any necessary action. Final approval of the facility for storage of Restricted Data is the responsibility of ERDA.

d. ACDA will be responsible for advising ERDA of any deletions or additions to the facility.

e. Periodic inspections of the approved facilities will be made by ERDA and the results furnished to ACDA for information and corrective action if deficiencies are noted.

f. ERDA will consult with ACDA before taking any action to invalidate the facility approval for any ACDA accessees.

g. ACDA will notify ERDA when the need for facility clearance no longer exists.

h. ACDA will be responsible for recovering classified information (including Restricted Data) from contractors upon termination of the security interest.

IV. REIMBURSEMENT

Reimbursement for personnel and physical security services rendered by ERDA will be made by ACDA on the basis of those out-of-pocket costs directly attributable to the servicing of ACDA contractors by ERDA security inspectors and officers. Out-of-pocket costs shall consist of the pro-rata share of:

a. gross annual salary and costs of government contributions for employee benefits; and

b. any other costs such as travel, communications, etc.

In connection with the procedures required under 10 CFR Part 710, ACDA will reimburse ERDA for Personnel Security Board costs, including travel, per diem and compensation for days actually employed by board members and hearing counsel, together with travel, per diem and fees of expert witnesses.

It is agreed that if the volume of ACDA work necessitates additional ERDA personnel there will be subsequent arrangements for the purpose of deciding what would constitute a proper reimbursement to ERDA by ACDA. ACDA will be billed directly by the Civil Service Commission for charges involved in the investigations for access authorization for contractor personnel of the ACDA.

Approved for the Arms Control and Disarmament Agency:

PAUL C. WARNKE.

JULY 7, 1977.

Approved for the Energy Research and Development Administration:

ALFRED D. STARBIRD.

JULY 7, 1977.

There were two other provisions in the Senate amendment which were not in the House bill which will increase the efficiency of the Arms Control and Disarmament Agency.

The first would permit the Director to appoint officers and employees to the Agency from outside the competitive service.

This authority is only for 2 years after which time the Committee on International Relations and the Senate Committee on Foreign Relations with the assistance of the Civil Service Commission will review its effectiveness.

The purpose of the provision is to afford the Agency access to qualified experts and specialists on a temporary basis as needed.

Another Senate amendment which the conference committee adopted was a provision which permits the officers and employees of the Agency to accept reimbursement for travel and subsistence expenses incurred while performing advisory services concerned with the functions and activities of the Agency.

Mr. Speaker, this is a good conference report and deserves the approval of the House.

Mr. Speaker, I urge adoption of the conference report.

Mr. BROOMFIELD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong suport of the conference report.

Mr. Speaker: I endorse the comments of my distinguished colleague, Mr. ZABLOCKI, and fully support the con-

ference report to H.R. 6179. The legislation we have before us today contains the essential provisions of the previously passed House bill.

An essential provision—the verification provision—preserves the intent of the House amendment—that being to keep the Congress better informed as to our country's ability to verify arms control agreements—past and proposed. As adopted by the committee of conference, this provision requires ACDA to report on the verifiability of significant arms control proposals either made or received by the United States. Moreover, the provision requires ACDA to report on significant changes in the verifiability of existing agreements as well as the total number of U.S. Government personnel assigned to verification tasks.

Research—be it in verification, nuclear safeguards, or disarmament—is a keynote of this conference report. For example, the committee of conference makes clear the responsibility of ACDA in supporting verification research.

Several million dollars are actually authorized by the Conference for important research programs. A total of $16.6 million for fiscal year 1978 is authorized for ACDA, $1 million of which is to be spent on external research and public affairs programs. Moreover, $2 million is to be spent by ACDA in support of the International Atomic Energy Agency's programs, including research on nuclear safeguards and alternative nuclear fuel cycles.

Yet another section of the conference report which also concerns research, maintains a key provision of the House bill—deletion of the prohibition on the use of foreign research institutions for disarmament research. This particular provision will save the taxpayer money by allowing ACDA to field test equipment in other countries without having to incur high transportation costs and expensive technical support services. Moreover, given this provision, ACDA will be able to better draw upon foreign know-how in technical areas where our country may yet have only limited expertise.

In conclusion, I believe that the conference provisions concerning verification and nuclear safeguards are vital to our national and international security. The conference report that we have before us today will better provide the United States and other nations with opportunities to maintain the security of all, I urge my colleagues to support the legislation.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. DERWINSKI.)

Mr. DERWINSKI. Mr. Speaker, the gentleman from Wisconsin, Chairman CLEM ZABLOCKI, in my opinion, will go down in history as one of the great diplomats of our time.

I rise in support of the conference committee's recommendations for H.R. 6179, and in so doing I would like to commend Chairman ZABLOCKI and his staff for the manner in which they dealt with the minority conferees throughout the negotiations leading to the agreement that we now have before us.

As you are well aware, Mr. Speaker, I have a vested interest in this legislation. Section 4 of H.R. 6179—pertaining to the verification of arms control agreements—is a laudable Senate refinement of the amendment I succeeded in having attached to this bill when we originally considered it three months ago. Since there still seems to be considerable speculation in the press and elsewhere as to what motivated me to take action, I would like to devote the balance of my time to setting the record straight once and for all.

What especially sensitized me to the importance of verification in any arms control agreement was the SALT I agreement the United States struck with the Soviet Union. Some of the most ticklish and controversial issues concerning the accord centered around the question of verification. Were the Soviets enlarging their missiles in violation of the agreement or were they not? Were they deliberately camouflaging missile installations which they had promised not to hide? Were they encoding radio telemetry from their missle tests so as to prevent us from acquiring data needed to verify compliance with certain aspects of the agreement? Were they, in fact, testing their air defense radar so as to make them suitable for use against incoming missiles as well?

I could add further examples, but suffice it to say that the answers to these questions left the average American and many of us in Congress unsatisfied and very uneasy. Moreover, many Americans, well aware of the fact the Soviets do not always keep their end of a bargain, came to believe that they did cheat in some or all of the areas I have just cited. The upshot of this growing public perception—whether properly founded or not—is that it has tended to undermine confidence in the value of arms control itself. This is most unfortunate. It is in the interest of arms control that such concerns be put to rest, and it is further in the interest of arms control that future uncertainties be clarified.

Given such a "real world" atmosphere of skepticism, I felt my amendment would be a great help in addressing this problem as it would assure a more systematic and widespread evaluation of verification problems by representatives of the people and not simply technicians. ACDA officials have repeatedly stated over the years that verification is, in essence, a political problem and in this regard, they have pointed out that the degree of risk this nation decides to allow on various provisions of an arms control agreement is based ultimately on political judgments of the highest sort. Thus, in light of Congress acknowledged role in the political decisionmaking process, it stands to reason it must participate in these determinations and to do that effectively it must have the same information the executive branch has. Thanks to the oversight requirement mandated by Section 4, Congress will now have that information and, as a consequence, the prospects of a politically acceptable arms control agreement will be enhanced immeasurably.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, the statement I am about to make has not been prepared by the staff but I can assure the gentleman from Illinois, that he has made a very great contribution to some of the provisions in this bill, particularly that part of the bill which requires verification. I commend the gentleman for all of his interest and the contribution he made to the bill.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Speaker, I thought I would ask a question of my good friend the gentleman from Illinois as to whether the verification area was tightened up. I am concerned as the gentleman. Can he tell us what happened on that?

Mr. DERWINSKI. Mr. Speaker, actually we had what I thought was a good amendment in the House bill, but the Senate amendment for all practical purposes was even stronger, and therefore there was not any real problem in the conference. The amendments contained proper controls, so as we present this conference report we actually have verification procedures somewhat stronger on the Arms Control and Disarmament Agency, that is, somewhat more extensive in controlling provisions than the House-passed bill.

Mr. ASHBROOK. If the gentleman will yield further, the only concern is that since we do not have and cannot get on-site verification, what real confidence can we have in verification?

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. BROOMFIELD. Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Speaker, as the gentleman knows, on-site verification is something the Soviets will never agree to with their absolute fear of the western presence in their installations. They would never agree to on-site inspection.

I think we have reached the point where as they develop any new weaponry, we provide that the Congress be advised and be assured that there is a verification procedure necessary to protect our national interest. We have the technology.

Mr. Speaker, may I also add that the House Committee on International Relations is very well served by our chief of staff Jack Brady who is an outstanding practitioner in his profession.

Mr. ZABLOCKI. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I would be remiss if I did not concur with the last observation of the gentleman from Illinois with reference to our chief of staff, whom he

salutes every morning. Certainly we have an excellent staff, led by Dr. Brady.

Mr. Speaker, I have no further requests for time.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PROPOSED SET OF ACTIONS TO REDUCE FLOW OF UNDOCUMENTED ALIENS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 95-202)

The SPEAKER pro tempore (Mr. KILDEE) laid before the House the following message from the President of the United States; which was read and, without objection, referred to the Committee of the Whole House on the State of the Union and ordered to be printed:

To the Congress of the United States:

I am proposing to Congress today a set of actions to help markedly reduce the increasing flow of undocumented aliens in this country and to regulate the presence of the millions of undocumented aliens already here.

These proposed actions are based on the results of a thorough Cabinet-level study and on the groundwork which has been laid, since the beginning of the decade, by Congressmen RODINO and EILBERG and Senators EASTLAND and KENNEDY. These actions will:

—Make unlawful the hiring of undocumented aliens, with enforcement by the Justice Department against those employers who engage in a "pattern or practice" of such hiring. Penalties would be civil—injunctions and fines of $1000 per undocumented alien hired. Criminal penalties could be imposed by the courts against employers violating injunctions. Moreover, employers, and others, receiving compensation for knowingly assisting an undocumented alien obtain or retain a job would also be subject to criminal penalties.

—Increase significantly the enforcement of the Fair Labor Standards Act and the Federal Farm Labor Contractor Registration Act, targeted to areas where heavy undocumented alien hiring occur.

—Adjust the immigration status of undocumented aliens who have resided in the U.S. continuously from before January 1, 1970 to the present and who apply with the Immigration and Naturalization Service (INS) for permanent resident alien status; create a new immigration category of temporary resident alien for undocumented aliens who have resided in the U.S. continuously prior to January 1, 1977; make no status change and enforce the immigration law against those undocumented aliens entering the U.S. after January 1, 1977.

—Substantially increase resources available to control the Southern border, and other entry points, in order to prevent illegal immigration.

—Promote continued cooperation with the governments which are major sources of undocumented aliens, in an effort to improve their economies and their controls over alien smuggling rings.

Each of these actions will play a distinct, but closely related, role in helping to solve one of our most complex domestic problems: In the last several years, millions of undocumented aliens have illegally immigrated to the United States. They have breached our Nation's immigration laws, displaced many American citizens from jobs, and placed an increased financial burden on many States and local governments.

The set of actions I am proposing cannot solve this enormous problem overnight, but they will signal the beginning of an effective Federal response. My Administration is strongly committed to aggressive and comprehensive steps toward resolving this problem, and I am therefore proposing the following actions:

EMPLOYER SANCTIONS

The principal attraction of the United States for undocumented aliens is economic—the opportunity to obtain a job paying considerably more than any available in their own countries. If that opportunity is severely restricted, I am convinced that far fewer aliens will attempt illegal entry.

I am therefore proposing that Congress make unlawful the hiring by any employer of any undocumented alien. This employment bar would be implemented in the following way:

—Enforcement would be sought against those employers who engage in a "pattern or practice" of hiring undocumented aliens, with the Justice Department setting priorities for enforcement.

—Penalties for violation of the employment bar would be both injunctive relief and stiff civil fines—a maximum of $1,000 for each undocumented alien hired by an employer. A violation of a court injunction would subject an employer to a potential criminal contempt citation and imprisonment.

—An employer would be entitled to defend any charge of hiring an undocumented alien by proving that a prospective employee's documentation of legal residence, as designated by the Attorney General in regulations, was seen prior to employment.

—The Social Security card would be designated as one of the authorized identification documents; and we will accelerate the steps already being taken to make certain that such cards are issued, as the law now mandates, only to legal residents. Those steps include requiring personal interviews of card applicants and making the cards more difficult to forge. But no steps would be taken to make the Social Security card, or any other card, a national identification document.

—To further restrict job opportunities, criminal sanctions would be imposed on those persons who receive compensation for knowingly assisting an undocumented alien obtain or retain employment, or who knowingly contract with such persons for the employment of undocumented aliens. These sanctions are directed at the substantial number of individuals who broker jobs for undocumented aliens or act as agents for alien smugglers. It is not directed at those who inadvertently refer an undocumented alien to a job, such as an employment agency or a union hiring hall.

To make certain that all of these new sanctions are uniformly applied, they would pre-empt any existing state sanctions.

In addition to the creation of these new sanctions, efforts to increase enforcement of existing sanctions will be significantly increased. The Fair Labor Standards Act, which mandates payment of the minimum wage and provides other employee protections, would not only be strictly enforced, but its existing civil and criminal penalties would be sought much more frequently by the government. To date, the inability of the government to enforce fully this Act, due in part to a lack of resources, has resulted in the hiring of undocumented aliens at sub-minimum wages, thereby often displacing American workers. Two hundred sixty new inspectors will be hired and targeted to areas of heavy undocumented alien employment. Similarly, the Federal Farm Labor Contractor Registration Act, which prohibits the recruiting and hiring of undocumented aliens for farm work, would be tightly enforced. The Departments of Justice and Labor will work closely of exchanging information developed in their separate enforcement activities.

While I believe that both the new and existing employer sanctions, and their strict enforcement, are required to control the employment of undocumented aliens, the possibility that these sanctions might lead employers to discriminate against Mexican-American citizens and legal residents, as well as other ethnic Americans, would be intolerable. The proposed employer sanctions have been designed, with their general reliance on civil penalties and "pattern or practice" enforcement, to minimize any cause for discrimination. However, to prevent any discriminatory hiring, the federal civil rights agencies will be charged with making much greater efforts to ensure that existing anti-discrimination laws are fully enforced.

BORDER ENFORCEMENT

The proposed employer sanctions will not, by themselves, be enough to stop the

entry of undocumented aliens. Measures must also be taken to significantly increase existing border enforcement efforts. While our borders cannot realistically be made impenetrable to illegal entry, greater enforcement efforts clearly are possible, consistent with preserving both the longest "open" borders in the world and our humanitarian traditions.

I am proposing to take the following increased enforcement measures, most of which will require Congressional approval for the necessary additional resources:

—Enforcement resources at the border will be increased substantially and will be reorganized to ensure greater effectiveness. The exact nature of the reorganization, as well as the amount of additional enforcement personnel, will be determined after the completion in September of our ongoing border enforcement studies. It is very likely, though, that a minimum of 2000 additional enforcement personnel will be placed on the Mexican border.

—INS will shift a significant number of enforcement personnel to border areas having the highest reported rates of undocumented alien entry.

—An antismuggling Task Force will be established in order to seek ways to reduce the number and effectiveness of the smuggling rings which, by obtaining forged documents and providing transportation, systematically smuggle a substantial percentage of the undocumented aliens entering the country. The U.S. attorneys will be instructed to give high priority to prosecuting individuals involved in alien smuggling.

—The State Department will increase its visa issuance resources abroad to ensure that foreign citizens attempting to enter this country will be doing so within the requirements of the immigration laws.

—Passage will be sought of pending legislation to impose criminal sanctions on those who knowlingly use false information to obtain identifiers issued by our Government, or who knowingly use fraudulent Government documents to obtain legitimate Government documents.

—The State Department will consult with countries which are the sources of significant numbers of undocumented aliens about cooperative border enforcement and antismuggling efforts.

COOPERATION WITH SOURCE COUNTRIES

The proposed employer sanctions and border enforcement will clearly discourage a significant percentage of those who would otherwise attempt to enter or remain in the U.S. illegally. However, as long as jobs are available here but not easily available in countries which have been the source of most undocumented aliens, many citizens of those countries will ignore whatever barriers to entry and employment we erect. An effective policy to control illegal immigration must include the development of a strong economy in each source country.

Unfortunately, this objective may be difficult to achieve within the near future. The economies of most of the source countries are still not sufficiently developed to produce, even with significant U.S. aid, enough jobs over the short-term to match their rapidly growing workforce.

Over the longer term, however, I believe that marked improvements in source countries' economies are achieveable by their own efforts with support from the United States. I welcome the economic development efforts now being made by the dynamic and competent leaders of Mexico. To further efforts such as those, the United States is committed to helping source countries obtain assistance appropriate to their own economic needs. I will explore with source countries means of providing such assistance. In some cases this will mean bilateral or multilateral economic assistance. In others, it will involve technical assistance, encouragement of private financing and enhanced trade, or population programs.

ADJUSTMENT OF STATUS

The fact that there are millions of undocumented aliens already residing in this country presents one of the most difficult questions surrounding the aliens phenomenon. These aliens entered the U.S. illegally and have willfully remained here in violation of the immigration laws. On the other hand, many of them have been law-abiding residents who are looking for a new life and are productive members of their communities.

I have concluded that an adjustment of status is necessary to avoid having a permanent "underclass" of millions of persons who have not been and cannot practicably be deported, and who would continue living here in perpetual fear of immigration authorities, the local police, employers and neighbors. Their entire existence would continue to be predicated on staying outside the reach of government authorities and the law's protections.

I therefore recommend the following adjustments of status:

First, I propose that permanent resident alien status be granted to all undocumented aliens who have resided continuously in the U.S. from before January 1, 1970 to the present. These aliens would have to apply for this status and provide normal documentary proof of continuous residency. If residency is maintained, U.S. citizenship could be sought 5 years after the granting of permanent status, as provided in existing immigration laws.

The permanent resident alien status would be granted through an update of the registry provisions of the Immigration and Nationality Act. The registry statute has been updated three times since 1929, with the last update in 1965, when permanent resident alien status was granted to those who had resided here prior to 1948.

Second, all undocumented aliens, including those (other than exchange and student visitors) with expired visas, who were residing in the United States on or before January 1, 1977 will be eligible for a temporary resident alien status for five years.

Those eligible would be granted the temporary status only after registering with INS; registration would be permitted solely during a one-year period. Aliens granted temporary status would be entitled to reside legally in the United States for a five-year period.

The purpose of granting a temporary status is to preserve a decision on the final status of these undocumented aliens, until much more precise information about their number, location, family size and economic situation can be collected and reviewed. That information would be obtained through the registration process. A decision on their final status would be made sometime after the completion of the registration process and before the expiration of the five-year period.

Temporary resident aliens would not have the right to vote, to run for public office or to serve on juries; nor would they be entitled to bring members of their families into the U.S. But they could leave and re-enter this country, and they could seek employment, under the same rules as permanent resident aliens.

Unlike permanent resident aliens, temporary resident aliens would be ineligible to receive such Federal social services as Medicaid, Food Stamps, Aid to Families with Dependent Children, and Supplemental Security Income. However, the allocation formulas for Revenue Sharing, which are based on population, would be adjusted to reflect the presence of temporary resident aliens. The adjustment would compensate States and local communities for the fact that some of these residents—undocumented aliens—are currently not included in the Census Bureau's population counts. That undercount deprives certain States and communities of Revenue Sharing funds which, if Census figures were completely accurate, would be received and used to defray certain expenses caused by the presence of undocumented aliens. Those receiving adjustments of status through the actions I am proposing would be included in the 1980 Census, so that the allocation charges would have to be made only through 1980.

Third, for those undocumented aliens who entered the United States after January 1, 1977, there would be no adjustment of status. The immigration laws would still be enforced against these undocumented aliens. Similarly, those undocumented aliens, who are eligible for adjustment of status, but do not apply, would continue to have the immigration laws enforced against them.

In addition, the INS would expedite its handling of the substantial backlog of adjustment of status applications from those aliens entitled to an adjustment under existing law.

Finally, those persons who would be eligible for an adjustment of status under these proopsals must not be ineligible under other provisions of the immigration laws.

TEMPORARY FOREIGN WORKERS

As part of these efforts to control the problem of undocumented aliens, I am asking the Secretary of Labor to conduct, in consultation with the Congress and other interested parties, a comprehensive review of the current temporary

foreign worker (H-2) certification program. I believe it is possible to structure this program so that it responds to the legitimate needs of both employees, by protecting domestic employment opportunities, and of employers, by providing a needed workforce. However, I am not considering the reintroduction of a bracero-type program for the importation of temporary workers.

IMMIGRATION POLICY

Our present immigration statutes are in need of a comprehensive review. I am therefore directing the Secretary of State, the Attorney General, and the Secretary of Labor to begin a comprehensive interagency study of our existing immigration laws and policies.

In the interim, I am supporting pending legislation to increase the annual limitation on legal Mexican and Canadian immigration to a total of 50,000, allocated between them according to demand. This legislation will help provide an incentive to legal immigration.

I urge the Congress to consider promptly, and to pass, the legislation I will submit containing the proposals described in this Message.

JIMMY CARTER.

THE WHITE HOUSE, *August 4, 1977.*

TRIBUTE TO ERNEST PETINAUD

(Mr. HANLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HANLEY. Mr. Speaker, I am sure that you and all of our colleagues present in this Chamber on December 20, 1973, will never forget the very moving tribute paid to a dear friend of ours, Ernest Petinaud. It was on the occasion of Ernest's retirement that day, that the Members of this House gave him the longest standing ovation in anyone's recollection. It was on that occasion that you, Mr. Speaker, rose and said:

> Through the years, this kind of honor has been reserved for people associated with the President, mostly the President's wife, or on occasion a high monarch who would be visiting this body. So, Ernest has received, indeed, a rare privilege which all of us will always remember.

For the benefit of our colleagues who began their careers here in the 94th or 95th Congress, I would like to take just a moment to tell them a little bit about Ernest Petinaud. Ernie began his career with the House of Representatives on March 4, 1925, the day Calvin Coolidge was inaugurated to his elected term as President. His first job was as busboy in the House restaurant, where he continued working until 1930. At that time, he was not yet a U.S. citizen. He was born in Jamaica, his father was a native of the British West Indies, and his mother a native of Panama.

During the early 1930's, Ernie worked in New York and aboard ships. In 1938, he returned to the House of Representatives as a U.S. citizen. He went back to the House restaurant, where he worked his way through the ranks to become first waiter, and then maitre d' in January of 1962.

In his private life, Ernest has been an inspiration. His mother was an invalid for 25 years, and until her death in 1936, he devoted himself to her well-being. Not until her death did he enter into matrimony. In his retirement, he has been engaged heavily in social work, especially helping the needy. By a unanimous vote of this body, he has received the John McCormack Award for Excellence.

I could go on at length, listing the characteristics that made Ernest Petinaud unique in our hearts. His warmth and kindness and generosity and friendliness and genuine care for us and our families made him a joy every day. He, himself, is an institution which can never be replaced.

For all the years Ernest Petinaud was the Ambassador of Goodwill in the House Members' Dining Room, it was his room. For many of us, it still is and always will be. It is, then, altogether fitting and proper that I can say today, with great warmth and affection, that from this day forth, the House Restaurant will be known officially as the Ernest Petinaud Room. No one is more deserving of a lasting tribute in the Halls of the U.S. Capitol.

PROCLAMATION

By virtue of the authority vested in us, the facility used as the Members' Dining Room will as of this date, in honor of a great American whose association with it is acclaimed by all, be known as "The Petinaud Room."

THE HOUSE OF REPRESENTATIVES OFFICE BUILDING COMMISSION,
THOMAS P. O'NEILL, JR., *Speaker.*
JAMES C. WRIGHT, JR., *Majority Leader,*
JOHN J. RHODES, *Minority Leader.*
Dated: August 4, 1977.

JUSTICE DEPARTMENT'S POSITION ON "BRAINWASHING" AND CULTS

(Mr. GIAIMO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. GIAIMO. Mr. Speaker, for more than a year and at the request of constituents, I have been pursuing with the Department of Justice the question of "brainwashing" and the seemingly religious cults. Many of my colleagues have joined me in this effort, and others are well aware of it through communications with their constituents.

On May 26, I reported on the meeting which I had with Justice officials. Subsequently, after giving these officials the opportunity to reflect on the issues discussed, I asked the Department to advise me of its position concerning the possible application of Federal criminal laws to this situation.

I have received the department's official reply, and it is evident that there is little if anything that the Federal Government will do to respond to these allegations of "brainwashing" by former cult members or parents. The Department states emphatically that "evidence that sect members do not have the capacity to exercise a free will is inconclusive." Even if it can be shown that sect members' consent has been diminished by the sect, the Department believes that remedies other than Federal criminal sanctions should be sought.

Mr. Speaker, I realize that the Department's conclusions will not be accepted by many of the parents of cult members. This recent letter, however, merely reiterates the response which I received last year to an earlier request for the Department's position. In addition, because of the constitutional issues involved, any attempt to draft legislation to encompass within the criminal statutes "brainwashing" or "mind control" will be considered unfavorably by the very department which would have to enforce the law.

I wish that I could advise those concerned parents and citizens of what must now be done, but I am not sure what our course should be. This entire controversy and the Justice Department's reply leave me very perplexed. As a society, we need to give this issue a great deal of thought before determining what action—if any—should be taken.

For the benefit of my colleagues, I am inserting the complete text of the Department's letter.

Hon. ROBERT N. GIAIMO,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN GIAIMO: Thank you for your letter of June 24, 1977.

Since your meeting on May 18, 1977, with representatives of the Criminal Division, we have reviewed the manuscript submitted by Professor Richard Delgado. In addition, the FBI, at our request, contacted Dr. Margaret Singer, who was unable to provide any specific data. As a result we have requested the FBI to interview 18 other persons who may possibly possess information relating to criminal activity by persons associated with religious sects. In connection with these interviews, the FBI is being requested to determine: (1) if the individual was actually physically restrained by any religious sect, or (2) if the individual was actually present and observed another being physically restrained by any religious sect. The FBI has been instructed to limit the interviews to this area of inquiry and that it should be made clear to the interviewees that the FBI is not conducting a general inquiry into the activities or religious practices of any religious sect.

It continues to be the position of the Criminal Division that allegations of "brainwashing," "mind control," "thought reform" or "coercive persuasion" would not support a prosecution under the Federal kidnaping statute. We are brought to this conclusion by the statute and its judicial interpretation. In *Chatwin* v. *United States*, 326 U.S. 455, the defendants, members of a Mormon cult persuaded a 15 year old mentally retarded girl that a "celestial" or plural marriage was essential to her salvation and she was taken interstate to consummate such a marriage. Subsequently, the defendants were convicted under the Federal kidnaping statute. The Supreme Court, in reversing the convictions, concluded that there was no evidence that the victim had been confined against her will or that she lacked the mental capacity to understand the concept of "celestial" marriage and to exercise her own free will in this regard. In short, the purpose of the statute is to outlaw interstate kidnapings rather than general transgressions of morality involving the crossing of state lines. Therefore, in our view, a prosecution under the kidnaping statute could not be sustained based on evidence that an adult of normal intelligence had been "brainwashed" into continued association with a religious sect. Similarly, it

continues to be our position that these allegations would not be sufficient to sustain Federal criminal prosecutions under statutes pertaining to peonage, slavery, and involuntary servitude.

We are aware of only one criminal prosecution based on an allegation of "brainwashing." In *People of the State of New York* v. *ISKCON, Inc., et al.*, Queens County Supreme Court Nos. 2114–76, 2012–76, the defendants were charged with false imprisonment in the first degree. The prosecution's theory was that defendants, leaders of the Hare Krishna organization, falsely imprisoned members by deception and intimidation. In dismissing the indictment, the court said:

Religious proselytizing and the recruitment of and maintenance of belief through a strict regimen, meditation, chanting, self-denial and the communication of other religious teachings cannot under our laws—as presently enacted—be construed as criminal in nature and serve as the basis for a criminal indictment.

To sustain this indictment would open the so-called "Pandora's Box" to a plethora of unjustified investigations, accusations, and prosecutions that would go on ad infinitum, to the detriment of the citizens of our State and place in jeopardy our Federal and State Constitutions.

We have considered the possibility of new legislation in this area. However, any legislation which would intervene in the practices of a religious sect would be an infringement of the sect's free exercise of religion. The free exercise of religion guaranteed by the First Amendment embraces two concepts: the freedom to believe and the freedom to act. The freedom to believe is absolute, but the freedom to act may be subject to regulation for the protection of society. *Cantwell* v. *Connecticut*, 310 U.S. 296. Legal restrictions, however, cannot be placed on religious activity in the same manner that they may be applied to secular activities. The power of the government to regulate secular activities, so far as due process is concerned, includes the power to impose all of the restrictions which a legislature has a rational basis for adopting. However, religious activity may not be restricted on such grounds. It is succeptible of restriction only to prevent grave and immediate dangers to interests which government may lawfully protect. *Sherbert* v. *Verner*, 374 U.S. 398, *Church of Scientology* v. *United States*, 409 F. 2d 1146 (D.C. Cir., 1969) cert. denied 396 U.S. 963.

Even if a sect requires its members to undergo long hours to work, training, and indoctrination with limited amounts of food and sleep, it is questionable that these activities present a grave and immediate danger either to society or the member so as to warrant the imposition of Federal criminal sanctions. This problem is further complicated by the difficulty, if not impossibility, of determining whether a member conforms his actions to the dictates of a sect leader because of a sincere religious belief that the leader speaks the will of God, or because the member is merely a victim of "brainwashing." Any legislation which sought to restrict religious activity on the basis that sect members' adherence to the religion was based on "brainwashing" would seem to require a finding that the members' religious beliefs were false. Judicial determination of the truth or falsity of religious beliefs has been rejected by the Supreme Court. *United States* v. *Ballard*, 322 U.S. 78.

As Professor Delgado correctly points out in his manuscript, any government intervention in the practices of a religious sect must be based on a showing of "societal harm," and the degree of "societal harm" must be balanced against the interest of the sect in practicing its religion. Under this balancing test, any government intervention in religious activities should be of the least onerous kind as to correct the "societal harm" and at the same time recognize the interests of the sect in practicing its religion. The imposition of criminal sanctions, of course, is the harshest form of intervention that the government can impose.

It has been our experience that members of these religious sects are apparently competent, consenting adults. In our view, evidence that sect members do not have the capacity to exercise a free will is inconclusive. Even if it can be shown that sect members' consent has been diminished by the sect, we believe that this is the kind of wrong which should be corrected by remedies less onerous than Federal criminal sanctions.

Professor Delgado suggests certain preventive remedies such as disclosure requirements for certain religious sects. Such requirements, of course, invite Constitutional challenges. He also suggests post induction remedies such as tort actions and conservatorship proceedings. As you know, a number of parents have used State conservatorship laws to obtain custody of their adult children for purposes of "deprogramming." The validity of these conservatorship proceedings is now being challenged in the courts.

We recognize the hurt that parents suffer when their adult children give up their former way of life to join a religious sect. It is our position, however, that this is not a subject for judicial scrutiny by way of the Federal criminal justice system.

I hope the foregoing information clarifies our position on this subject.

Very truly yours,

BENJAMIN R. CIVILETTI,
Assistant Attorney General,
Criminal Division.

By: ROBERT L. KEUCH,
Deputy Assistant Attorney General.

DOUBLE STANDARD BY ADMINISTRATION IN TREATMENT OF REPUBLIC OF CHINA—TAIWAN

The SPEAKER pro tempore (Mr. KILDEE). Under a previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 60 minutes.

GENERAL LEAVE

Mr. CRANE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter therein on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CRANE. Mr. Speaker, the Carter administration has followed, what seems to me, a clear and deliberate double standard in its diplomatic policies. On the one hand, we have administration spokesmen as Andrew Young—and on occasion, the President himself—loudly criticizing our pro-Western friends and associated states for their internal political practices. Rhodesia has been virtually extinguished by American policy to the extent that we will no longer even permit its information office to exist on U.S. soil. We have begun to adopt a "Cold War" policy toward South Africa. Our troops will be removed from South Korea and the administration and its congressional supporters have been particularly hard on the Park regime. Many other countries around the world that were friendly to the United States have received tongue lashings for their respective attitudes toward "human rights." Some of these have reacted harshly. Five Latin American states, for example, have already independently rejected American military assistance. On the other hand, the Carter administration has begun a cautious but discernable rapprochment with some of the world's most tyrannical rulers. There are many signs that we are on the verge of closer relations with Castro's Cuba. In Latin America, again while we simultaneously criticize Chile, Argentina, and Brazil for violations of human rights, we pursue a policy of silence on human rights with Panama's Torrijos in order to arrange a transfer of sovereignty in the canal. Some of our most cultivated friends in black Africa have internal political systems many times as "repressive" as South Africa and Rhodesia are alleged to be. We are making overtures for better relations with Communist Vietnam, and we have supported Vietnam's admission to the United Nations. In short, Mr. Speaker, we seem to have our priorities reversed: We condemn our friends while we simultaneously look the other way in dealing with governments that, by their very definition, are opposed to our foreign policies and to our philosophic commitment to Western civilization and values.

Nowhere is this double standard more apparent, Mr. Speaker, than in our recent diplomatic overtures toward Communist China. Here is the clearest and most brutal testimony to the unwillingness of the administration to see the difference between friend and enemy. Secretary Vance's speech of June 30 outlined for all to see precisely what the administration has in mind for the two Chinas. He left do doubt that there will be little room for the Republic of China on Taiwan and that the President is firm in his intention to establish full relations with the Communist mainland. "We will continue to be guided by the principles of the Shanghai Communique," the Secretary said, "and on that basis we shall seek to move toward full normalization of relations." Mr. Vance's speech is all the more important since it is widely known to have been the definitive administration statement in China policy. The speech is enlightening both for what it said and for what it did not say.

In the first place, the speech is notable—in fact, amazing—since it makes absolutely no mention of the Republic of China or even Taiwan. Nor was this accidental. A State Department source, briefing reporters on the Secretary's statement, said that it was "a conscious act, both what is included in it and what is not." And yet we have full diplomatic relations with our longstanding ally, the Republic of China. The point was not lost on the Taiwanese. As they saw it, Mr. Vance not only pledged full diplomatic recognition of Peking but, more importantly, he snubbed the Nationalist Government in a way calculated to ignore them officially. "The Secretary of State's address could be construed as a calculated insult to this country," said one Taipei daily. It was bitterly noted that the Secretary's speech also ignored Taiwan's economic progress

while praising the "economic miracles" of Japan, South Korea, Singapore, Indonesia and the Philippines. In terms of economic growth, Mr. Speaker, it happens that Taiwan rivals South Korea for second place in Asia behind Japan in standard of living and development. Also, let me remind the administration that Taiwan's present trade with the United States is greater than that of France. Moreover, by the early 1980's Taiwan will almost certainly be formally ranked as one of the world's developed nations.

It would have been, of course, most impolite for Mr. Vance publicly to forsake Taiwan or to abrogate our mutual defense treaty. This he did not do. But he went out of his way to send a message to Peking that the United States is searching for the means of breaking relations with the Republic of China and "normalizing," therefore, relations with the mainland. What does this mean, Mr. Speaker, for our historic association with free China? I think that the answer to this lies in Peking itself. That government, both under Mao Tse-tung and afterwards, has made it abundantly clear that any normalization process, by its very definition, means the abandonment by the United States of its defense treaty with Taiwan. Recently, in fact, the Red Chinese have been even more insistent on this. Early in July, for example, Li Hsiennien, the senior deputy Prime Minister and third-ranking Communist Party member, repeated the three conditions necessary from Peking's view for improvement of relations: Abrogation of the 1954 mutual security treaty with Taiwan, removal of all U.S. troops, and severance of diplomatic relations. In spite of these conditions, the administration is proceeding ahead with its pro-Peking initiatives. Secretary Vance will followup his speech with a trip to the mainland on August 22. The Carter administration says that its policy stems from the 1972 Shanghai Communique, which they claim is a promise to break relations with Taiwan and to end the mutual-defense treaty. In reality, however, this not true. Both Richard Nixon and Henry Kissinger have recently said that they never explicitly promised to do either of these. In fact, former Secretary of State Kissinger said back in 1972—after the announcement of the Shanghai Communique—that the defense treaty with Taiwan "will be maintained" along with "our friendship" and "our diplomatic ties."

Clearly then, the Carter administration plans some new initiatives toward China. Perhaps not next month, but sometime in the near future. But if we accept Peking's terms, how can we continue to defend Taiwan? The answer, of course, is that we cannot and that we will not. We are headed, I'm afraid, toward the abandonment of another friend; in this case one of our oldest and most loyal of friends and a country which happens to be the 40th largest independent nation in the world.

Mr. Speaker, I rise in opposition to this foreign policy. It is immoral, hypocritical and violates our national interest. I do not believe for 1 minute that the Congress will permit our historic ties with Taiwan to be washed away in order to mend fences with one of the world's most inhumane and oppressive regimes. The pro-Western society in Taiwan has the right to exist as a free nation and we have an obligation to defend it. The mainland Chinese have scarcely disguised their future intentions toward our friends. "There are many counter-revolutionary elements on Taiwan," Peking's Vice Premier Chi Teng-huei said last May 15, "I even think that armed force may be the only way to liberate Taiwan." In light of these sentiments—which the Communist Chinese have consistently maintained—how can we justify even considering a change in policy?

In fact, there are no justifications. The Carter administration is evidently controlled by ideologues who are attempting to reverse the rich and historic ties with anti-Communist allies such as Taiwan. Although the President has alluded vaguely to the 1954 defense treaty, he will not be able to escape the moral dilemma which his pro-Peking policy has placed him in. How can we continue to defend Taiwan while we pursue normal relations with Communist China—a country which considers Taiwan to be part of its territory and which loudly announces that it will not shrink from using force to settle the issue?

Accepting Peking's terms for diplomatic relations would upset all major tenets of American foreign policy in Asia. It would practically end any further reliance which free Asian nations would have in American commitments and trigger a reassessment of the value of American commitments among even our NATO allies.

It would ridicule beyond rescue the administration's proclamation on human rights. It would completely overturn the strategic and military picture in Northeast Asia, with implications that might be profound for the remainder of this century. It could cause Japan to seek its own security wtihout American help. It might also reduce the American presence in Asia to practically zero; an isolationist stance which helped bring on World War II. In short, Mr. Speaker, we are flirting with disaster. I strongly urge the President to think deeply about the policy he is embarking upon. I am confident that neither the Congress nor the American people will stand by while Taiwan is ignored or shoved aside in favor of Red China. I hope, finally, before it is too late, that the administration will wake up to the central fact in foreign policy: that we cannot sacrifice our friends and reward our enemies and still expect to survive as a free and prosperous nation.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I would be happy to yield to my distinguished colleague.

Mr. DERWINSKI. I thank my colleague from Illinois for yielding to me.

I realize the gentleman from Illinois is by profession a historian, and he is one of the truly legitimate scholars of this House. I know that he has special concern over this inconsistency in foreign policy. Does the gentleman think that perhaps the State Department, and therefore the White House, have been befuddled by the wall posters that appear in Peking and do not realize that behind them lies nothing but the world's most brutal dictatorship?

There must be some explanation in this effort to embrace Peking. I cannot see it myself. Does the gentleman have any clue?

Mr. CRANE. I cannot really speak for the administration, and I cannot say whether it is the result of reading the wall posters in Peking, but I feel that perhaps they have succumbed to the notion that by the repudiation of little countries—and I am thinking here of at least the countries of South Korea, and the Republic of China—that they feel that abandoning little countries may serve some long-term greater gain for world peace. It seems to me that such a policy is fundamentally inconsistent with the idealism that is contained in the human rights declarations by this administration.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

I personally deplore the excursion we were taking into politics, where we were led by the gentleman from Illinois (Mr. DERWINSKI), but I do want to salute the gentleman in the well for his wisdom and courage in bringing this matter to our attention, the matter of our abandonment of our longtime ally Taiwan. I think in the area of human rights, with so much stress in the media, inherent in that concept is the idea of national honor. This country has been a staunch friend to other countries in the world, and Taiwan certainly is one of our traditional allies. To even hint at the abandonment of that traditional ally because of some speculated gain of détente with the People's Republic of China would seem to me to be a gross betrayal of that integrity and that honor which has been the hallmark of this country for so many years. I hope that bringing this matter to the attention of the American people and to the Congress, as the gentleman is doing, will have a salutary effect and remind this administration and the previous administration—I am speaking of the Shanghai declaration when Mr. Nixon visited China—seemed to be in derogation of those ideals which we hold dear. So I salute the gentleman, compliment him, and I associate myself with his remarks.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Speaker, later this month Secretary of State Cyrus Vance will be going to Peking. What happens as a result of Vance's trip will tell if President Carter is bringing a change to Washington, D.C., or if he is just following in the footsteps of his predeces-

sors that he decried so much during last fall's campaign.

During the Presidential campaign Jimmy Carter promised continuing support for the independence, freedom, and security of Taiwan, the Republic of China. Lately, no words like "commitment" and "protection" are being heard. Rather the Carter administration seems determined to carry out the policy started by Secretary of State Kissinger: Full diplomatic recognition of Communist China and abandonment of our longtime friend and ally the Republic of China on Taiwan.

The people of Taiwan and the other islands are developing an advanced society. Through hard work they have become one of the major trading nations of the world. Under a largely free enterprise system the Republic of China on Taiwan is one of the very few countries of the world that once received U.S. foreign economic aid and no longer does.

What is the Carter answer to this record of success? From information circulating in Washington it appears to be cut Taiwan adrift and embrace Communist China on the Communists' terms. It is the same old policy of the State Department of ignoring our best interests and those of our friends to try to impress those who are the slavemasters of 800 million people. The old-fashioned word for such a policy is betrayal: Betrayal of the basic principles Americans hold dear.

Communist countries never have respected a policy of weakness. One of the main reasons Communist China wants closer relations with our country is to counterbalance the Soviet Union. To be a counterbalance the United States must show that it has strength. By abandoning free China U.S. policy does not exhibit strength.

A sensible and consistent American policy in Asia can be fashioned. It just takes some backbone on the part of the Carter administration. The policy can be that which is followed in regard to Germany and that is there is one China but two governments. The recognition of both governments is possible. There is no breaking of the Mutual Defense Treaty with free China and no abandonment of it.

At this point I include the text of an article on this subject by my good friend M. Stanton Evans, as it appeared in the July 30 issue of Human Events:

"NORMALIZATION" WITH RED CHINA WILL MEAN ABANDONMENT OF TAIWAN

(By M. Stanton Evans)

Having successfully blitzed our friends in Africa and Latin America, the Carter Administration is now devoting itself more closely to events in Asia.

The latest effort of the Carter regime is the abandonment of our anti-Communist allies in Taiwan in order to please the Communists in Peking. The signs of what is happening are unmistakable. Every effort is being made to "normalize" relations with Red China, prepare the abrogation of our mutual security treaty with Taiwan, and perfect the diplomatic isolation of the anti-Communists in Taipei.

The nature of this policy has been apparent for months, but Secretary of State Cyrus Vance made it official in a general way in a recent address to the Asia Society in New York. "We consider friendly relations with China to be a central part of our foreign policy," he said. "China's role in maintaining world peace is vital. A constructive relationship with China is important, not only regionally, but also for global equilibrium." He meant Communist China. No mention was made of the Republic of (anti-Communist) China.

This high-level overture, though characteristically short on specifics, assumes additional meaning in the light of President Carter's similar statement a month before at Notre Dame. In this address, the President stated: "It is important that we make progress toward normalizing relations with the People's Republic of China. We see the American-Chinese relationship as a central element of our global policy, and China as a key force for global peace. We wish to cooperate closely with the creative Chinese people on the problems that confront all mankind. We hope to find a formula that can bridge some of the difficulties that still separate us."

These statements, and the news that Vance will journey to Peking next month, merely serve to confirm the signals that have been floated out through various segments of the press for several months. The Carter regime is moving toward recognition of "the creative Chinese people," by which is meant the Communist dictatorship that rules those people from Peking.

The Communists have made it plain, however, that any such "normalization" requires the ditching of Taiwan, and it is interesting in this respect that Carter's pledges to assure the protection of Free China have been slowly vanishing like a diplomatic Cheshire Cat.

On the campaign trail last fall, candidate Carter said he would never let the quest for "normalization" with Peking "stand in the way of preservation of the independence and freedom of the people in Taiwan." He also stated: "I wouldn't go back on the commitment that we have had to assure that Taiwan is protected from military takeover." In more recent statements, such talk of "commitment" and "protection" is no longer heard. What we have instead is a sentiment or hope: "We don't want to see the Taiwanese people punished or attacked," as Carter put it in a recent press conference.

The Carter defense of all of this is that it merely continues the policy launched by Richard Nixon and Henry Kissinger—which in a sense is true. The Nixon "rapprochement" with Peking in 1971–72 set in motion a train of events that resulted in Free China's ouster from the United Nations, numerous snubs of Taiwan in our diplomatic policy, and active efforts to discourage trade and other relationships with Taipei. Free China's ambassador to the United States, for instance, has not had an audience with high American officials for four years, while Red China's spokesman had ready access to Dr. Kissinger and has frequently conferred with Vance.

From the Communists' standpoint, however, all this is not enough. They want us to abrogate our 1954 mutual security treaty with Free China, remove our few remaining forces there, and accede to Peking's claim that Taiwan is part of China to be manhandled by the Communists as an "internal matter." There is little doubt that treaty abrogation is in prospect, while the force pullbacks in considerable measure have already been accomplished (down to 1,400 from about 10,000 a few years back).

The touchy final issue is how to handle the Communists' demand that they be allowed to gobble up Taiwan as they see fit. This was glossed over in Nixon's deliberately cryptic "Shanghai communiqué," which merely acknowledged that both regimes contend "Taiwan is a part of China" without asserting which regime was the rightful claimant. For what it may be worth, Kissinger insists the United States did not intend to abandon Taiwan to a Communist takeover.

Now it appears the Carter regime may be prepared to bite this final bullet: Administration statements keep stressing the need for friendship with Peking while avoiding reference to our commitments to Taiwan. The Shanghai communiqué, which might mean anything or nothing according to whim and has no binding legal status, is treated as the lodestar of American policy. The mutual security pact with Taiwan, which is quite explicit and is a commitment of the United States at international law, is pointedly ignored. The drift of it all is plain enough: Look for a move to abrogate the mutual security treaty fairly soon.

Mr. CRANE. I thank the gentleman for his remarks.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, my friend and colleague, Representative CRANE, has performed a great service by reserving time for this Special Order for the purpose of alerting our colleagues and the public to the dangers implicit in what we must assume is the Carter policy toward China.

I say that we must assume this, because no one appears to be sure, least of all the members of the President's own administration. Most recently, the President refused to meet with Ambassador Chen of the Republic of China. Ambassador Chen is as distinguished as he is loyal as a reliable friend to our country in which he has lived for many years. Despite the history of friendship between our two nations, friendship which is formalized in treaty form and symbolized in favored trade relations, the Ambassador recently remarked that he is beginning to feel the proverbial cold shoulder from the Carter administration.

This appearance of a deliberate souring of American-Taiwan relations by the Carter administration became more pronounced with the recent White House "leaks" which indicate as reported by the press that the State Department is preparing a formalized diplomatic recognition of Red China to the deliberate exclusion of the Republic of China. Despite our long history of friendship with the island fortress of 15 million Taiwanese and Chinese who comprise the Republic of China, and despite our legal obligations as a treaty holder with that country, some would have us break these ties of friendship in pursuit of an elusive diplomatic affair with Red China.

Such a policy, if it is indeed our policy, is as unwise as it is immoral. Events in China, the most populous country in the world, have repeatedly influenced international relations. The impact of China for the rest of the world, whether for good or bad, is bound to grow rather than to decline. We cannot afford to be cavalier with them. We cannot court the free Chinese one day, only to "dump" them in favor of the Red Chinese the next without bringing upon ourselves unnecessary troubles in international affairs.

Constancy and reliability in friendship is always a sound policy. It is a good policy, and we should never have infidelity and the instability which breeds mutual distrust become institutionalized elements in the conduct of our American foreign affairs. It is to our national interest to maintain as amicable relations as we can with the People's Republic of China in lieu of our greater differences with them, never forgetting their avowed and active role as an expansionist Communist empire. Likewise, it is to our interest to maintain strong ties as we always have with the Republic of China, not jeopardizing them or antagonizing our loyal friend.

It was once said of the old Kissinger policy of unilateral détente that it was essentially a policy of preemptive appeasement. It was a policy predicated on the notion that, simply speaking, we can give away concessions in the hope of finding quick remedies to any breakout of international tensions.

Mr. CRANE. Mr. Speaker, I thank my colleague, the gentleman from Maryland, for those remarks.

Mr. DICKINSON. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I had the privilege recently of visiting Taiwan, where I spent approximately 1 week, and I returned just a week ago from my visit. The purpose of my trip was to visit the World Anti-Communist League.

About 1 year ago it was my privilege as a member of the Committee on Armed Services, to visit the People's Republic of China—Red China—where I spent about 10 days.

Following these two visits, I had a unique opportunity to compare the two governments, since I talked to people from both countries.

Let me say first that I know of no people or no ethnic group for whom I hold a higher regard than the Chinese—I do not care whether they are on the mainland or in Taipei or the United States, in San Francisco or Chinatown, wherever they are. They are hard working, industrious, and for the most part, religious—or they would like to be.

I think the Chinese people are tremendous; they are great. I have enjoyed their hospitality, and I respect their cultural background.

But when we get down to comparing Taiwan, or free China, with the people on the mainland, we cannot help but have a very deep feeling of sorrow and remorse for the 800 million-plus who are living under conditions in which the things that we consider to be human rights have been almost totally taken from them.

This administration is great, if one listens to its rhetoric or to its campaign promises. Human rights? We say, "Hurrah." What is this about human rights?

Well, it is the right to own property, it is the right to vote, the right to travel freely, the right to mingle and assemble; it is the right to exchange ideas. Human rights can be a myriad of things.

All of these things, without exception, are denied in mainland China and yet are granted on the island of Taiwan. But this administration, in some sort of a paroxysm of human rights fit, says that we are interested in human rights—but only selectively. They do not admit that, but that is the way it works out. We are interested in human rights here if it suits our purpose; we are interested in human rights there if it suits our purpose.

There are 16 million people-plus on Taiwan, and last year they conducted over $4 billion in trade with us—twice as much as we had from mainland China.

There are 800 million people in mainland China who cannot worship as they please, who cannot travel as they please, and they have no vote.

But we are in the process, Mr. Speaker, of turning our backs on our traditional friends.

I am talking about the last 25 years, and I refer to the Korean engagement and the Vietnamese engagement. We have used military bases there, they have repaired our vehicles, they have repaired our tanks; they have even offered us troops, but we have declined that offer.

I refer, of course, to the Taiwanese.

During the same conflicts, the mainland Chinese, the Red Chinese, were furnishing men, materiel, armament, and weapons of war that were used against us, and in fact they were killing American citizens, killing our servicemen.

Yet now it has become expedient to ignore that fact and turn our backs on our friends. What evidence do we have of that? I will explain that in just a moment.

It seems that we would recognize a government which is not at this point particularly stable, and I refer to mainland China.

To withdraw diplomatic relations at this point with our traditional friends and bestow diplomatic relations on those who have been our traditional enemies for at least 25 years is I believe, a mistake.

I cannot understand, Mr. Speaker, why it is that the Communist regime in Peking is allowed to dictate to us the terms—and they are telling us the terms—by which we can have normalized relations.

What do we need from them? They have even insisted upon terms: We must withdraw diplomatic recognition from Taiwan is No. 1.

Secretary of State Vance has said that there is only one China. If we withdraw diplomatic recognition here and restore it there, it is the same as what happened in the United Nations. Not only was Red China admitted; we kicked out Taiwan.

The same is true here. What we say is a contradiction in terms of what this administration has said it stands for. It is not prohuman rights. It is antihuman rights. Why we go so far out of our way to accommodate those who do not believe in God, who suppress religion, who suppress human rights in every aspect with which I am familiar, and who abrogate the rights of our traditional friends is, indeed, passing strange.

Mr. Speaker, I would like to express to my friend in the well, the gentleman from Illinois (Mr. CRANE), my appreciation for his setting up this special order and my appreciation for the opportunity to participate. I would hope that out of this and out of the participation of those who are here this evening we can at least call the attention of the people of this country to what it is that this country is doing. It is a sham, a charade, a facade; and we are fooling the American people if we think that this administration is indeed interested in human rights.

If our Secretary Vance is going over there to withdraw recognition from those who recognize human rights and to bestow recognition on those who deny human rights, it will bring eternal shame on our Nation.

Mr. Speaker, I want to share with you the experience I just had in Taipei, Republic of China, free China, during Captive Nations Week 1977, July 17–23. I was the American speaker at the assembly of the World Anti-Communist League, an organization of people who have escaped from many nations that are now dominated by Communist totalitarianism, people who know how it is to live under communism and who dream of seeing their nations free.

The theme this year was: "Anti-Communism for Freedom and Human Rights". Today we hear a lot being said about human rights in certain quarters. However, I do not believe enough is being done about the human rights of those people living under Communist domination. Indeed, persecution and the denial of fundamental human rights continues unabated behind the iron and bamboo curtains. We see an intensified clampdown on dissenters in the Soviet Union and Eastern Europe.

This get together marked the 19th anniversary of Captive Nations Week. In 1959, the U.S. Congress passed the Captive Nations Week resolution which President Dwight D. Eisenhower signed into U.S. law. The historic resolution continues to focus American moral and political attention and concern on the world's captive nations and peoples who are under Communist domination. Although the act is still in force this year, it lost a little of its meaning and impact because our President, this President, for the first time in the 19 year history of the resolution was 4 days late in signing the annual proclamation. Dr. Lev Dobriansky, who heads the National Captive Nations Committee, said he was "at first informed that there would be no proclamation." Then, 4 days later, the President signed a "weakly worded proclamation."

Today as we meet here well over a billion human beings still live under Communist domination. Many in our country urge that we "coexist" and cooperate with tyranny, but I am not one of them. Freedom and slavery are in perpetual conflict and, in the end, one or the other must triumph. We in the free world must recognize that we cannot rest cozy and

secure when other peoples one by one are losing their freedom to Communist oppression. The choices, as I see them, are either to survive by doing what we must or gradually giving in to communism.

I was personally shocked and disgusted by this and other strange inconsistencies which cut through the White House public relations campaign about human rights. Throughout the Presidential election campaign and since the inauguration—we have heard a lot of talk from the White House about the "Crusade for Human Rights." But to a lot of people, this whole human rights thing is hollow, with a lot of double talk and double dealing about whose human rights the U.S. administration is advancing. That is the way the people at Taipei saw it.

Word continues to leak out about inhumane treatment and imprisonment of human beings who simply desire to do personal things like worship God—having nothing to do with politics. We hear especially that among the President's own faith, Baptist, are some of the most persecuted in Russia today. It is clear to me, in spite of pledges to the contrary made by the Soviet and Eastern European Communists, 2 years ago during the Conference on Security and Cooperation in Europe, no actual human rights improvements have been realized in that area of the world. All we have seen this year, as the same 35 nations convened again, are public relations-type demonstrations and statements from behind the Iron Curtain about improved human rights, new constitutions and the like—but nothing of substance has been accomplished for real human rights.

In spite of the bad faith and the phonyness that we see coming from the Communist side in this total human rights matter you do not see much better coming out of our own administration. As a matter of fact, to some of the people I talked to at Taipei, it looks a lot like U.S. aid and comfort is going to the Communist dictators who are enslaving half the world and not to the enlsaved. Is the administration giving moral aid and comfort to the enslaved Cuban and Vietnamese people by initiating diplomatic relations with Castro or when our U.N. Representative welcomed the Communist dictatorship of Vietnam to U.N. membership? Of course, U.S. liberals such as Senator GEORGE MCGOVERN cheered these moves. Do these White House actions seek freedom for the enslaved Cuban and Vietnamese peoples or does it seal their fate.

I faced very concerned people all week at Taipei, who were wondering what the administration is up to. Thailand has been threatened with a cutoff of U.S. aid if she does not develop a suitable human rights plan. Anyway, if Thailand falls to communism as a result, we will have two new friends, North Vietnam and Cuba, who we are planning to aid and to trade with. And, of course, after the Thais go Communist then maybe we will drop the requirement for a human rights plan and then they can be our friends and receive aid and trade.

When we force Rhodesia to turn over power to a Communist-backed dictatorship, will any Rhodesian, black or white, be free? Let us listen to our U.N. Ambassador about the Communist in Africa. He says the Cuban Communist presence in Africa has brought stability to that area, so it is OK. I wonder what the Angolans who do not want to be Communist would say about this. Of course, Stalin brought stability to Russia and Hitler to Germany.

Will the President's withdrawal of U.S. troops from Korea be an act for human freedom if it backfires and our firm friends, the Korean people, fall under Communist bondage? A good question.

In April of last year I went to Communist China as a member of the Armed Services Committee. I saw a drab, colorless, sad society—people without joy—regimented from birth. I was saddened when I heard a propagandized child say, "I was happy when I woke up this morning because last night I dreamed of Chairman Mao." What a lot of unnatural "bull" they require their people to do. An example of the yearning for liberty by people on the mainland, was the occasion several weeks ago when a pilot of the Chinese Communist Air Force flew his Mig to Taiwan at some risk to his own safety. When asked why he did it, he replied, "I could not stand to live any longer without freedom."

What did he escape to? What did he escape from? Although starting at a point of equal devastation with the Communists in 1949, the Democratic Republic of China, ROC, has far outdistanced Communist China in every measurable field of comparable endeavor. The Republic of China has enjoyed substantial growth and now has one of the highest standards of living in Asia. The per capita income in the Republic is approximately three times that of Communist China. This progress is a characteristic of freedom.

In contrast to Communist China, the free Chinese who I just saw are bright, happy, creative and a very progressive people. I wish you could experience first hand as I have the contrast of a free people and a captive people. It is devastating. It makes you never want to do anything or support anybody or any program that might cause people to lose their freedom. Secretary of State Vance recently said, "there is but one China." This is not true, there are two Chinas—I have seen them both. One is a dictatorship that enslaves hundreds of millions and the other is free and carrying on the traditions and ancient culture of the Chinese people. Dr. Walter Judd, a former Congressman, a friend of mine, who is chairman of the Committee for a Free China recently asked:

"How could the President keep talking about defending human rights around the world and then sacrifice our longstanding relations with the free Chinese?

An administration that really believes in human rights would not abandon a free people in order to cultivate favor with a Communist regime that is opposed to the humane traditions of free people. And our experience with the Communist and plain commonsense tells us that you cannot conduct normal relations with a Communist country whether it is Russia, Red China, Vietnam, or Cuba. Communist states do not believe in normal relations between states. They aim to subvert and destroy all free nations. Does the President not know that at various times, they employ the "weapons" of military force, subversion, diplomacy, and trade.

I was asked by free Chinese, "If you Americans really believe in human rights, how can you turn the millions of us who live in freedom over to the dictatorship on the mainland?" Certainly, it would be unconscionable to push the free Chinese on Taiwan into the conditions of captivity endured by hundreds of millions of Chinese on the mainland who are deprived of all human rights.

I told such questioners that I could not answer for the Carter administration; however, as for myself, the great majority of the U.S. Congress and the American people, and I believe, the people of the Second Congressional District of Alabama, we will never agree to turn them over to the Communists. No moral man who has freedom can stand unconcerned when others are not free. We will not mute our concern, support and solidarity with dominated peoples. Free men and women must work and pray for freedom for others—no healthy free society can rest until all possess that cherished existence—freedom.

I could not explain the President's late action on the captive nations proclamation, not the administration's apparent inconsistencies about human rights. It is a shame that the people who I talked to and indeed the hundreds of millions living under communism, who look to America for moral support and encouragement, are so distressed and confused about the double talk and double standards coming from the White House on the human rights issue.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I just happened to walk in here and then I heard the discussion that was going on.

I am a little disappointed. The gentleman from Alabama (Mr. DICKINSON) is one of my very great friends, and he says he likes all Chinese. I do not like all Chinese. I do not like the Communist Chinese. I am a person who does not like any Communists.

I love the Republic of China. I think it is one of the greatest countries in the world, but I am sorry that the discussion has taken on a partisan tone because it was President Nixon and Secretary Kissinger who were the ones who drew up the Shanghai communique or whatever it was and the normalization proceedings that started this whole matter.

I was invited over to the Republic of China last year to speak before an American university group. These were

all Chinese doctors who received their education in the United States. They did not want the Ambassador, who was serving under the Nixon administration, to speak to them because the previous year he had talked about normalization. They wanted a friend of the Republic of China to come and talk to them.

I told them what they wanted to hear, and I told them there would be a new Secretary of State. I told them that whether Mr. Ford was reelected or whether Mr. Carter was elected, I was certain that this would happen under any circumstances.

Therefore, I do not think that it is proper that this should be turned into a partisan discussion. There are many Democrats who recognize the value of our friendship with the Republic of China. I respect this great country as I do the Republic of Korea, and I think that the last administration and the present administration have been very guilty of forgetting the friendship that we owe to the real allies that this country has.

When we withdrew from Vietnam, it was not the Republic of China or the Republic of Korea that criticized us. They did not take the cheap shots at the United States that the Philippines or any of the other countries in Asia did. These are our really good friends, and I support them. There are many, many Democrats who also support them.

I am disappointed, Mr. Speaker, that this has turned into a dialog against the present administration because it was the past administration, the last administration, which started this whole thing on normalization and discontinuance of relations with the Republic of China.

I appreciate the gentleman from Illinois (Mr. CRANE) bringing this subject up. It is an extremely important subject and I am happy I walked into the Chamber at the right time.

Mr. DICKINSON. Mr. Speaker, will the gentleman from Illinois yield to me an additional time since the gentleman from California has mentioned my name? I would like to respond to one point.

Mr. CRANE. I yield further to the gentleman from Alabama.

Mr. DICKINSON. Mr. Speaker, I agree in part with what the gentleman from California (Mr. CHARLES H. WILSON) has said. The gentleman and I have traveled together and serve on the same committee. I, too, lament the fact that this appears to be a partisan debate, but it in fact is not because other Members from the Democratic side were invited to participate.

I will have to agree that the initial effort was made on behalf of the Nixon administration and at the time we took very much pride in this. But, in a very recent conversation, a private conversation that I had with former Secretary of State Kissinger, face to face, he made one point clear and that was that in that administration's dealings with Communist China they made the point very clear that they had not agreed to withdraw troops unless there were assurances that there would be peace and no military intervention.

Mr. CHARLES H. WILSON of California. Was he talking about Korea or China?

Mr. DICKINSON. I am talking about what Mr. Kissinger told me about mainland China and Taiwan.

Mr. CHARLES H. WILSON of California. We had already withdrawn our troops from the Republic of China, there were none left.

Mr. DICKINSON. Mr. Speaker, I can assure the gentleman that that is not true. As far as major forces there, the gentleman is right, but so far as a military presence and advisers, the gentleman is not.

Mr. CHARLES H. WILSON of California. The gentleman from Alabama (Mr. DICKINSON) knows as well as I do that we have practically eliminated our forces from the Republic of China.

Mr. DICKINSON. I understand, but I am trying to respond that the main hangup in the Nixon administration was in working out an agreement with Communist China, that they were to extract conditions from them that there would be no military moves against Taiwan.

So that is where the past administration differs from the present administration and I find it very distressing.

I thank the gentleman from Illinois for giving me this chance to respond to the gentleman from California.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Speaker, I would like to respond to my colleague, the gentleman from California (Mr. CHARLES H. WILSON) as a somewhat token Member on this side of the aisle.

Mr. CHARLES H. WILSON of California. Do not tell them in my district.

Mr. ASHBROOK. I find myself in general disagreement. I think, if the gentleman will read my statement tomorrow, the point I make is that I think this administration is probably taking a bad policy step which was started in the previous administration. As I heard the Kissinger policy, it appears to sound, as the gentleman from Alabama (Mr. DICKINSON) seems to state a little bit worse. However bad that policy was, it was at least a ringing bell of hope for the free Chinese, and, at the time it did appear that we would not let them down or permit them to be swallowed up. Now I am not sure that that bell is still ringing.

I agree, I think the previous administration made a grievous error and maybe this administration will compound that error and make bad policy worse. Maybe the successor administration, the Ford administration, would have done the same thing. We do not know. But at least there was some hope held out for the free Chinese, which some of us think happens to be hanging in the balance.

Mr. EDWARDS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Oklahoma.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I would like to say to the gentleman from California that I am very pleased to see that he came in the Chamber when he did. I regret if a special order of this sort appears partisan. However, I might point out that the well of the House is open at any time at the completion of the day's business for Members to participate in special orders. Also, that we would be more than happy to see more Members of the majority side take the well from time to time to make statements like the one the gentleman from California has made.

Mr. CRANE. I did extend the invitation, I must say, to colleagues on both sides of the aisle to participate, and we have participation by some who are not present here tonight. It was not intended to be a partisan matter.

Mr. CHARLES H. WILSON of California. If the gentleman will yield further, I am not criticizing because there are no Democrats here. I had a special order with Mr. MURPHY last year on behalf of the Republic of Korea. We were the only ones here. It is not unusual. The gentleman from California (Mr. KETCHUM) showed up, I think, and made a great contribution.

I would say to the gentleman from Oklahoma, however, that I have been here a few years. I understand the procedure, and I do not need any advice as to how to run special orders, when it is necessary to be here and when it is not necessary to be here.

But I would like to say again I am very happy I did show up because I am in complete agreement with the gentleman. There is no disagreement with this at all, except that I just feel that this started in the past administration. I am in complete disagreement with what my present President is doing. I do not like what he did on the B-1. I do not like what he has done on the withdrawal of troops in Korea. The timing is awfully bad. I do like the continuation of this activity toward the Republic of China, one of the greatest friends this country has ever had. We are not in disagreement.

Mr. EDWARDS of Oklahoma. If the gentleman will yield further, I will say to the gentleman from California I am very pleased he has participated. I agree with him completely and agree with the gentleman from California further on the statements he made about the previous administration. I, for one, while I am critical of the extent to which the present administration is carrying this abandonment of our friends in Taiwan, was equally and as vocally critical of the previous administration. I do not know that I completely agree with my colleagues on this side of the aisle who tend to point out that, yes, there are differences, and, yes, the Carter administration is going a little further. That is true, but the Nixon administration and the Ford administration share the blame and, in fact, initiated the movement toward the abandonment of Taiwan. I regret that. I think it is not a partisan issue.

I would like to make only one additional comment. I would like to say, first I hope that enough pressure will be generated by Members of this body and the public at large to force the ad-

ministration to reconsider and keep our national commitments to Taiwan.

Second, I would like to say that I keep hearing this phrase "normalization of relations." So far as I am concerned, our relations with Red China today are perfectly normal. We are dealing with them as much as we should deal with a nation of that sort.

I thank the gentleman from Illinois for yielding.

Mr. DORNAN. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I am happy to yield to the gentleman from California.

Mr. DORNAN. I probably made the shortest congressional visit to Taiwan in a long time. I was there last April for only a few hours. The reason I took the trouble to fly halfway around the world and come back so soon was the House was in session. I wanted to return on a day we were in session. The same organization that had invited the gentleman from Alabama to go to Taiwan, the World Anti-Communist League, asked me if they could not have at their yearly session this year at least one American lawmaker, one Senator or Congressman. It was at the end of our April district work period. I decided that it was worth that long, arduous trip, just to be there those few hours.

I spoke briefly in the 2 o'clock afternoon session to tell them that there were Americans on Capitol Hill who were committed to a total friendship with this noble people. When I spoke there, I took note behind me on the stage of all of the flags of the different countries that still are not ashamed to send a representative to a gathering that comes together in the name of being opposed to communism. I pointed out that on the stage was the flag of the Khmer Republic of Cambodia; that the flag of Laos was there representing a country that has slipped behind the terrorism of the Bamboo Curtain; that the South Vietnamese yellow banner with its horizontal stripes of red was still there; that strangely placed between these was the flag of the Republic of Korea which is in jeopardy of joining those other flags as a symbol only of representing an oppressed people. I wonder if this country, looking at that noble people on Taiwan, can really see them fall behind the tyranny of Communist China when we are espousing human rights as openly as any administration has ever espoused them.

I think that if we look at the genocide that has taken place in Cambodia and the terrorism going on in Laos and listen to the Communist assembly in Vietnam we can understand what is going on.

One of their congressmen who is now in our city was in my office this morning, Mr. Nguyen Cong Hoan. He leaves behind in a fishing village two others who were formerly friends of the Communists and who now realize the horror of a Communist takeover. They fled at great risk to their lives on the high seas and drifted until they were picked up by a Japanese freighter. If we listen to this Vietnamese congressman, now he is sincerely sorry he betrayed his country in that he did not realize what American friendship meant and what a bamboo curtain meant. He did not realize it meant the silence of death that occurs in South Vietnam now.

I told him I believe there are some Americans who would have literally fought to the death before seeing his people overrun by communism.

Former Secretary Kissinger has said publicly that to normalize our relations with the Red Chinese would be at the expense of the defense treaty with Taiwan, and if we remove that the Red Chinese will have to strike, because not to strike would be to declare their impotence to the whole world.

I really do not believe our President understands fully the dangerous policy we are playing with now in this selectivity of where we are applying our human rights. I made a promise to the people in Taiwan that I will keep, and that is if their country is under attack that I will endeavor to get some of us in this congressional body to travel to Taiwan in whatever last flights will be allowed to go in and see if our country is really willing to put a dagger in their back as we did in the back of our former South Vietnamese allies.

I appreciate the gentleman taking this special order and I appreciate the participation of my neighbor and friend, the gentleman from California (CHARLES H. WILSON), whose words were moving. I know his words were deeply felt.

I just hope we can keep this issue of Taiwan before the American people. I hope we can keep in mind their being thrown out of the Olympics last year and I hope we can keep in mind their being thrown ignominiously out of the U.N. and leaving with their heads held high with great dignity. I hope we can remember the Americans such as the American volunteer Flying Tigers and not become rather a nation of mewling pussy cats as we watch them slaughtered. Then I think my American citizenship will not be worth very much.

I hope we can continue this dialog.

Mr. CRANE. I thank the gentleman from California (Mr. DORNAN).

Mr. DICKINSON. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. Mr. Speaker, I do appreciate this and I asked for this additional time because I feel deeply on this subject. I know the American people do not fully understand the ramifications of everything that is involved in the diplomatic dealings between this country and other countries.

Let me point particularly to our relationship with Communist China and free China. Communist China has told us that if we are to have normalization we will only have normalization: First, if we withdraw diplomatic recognition from Taiwan; second, abrogate the mutual defense treaty; and third, withdraw our military forces.

What does this mean? Secretary Vance has just recently said, and this is in public print, that we recognize only one China and so there cannot be two. We cannot give diplomatic recognition to one and not the other, and deal equally with one and not the other. Communist China has said: "We will not deal. You have got to recognize us."

Secretary Vance is on his way to China now to make some sort of announcement. If we withdraw diplomatic recognition from one and extend it to the other, then we are in effect abandoning them, and what does this mean? Will they still be a country? Will they still be autonomous?

Well, there are two islands that were very much in the press in the last 20 years, called Quemoy and Matsu, that we even sent our fleet out to protect. They are still under attack.

The day before I was there, there were 46 artillery shells lobbed over. They still do it on every other day, the 21st, the 23d, the 25th. They do not fire on the even days. They fired 46 shots the day before I got there. The best we give is a 21-gun salute. They gave a 46-gun salute, but they are under attack.

Mainland China has submarines. They can isolate the island. If they have diplomatic recognition, and this is the important point, then they can control air traffic into and out of that island. If any third country complains, they can say, "This is an internal matter. You have recognized us. The United States has recognized us. We are the government and we will determine who may go in and out."

It is for that reason that any time the Bamboo Curtain can come down and isolate, in fact, subtract from the entire people of a country their right to a living, freedom in the world has been diminished.

As I said in my prior remarks, you have 800 million people on mainland China. Not one, not one person owns an automobile. They are owned by the ruling class of the government. Only recently have they been allowed on a case-by-case basis to own a motorscooter. Compare that with this country or any other country. They cannot own property. They cannot go where they please, and we in the name of human rights are going to abandon our friends and recognize the Red Chinese. I think it is outrageous. It is not a partisan issue in this country, or should not be.

I hope our voices here on the floor of the House will be heard. I hope we can generate enough interest and determination and anger on the part of the people of this country to do something about it.

Again, I congratulate the gentleman from Illinois on his efforts to do something about it.

Mr. CRANE. Mr. Speaker, I thank the gentleman from Alabama for his remarks.

In conclusion and summary, let me for a moment dilate upon a point raised by our distinguished colleague, the gentleman from California, about the previous administration. It is my understanding, in talking to the people at the State Department, that the Shanghai communique did not involve any specific positive commitments by either Mr. Kissinger or President Nixon. To that extent I think at least this administration did

not inherit an obligation that was inflicted on them by the prior administration.

I think, further, that this administration has used that communique as a point of departure for an expansion of a policy that may, indeed, have been contemplated in the long run by the previous administration, but one which I think the gentleman from California and the other speakers tonight would agree is a course inconsistent with our national honor. We have an abiding commitment to our allies and friends to uphold those exalted principles which have been enunciated by this administration. Unfortunately, I think the current administration has put itself into the curious and paradoxical position of ignoring its own rhetoric when it promotes a policy of rejecting a continuing relation with the Republic of China in a vain effort to promote détente with the People's Republic of China.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. CRANE. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Speaker, the problem with the Shanghai communique or the things done by Mr. Kissinger is that no one knew what was done. I recognize there are certain parts of our foreign policy and our defense policy that have to be retained in a classified manner; but I do not know whether anybody really does know what was discussed or agreed to in the Shanghai agreement.

This is the thing that is extremely disturbing. I would agree with the gentleman. I hope that the present administration is not taking what was done in Shanghai during the previous administration as something we are committed to.

You know, it is an amazing thing, I have contacted them on various subjects involving our national defense. When it is convenient to go along with the previous policy, they say, "Well, this was agreed to by the previous administration."

Yet, when it comes to something like cancelling the production of the B-1, or something like this, they are not committed to what the previous administration decided to do. Unfortunately, even though in the Armed Services Committees in both bodies we turned down the so-called Culver amendment, the Appropriations Committee unfortunately thought they won a victory by accepting the Culver amendment in order to get some limited production going.

Sometimes, I wish the gentleman's side had won the last election. I think, defensewise, our country would have been in much better shape than it is now. This is bad for me to say, of course. I may be uninvited from the breakfast I am going to tomorrow morning at the White House, but I will say it anyway.

But, the main thing is that the agreements that were reached through Mr. Kissinger—who is not one of my favorite persons; and I hate to be partisan on this and am trying to be as nonpartisan as possible—is not what I would hope our country would be committed to. I would hope that Mr. Vance would have a much more open policy than what we had in the previous administration. I really, sincerely, have great hopes for him. I hope that he will fulfill those hopes that I have.

Mr. DEL CLAWSON. Mr. Speaker, the speech on United States relations with China on June 30 by the Secretary of State was noteworthy by one conspicuous absence. In the entire speech the Republic of China was not mentioned once. Apparently this was a deliberate omission and reveals a willingness to ignore the reality of our ally on Taiwan in favor of better relations with the Communist regime in mainland China.

The terminological quagmire in discussing China deserves a comment in itself. The New York Times referred to our ties with "the Nationalist Chinese on Taiwan". Similarly, the State Department has referred to the Republic of China simply as "Taiwan". There seems to be a concerted effort to ignore the fact that the government which the United States continues to recognize as the only legitimate government of China is the government of the Republic of China whose capital is Taipei located on the island of Taiwan. There is no Taiwan government, other than a local provincial government. But by pretending that the Republic of China does not exist as an entity, the media and the State Department indicate that this is a government they would just as soon forget.

One might well reason why Secretary Vance did not mention the Republic of China in this speech. Quite simply, the administration does not have a policy that significantly takes into account the interests of our friends and allies in the Republic of China. Hopefully, in future studies by the State Department, the administration will become aware of the enormous range of relations that the United States presently has with the Republic of China and how crucial continued diplomatic relations are to the continuation of both these relations and the very survival of the Republic of China.

The importance of diplomatic relations, together with the basic principle of supporting allies, the United States should continue full relations with the Republic of China and consider extending relations to Peking only if they accept our continuing relations with the ROC. If the PRC wants improved relations with the United States, they should be willing to recognize the independence of the Republic of China. We should not submit to their imperialist designs and sacrifice our ally in the Republic of China.

Unfortunately, Mr. Speaker, the actions of the U.S. Government in recent contacts with the Republic of China gives very little confidence that we are going to adhere to our historic ties. Not only has the United States begun an official policy of openly ignoring the ROC, but we have inaugurated a series of steps which, in some cases, amounts to outright hostility. The pendulum is beginning to swing full circle. If this course of action continues, it will be only a matter of time until we have dropped the Republic of China completely as an ally. Let us be more specific:

First, although the term of the present Ambassador of the ROC expired over a year ago, the State Department has discouraged any change for fear of embarrassing developing contacts with the mainland. Second, no senior American diplomat has visited the Republic of China in an official capacity in more than a decade—with the minor exception of Vice President Rockefeller's attendance at Chiang Kai-shek's funeral. The State Department has, furthermore, openly discouraged American companies from participating in any oil or gas exploration off the cost of Taiwan. The State Department also requested the abrupt cancellation of a contract of nearly $1 million between the ROC and the Massachusetts Institute of Technology which would have provided an engineering program for internal guidance systems. To continue in 1975 the Congress repealed the Formosa Resolution without objection from the State Department. Finally, the United States removed all combat fighter planes, including F-4 Phantom jets from the ROC and has since refused to sell F-16's to help fill the void.

Each of these steps, taken singularly, may not mean a great deal, but together they paint a fairly representative picture of which direction American policy has been moving. In tandem with Secretary Vance's speech they present a pretty comprehensive understanding of the fact that we are heading inexorably toward the abandonment of one of the most loyal and important allies which this Nation has ever had. The Republic of China is a modern, industrial nation of 16 million people, the 40th country in population in the world and a leading economic power in Asia. It has a higher standard of living than most countries of the world, and in trade it gives the United States a market 10 times that of mainland China. We have a security treaty with the ROC and a private investment of almost half a billion dollars. I cannot understand, Mr. Speaker, why we insist on the abandonment of this ally, but the facts speak for themselves. Before it is too late, I call upon President Carter to pause in his announced policy and to take cognizance of the importance of maintaining relations with the ROC, regardless of his administration's intentions toward Peking. There is no reason in the world why the Republic of China has to be sacrificed on the altar of normalization with the Peking regime, which still heads the list as the largest totalitarian Communist country in world history.

Mr. DORNAN. Mr. Speaker, there is one aspect of this administration's China policy which deeply puzzles me, and which I think must puzzle other Members who closely follow the development of our foreign policies. This concerns President Carter's and Secretary Vance's oft-stated advocacy of human rights, and how that advocacy does or does not

relate to the Chinese situation. In a word, gentlemen, it does not relate at all.

Mr. Vance, in his recent Asia society address, has been most explicit in stating this administration's intention to proceed ahead toward full normalization of relations with the PRC; it also seems clear from Mr. Vance's remarks that if such a normalization does occur, it will be at the expense of our current relationship with the Republic of China on Taiwan. Now there is a great deal that could be said about why, whatever the presumed advantages of normalization with the mainland might be, this Nation should not sacrifice its historic and mutually beneficial relationship with the ROC. And other Members will undoubtedly touch on these points. What interests me personally, and what I find really galling, is the failure of this administration to apply its widely hailed policy on human rights to the China question. The double standard in this case is appalling, and deserves attention both as a measure of the sincerity of our human rights policy, and as an indicator of the minimal role assigned to human rights considerations in the formulation of our China policy.

Let us look at the two Chinas for a moment, and compare. In the area of freedom of information, the Republic of China is remarkably free. Over 30 newspapers currently flourish on Taiwan, free of any prepublication censorship. The only restriction placed on the press in the Republic of China concerns material giving sympathetic treatment to the mainland regime—an understandable limitation given the status of relations between the two governments. By contrast, public access to information on the mainland is subject to the severest limitations, and is for all intents a state monopoly. Whereas foreign periodicals and newspapers circulate freely in the ROC, they are virtually unknown on the mainland. The reasons for this difference are clear: in the ROC freedom of individual though and expression is respected, while in the PRC it is considered dangerous to the interests of the state.

Closely related to the freedom on information is the freedom of movement. Citizens of the Republic of China are permitted to move freely and live wherever they choose within the country. Such freedom is virtually unknown on the mainland, where movement is strictly controlled, and place of residence is often determined by the government. The same circumstances apply to nonnationals—journalists, diplomats, and tourists—who enjoy complete liberty of movement on Taiwan, but are subject to the severest restrictions in the PRC. Foreigners who live in Peking are confined to an area not to exceed 15 miles of the capital, and within the city itself are prohibited from direct contact with the people. Students who enter the PRC are carefully screened, and permission to enter the country is generally denied those journalists and scholars considered less than friendly toward the Peking regime. By using permission to enter as an incentive, the Peking authorities have attempted to stifle criticism of their policies by prospective foreign visitors. What, we have to ask, are they afraid of? No such limitations exist in the ROC, where diplomats, journalists, tourists, and students are free to circulate, and enjoy unrestricted access to the population.

In other areas of human freedom the contrasts between the ROC and PRC are equally stark. Citizens of the Republic of China enjoy the right to private property—a right practically unknown in the PRC. They also enjoy substantial personal and family privacy—another right long since disappeared in "People's China". There, the government apparatus functions at every level of society, from the national and provincial organs down to the factory, the block, and the street. Personal activity is at all times related to the interests and policies of the state.

The same applies to the political level as well. Dissent in the PRC is not tolerated, and deviants face long periods of "re-education" and what is euphemistically called reform through labor. The shots are called at the highest levels of the party hierarchy and outside those elite circles true political participation and expression is nonexistent. Any variation from the official ideology has been met with purges, imprisonment, and mass liquidations. According to statistics presented before the Senate Subcommittee on Internal Security, the number of Chinese who have lost their lives at Communist hands is estimated to range between 34,300,000 and 63,784,000, since the first civil war of whom some 15,000,000 to 25,000,000 are believed to have died in forced labor camps and "frontier development" projects.

This is the human cost of communism in China which is seldom discussed by the proponents of immediate recognition. But I can tell you, this is something we cannot and must not forget in our consideration of the current China problem. The facts of the situation are quite clear, and even the most respected advocates of a pro-PRC policy will admit to you that "human rights" as such are virtually unknown on the mainland today. The government reaches into the lives of virtually every citizen on a daily basis, and brooks no dissent. It controls access to information and freedom of movement, and those who deviate must do so at peril of their lives, or at the minimum, at the risk of severe social and economic sanctions. The Republic of China, on the other hand, has embraced in its policies the broad principles shared by the democratic, nontotalitarian states of the world: freedom of thought, information, movement, education, work, expression, economic opportunity, and political participation. While it must be recognized that the realization of these values in the ROC is as yet imperfect, as it is in our own country. But the principles are there, they are principles shared with we in the United States, and the history of recent years reveals that the Republic of China is one of the few nations in Asia, and the world, in which the trend has been toward a liberalization and a broadening of political and civil rights, rather than the reverse.

It is therefore a great puzzlement to me why this administration, which has publicly posed itself as the worldwide champion of human rights, is so intent on dumping the Republic of China in favor of its mainland rival. Is this consistent with our advocacy of human rights—to abandon an ally who shares the fundamental libertarian values of our society, in favor of a government which systematically and consistently represses its critics and seeks to smother every last ember of personal expression and liberty? It is not. Our policy is not just, nor is it consistent. And what will be the fate of human freedom for the 16,000,000 citizens of the Republic of China if this government should cast it adrift to the mercies of its communist neighbor? The question which I find most troubling given recent administration statements is—do we really care?

Mr. DERWINSKI. Mr. Speaker, the general thrust and tone of Secretary of State Vance's foreign policy address to the Asia Society in New York City 2 months ago indicated that the Carter administration is developing a new Asian policy which will place such a heavy emphasis on friendly relations with mainland China that our historical and treaty-linked relationship with Taiwan will be sacrificed in the process.

By acceding to the bidding of mainland China and abandoning the Republic of China on Taiwan, we lose our honor, our credibility, and our sense of morality. In my judgment, this decision will have an adverse effect on our national security interests as well. Abandonment of Taiwan would not only undermine the confidence of our other Asian allies, but would also cause our allies elsewhere in the world, whose economic and security interests are tied to ours, to question our steadfastness.

We should deal with the People's Republic from a position of strength and not be so willing to settle for a lopsided deal with a government that has so little to offer the United States. The People's Republic of China needs our friendship far more than we need theirs. They desperately need and strongly desire our presence in Asia as a counterforce to the Soviet Union.

The President has achieved worldwide attention as a result of his emphasis on human rights. The human rights situation on the mainland, as compared to Taiwan, is like night and day. It is obviously contradictory, in view of the People's Republic's horrendous human rights record, to adjust Peking's diplomatic status with the United States. Is our human rights policy credible if we are participants in consigning 17 million people to a way of life very few of them favor?

Many observers are questioning the determination and ability of the United States to remain a positive force in Asia. The controversial decision to withdraw U.S. troops from Korea, doubts raised over our long-term interest in naval and air facilities in the Philippines, and the

abandonment of the Republic of China on Taiwan would undoubtedly convince Asian countries especially, but also the Soviet Union, that the United States does not have staying power in Asia.

The Taiwan issue cannot be isolated. It is a key part of our entire Asian picture. In addition, the administration has shown an inclination to accede to Russian pressure to pull out of the Indian Ocean. I do not believe that the President's Asian policy has any credibility among our present allies in that area.

Mr. ADDABBO. Mr. Speaker, as the United States moves slowly toward a normalization of relations with the People's Republic of China, we in the Congress ought to take time out to remind the world at large that we do not intend to desert our good allies, the people of Taiwan.

I do not think it takes much experience in international matters to realize that without the strong support of the United States, the people of this tiny outpost of democracy would become immediately vulnerable to aggressive moves of the Communist Chinese. I, for one, urge the Carter administration and the Congress to take no action that would give any nation on this globe the slightest inclination to believe we no longer support Taiwan.

I strongly hope that the United States and the People's Republic of China can slowly develop a relationship of mutual benefit to both nations. Normalization of diplomatic relations with the People's Republic would help bolster the hopes for peace throughout the world.

But I hope that it is crystal clear to the leaders of the Peoples' Republic of China that however much we desire their friendship, and however much we seek sound and trustful relations with the people of that nation, that we continue to insist upon the right of the Taiwanese to continue to exist as a free and independent nation, without fear of attack from the mainland. Many years ago the United States extended the hand of friendship to the people of Taiwan, and they have done nothing to cause this Nation to withdraw that bond.

Mr. KETCHUM. Mr. Speaker, I am grateful for this opportunity to share in the remarks made by my distinguished colleague from the State of Illinois.

The question before us is not one of how we balance our relations between the Republic of China and the People's Republic of China, but rather how we are prepared to meet our past treaty obligations for the continued security and survival of the Free World.

Currently, we are being told by Secretary of State Vance that the People's Republic of China is and will be playing a vital role in maintaining peace throughout the world. For the life of me I can't figure out if he's referring to the Korean war or the Vietnam war. But it is this sort of rationale which is leading the administration to build the framework for normalization with the Peking regime.

From the other side of the mouth the administration is espousing freedom, democracy, and human rights for all nations. How in good conscience can the United States resolve such discrepancies when it continues to consider establishing ties with perhaps the most repressive government on the face of the earth?

The fact remains that since World War II the United States and the Republic of China have agreed to over 80 treaties from agriculture to trade and commerce. The most important of these has been the 1954 Mutual Defense Treaty in which we obligated ourselves to maintain strong and durable defense ties with the Republic of China.

Using the Shanghai communique as the basis for our future relations with China we are telling the Peking and Taipei regimes that their differences should be settled as a domestic matter. Yet at the same time the Communist Government of Hua Kuo-feng has just reconfirmed that it will not refrain from using military force if necessary to unite the island of Taiwan with the mainland.

Mr. Speaker, there are some of us in this Chamber who stand behind the principle that "once a friend, always a friend." I cannot see how we can gain by ignoring our past obligations as if they were meaningless. Should we turn our backs on the Republic of China we will have lost serious ground and credibility as the leader of the free world. Not only will our allies question our future commitments, but the Communist world will have won a major moral and psychological victory. In the words of Lenin it will have been the United States who provided the rope to hang the free world to death.

Mr. SPENCE. Mr. Speaker, I am grateful to our colleague, PHIL CRANE, for taking this time today to discuss the issue of our China policy. The accelerating erosion in our commitment to the free people of Taiwan demands this discussion. It is not the first time numbers of my colleagues and I have felt it necessary to take the floor of this House and point out the flaws in our current policy toward the China question. I hope—without much hope—that it might be the last.

Mr. Speaker, a policy which risks the safety and security of the 16 million people of the Republic of China is not alone a betrayal of the legitimate hopes and aspirations of a free but foreign people. It is a betrayal of many thousands of American citizens of Chinese extraction who trust the United States to uphold the principles of freedom it espouses and to protect the lives of those with whom they have blood ties and deep cultural affinity. I want to read excerpts from a letter from one of my own constituents who has urged me not to be a part of the betrayal of the people of Taiwan, and I ask unanimous consent that it be printed in its entirety at this point in my remarks:

My constituent, Mr. David Chen says:

> Laos, Cambodia, Vietnam and recently Angola, one by one, each fell into Communist hands. Korea, where American soldiers had fought so gallantly, is still under constant threat by the Communists.

He says:

> The Communist goal is to dominate the world.

He says:

> Taiwan and China represent two most contrasting societies. Economic development in Taiwan in the past decade is very impressive. . . . On the contrary . . . China is a country where political purges and mass movements are a way of life.

He asks:

> President Carter said that his foreign policies would be based on moral principles and that he supports human rights. Then why did he bring up the human rights issue with the Russians but deliberately avoid to talk about the same issue with the Chinese?

He notes:

> Taiwan is one of the best friends of this country in terms of trade, cultural exchanges and in the defense of democratic principles. Morally we cannot desert our friends.

The points Mr. Chen makes are obvious ones. Anyone can see that they are true. I submit, Mr. Speaker, that they are the points the vast majority of the people of this country understand. They do not understand the convoluted, illogical "bureaucratese" with which the makers of American China policy have been trying to explain American China policy. And I do not think they will ever understand it, so long as it curries the favor of a totalitarian, nearly bankrupt and threatening regime against the interests of a free, industrious and peace-loving friend and ally.

To let Taiwan down is to let down, not just 16 million foreigners, not just a small minority of Americans with blood ties and cultural ties to this particular group of foreigners, but is to let down every true American who believes in freedom, who believes in industry, who believes that truth will out and the right will win.

Of course, I recognize that we still maintain our military defense pact with Taiwan and that those presently formulating China policy deny that diplomatic rapprochement with Communist China endangers Taiwan. But they have not explained how we can pursue détente with Communist China without ultimately abandoning Taiwan, since that is the Communist's announced price for even considering improved relations.

The makers of our China policy say there is no threat to Taiwan outside the possibility of open, armed confrontation which is not likely to occur. My colleagues today will speak to other aspects of the China question—it is to the defense and military implications that I would like to address myself in the remainder of my time.

I want to discuss the military balance between the Republic of China and Communist China in order to give my colleagues a better understanding of the military implications which the normalization of relations between the United States and mainland China will have. This will, perhaps, become the central issue between the two Chinas if and when we extend full diplomatic relations to Peking. I say that because it has been the Communists' steady insistence over the years that Taiwan is their territory, and that it will be taken by force, if necessary. As recently as May 15 of this year, Mr. Speaker, the Chinese Commu-

nist Vice Premier reiterated his country's determination to take Taiwan by armed force.

I have no doubt they will be true to their word if the circumstances permit. I have, on the other hand, no real assurance that the United States will continue to adhere to the 1954 defense pact with Taiwan, especially since Secretary Vance deliberately omitted any reference to that country in his Asian policy address of June 30. To establish relations with Peking while breaking our historic commitment to Taiwan could very well result in military conflict between the two Chinas. This is not an idle possibility or an intellectual abstraction. Over the years the two have engaged in a series of military skirmishes, some of which have produced casualties estimated as high as 50,000 per side.

In our future dealings with the China question we must be very aware of the armed capability of both sides; it might well be the one determinant factor in the ability of our friends in the Republic of China to continue to exist in freedom and prosperity.

Of necessity, the Republic of China maintains one of the largest armed forces for the size of its population of any country in the world. Nearly half a million men are under active arms at any one time, with more than double that figure available on reserve. Two armored and 12 standard infantry divisions are always deployed in addition to light infantry divisions and four special forces groups deployed along the coast. Over 2,000 light and medium tanks are either integrated with the active forces or else with the reserves.

The Air Force of the ROC is almost exclusively directed toward defense. The 90 F-100 and the 10 S F-10 aircraft are organized into six fighter-bomber squadrons, but their limited capabilities make it impossible to conduct deep forays into the mainland. The remainder of the Republic of China's Air Force consists of F-104 and F-5A fighter and interceptor planes. Overall, the ROC air arm lacks the range and payload characteristics to penetrate deeply into the mainland, but they would be useful in a naval support role in small operations along the coast.

Naval strength of the ROC is balanced between offensive and defensive forces. For offensive operations, they have 2 diesel submarines, 8 destroyers and 50 landing vehicles. Many of these ships, especially the destroyers, would also be suitable for attacking surface vehicles from Communist China. They also maintain two marine divisions, a total of about 100,000 troops, including reserves.

On the other hand, the Chinese Communists deploy one of the largest armies in the world. The PLA—Peoples' Liberation Army—has 2.8 million men under arms organized into 7 armored, 125 infantry, 4 cavalry, 6 airborne and 20 artillery divisions. This army, however, does not have the capability to conduct sustained operations against Taiwan.

In any attack against the Republic of China, the Communists would have to rely upon their 38,000 marines and the six airborne divisions deployed with the Chinese Communist Air Force The seaborne capability of the PRC is fairly limited. Even though the Communists have a much large navy, their amphibious capability would not permit them to take the Republic without a major and perhaps sustained conflict. They have only 54 seagoing landing craft. They do possess a considerable shore-based air arm composed of over 600 combat planes. However, since these are short range planes it is unlikely that they would be able to conduct offensive operations against the ROC for any length of time.

The major difference between the two armed forces, Mr. Speaker, is in the ability of the Chinese Communists to conduct strategic operations from their own shores with the missile and bomber forces presently deployed, and, more importantly, with those forces which they expect to have in the near future. The Communist have 60 TU-16 Soviet medium bombers with sufficient range to hit Taiwan with about 75 IRBM's of a range between 1,500 and 1,800 miles. They also have about 50 medium range ballistic missiles of an approximate 700-mile range. As yet, they have not deployed ICBM's but they have the capability to deploy them in the near future. A long range ICBM, with a range of more than 4,000 miles, has been available for over 2 years, but, as yet, has not been deployed. Deployment of this weapon would give the PRC an overwhelming ability to hit Taiwan from deep within its own territory. It is primarily in the area of nuclear weapons and delivery systems that the Chinese Communists have the edge over the Taiwanese. Whether they would use these systems remains a matter of conjecture, but without American aid the temptation might be overwhelming, especially given the emotional and historic importance of the Taiwan question to the Peking government.

It is clear from the military balance between the two countries that any operation against the ROC would be a major undertaking for even the PRC, a nation of more than 800 million people located next door to Taiwan. I have little doubt that the Republic of China would be able to hold its own in any limited confrontation. The major imponderable, Mr. Speaker, is the position of the United States as the major ally of Taiwan. With U.S. support, the Republic of China stands a good chance of preserving its freedom and security indefinitely. Through the 1954 mutual defense treaty the United States is committed to Taiwan's defense. This commitment is reinforced today by the U.S. Seventh Fleet currently deployed in the western Pacific and consisting of 2 attack carriers, 28 surface vessels and 2 marine units. This force is nuclear-equipped and forms an important part of the ongoing American effort to safeguard the security of our friends in the Pacific, of which Taiwan is one of the most important and, as my constituent pointed out in his letter, one of the most devoted. If this fleet were denied the ROC, or if in any other way U.S. military support were withdrawn, the security of Taiwan, in the long run, would be in grave danger. Psychologically, the larger Chinese Communist nation would be able to isolate Taiwan and, in the process, they would be able to erode the faith which the Taiwan government has always had in itself and in the United States. The Communists could deny air and sea rights to Taiwan. They could begin intensive air raids and bombings as they did back in 1958. Eventually, they could either mount a massive attack or they could strike from the mainland with their long range weapons. An isolated Taiwan would eventually be defeated, one way or the other. That is an inescapable fact of international life, Mr. Speaker, and to deny it or to shy away from it is to bury our heads in the sands of Peking-Washington "détente."

I hope that the administration, in its apparent hurry to normalize relations with the Communists will ponder this point hard and long. The abandonment of Taiwan would be a profound mistake for American foreign policy. Coupled with the loss of Vietnam and the withdrawal of troops from Korea, it would seem to the world that the United States had effectively ceased to exist as a military power in Asia. Tragically, the appearance would not belie the fact.

JULY 12, 1977.

Hon. FLOYD SPENCE,
Representative in Congress, Columbia, S.C.

DEAR Mr. SPENCE: I do not question the wisdom of normalizing diplomatic relations with the People's Republic of China by the Carter Administration. To formulate a policy is one thing, to actually carry it out is another. At stake is the security of 16 million peace-loving people in Taiwan. Given a chance to decide for themselves, unquestionably they would choose to live in a country where democracy and freedom, love and peace prevail.

Looking back over the world history in the past thirty years, I wonder how badly the free world countries have fared as a result in the confrontations with the Communist countries. Laos, Cambodia, Vietnam, and recently Angola, one by one, each fell into Communists hand. Korea, where American soldiers had fought so gallantly, is still under constant threat by the Communists.

The Communist goal is to dominate the world. They will fight you when they are capable. The so-called peace talk was but an illusion successfully used by the Communists when they encountered insurmountable obstacles in battlefields. Mao Tze-tung once said that peace is but a means of continued struggles, peace can never be the goal. The tragic lesson in Indochina should awake those who are still dreaming that ultimate peace can be achieved through negotiations with the Communists.

Taiwan and China represent two most contrasting societies. Economic development in Taiwan in the past decade is very impressive. Today Taiwan ranks second among the Far Eastern countries in per capita income. The people in Taiwan have been enjoying freedom, prosperity, and basic human rights. On the contrary the Chinese on the mainland are under tight control and constant watch. Millions of innocent people have been systematically extinguished and many more times placed in labor camps inside Red China since Mao took power in 1949. China is a country where political purges and mass movements are way of life.

The Taiwanese are industrious but not aggressive. They love peace but won't appease the enemy. They teach their children Confucius lessons but are also prepared to adjust themselves with changes. Their peaceful way

of living should not be threatened by the Communists. The Taiwanese must not be betrayed by their best friend in the deal with Red China.

Some people are misguided by the wrong idea that Taiwan is a stumbling block for America and China in the normalization of their relations. But with a closer look, one will see that at issue is not the problem of Taiwan. It is rather the problems inside Red China, a country of 800 million people. After almost 30 years of Communist rule, China's economy is still backward, industry not developed, and basic human rights totally deprived.

The Communist system is fundamentally wrong because it ignores the value of human beings, the dignity of being a man, and the potential of free competitions. Thirty years of political purges and internal turmoils contributed nothing to the betterments of mankind, but resulted in painful suffering to a quarter of population on the Earth. For this reason we cannot and must not let the Communists take over Taiwan.

President Carter said that his foreign policies would be based on moral principles and that he supports human rights. Then why did he bring up the human rights issue with the Russians but deliberately avoid to talk the same issue with the Chinese?

Taiwan is one of the best friends of this country in terms of trade, cultural exchanges, and in the defense of democratic principles. Morally we cannot desert our friends. A solution must be found to guarantee that the Taiwanese can live securely and peacefully at their will before we establish diplomatic relations with China. Two hundred years of American history show that America is a warrior for freedom, justice, and love. Let us continue this American heritage.

Sincerely yours,

DAVID H. CHEN.

Mr. STUMP. Mr. Speaker. The Republic of China is one of the United States closest friend and ally. These two countries have had a long and friendly relationship for almost 30 years. Since the mutual defense treaty was signed on December 2, 1954, the United States and the Republic of China have entered into over 60 treaties and agreements regarding mutual interests in such areas as: education, commerce, trade, and defense.

The United States Armed Forces and those of the Republic of China have fought together in World War II, the Korean war, and in Vietnam.

In the very near future Secretary of State, Cyrus Vance, will leave for the People's Republic of China to discuss with the officials in Peking ways to improve and formalize relations between our two nations. I would like for Secretary of State Vance to know that I will support his efforts to accomplish the goals of improved relations between our two countries, but not at the price of abandoning Taiwan. The United States should not accept the diplomatic, economic, or defense ties with our ally, the Republic of China—Taiwan. The maintenance of these relations with one of the United States best friends through the continual recognition of the Republic of China and the mutual defense treaty is an absolute cornerstone to our foreign relations in eastern Asia.

It is my sincere hope that Secretary of State Vance understands our relationship with the Republic of China, and that he does not attempt to forfeit or harm this strong alliance.

Mr. CRANE. I thank the gentleman for those remarks. I think he expresses the hope that all of us have. It is a profound hope that not only through the colloquy we have had tonight, but through a continuing discussion between now and when the Secretary of State leaves for the People's Republic of China, that this story might be more broadly told to the American people. I cannot believe, frankly, that there is any sentiment in the United States on the part of anything more than a tiny minority, to turn our backs on the historic, longstanding commitment we have to our Chinese allies. They represent stunning examples in Asia in advancing and promoting the idealism that has been articulated by this administration.

I cannot think of anything that would create more confusion in the minds of the American people than if the administration were to reverse suddenly our long-standing ties and commitments, and put the survival of these friends in jeopardy. It would be a gross repudiation of the President's commitment to human rights to accord diplomatic recognition to a nation—not a nation; more specifically a country, that is in the hands of a very despotic tyranny—that so egregously violates those rights.

In conclusion, Mr. Speaker, I would like to say that I hope it is not too late for the administration to find out that the central issue is that we cannot sacrifice our friends and reward our enemies, and survive as a free and prosperous Nation.

UNITED STATES-CHINA RELATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 10 minutes.

Mr. ZABLOCKI. Mr. Speaker, later this month, the Secretary of State is scheduled to visit the People's Republic of China to explore the issues of mutual concern to our two countries. The planned trip is notable for two reasons: First, it will be the first official visit to China by Secretary Vance. As such, it will be the highest representation to date by the new administration of President Carter. Second, it will come at a time of new leadership in Peking.

Because this will be the first such high-level contact between the current leadership of Washington and Peking, we probably should not expect any startling results. Instead, we should regard it as an important new step by the administration of President Carter to further communication on the basis of the Shanghai communique of 1972. It will present an opportunity for both the United States and the People's Republic to air differences and to seek ways to resolve them which satisfy the fundamental concerns of both nations.

Both the President and the Secretary of State have, in recent months, highlighted the importance of developing and maintaining friendly relations between the United States and the People's Republic. President Carter stated at Notre Dame in May that he views "the American Chinese relationship as a central element of our global policy, and China as a key force for global peace." At a meeting of the Asia Society in New York last month, Secretary Vance reemphasized this position, adding that "a constructive relationship with China is important, not only regionally, but also for global equilibrium."

I do not quarrel with this assessment. Certainly a nation of 800 million people, armed with nuclear weapons and a strong idealogical contender with Moscow, figures in strategic considerations in a major way.

The United States should encourage increased Chinese participation in addressing common problems in this interdependent and interrelated world. Chinese cooperation is important on a number of common tasks ranging from international arms control efforts to joint economic and environmental endeavors.

But a "constructive relationship" will not develop without give and take. It depends upon a willingness by both sides to acknowledge realities and to compromise where necessary.

It is worth noting that, for the United States, Secretary Vance made the following commitment in his speech before the Asia Society:

"In structuring our relationship with the Chinese, we will not enter into any agreements with others that are directed against the People's Republic of China."

To my mind, such a commitment deserves a parallel and equally unequivocal assurance on the part of Peking concerning the Republic of China.

As many of us in this Chamber are well aware, our commitments and interests involving the Republic of China run long and deep. Trade with Taiwan is 10 times that with the People's Republic. American cultural and personal relationships with the Chinese people who live on Taiwan have been long standing and are not likely to decrease in the future. The Republic of China has been a friend and ally over the many years while Peking was our adversary.

As a consequence of this longstanding friendship and alliance, 59 treaties and executive agreements formally bind our two countries together.

Moreover, the political, economic, and social situation on Taiwan is vastly different from that on the mainland. Taiwan has free enterprise, a freer governmental system than in many Asian countries, and a much higher living standard than on the mainland.

Secretary Vance indicated in his Asia Society speech the importance of "mutual and reciprocal efforts" to further the normalization process. Nowhere will the willingness to apply these efforts be so tested as in Peking's willingness to assure the American people of its effort to reciprocate on the question of Taiwan.

A basis for developing these assurances already exists in the Shanghai communique pledge that both parties "wish to reduce the danger of international military conflict." In working out a so-called formula for normalization, an added pledge is important. Both parties should declare their wish to promote peaceful political evolution in Asia and their intent to resolve out-

standing conflict through political and not military means.

I very much hope that Secretary of State Vance can explore Chinese intentions in this regard.

As he prepares to leave for Peking, I encourage the Secretary to consider the following issues and propositions:

One. Both the United States and the People's Republic need to take a long-term view of normalization. The Chinese long march took thousands of Chinese miles; the Chinese understand that any difficult process involves many difficult steps. Chinese patience might serve as a useful guide to American policy.

Two. As we make haste slowly, we can still resolve outstanding issues in an orderly fashion. The question of frozen assets can be settled in the very short term. The Secretary can further movement of this type during his trip and thereby ease outstanding points of friction between our two countries.

Three. Future relationship between the People's Republic of China and the Republic of China has a long and short term aspect.

In the long run, neither government needs to rule out the possibility of reunification. That is indeed what both claim they want. But in keeping with the Shanghai communique and in keeping with international responsibility, firm assurances are required that such reunification, if and when it occurs, will be by mutual negotiation and peaceful means.

In the short run, the People's Republic of China and the Republic of China should be able to live with one another. They have done so for the past 30 years. Neither has found intolerable the continued existence of the British colony of Hong Kong and the Portuguese colony of Macao; neither has indicated an immediate ambition to "liberate" them by force. These two colonies incidentally are independent even though large parts lie on the Chinese mainland and should be greater irritants to the sovereignty claimed by Peking than the perpetuation of the Republic of China on Taiwan would be.

Four. The issue of self determination on the part of the 16 million people who live on Taiwan should be an underlying consideration in our overall approach. No one can deny that the island of Taiwan is economically viable, that security-wise it is defensible, and that it is a political entity with foreign relations with many foreign governments. The perpetuation of a separate nation-state, therefore, is not beyond the realm of possibility or even probability. What this nation-state is called—whether the Republic of China, Taiwan, or whatever—is immaterial. Nations such as Sri Lanka and Bangladesh have changed their names without altering their identity.

We would be irresponsible not to entertain the possibility that an independent country by whatever name will continue to exist on the island of Taiwan. Moreover, our policy should in no way be devised to prevent self-determination of an independent destiny for the people of Taiwan.

Five. The United States can and does relate to all Chinese. We have a liaison office in Peking, an embassy in Taipei, a Consulate in Hong Kong. Other countries in the world have managed similar diplomatic relations.

Six. Finally, it should not be overlooked that the United States does have relations with the People's Republic. Both countries have already established procedures by which we interact to improve mutual understanding and solve problems. These procedures, that already exist, can be relied upon to develop not only a durable bilateral relationship between our two countries but also the assurances required for continued security and tranquility in the Asian region.

This being the case, before the Secretary departs on his important mission I would respectfully suggest a "go slow" policy toward normalization.

I would also like to take this opportunity to wish Secretary of State Vance good luck on his mission.

LEGISLATION TO AMEND PORTS AND WATERWAYS SAFETY ACT OF 1972

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, several oil tanker accidents earlier this year spotlighted just one of the maritime safety problems affecting port and coastal areas in our Nation. Although better vessel standards could help solve that particular problem, numerous other hazards threaten our port areas. To date, there has been no concerted effort to tackle these safety problems, analyze their causes, and work towards preventing them. These are not simply local problems—our ports are national resources.

Today I am introducing legislation to amend the Ports and Waterways Safety Act of 1972 to provide direct grants to local port authorities, up to $3 million per year, for protection against fire, explosions, natural disasters, and other navigation-related safety problems. My bill would apply to the ports themselves, to the vessels, structures, or waters in the ports, or to any land structures or shore areas adjacent to the ports; and it is intended that the funds be used in a cooperative program with State and local funds. In addition, my bill directs the Secretary of Transportation to undertake a comprehensive study of the ways ports can be protected from damage by accidents and natural disasters and to make recommendations to the Congress for future action.

This type of legislation has not been successful in the past simply because there has been no strong force to spearhead it through Congress. Almost half the Members of the House have ports within their congressional districts, and 120 of us have organized the port caucus, with the purpose of pushing for much-needed legislation such as I am introducing, legislation to make our ports and waterways safer and more efficient for transportation throughout the country.

I will appreciate your support of my bill and your consideration of the problems and needs of our port areas.

CONGRESS MUST STOP THE IRS PLAN TO RAISE TAXES ON WORKING AMERICANS BY TAXING FRINGE BENEFITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

Mr. KEMP. Mr. Speaker, there is a very disturbing trend in the Carter administration with regard to the attempts to oppose tax reduction initiatives in the Congress while proposing plans to balance the budget by an increase of taxes on all Americans. In April, for example, President Carter said that he would veto our Republican plan to cut tax rates across the board. Since then he has proposed higher taxes on gasoline and energy production which will affect every working American, higher social security taxes, and, most recently, his Commissioner of Internal Revenue, Jerome Kurtz, has made public an administration plan to tax fringe benefits and many other heretofore tax-exempt benefits, such as unemployment compensation and certain social security benefits for the elderly.

I believe that this is a very ominous trend which portends not only higher taxes for everyone but a threat to jobs and free enterprise. Although it may help President Carter keep his campaign promise to balance the budget, it will be done at the expense of economic growth, full employment, and prosperity without inflation. This is because our economy is already overtaxed, with government taking 42 percent of national income, any increase in this high level of taxation will be disastrous. If President Carter truly wishes to balance the budget he should do so by lowering tax rates thus encouraging employment, business expansion, and economic growth, which in turn will increase Government revenues as it reduces Government expenditures for welfare and unemployment compensation.

In an interview with U.S. News & World Report last month, Commissioner Kurtz outlined the IRS plan to tax fringe benefits. As he told an interviewer:

> I start from the basic definition in the Internal Revenue Code, which states that income from whatever source is taxable. It's very hard for me, as the administrator of the statute, to exempt items that are clearly income.
>
> "I take a very broad approach," Kurtz continued. "Economic benefits that are received as a result of employment are taxable income."

He mentioned specifically that the IRS proposed taxing the value of free parking spaces, subsidized lunches in company cafeterias, store discounts for retail employees, and free trips for airline employees, among other things.

Although Kurtz said the IRS is only studying these changes in tax regulations, there is evidence that the IRS is in fact already beginning to implement taxation of previously tax-exempt fringe

benefits. For example, the Missouri District Office of the IRS has already taken the position that the use of company-owned cars by new and used car salesmen working for dealers in Missouri, is a taxable fringe benefit.

In the Missouri case, as in all other cases in which the IRS makes a ruling that a benefit is taxable, the law compels it to take the position that such benefits have always been taxable. This means that taxes are assessed retroactively back to any period not excluded by the statute of limitations. In Missouri this meant that car dealers were assessed by the IRS for withholding taxes retroactive for six years. Interestingly, the IRS calculated the tax by computing the daily rental cost for a car as the standard of measurement in determining tax liability.

Mr. Speaker, I believe that this is a very dangerous and unfair position for the IRS to take. In effect, Kurtz and the IRS are taking the attitude that the Government has the right to tax everything we have subject only to the limitations placed in the tax code by Congress. However, the number of items specifically excluded from gross income by the tax code is very small. This includes: interest on certain government obligations—such as municipal bonds—compensation for injury or sickness, certain death benefits, rental value of parsonages, etcetera.

The vast majority of things which could broadly be construed as income are not mentioned in the tax code. It is up to the IRS itself to determine what is taxable and what is not. By way of illustration, tax exemption for churches is not statutory but the result of an IRS ruling, which the IRS could reverse at any time without action by Congress.

The Congress itself may be largely responsible for this situation. Although Congress alone has the power to levy taxes it has delegated much of this responsibility to the IRS and the Executive without considering the implications. Nevertheless, common law has always recognized the importance of long-standing practices and precedent. If such things as parking spaces have in the past always been considered tax free and if people have built their lives around this fact, I believe they have the right to expect that such things will remain tax free. In short, while I do not question the IRS's legal right to change its tax rulings, I question the desirability of doing so.

The effect of taxing fringe benefits would, of course, be an increase in taxes or virtually all Americans and a complete disruption of all labor contracts, which will have vast repercussions on the U.S. economy.

Consider the case of a person who receives free parking at work, as many working men and women do. The IRS will assess the value of this benefit according to its market value in that particular area. In an area like Buffalo or New York City this could add more than $400 per year to an individual's tax bill. This is how it works:

The IRS assesses the value of an employee's free parking at $100 per month, or $1,200 per year. If this individual is making the median income—approximately $14,000 to $15,000 per year—the added income will push this person up into the 39 percent tax bracket. The additional Federal tax in this example will amount to more than $450 per year on income the employee never actually received. If local income taxes are assessed on this "income" as well—as they certainly will be—this will add to the tax liability. In New York State this would amount to another $120 or so on top of the $450 Federal tax resulting from the taxation of a previously tax exempt parking space.

One can only guess how this will impact on the American economy, but we can make an estimate. According to the Bureau of Economic Analysis, employee fringe benefits amounted to $75.9 billion in 1976. This is only a partial estimate, however, because it primarily consists of just employer contributions to health, insurance, and pension programs for their employees. Nevertheless, using this as an estimate, it works out to $1,000 per year in fringe benefits per individual income tax return. Taking 24 percent as the average marginal tax rate this works out to an average increase in tax burden of $240 per year if the IRS taxes all fringe benefits.

Not only is this unfair, it is likely to have a severe economic effort on the economy as a whole. The increase in tax burden will reduce individual incentive and purchasing power. It will also raise the cost of hiring new employees, since existing fringe benefits will not be worth as much as previously. And lastly it will severely strain relations between management and labor. The result will be increased unemployment.

If we are to accept the philosophy of Commissioner Kurtz and the Carter administration on taxation and extend it to the logical conclusion, there is no limit to what will eventually be taxed. Already there is talk about taxing unemployment compensation and certain social security payments. The value of company-run day care centers may be taxed. Even churches are only free from taxation by an IRS ruling, not by statute. The following is a list of likely fringe benefits we all take for granted which will probably be taxed if Commissioner Kurtz has his way:

LIST OF FRINGE BENEFITS

1. Free cleaning service to uniformed employees;
2. Company-owned food facilities, cafeterias, etc.;
3. Free checking accounts for bank employees;
4. Company equipment for personal use;
5. Discount air fares for flight attendants, travel agents, airline executives, and other airline personnel;
6. Regular and WATTS line telephone use;
7. Use of company-owned recreational facilities;
8. Medical and life insurance;
9. Demonstrator vehicles for car salesmen;
10. Infirmary facilities and free consultation with doctors and nurses;
11. PX and commissary privileges;
12. Company store privileges;
13. Low interest loans for bank employees;
14. Company paid vacations;
15. Group discount pension plans;
16. Home grown foods by farmers;
17. Stock options;
18. Tuition for children of company employees;
19. Ad infinitum.

In summary, the IRS plan to tax fringe benefits will affect virtually every working American and will raise the real tax burden for each one by at least $240 per year if carried out. This represents part of a trend by the Carter administration to raise taxes in order to balance the budget. It may have the opposite effect, however, by further reducing economic growth in this Nation, which is already at historic lows in such critical areas as plant expansion and modernization. Although the IRS may have the legal right to carry out its plans, there is absolutely no justification for it.

I believe that it is important for the Congress to express its disapproval of the plan to tax fringe benefits before it goes into effect. Otherwise it will require complex legislation to undo the oversights of previous years. If Congress expresses its disapproval now, however, the IRS may drop its plans for good. This is why I have introduced the House resolution together with Mr. CONABLE, Mr. STOCKMAN, Mr. BROYHILL, Mr. BROWN of Ohio, Mr. JACOBS, Ms. KEYS, Mr. WAGGONNER, Mr. DEVINE, and Mr. ROUSSELOT. In addition, Mr. HATCH and Mr. CURTIS have introduced the same resolution in the Senate.

I hope that my colleagues will recognize the importance of this issue and join me in speedy approval of this resolution disapproving of the IRS plan.

At this point I would like to append to my remarks the interview with Commissioner Kurtz which appeared in the July 18, 1977, issue of U.S. News & World Report, referred to earlier:

NEXT: YOU'LL PAY TAXES ON YOUR FRINGE BENEFITS

(Interview With Jerome Kurtz, New Commissioner of Internal Revenue)

Millions of people get perquisites and other benefits from employers that they wouldn't dream of reporting as income—and haven't had to. The chief tax collector tells why that will change if he has his way.

Q. Commissioner Kurtz, how will people be affected by the change of leadership in the Internal Revenue Service?

A. For one thing, we will audit more returns covering tax shelters and partnerships. It's important that people with high incomes are seen to pay their fair share of the tax burden.

Continuing IRS's persistent efforts, we're also spending a considerable amount of time trying to improve the tax forms so that they will be easier to understand and fill out. For the first time, we are releasing drafts of proposed forms to the public to get reactions before they go into use. We're going to test these forms on citizen groups. For example, we will prepare hypothetical examples of elderly taxpayers and give them, with the proposed form and instructions, to a test group to see what problems they run into.

And we're designating someone in each district to be problem-resolution officer to whom the taxpayer can go for systematic problems: when he or she has paid the tax and still gets billed for it, or when there is a foul-up in the computer, or some other problem of that sort. This will be an officer

who knows the system, who can cut through these problems and get them resolved. The plan was tried in several districts by my predecessor on an experimental basis, and we're instituting it in all.

Q. Will employe fringe benefits—such as free parking or free airline passes—be taxed as income?

A. That is one area we are looking into with considerable intensity. I start from the basic definition in the Internal Revenue Code, which states that income from whatever source is taxable. It's very hard for me, as the administrator of the statute, to exempt items that are clearly income.

For example, take an executive's use of a company airplane or free airline rides granted to airline employes. I don't think there is any question that those fringes represent taxable income, and that a court would so hold if a case were filed.

Q. Why are these tax-free fringes being questioned now when some of them have gone untaxed for so many years?

A. Partly because times change, and a rule made for one time may not be appropriate for another.

The failure to tax airline travel stemmed from the treatment of railroad passes years ago. But a railroad pass in 1924 is quite different from free worldwide travel on airlines today for an employe and his entire family, which may be worth $10,000 a year.

Besides, we really don't have the option simply to stand still for practices that have been followed in the past. Our revenue agents in the field are bright and inventive, and they read the cases that have come up in the courts, which have held that benefits of this sore are taxable income.

If an agent knows about free cafeteria lunches that an employer provides for his employees, he assesses additional tax liability to the employees on that basis. The taxpayers dispute that, and the agent then asks for technical advice from Washington. We are obliged to answer his question. He wants to know whether the free lunches are taxable or not. We don't have the luxury of putting off the decision.

Q. Have revenue agents just started asking such questions in the past few years?

A. No, but these items are being questioned more frequently today.

Q. Has IRS headquarters encouraged this sort of thing?

A. Not directly.

Q. Last year the IRS proposed that free tuition for the children of college professors, granted by various colleges and universities on a reciprocal basis, should be classed as income. Do you consider that income?

A. The problem there is somewhat different. There's a regulation in force which says that free tuition is not income. As a result, no agent will question a taxpayer's failure to report this benefit. Before the treatment can be changed, a different regulation has to be issued, and there have to be public hearings on it. But that's the only example I know of where a fringe benefit is clearly exempt under regulations.

Now, there are rulings outstanding on some other fringes. For instance, the agents will not question airline passes, because there is a ruling in effect on railroad passes that could reasonably be read to cover airlines, too.

On the other hand, there are hundreds of other benefits for which there are no rulings or regulations that say they are not taxable.

Q. What's your philosophy on this whole subject?

A. I take a very broad approach. I believe they're basically taxable. Economic benefits that are received as a result of employment are taxable income.

Q. How do you propose to go about collecting tax on them?

A. We're trying right now to figure out how to go about it, when to do it, and how extensive the new policy should be.

There is a countervailing consideration, and that is whether the amounts involved are worth the effort and whether trying to collect them is administratively feasible. In some cases, the benefit may be small and difficult to evaluate, and that may be reason enough to forgo the tax on it. We have a ruling that says that if an employe gets a ham or turkey from his employer at Christmas, that's tax-free. Exemptions of that sort don't offend my sensibilities very much.

Q. How do you feel about free parking provided by an employer?

A. That's a case that affects a very large number of employes, and I would be hard-pressed to find a reason for saying it is not taxable income.

Valuing the benefit is a problem, however. A person may work in an office park in the suburbs where there is a big outdoor parking lot, and parking may not be at a premium there. But someone who drives into Manhattan, where parking a car on a daily basis costs $100 or more a month, and who gets free parking in a building is realizing income of $100 a month. People take that into account when they accept a job, or when they consider whether to switch to another job that pays a higher salary but does not provide parking.

Q. What about health insurance that is paid for by employers?

A. The code specifically exempts that from tax.

And that raises another possibility: If we enforce the law in many of these areas, Congress may choose to exempt some of them.

Q. Will you recommend that?

A. No.

Q. Many of these fringe benefits have gone untaxed for years. Why not just assume that if Congress wanted them to be taxed, it would have told you to start collecting?

A. The fact that the IRS has taken a certain position in the past doesn't necessarily mean that it's right. The IRS has made mistakes, and will make some in the future. I would hate to think that any mistake I make would bind the Internal Revenue Service for all eternity unless Congress saw fit to do something about it.

Q. What about exempting all fringe benefits up to a certain dollar value?

A. That might be a good over-all approach if I had legislative authority to take it, but I don't. These benefits are either income or they're not income, and we are dealing with them individually

Q. How could the Internal Revenue Service determine how much free parking is worth in every city all over the United States?

A. That determination would be made by the revenue agents in the area.

There won't be anything in the regulation that says that free parking is worth $50 a month.

Q. Do you mean the value will depend on what the charges are for similar parking in every section of a city, which may differ from block to block?

A. Probably, unless we decide that assessing taxes on this basis is so difficult that it cannot be administered. That is one criterion we have to apply in deciding on each of these fringe benefits.

Q. Would that same criterion apply also to the discounts a department store grants to its employes?

A. Yes. We might decide that if the item purchased is worth less than $20, because of the administrative problems, we won't bother to include the discount in the clerk's taxable income.

Q. In addition to auditing tax shelters more closely, are you planning to increase the number of other returns that receive this kind of detailed scrutiny?

A. I would like to. We're concerned about the over-all level of audits. We're only auditing 2½ per cent of all returns now. A dozen years ago, we were auditing 5 per cent.

Q. Will you need additional money if you're planning to increase the number of audits?

A. Yes. I intend to ask for more.

Q. You said recently that taxpayers should be required to indicate on their returns any deductions they're not sure they're entitled to take. Just what are you aiming at?

A. There are some areas where we should be getting more information. For example, a tax-shelter partnership is formed, and interests in it are sold to the public. In connection with the sale, materials are prepared describing in some detail the tax benefits that are sought, the risk that the Internal Revenue Service will challenge those benefits on audit, and the fact that the plan runs counter to the position taken by IRS on other cases.

The information is filed with the State securities commissions, and we can get it, but we have to tie up a lot of agents' time going to 50 State capitals. It seems to me that no one could seriously object to a requirement that a partnership that sells interests to the public include as part of its first tax return a copy of any offering materials describing the tax benefits. We have similar requirements now in many corporate areas.

Q. The change wouldn't affect most taxpayers—

A. It would apply to taxpayers with more sophisticated financial transactions.

Q. How much emphasis should be given to simplifying the tax law in the reform legislation the President plans to send to Congress later this year?

A. I'd like to see a lot of simplification. The new tax law this year makes a good start in that direction by raising the standard deduction, making it a flat amount, and providing for greater use of the tables.

If we can offer more people the standard deduction, make it possible for more people to file the short form, eliminate minor credits or combine some of them, this will result in major simplification.

Q. What do you think of the idea of eliminating all deductions as a means of simplifying the law?

A. As an administrator, I'd like to see fewer deductions. That would make the tax returns simpler and make everybody's life easier. Depending on which deductions were eliminated, it would not substantially change equity and, in fact, would improve it in many cases.

A lot of people talk a great deal about simplification, but when it comes down to eliminating a deduction which is a favorite of theirs, they look more kindly on complexity.

Still, we mustn't give up hope. If revenues gained from eliminating some deductions were used to provide for corresponding rate reductions, that would be a big improvement.

Q. Do you think that capital gains should be treated as ordinary income?

A. Yes.

Q. Should Social Security and unemployment benefits be included in taxable income?

A. That depends on how it's done. When I was in the Treasury in 1966, we proposed to tax Social Security benefits, eliminate the retirement-income credit, and do away with the extra exemption for the elderly. In substitution, we proposed a flat dollar exclusion for anyone over 65. This would have been a vast simplification, and 95 per cent of all people over 65 would have paid less tax if the change had been enacted.

But once we got the words "tax Social Security" out of our mouths, that was the end of it. It's my impression that public opinion hasn't changed.

Q. Didn't you also propose that charitable contributions be deductible only to the ex-

tent that they exceed 3 per cent of the taxpayer's income?

A. Yes. These small contributions tend to be in cash and are very difficult to audit.

It's hard to see that deducting contributions in a range of 2 or 3 or 4 per cent of adjusted gross income is really an incentive for anyone to be generous. So it's probably not a deduction that does the charitable institutions any good, and it creates administrative problems.

Q. Do people cheat more on their tax returns nowadays?

A. There has been some decline in compliance as we measure it. The decline is quite small, and we're not sure whether it's statistically significant. We attribute it to the fact that we are auditing fewer returns.

Q. People complain that IRS agents rule different ways on similar tax questions in different cities. Can you do anything to provide more uniformity?

A. I think the lack of uniformity is greatly exaggerated. We're dealing with 100 million taxpayers, 28 million telephone calls a year, millions of office visits. Obviously there are going to be some inconsistencies. The amazing thing is that there are so few.

We already have a quality-control monitoring system, where a supervisor listens in on telephone calls from taxpayers to our offices on a random basis to check on the accuracy of the information our people are giving out over the telephone. The accuracy rate this year is over 95 per cent, and that's not bad.

Q. Do your figures indicate that the accuracy rate is a lot less than that on the tax returns your people help to prepare?

A. Yes, but remember that those figures do not differentiate as to the size of the error—whether it is a gross error or a subtle error. So the figures are a bit misleading. A dollar error on a complicated return goes into the tally as a wrong return. I don't worry too much about that type of mistake. Perfection is unattainable.

We provide our employees with a lot of training. We think the quality of our staff is good, and we try to make it better. When we hear of discrepancies between regions, we try to reconcile them.

There are also questions on which the courts in different regions have ruled differently. We can't do anything about that unless we can get the Solicitor General to appeal the adverse ruling to the Supreme Court, and then get the Court to take the case and hand down an opinion.

You have to remember, too, that the IRS is a highly decentralized system, and a great deal of discretion is left to the regional commissioners and district directors. They may come out initially with differing interpretations of the law, and if that comes to our attention, we attempt to reconcile them. Situations also come up on which there is no national-headquarters guideline. The magnitude and variety of the questions cannot be comprehended unless you are actually dealing with them.

Q. Do more and more ordinary people feel they need professional help to fill out their tax returns?

A. Yes. About half of all individual returns are prepared by professional preparers.

Q. Will there be less need of that as a result of the simplification enacted this year?

A. There should be fewer people who need help. Whether fewer will seek help is another matter. Unfortunately, many people who are competent to make out their own returns feel incompetent. That's a question of attitude.

Q. Commissioner Kurtz, shouldn't the tax law be simple enough so that the typical person can understand the return and pay tax without being forced to pay a fee for professional help?

A. Sure. That's a terrific goal, but it requires legislation.

THE POSTAL DILEMMA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN) is recognized for 15 minutes.

Mr. WHALEN. Mr. Speaker, the U.S. Postal Service has come to a crossroad in its existence. Examples of postal problems abound in the numerous letters I receive from my constituents as well as in the proliferation of newspaper articles on the subject. The time has come for the Federal Government, especially the Congress, to reexamine what the U.S. Postal Service has been and what it should be in the decade of the 1980's.

The uniqueness of the postal system is evident in its relationship with the development of the United States. Born in the pre-Revolutionary period, the post office served a major role in disseminating the words of our Founding Fathers and informing the colonists on the progress of the War. Throughout America's expansionist period, the mails often remained the sole contact between the established East and the western wilderness. In 1860 the Post Office Department hired the Pony Express Co. to deliver mail between St. Joseph, Mo., and San Francisco. Barring Indian attack, delivery was guaranteed within 11 days at a price of $5 per half ounce for letters and newspapers. Throughout its existence the Postal System has taken great pride in delivering a host of educational materials, periodicals, newspapers, and personal messages to every corner of the country.

Like the nature of the American people, the postal system has changed and taken on other traits. For instance, in many rural areas of this country, the local post office has maintained a central role in the community. It often serves as a town meeting place and social center. Often the local post office is one of the few structures not boarded up or closed because of lack of business. For city dwellers, the Postal Service is one of the most visible entities of the Federal Government. Thus, the postal system plays an important psychological role in modern society.

In many areas the postal system has fallen victim to modernization in our society. For instance, because of a perceived instantaneous need to know, greater use is being made of the telephone, radio, and television. Likewise, with the quickened pace of life today, a less reading and writing public finds little time for the mails. Even with an increase in population over the past few years, the volume of mail has increased only minimally. In 1960 the postal system handled 63.7 billion pieces; in 1970 it was 84.9 billion; in 1973 it was 89.7 billion; in 1974 it was 90.1 billion; in 1975 it declined to 89.3; and in 1976 it remained almost the same with 89.8 billion pieces handled. Volume is expected to rise to 92.7 in 1977 and then drop to 89 billion by 1985.

POSTAL REORGANIZATION

Over the years a number of remedies have been offered to the rising costs and continued inefficiences of our mail system. The Postal Reorganization Act of 1970 was an attempt to deal with the problem. But now, after a 7-year trial, it appears to have been only a temporary solution. Some hard questions must be asked and an attempt made to answer them within the next year if the U.S. Postal Service is to remain a viable and effective organization.

The purpose of the Reorganization Act was to streamline postal operations by bringing the Post Office Department out of the bureaucratic confines of Government. The goals were to guarantee proper management, to eliminate political appointments at the top levels of the Department as well as at the local postmaster level, and to remove the postal operation from congressional pressures with respect to rates and labor-management relations. An additional goal of ultimate self-sufficiency was established calling for the elimination of all congressional subsidies by 1984.

Hopes remained high that these reforms, so effective in private enterprise, would result in improved performance. It soon became apparent, though, that the envisioned outcome would not materialize within an organization basically geared toward public service. Thus, since 1970 a number of amendments have been offered, some of which Congress has passed, to remedy undesirable effects to that year's law.

One frequently espoused solution is to return the Postal Service to the direction of the Government, with appropriations granted totally by Congress and the ranking officials once again appointed by the President. The justification for such an approach has been that the Postal Service is just that, a service, and should not be expected to pay its own way.

ISSUES BEFORE THE CONGRESS

Presently there are three approaches being considered by the Congress.

H.R. 7700

One bill, H.R. 7700, has been introduced by the chairmen of the House Subcommittees on Postal Operations and Services, and Postal Personnel and Modernization—Representatives JAMES M. HANLEY and CHARLES H. WILSON. While continuing to insulate the Postal Service from Government bureaucracy, this legislation would attempt to insure that the public service aspects of the mails would not be ignored or discounted. Specifically, H.R. 7700 would establish clearly defined procedures whereby Congress once again could make public policy decisions concerning rate hikes, service cutbacks, Congressional subsidies, and long-range capital investment planning. Moreover, the bill would increase the autonomy of the U.S. Postal Rate Commission, abolish the part-time Postal Service Board of Governors, and once again make the Postmaster General a Presidential appointee confirmed by the Senate.

POSTAL STUDY COMMISSION

Also before Congress is the report of the special Postal Study Commission, set up last year to investigate almost every facet of the U.S. Postal System. The seven-member Commission was composed of Postal experts, union representatives, business leaders, and ordinary consumers. It held extensive hearings and conducted numerous studies of delivery methods, financing, public services, rates and classification, and general organization and operation. The following are the Commission's most important recommendations.

First, the Commission declared that the USPS must modernize the means of mail communication, including eventual transfer of mail by electronic methods.

Second, the Commission stressed the need to streamline management and operating procedures, including efforts to permit the Postal Service to contract directly for air transportation of mail, reestablishing a permanent Postal Service Advisory Committee, establishing a new approach for measuring productivity, and making greater use of the zip code system. The Commission also suggested that private companies be allowed to carry mail in cases where the Postal Service cannot provide the needed expeditious service.

Third, the report calls for a more rational rate-setting procedure including increased congressional appropriations for public service aspects of the system. Too, the Commission recommended gradual across-the-board rate increases for all classes of mail. It also recommended that the independent Postal Rate Commission exercise final authority over rate changes without approval from the existing Postal Service Board of Governors.

Fourth, the most controversial proposal involved suggested cutbacks in the public service areas of mail delivery. Although calling for additional street collection boxes, more convenient locations, longer operation hours of local offices, and establishment of guidelines restricting the arbitrary closing of rural, less productive offices, the Commission recommended reducing home delivery to 5 days a week—one member on the Commission dissented on this point.

ADMINISTRATION PLANS

The third congressional focal point is the administration's postal reform plan which is expected to be made public in early September. Already one point of the program has been released which calls for a special reduced "citizen rate" for individual postal patrons.

Both the House and Senate committees are reviewing, or are scheduled to review, all three reform proposals. This action is essential since the Congress must play a major role in deciding the future of our mail system.

All three approaches make it clear that adoption of streamlining, modernizing and economizing efforts is imperative if the Postal Service is to be prevented from drowning in its own inefficiencies. In attaining these objectives, however, Congress still must resolve three fundamental questions.

First, how are additional revenues to be raised for continued public services? If 6-day delivery is to be maintained, what income sources should be utilized to perpetuate it—higher postal rates, cutbacks in other areas of service, or continued congressional subsidies supported by higher taxes?

It seems to me that reasonable increases in postal rates are justified. Of the major countries of the world, the United States has one of the lowest first-class mail rates and one of the best postal systems. Only Canada maintains a lower rate of 11.6 American cents per ounce. Great Britain's rate equals 14 cents, Switzerland's is 16.4 cents, Japan's 17 cents, and Sweden has one of the highest, equaling 23.9 American cents. While the price of an ordinary newspaper is normally 15 cents, it costs less than that to to mail a letter across country.

Second, to what extent should the U.S. Postal Service move into electronic communication of mail? Should electronic transmission be left to private companies entirely, or should the Postal Service compete with these firms? Or should private organizations be allowed to serve profitable areas of the country, leaving service to less profitable areas to the Postal Service. A further option would be to allow the USPS to monopolize the electronic mail field altogether.

I believe it is in the interest of the Postal Service to explore expeditiously the possibilities afforded by electronic communications (which, of course, must be done in a manner that assures protection of privacy).

Third, if a decision is made to continue the Postal Service in its present form, how should the deficit, which is expected to reach over $990 million this year, be financed? In my view it has always been more equitable for users of the mail to suppport a major portion of the system's cost. However, I do support congressional appropriations of up to $1 billion to insure that income-losing public services are not eliminated.

So, the goals of the 1970 Postal Reorganization Act are still desirable. The additional objective of making it self-sufficient is unattainable. I favor abandoning the concept of a self-financing institution and support a Postal Service which is once again considered a proper function of Government. However, efforts would have to be made to insure that the administration of the USPS is conducted in a business-like and effective manner. Finally, plans which are adopted must neither shortchange that portion of the population which may be more dependent on mail service, nor create undue economic burdens on other sectors.

VERMONT'S BICENTENNIAL COMMEMORATION OF THE BATTLE OF BENNINGTON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 10 minutes.

Mr. JEFFORDS. Mr. Speaker, in this, Vermont's Bicentennial year of union with the United States of America, I would like to take this opportunity to commend the brave and honorable men who risked their lives at the Battle of Bennington, Vt., to defend and protect the citizens of the newly founded America on August 16, 1777.

A few weeks prior to the battle, British troops captured Fort Ticonderoga. The fort would be recaptured in September of 1777 by the Green Mountain Boys of Vermont.

One victorious fight provoked the British to plan the great cutoff of the New England States from the other colonies. Their plan was to push to the Champlain and Hudson Valley and isolate all territories north of that land. However, upon the conclusion of the confrontations at Ticonderoga and Hubbardton, British troops, under the leadership of Gen. John Burgoyne, were in desperate need of ammunition and fresh horses. According to their reports, substantial amounts of these valuable commodities awaited them should they be able to capture the small town of Bennington. Wanting to replenish their stores, Burgoyne took great haste in heading toward the tiny Vermont community.

Alarmed at the rapid pace of Burgoyne's progress and fearing further losses, Vermont appealed to its neighbor to the east, New Hampshire, for aid to curb the rising tide of the British invasion.

The historic confrontation between the bordering States and the British troops took place on August 16. Typical of New England climate, downpours hampered a British advance for more than a day. In the meantime, anticipating excessive British movement, retired Col. John Stark and his New Hampshire yeomen departed from their stand at Bennington and met Seth Warner and his Boys near Walloomsac Heights to head off the British.

When the British troops came in contact with the surrounding Yankees, Generals Baume and Breymann, German mercenaries with no comprehension of the English language, mistook the good American citizens dressed in homespun attire rather than uniforms, for loyalists ready to join them in their quest.

However, when the first shots of the battle were fired at precisely 3 o'clock, confusion and bedlam ascended upon the British troops leaving great numbers of dead, dying, and wounded. It was in this first engagement when Colonel Baume, himself, was mortally wounded.

Later, as the procession toward Bennington commenced with the Yankee soldiers leading their captives, Colonel Breymann arrived with a second unit of Burgoyne's army. Their unanticipated arrival suprised Stark and his regiment but the exhausted and starved Americans heroically bombarded the British artillery with their own small weapons.

Amidst the raging battle from over the hills in Manchester, Vt., marched the remnants of Colonel Warner's Green Mountain Boys. Joining their remaining

allies, the American troops together pursued Breymann's final units into the woods. Fearing the capture or death of his men by some of the enemy's survivors, Stark recalled his troops.

With a united effort, Col. Seth Warner and the renowned Green Mountain Boys of Vermont and the New Hampshire militia, under Colonel Stark, succeeded in forcing the surrender of some 8,000 British, Hessian and Brunswick troops. Bennington's precious supplies were spared, but more important is the fact that this historic battle halted the planned attack on Saratoga, N.Y., a strategic Yankee stronghold.

In Bennington today stands a 306-foot stone monolith which was erected in 1891 to remind us that men such as these gave willingly and loyally to the causes of the American Revolution with their true Yankee ingenuity and rugged New England spirit.

May we, as Americans, always be proud to represent and defend the great and free country that they toiled to establish.

AFFIRMATIVE ACTION'S NEGATIVE SIDE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. WALKER) is recognized for 5 minutes.

Mr. WALKER. Mr. Speaker, I commend to the attention of my colleagues an outstanding editorial on quotas from the August 1, 1977, edition of the Washington Star. As the sponsor of an antiquota amendment that successfully passed the House, I find these comments accurate and incisive.

When the editorial discusses the "devaluing of human individuality" it addresses the heart of the argument advanced by those of us who strongly oppose Government enforced quota systems.

The article follows:

AFFIRMATIVE ACTION'S NEGATIVE SIDE

More encouragement for the quota approach to hiring—despite President Carter's press conference assertion that he hates "to endorse the proposition of quotas for minority groups." Earlier last week, the President's decision to have the White House keep score on all 3,000 of the federal jobs open to political appointment was yet another step toward bloc representation in government and away from meritocracy.

The White House personnel office already runs regular checks on ratios of blacks and women among the 883 "presidential" appointments—those requiring Senate confirmation. Now federal department heads will have to report on the sex and race of their noncareer appointees too.

Collecting statistics doesn't enforce quotas, but it promotes quota thinking, for both those with jobs to fill and those with jobs to demand. James B. King, the White House personnel director whose idea it was to broaden the President's affirmative action surveillance, says his goal is to make the top echelon of the executive branch reflect "the racial, sexual and economic makeup of the nation."

Now, any time there's a political appointment to be made, the attributes considered are going to include the categories a candidate represents. Geography, economic interest groups, religion—remember when each president's cabinet had to have its token Catholic and its token Jew?

When such calculations are informal and unspoken, there's maneuvering space for the person doing the appointing. The ideal person for any job represents an extremely subtle balancing of qualities. When a few representational criteria are overstressed—we're two women short in that department and one of them's got to be black—the soundness of the balance between symbolic values and working skills is threatened.

Furthermore, it tends to limit the categories to be recognized. What about the young? The old? The handicapped? The left-handed? Even the smartest computer can have problems arriving at the human package when group entitlements, seen in fixed percentages, loom too large among job qualifications.

Besides, every floor implies a ceiling. Shall there be no more than 15 per cent of blacks permitted in federal jobs unless the population ratio changes?

But, of course, the worst aspect of such affirmative action is not that. It's not even reverse discrimination. It's the devaluing of human individuality and of a primarily functional concept of jobs. More and more forces in modern society promote the attitude that jobs exist to give people income, personal dignity, group recognition, leverage against economic and political enemies. How often does anybody remember that work is also a way of making and doing what is necessary to our comfort and, yes, survival?

FEDERAL DROUGHT RELIEF EFFORT, FARMERS HOME ADMINISTRATION UNFAIR TO SMALLER COMMUNITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, after all the ballyhoo, bombast and promises emitted from the White House last spring concerning millions of dollars to be spent on drought assistance in this country, many smaller communities stricken by the water shortage are finding those pronouncements to have been only so much hot air.

Because of the severe impact of this year's drought, the worst since the dust bowl days of the 1930's. Congress appropriated $844,000,000 to aid stricken communities, businesses, and individuals. That put the ball in the agencies' court to see to it that the money would go to those needing help.

The Washington contingent in at least one Federal agency, the Farmers Home Administration, is doing a poor job at carrying out its responsibility, which is to distribute $225,000,000 to water-starved communities with populations under 10,000. The tangled web of bureaucratic red tape spun by FmHA is beyond belief, and precious little help for those communities has been forthcoming. In Illinois, for example, 52 counties have been declared drought emergency areas. Yet FmHA has approved not a single grant and only one small $65,000 loan in the entire State.

Last month, Congressman BOB MICHEL and I met in Illinois with municipal officials and community leaders from drought-stricken areas in our respective districts. We could not believe the obvious disparities and discriminatory differences between how FmHA and the Economic Development Administration, which administers drought relief for communities with more than 10,000 population, are handling their respective programs.

Allow me to be more specific as to the actions of FmHA.

FmHA's procedural requirements for the drought relief program are the same as those used for the agency's basic loan program. As a result, they are entirely too extensive and too time-consuming for use in what is supposed to be an emergency program. By FmHA's own information sheet, compliance with these requirements can take up to 2 years. Yet communities under 10,000 population are expected to have their projects completed by FmHA's April 30, 1978, deadline. That's absolutely incredible.

FmHA mandates that communities be unable to obtain commercial credit before they can qualify for a low-interest drought relief loan. That imposes an excessive hardship on communities already struck a severe economic blow by the drought. The current going rate on commercial loans in Illinois is 10 percent. The Congress appropriated funds for low-interest loans to help communities recover from drought, not to force them to take higher interest rates, pushing them deeper into debt.

FmHA's application of the so-called 1-percent rule to determine grant eligibility ignores much of the indebtedness many communities are carrying. Essentially, the 1-percent rule establishes a dollar figure based on family income in a given community or county in which the community is located. FmHA then takes that figure and says the community must carry at least that much indebtedness for water supply alone before it can qualify for grant assistance. In so doing, the agency is completely disregarding the fact that a community may be up to its neck in red ink with other municipal debts.

These are the obstacles thrown up to communities under 10,000 population that need Federal drought assistance. By contrast, communities over 10,000, those served by EDA, do not encounter these problems. EDA's procedural requirements do not take years to complete, but are responsive to the time constraints involved in an emergency program. EDA does not require inability to obtain commercial credit before a loan is granted. EDA does not apply the 1-percent rule against a community's water supply indebtedness, but against its entire municipal debt.

Mr. Speaker, the inequity of this situation is inexcusable and certainly was not the intent of the Congress when we provided funds for drought relief.

Earlier this week, Congressman MICHEL, representatives of several other Illinois congressional offices, and I met with FmHA, EDA, and officials of other drought relief agencies to discuss these problems. Although the FmHA representatives acknowledged the problems, they were unable to provide workable solutions.

I find it hard to believe that administrative steps cannot be taken to relieve the burden created by FmHA regulations. EDA has managed. FmHA should also be

able to manage. It is presumptuous for that agency to apply nonemergency regulations to an emergency situation and expect smaller communities to get the relief they need.

Since our meeting, Congressman MICHEL and I have written letters to President Carter, OMB Director Lance, and agency heads to emphasize the inequity of the current situation and to strongly urge immediate administrative action to resolve the problems I have enumerated.

Today, I am introducing a resolution that would direct the Committee on Agriculture and the Committee on Public Works to hold immediate joint hearings into the policies, practices, and priorities of FmHA and EDA as they relate to the emergency drought assistance program. I urge immediate and favorable consideration of my resolution. The drought problem is far too serious for delay.

Mr. Speaker, I cannot blame our smaller communities when they view the grandiose promises surrounding announcement of a Federal drought relief effort with cynicism. They see larger communities getting help but find themselves out in the cold—and without water.

AN OBLIGATION IGNORED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DORNAN) is recognized for 60 minutes.

Mr. DORNAN. Mr. Speaker, 2½ years ago the American forces were driven out of Vietnam leaving behind the oppression and murder I have described in remarks made in this body yesterday.

But something else was left behind.

We left behind prisoners of war and missing in action. We knew not how many of these fine young men were alive or how many were dead—we still do not. But the public outcry for them was such that even the victorious Vietcong cooperated and reunited many men with their families and returned some remains to their homeland.

It is disheartening to note that this public furor has died down over the last 2½ years. It died down gradually. It was gradually pushed out of the national consciousness. Gradually ignored.

The refusal to remember those who were left behind was slow to gain a foothold at first. But the foothold seems to have been secured in recent months. During his campaign, President Carter assured the families of the missing in action in Vietnam that their loved ones would not be forgotten. But the trend to forget seems now to have taken hold in the White House as well.

Two months ago, a mother stood alone in a cold rain outside the White House, protesting the betrayal by her President, her son's Commander in Chief of a pledge made only weeks before.

A personal commitment had been given by President Carter to representatives of families of men missing in action in Southeast Asia. Now those very same families are afraid that the President does not, indeed, have the will to return our missing servicemen—dead or alive—to their loved ones.

That mother protested alone not because her disappointment and resentment are not shared, or because others are not equally dedicated, but because her vigil was a solitary act of frustration and sadness. She was making a powerful statement of a fact which has not escaped the notice of those who threaten our way of life. For this reason, if for no other, we must listen to her statement. Our Republic's own relevance is being judged alike by those who would strengthen her moral armor and those who would strip her contemptuously of all principle. Only cowards and fools ignore such a cry.

The cry is as blunt as "the Emperor has no clothes." For the President and his commission sent to represent us in recovering our men lost in Southeast Asia point to their official report as if to a magic cloak covering the moral emptiness of the Communist regime. Who is there who will say it bluntly, and truly: the conquerors of Vietnam, Laos, and Cambodia are quite morally naked.

The missing in action tragedy is more than an academic issue. There are Americans—still missing—in Communist Southeast Asia, and it is their Government alone which can bring them home—dead or alive.

Devoid of trust in their President but supported by returned prisoners and other concerned Americans, the families of those men turn again to their elected representatives for help. They have honored me deeply by asking that I speak for them to my distinguished colleagues here today.

I speak as an American citizen with five children who must live in the future we shape today. I speak as a former comrade of some of these men—even as godfather to one of their children. But most of all, at this moment I speak as a Member of Congress.

We have so much to think about here, so many decisions and requests asked of us. It is easy to forget sometimes why we are here—to keep faith with the past, to preserve and prepare for the future, and to strive to provide for the liberty and common defense of all our citizens against enemies foreign and domestic.

The POW/MIA story is one that the Congress and the people of the United States must hear. Its outcome will have a profound effect on our Nation's future security, and specifically on our Government's credibility with its own citizens and other peoples of the world. We can learn so much from the experiences revealed by those prisoners who returned alive 4 years ago. I urge you to read, as I have, their accounts. I shall list 14 of them at the end of my remarks. To each of these incredibly fine men we can say, in Andre Malraux's words, "You are one of those who did not return from Hell with empty hands."

Their stories are of such brutality, such barbaric acts and procedures, that even those who endured find it difficult to grasp their magnitude, when what was a daily reality to them for many long years is recounted in comfort and freedom. But they are stories, too, of victory in the physical, mental, emotional, and spiritual struggles to prevail against pain and confusion inflicted in ways we find almost impossible to imagine.

Maj. James N. (Nick) Rowe writes of "a battlefield more terrifying than any we've ever faced before—one which might be found here in our country and our people are not prepared for its horrors."

It is a battlefield as much of the mind and soul as of the body. It requires the forces of will and spirit. If we fail our sons and brothers now, we lose more than their lives. We lose the invaluable strength to meet challenges to our own lives, liberty and beliefs—challenges which may differ from those of our imprisoned servicemen, after all, only in degree.

Air Force Col. Robinson Risner was a highly honored Korean war ace. Time magazine featured his picture on its cover shortly before his capture in 1965. He was for much of the war the senior resident officer of North Vietnam's largest prison camp, and when he returned from almost 8 years in captivity he gave us his story in "The Passing of the Night." Robbie Risner outlines for us in his book the four essentials of their survival amid the unspeakable horrors of those years. It is those essentials which I hope my colleagues, and all other Americans, will consider. I ask your attention not only from respect for the ordeal of men who gave so much, but with regard to our own future survival as a free Nation.

First, says Risner, "we were fighting the common enemy—international communism." This is not the rote phrase of a propagandist, but of a man who was tortured and imprisoned for almost 10 years while most of us remained safe at home.

"We knew what we were fighting for and we believed in it," he writes. "As prisoners of war, we did not stop fighting."

Time and again, the prisoners saw their captors sacrifice defenseless individuals at the altar of the State's convenience.

Can we allow them to see this same frightening act committed by their own Government?

During the war in South Vietnam, American volunteers, civilian professionals and military men carried on tremendous mercy projects for the besieged populace. It was a humanitarian story never told adequately by the American media. The song of the American citizens helping others in the struggle for freedom and human dignity might have been "He ain't heavy, he's my brother." But it seems too difficult a tune for our leaders today, as they contemplate the fates of fellow Americans.

Our "common enemy," an ideology which still influences its believers toward aggression and oppression, is now the object of greater accommodation than has yet been shown to our captured or killed servicemen and their families.

Risner tells us second in his statement of essentials: "We were fulfilling our duty to our country." In fulfilling that duty, they looked to their President not

only as Commander in Chief, to who they owed allegiance of rank, but as the symbol of all Americans, elected by the majority to express the Nation's feelings and beliefs.

They were not men uniquely suited to the incredible ordeal they faced. They were ordinary American citizens, says Colonel Risner, and "we were only doing what any other American fighting man would have done." That calm sense of duty and purpose has always characterized the American citizen-soldier. We have taken it for granted; but it is a fragile weave of confidence and devotion which can be destroyed by betrayal and cynicism.

The American servicemen returned from captivity with prayers of thanksgiving and blessing for their country, its elected leaders, and the God in which their Nation had always placed its trust. But they returned to a dramatically changed country, and their adjustment to the new standards on which national policy is based has been more difficult than the transition from prison to freedom. They found a nation with critical new weaknesses and needs.

There is a vital need today for vigorour leadership in defending the personal liberty and right to life which Americans often take for granted. That leadership should come from the President, as elected representative of a quarter of a billion people, and commander of those who are missing in action or hostages of war.

Yet the current administration only applauds the "sincerity" of those who withhold information from desperate and grieving families. It excuses the "honest mistake" of a government which promises 12 families the bodies of their loved ones and then leaves one grave empty, one burial rite unsaid. It pursues its design to "normalize" relations with and consider aid to the totalitarian regime which foster so much death and misery. All this is a devastating blow to the trust and honor of so many men and families who have lived and sometimes died with patriotic devotion.

Most recently they have seen the pardon and in many cases apparent vindication of those who did betray their duty to country. Our men returned to say that patriotism is not a glib phrase but a sustaining inner force. Yet that same living force is now cheapened.

Third, writes General Risner:

> I was sure that American people were behind us. . . . We were not a select group. We represented America and the American people.

There was one paralyzing fear, former prisoners tell us, which was played upon by Asian and Western Pro-Communists propagandists, and it was hardest to overcome. This was the terrifying idea that they had been deserted by the country and the people to whom they remained constant.

That fear has not yet become a reality. I pray, and beg my colleagues to join with me in working to assure, that it never will. For if we must desert our own, if we must buy our immediate peace of mind, comfort and prosperity with the lives and hopes of thousands of servicemen and their loved ones, what is left to us? What noble acts, what statesmanlike words, what glorious or even mundane resolutions will be our legacy to the people we represent, to purchase back their defense and honor when we leave these Halls of Congress?

Finally, but most essential, affirms one of the ranking POW heroes, was the belief that God would deliver them—help them to endure, absolve and comfort them in their weakness, and strengthen their resistance. He says:

> Our faith in God was an essential without which I for one could not have made it.

It is a theme emphasized by most, if not all, of those who returned alive. The theme—reported in the words and lives of their families—was that faith sustained them. Personal faith in God, and the time-honored virtues that come from such communion: "comradeship, loyalty, and integrity," specified Rear Adm. Jeremiah Denton. Comradeship. Loyalty. Integrity. Like duty, honor, country, they have a noble ring. But they draw their power from deep within the heart and will and spirit of a people, and once betrayed or sullied, that power diminishes. Slowly or in a flash, it matters not. The virtues are gone, and what moral fiber, what sense of community, is left for a nation to draw on in its next hour of crisis?

Are we so naive, or so self-centered and lazy, as to claim we will never have to face such an hour? Or do we simply hope that it will come when we are gone, and only our children remain to confront it?

Time and again in the history of the world, the leaders of a free people have been warned that if they love safety and ease more than freedom and honor, they will lose them all. We must listen. This moment in history must be that in which a nation chooses wisely, or like all free peoples before us we are destined to decline, our strength and virtue dissipated by the selfish timidity of our leaders. It is a heavy decision, my distinguished colleagues, for we are chosen by our citizens to speak and act in their name and for their long-range good.

What have our leaders said so far? There is an elitist group that claims regularly that our men in uniform are simply gameplayers. Yet, when the game gets rough, it is the elite who gather up their marbles and come home safe and sound, while their countrymen remain as hostages to the less delicate—but far more sensitive—conscience of ordinary Americans.

I wrote to President Carter about our missing in action. I requested that he include among his search mission to Hanoi members of MIA families. There are men and women available from those families who have become of necessity, experts on this question. Some of them are former military officers. They have heard testimony by people who have actually seen American servicemen alive in recent months, seen them paraded along roads in Southeast Asia, or held in cave prisons in the hills of Laos. And there are former prisoners, knowledgeable and prudent men of high rank in our Nation's armed forces, who are obviously qualified for such a mission.

The President wrote back, after the commission had returned with 11 bodies and pronounced the file on hundreds of missing in action men virtually closed, beyond contest. He told me that he felt it was a mistake to include anyone in the delegation who might have an emotional interest. My only reaction was to pray that those Americans who represented the rest of us on the commission also felt some "emotional" duty to those who have sacrificed so much for their country, if only the duty to press for a full accounting of the lives and deaths of those men.

It is not so wild an idea as some say. There are men who died in captivity whose names have never been released by their captors. The same is true of servicemen captured alive. It is not an impossible dream.

We are a great and powerful nation. In an age which has manufactured so many ways to grasp for life and happiness, why cannot our President, with the blessings of his countrymen and support of his legislators, reach across an ocean to bring home the remains at least of those young men to whom so many hearts still cling?

We are reminded constantly of the high stakes we play for in war. But there are high stakes in our so-called "peace" as well. A bomb or gun can kill in an instant. The stroke of a pen kills more slowly, but it is a force that can destroy spirits as well as bodies, can consign a whole people to the living death of Communist oppression. The might of a pen has been acknowledged in many poetic ways, but we have only to look at history to see it in its clearest and most aweful reality. The President, with the approval of Congress, can use that force for good or ill, in this case as always.

Yet the lingering aura of détente extends to the consideration of our missing servicemen. Leaders solicitous of Communist governments are quick to question the motives of their own citizens, even the American families who have suffered so much for their country, and who ask so little in return.

An effort has been made to assuage their grief by conferring legal "death" status on men whose true fate is yet unknown. It is not arbitrary finality these devoted American ask. It is simply to be given any evidence however slight that their fathers, husbands, sons and brothers are already dead, and not enduring the torture and terror of indefinite imprisonment by brutal captors.

An official call for "human rights" glows insipidly against the tattletale gray background of such actions as the administration has taken these past few months.

How credible is such a call when it issues from the same source that formally, forceably denies the existence of its own citizens; when it refuses proper burial to those who have given the last full measure of devotion for their country's defense and their brothers' struggle for liberty; when families who should have tributes to reflect their pride and soothe their grief, have only an empty grave

and a last desperate, poignantly hopeful request of their representatives, with the majority of those representatives turning a deaf ear. And what do we tell our youth? French youth were inspired by the World War II resistance hero Jean Moulin, whose ashes were removed in honor to the Pantheon. If we were to serve our young people well, we would paraphrase the words spoken over those ashes, as we speak of the Americans who refused to betray their country:

> Today, young people, may you think of these men as you would have extended your hands on their last day to their poor deformed faces, their poor lips that had not talked; that day, they were the face of America.

But that is not what we say, nor the example we hold up to our youth, nor even the men whom we choose to honor. We expect less, often settling for less than nothing. And when a sensitive and bright generation must recognize itself instinctively as being made into something much smaller than it might be, how dare we expect from them a better judgment for ourselves, or our nation?

Such timidity, such pathetically inconsistent defense of human rights, must ultimately leave a government impotent in the international arena. It is not an arena in which we can afford to be defenseless.

The oft-quoted lines of William B. Yeats express it best:

> Things fall apart; the centre cannot hold; . . . the best lack all conviction, while the worst are full of passionate intensity.

Conviction is the best of us, a holding of the center—these will not make the world shockproof or damageproof against the passionate intensity of its worst citizens; but they are the only means of insuring our survival . . . and, moreover, of justifying it. I thank you for your attention. Please try and read any one of the inspiring books by these extraordinary men, our returned POW's on the list that follows: How are we lucky enough to have such men.

The list of books and authors follows:

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AN OMINOUS SOVIET INITIATIVE IN PANAMA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. RUDD) is recognized for 30 minutes.

Mr. RUDD. Mr. Speaker, I am most surprised and dismayed that neither the administration nor our vigilant news media have benefitted the American people with the ominous news that Soviet negotiators have been in Panama to make highly important and significant economic and commercial agreements with the dictator Torrijos government.

I have learned from news dispatches in two Spanish-language Panama newspapers—Matutino and Critica—which are both mouthpieces for the Torrijos government, that a special Soviet commercial delegation headed by Nikolas Zinoviev met in Panama for several weeks last month with Panama Government officials led by Dr. Ernesto Perez Balladares, director of the Panamanian Commission on Legislation.

These meetings and the tentative agreements reached between the Soviet and Panamanian sides were confirmed for me this afternoon by a U.S. State Department official, who was fully aware of all aspects of the Soviet-Panama agreement.

Mr. Speaker, as we all know, the Soviet Union and Panama do not have diplomatic relations, and yet at this very time when our own American negotiators are preparing a new Panama Canal treaty to give away the Panama Canal to the Torrijos regime, the Soviet Union is initiating an economic and commercial agreement with Panama that is highly favorable to Panama and in the short run not so favorable to the Soviet Union.

The four main points informally agreed upon by the Soviet and Panama representatives on July 19 are as follows:

First. Approval of the possibility that the Soviet Union will purchase 50,000 metric tons of crude sugar from Panama.

Mr. Speaker, this is highly significant, because Panama currently has a glut of sugar and cannot sell it. The bottom has dropped out of the market. Such an agreement for the Soviets to purchase this much sugar from Panama will result in the Soviets being taken to the cleaners by paying substantially more than the world market price in order to meet Panama's demands—a concession that raises serious questions about the Soviet motive in making these agreements at this time of a new United States-Panama accord.

Second. The Soviet and Panamanian negotiators have agreed to the possibility of establishing a major factory in Panama to repair heavy equipment relating to the sugar industry.

Third. The Soviet-Panama informal agreement calls for the possibility of a Soviet-built hydroelectric plant to help Panama's plan for national electrification.

I understand from the news dispatches that this might also become an oil storage plant, with a Soviet investment of somewhere around $40 million.

Fourth. The Soviets would be allowed to take advantage of the free zone at Colon for Soviet merchandise, and to make several Soviet installations at France Field—an old Air Force base that the Panama Government is currently leasing from the Canal Zone with the idea of expanding the free zone.

Additional agreements are being worked out for the Soviets to open a major bank in Panama to conduct their economic and commercial affairs in that country. Any way one looks at it, Mr. Speaker, even without official diplomatic relations, the Soviet Union is moving very fast to make its overtures and ties with the Torrijos regime at a time when the administration is getting ready to turn over our Panama Canal to the Panamanians.

Mr. Speaker, stories about these Soviet-Panama accords, which have not yet been formally signed but which are apparently at an advanced state of agreement, have appeared prominently in the Panamanian newspapers sanctioned by the Torrijos regime.

Yet to my knowledge, no mention of such moves by the Soviet Union in Panama have been mentioned in prominent U.S. newspapers, which have been very quick on other occasions to publish the most speculative type of stories when they are trying to discredit foreign leaders or governments of which they disapprove.

Neither has the administration acknowledged these highly important and significant Soviet initiatives in Panama.

That in itself is significant. The administration is, I believe, making a highly undesirable and dangerous move in its planned turnover of America's Panama Canal to the Panamanians. The American people overwhelmingly disapprove of such a Panama Canal giveaway. The administration does not want to further fuel the fires of opposition to its questionable new treaty with Panama by admitting the Soviet-Panama initiatives.

This is highly deceitful, since the Soviet-Panama negotiations have been taking place at the same time in Panama as the United States-Panama treaty negotiations.

I believe that we should all take pause to consider the ominous meaning and significance of what is taking place. The administration is negotiating a treaty to give away U.S. ownership and control of the Panama Canal. At the same time, the Soviet Union is making initiatives to enter into important economic and commercial relations with Panama, and

to introduce its powerful presence into that country.

Can there be any question that when the United States leaves a void in Panama, as the result of the unfortunate treaty that is now being negotiated over the Panama Canal, that the imperialistic Soviet government will fill that void and move closer to our borders the powerful Soviet threat that endangers the freedom and security of our entire hemisphere?

Mr. Speaker, I believe that the administration and our news media owe a full accounting of these Soviet-Panama initiatives and their ominous implications to the American people.

I, for one, am not surprised that they have not done so to date. But I cannot permit this coverup, this deception, to continue.

Let us know now that the Soviets are losing no time to entrench themselves in Panama the moment that the U.S. presence and influence is removed from that country.

And let us consider the awesome danger that such a Soviet presence in Panama, so close to Cuba, and to our own borders, poses to the American people and to our neighbors throughout Latin America.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield?

Mr. RUDD. I would be happy to yield to my colleague, the gentleman from Washington.

Mr. CUNNINGHAM. Mr. Speaker, I applaud the gentleman from Arizona (Mr. RUDD) and commend him for his zeal on this subject. I know that he wishes that we maintain control of the Panama Canal.

Knowing that the gentleman shares with me the view that we designed the canal, we negotiated for it, we built it, and we paid for it, I would be interested to know what the gentleman's response is to the alleged viewpoint or proposal of the administration that we will build another canal, and that we will give the Panamanian Government the existing canal. The proposal, I understand, is that we in turn will reimburse them for their losses of revenue.

I am wondering if that, in the gentleman's eyes, would best protect our national interests.

Mr. RUDD. Mr. Speaker, I am thankful to the gentleman from Washington (Mr. CUNNINGHAM) for bringing this important point to light for the purpose of discussion.

There have, of course, been talks through recent years about building a second canal. Generally the canal in mind was set to cross the country of Nicaragua, through the Lake of Nicaragua, and that would be accomplished at a very great expense. There have also been some talks about another canal being built near the southern border of Panama.

What difference would it make if we had two or one other canal over these countries as to whether we would keep the one we have and enlarge it if it became necessary, which it will not be, because it will handle 97 percent of all traffic necessary to the world by way of cargo and our Navy, too? It will not handle the very large ships, of course.

This move will only ask for future problems along the lines that we have now. The Panama Canal, by our treaty, is the property of the United States. It is sovereign U.S. territory. It should be treated as such. Any other expense in the building of another canal is not going to accomplish anything further than what the present canal has.

If we turned it over to the Panamanians, this will lead to great danger for our country, for our military presence, for the defense of the Americas, for our own defense in our backyard. I think the suggestion that we build another canal to take the place of the one which would be turned over to the Panamanians is ludicrous on the face of it.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. RUDD. I am happy to yield to my distinguished colleague, the gentleman from Ohio (Mr. DEVINE).

Mr. DEVINE. Mr. Speaker, I thank the gentleman for yielding.

I wish to commend the gentleman from Arizona (Mr. RUDD) for taking the time of the House, even at this late hour, nearly 9 o'clock at night, to relate to us something about his tenacity, industriousness, and resourcefulness in smoking out a story that has apparently been hidden by the local media, by the State Department, and by this administration.

The gentleman in the well has a long and illustrious career as an FBI agent for 20 years, during which he served his Nation well in South America, Central America, and Mexico. He is well acquainted with the thinking of the people in these areas. He is well acquainted with the problems relating to the Panama Canal, particularly the fact that a handful of revolutionary dissidents are being listened to by the State Department, by our treaty makers and by others.

He has been a stalwart and a loyal supporter of the maintenance of our sovereignty over the canal which we built with funds from the American taxpayer through a treaty that is supposed to go on into perpetuity.

I would say that the gentleman, having read these Spanish language newspapers and having developed this information, as I understand, sought answers from the State Department as late as this afternoon.

I would ask the gentleman if he would respond, or at least, alert those Members of the House who are still present this evening with respect to what the State Department said or what their attitude was, whether we are trying to keep a lid on this story or just where we are with respect to this information having to do with the Soviets constructing plants, hydroelectric, and so forth in the Panama Canal area.

Mr. RUDD. Mr. Speaker, I thank the distinguished gentleman from Ohio (Mr. DEVINE) for his remarks. He is a longtime leader in the House of Representatives and a most knowledgeable person as to the affairs of state and of Government.

I will say that late this afternoon there was an inquiry made of the State Department, of an official who was on the Panamanian desk, and he confirmed without question and very freely that those negotiations were taking place, adding to some of the comment that appeared in the daily newspapers in the Spanish language from Panama. He made no comment as to what the judgment would be or as to where this was going. It is, of course, not his position to do so. It would be passed on up to a higher level, possibly the Secretarial level or even the Presidential level. However, there was no question but what these negotiations have taken place and what the design of the Soviets is. The fact of their very presence there, their demanding presence there, their anxious presence there leaves no doubt that their intention is to replace the United States presence just as soon as and as fast as that can be done.

Mr. DEVINE. Mr. Speaker, if the gentleman will yield further, having discovered this information, does the gentleman have an opinion as to whether or not, because of the current negotiations for a possible new treaty or a change in status in the Panama Canal area, the fact that this has not been carried either by the printed or electronic media in this country is by design or by the desire of the State Department or others?

Mr. RUDD. Mr. Speaker, if one were to examine these facts carefully and rationally and without emotion, and I realize that is difficult, no other conclusion can be reached except that there must have been an attempt to hide these facts from the American people in order to continue the efforts of negotiations leading to a treaty which is to take place, and which will be presented, during the recess of this Congress this month.

Mr. DEVINE. Mr. Speaker, again I thank the gentleman from Arizona (Mr. RUDD). I think the gentleman has rendered a great service to our Nation in making these facts public. It is unfortunate that apparently all the members of the news media have gone home. There does not appear to be anyone in the press gallery.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. RUDD. I am happy to yield to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I wish to express my appreciation to the gentleman from Arizona (Mr. RUDD) upon the research the gentleman has done and for the information the gentleman has brought to the House this evening on this important subject of our Panama Canal.

I know that the gentleman from Arizona (Mr. RUDD), since he has arrived here in the Congress, has been very diligent in trying to make sure that the House is aware of the efforts of foreign nations in trying to cede that canal, which is vital to our commercial interests as well as our defense interest, over to the Panamanian Government, which is, of course, a very unstable government.

I am somewhat shocked by the information that the gentleman has given us. I myself was not aware of what the gentleman has explained here tonight. I am sure, though, that at some time soon the New York Times will have it on its front page—not really.

But, Mr. Speaker, I do compliment my colleague for bringing this information to the House. I hope it will be given proper and appropriate consideration because it does show that the Soviet Union does have an interest in seeing that the Panamanian Government gains control of that vital seaway canal. I know that many of my colleagues will be very grateful for this information and the value of the resources the gentleman has provided us.

Mr. RUDD. Mr. Speaker, I wish to thank the distinguished gentleman from Ohio (Mr. DEVINE) and the gentleman from California (Mr. ROUSSELOT) and the gentleman from Washington (Mr. CUNNINGHAM) for their incisive remarks and their assessment of this situation. I believe the situation is dangerous. I think that the American people should be made aware of just exactly what is going on in Panama and the manner in which this was not brought to the attention of the American people in an obvious effort to protect the treaty which is intended to be made during this month.

THE SIGNIFICANCE OF PRAGUE AND BELGRADE

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New Jersey (Mrs. FENWICK) is recognized for 5 minutes.

Mrs. FENWICK. Mr. Speaker, we have been reminded of the way of life in Eastern Europe. Once again, the brief expression of political beliefs has been stifled in Czechoslovakia. A brave group drew up and circulated a document calling on the Government to live up to its pledges in the Helsinki accord and to honor the principles of the Czechoslovak Constitution.

The document circulated for signatures in Czechoslovakia is known to us as charter 77 and symbolizes both the designation of this as Prisoners of Conscience Year and the convening of the Belgrade conference to review implementation of the Helsinki accord. The leaders of charter 77 openly acknowledge that they did not seek to establish a basis for political opposition, but wanted to "lead in the sphere of its activity by means of a constructure dialog with the political and state authorities * * *." Yet this mere expression of concern by Czechoslovak citizens was too much for the Communist government, and many of the signers of the charter were arrested for expressing their beliefs.

As in 1968, when Soviet tanks rolled through the streets of Prague, we are reminded that the freedom of expression is looked upon as a fatal virus in Czechoslovakia and other Communist countries. And yet out of this atmosphere of official fear and repression has come a most remarkable statement of personal ethics that we have seen for some time. In charter 77, its supporters proclaim:

> The responsibility for the preservation of civil rights naturally rests with the political and state power in the country. But not on it alone. Every individual bears a share of responsibility for the general conditions and thus also for the compliance with the enacted pacts which are binding, for the government as for the people.

This reassertion of the strength and importance of the individual is the basis for our own concepts of government and freedom. We have seen in all Communist countries an attempt to subvert the relationship of the individual and the state, placing the state above the individual. That the Helsinki accord could act as a spark for an expression like charter 77 is important evidence for us that the belief in individual expression and human dignity that springs from it are not dead behind the Iron Curtain. The tanks of 1968 could not crush it and the prison bars of 1977 cannot contain it.

The Belgrade conference will begin in earnest in October, setting a precedent for reviewing implementation of an international accord. The conference may not produce stunning achievements, but it is important because it will establish the principle that the treatment of a country's citizens is no longer a purely domestic concern but one which can be discussed rationally in a diplomatic setting. This development gives us hope for the future, just as the appearance of charter 77 has done.

ADMINISTRATION SHOULD MAINTAIN TIES WITH TAIWAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BURGENER) is recognized for 5 minutes.

Mr. BURGENER. Mr. Speaker, the current pronouncements of President Carter and Secretary Vance on the formal recognition of the People's Republic of China convinces me that we are about to abandon our longtime friend and ally—the Republic of China. Further, as we drift toward more accommodation to the wishes of the Red Chinese Government, the sterner their ominous talk of liberation becomes.

I feel it would be an incredible betrayal of our previous commitments to abandon a country which upholds personal freedoms to accommodate a government with, to say the least, a history of instability and despotism.

The accomplishments of Taiwan in the past 25 years are dramatic. They have achieved an economic growth rate of 11 percent per year and a growth in individual personal income of 7 percent per year. There are only nine countries on the globe with which we carry on a larger amount of trade. And, Mr. Speaker, all this has been accomplished while maintaining an armed force of 500,000 men—one of the largest per capita forces in the world—because of recurring aggressive talk of liberation from the mainland. This incredible economic growth has made any direct American assistance unnecessary since 1965, a feat the United States has managed with few other countries. A land reform program has been administered, education made universal, and family planning institution to control population growth.

Politically, the Republic of China has a system based on the Constitution of 1947 which established a representative national assembly elected by popular vote, patterned after our own Congress.

Aside from what I believe is a strong moral obligation to continued relations with this freedom-loving nation, we are legally bound by the Defense Treaty of 1954, and any abrogation of that treaty would further degrade U.S. ideals, not to speak of American interests in the Far East.

This history of the Taiwan Government, not unlike our own, is marked by spectacular growth in the face of many obstacles, thanks to their dedication to freedom. With little assistance, this country has become one of the freest societies in Asia, with the second highest standard of living in that part of the world.

It is unthinkable to legitimatize relations with a nation which has promulgated a system contrary to our highest values at the expense of one dedicated to these very principles.

The Republic of China asks nothing more than our continued support in guaranteeing that freedom they have striven so hard for. They are equipped to plan an important international role in furnishing a prime example of political and social progress within their own island limits—if we only continue to give them the chance.

Mr. Speaker, abandonment of this trusted ally we have supported because of our shared mutual principles over the years would be unconscionable, and I urge the administration in the strongest terms to maintain our ties with Taiwan. To do otherwise would be the grossest violation of human rights, something the administration professes to be concerned with. It is my hope that they will confirm that dedication by their actions.

AMERICANS AND ALLIES OBSERVE 19TH CAPTIVE NATIONS WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, the 19th observance of Captive Nations Week was marked by events in many sections of this country and among our foreign allies notably the Republic of China. This annual week is a towering and firm reminder to our citizens and others of the more than two dozen captive nations under totalitarian Communist domination from the Danube to the Pacific and into the Caribbean. The week has also provided an annual forum for the discussion of captive nations policy in the broad framework of our foreign policy. And this year the prospects for a captive

nations policy were discussed in terms of the President's commitment to human rights. Some analysts have even viewed the President's late and bland proclamation of the week as a retreat from this commitment.

These and other points, Mr. Speaker, can be gleaned from the successive reports I have submitted on the 19th Captive Nations Week, as well as from the following which I commend to the reading of my colleagues: First, the proclamation of Gov. Hugh L. Carey of New York; second, the proclamation of Mayor Ted Bates of the city of Warren, Mich.; third, R. K. Scott's commentary on the Week in America's Future; fourth, a report in the Chicago News; fifth, the editorial "Captive Nations Week" in the July 21 China Post; and sixth, the column by Charles Bartlett in the July 27 issue of the Washington Star:

PROCLAMATION

The desire for liberty and independence by the overwhelming majority of people in conquered nations constitutes a powerful deterrent to violent ambitions of aggressive leaders.

The freedom-loving people of captive nations look to the United States as the citadel of human freedom and to its people for guidance and inspiration.

Our country, under its new President, is experiencing a reawakening of the desire for human rights for all oppressed people. This emphasis will be felt in the captive nations, as well as among the leaders of the oppressors. It is appropriate to designate a week to recognize these captive nations. All should join in prayer, ceremonies and activities expressing our sympathy with and support for the just aspirations of captive people everywhere.

Now, therefore, I, Hugh L. Carey, Governor of the State of New York, do hereby proclaim the week of July 17–23, 1977, as "Captive Nations Week" in New York State.

PROCLAMATION—CAPTIVE NATIONS WEEK

Whereas, the imperialistic policies of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, Byelorussia, Rumania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Urel, Serbia, Croatia, Slovenia, Tibet, Cossackia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos and others; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and,

Whereas, the freedom-loving peoples in the captive nations look to the United States as the citadel of human freedom and to the people of the United States as the leaders in bringing about their freedom and independence; and,

Whereas, the Congress of the United States by unanimous vote passed Public Law 86–90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayer, ceremonies and activities; expressing their sympathy with and support for the just aspirations of captive peoples.

Now, therefore, I, Ted Bates, Mayor of the City of Warren, do hereby proclaim the week of July 17–23, 1977, as "Captive Nations Week" in the City of Warren and call upon the citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

CAPTIVE NATIONS WEEK—1977

Each July, the President of the United States issues a proclamation declaring what is called "Captive Nations Week." He does so under provisions of an act of Congress, passed by acclamation just 18 years ago. In that proclamation, the President regularly takes note of America's dedication to the principles of human freedom and national independence and expresses the hope that these principles will be recognized universally.

In the 1960's, the Presidential proclamations had a bold, brave ring to them. In effect, they exhorted the peoples of the Soviet-conquered nations of Eastern Europe to persevere for freedom and assured them of America's continuing strong support. But with the flourishing of Nikita Krushchev's so-called "peaceful coexistence" and the "spirits" of Camp David and, later, of Glassboro, the Captive Nations Week proclamations were watered down so as not to "rock the boat" and give offense to the newly "friendly" Kremlin leaders.

With the advent of Leonid Brezhnev and "détente," Captive Nations Week was all but ignored, except for the insertion of a few articles of faith by ethnic-minded members of Congress. The President's Captive Nations Week proclamations, in the words of one White House wag, were "slipped over a transom in the middle of the night so no one would notice them." The once-active and fiercely dedicated "Assembly of Captive European Nations," composed of prominent exiles from the Iron Curtain countries, was quietly disbanded in all but name after U.S. government support was withdrawn.

Because of his outspoken adherence to the cause of human rights, President Carter's Captive Nations Week Proclamation this month served to revive the hopes of many East Europeans. But only slightly. Two summers ago, in Helsinki, the U.S. President and other Western leaders had formally accepted the Soviet Union's domination of Eastern Europe, in return for Soviet-bloc promises to lift Iron Curtain restrictions dividing the peoples of East and West. Signatories to the Helsinki Declaration, now meeting in Belgrade to review the progress made, have been unable to agree even to an agenda after more than a month of meetings.

Within our own State Department, and in some segments of Congress, the news media and the academic community, the very words, "Captive Nations" are regarded as relics of the old unenlightened Cold War Days—and an embarrassment to improved relations with Moscow. To the tens of millions of East Europeans, however, there is nothing anachronistic about the term "Captive Nations." "Détente" and declarations on East-West cooperation notwithstanding, they *are* captives living in captivity . . . captured by a Communist tyranny whose appetite for world conquest is insatiable. And yet the cry for liberty is still heard—in Eastern Europe and in other conquered areas of the world where the human mind is not yet captive.

A CAPTIVE WRITER'S STRUGGLE

Reiner Kunze is being hailed as one of the most important writers to come out of the East since Alexandr Solzhenitsyn. He also is a victim of the Communist strategy of exile. Under this strategy, dissidents who refuse to conform are either forcibly exiled from their native countries or so harassed and intimidated that they accept an exit permit when offered.

Shortly after Kunze's book, *The Wonderful Years*, was published in the West last Fall, the 43-year-old author was expelled from the East German Writers' Union. It was only the start of a campaign aimed at silencing him. What displeased the Communist East German authorities was the nature of Kunze's book. It was a collection of vignettes about daily life in that captive, Soviet-dominated land. As such, it comprised a soul-searing indictment of the many subtle acts of repression and enforced conformity that casual visitors from the West never could hope to detect.

And Kunze's title, *The Wonderful Years*, was, by intention, sardonic—a literary rapier thrust into the heart of the brutish despots ruling East Germany. The Communist authorities decided that Reiner Kunze must be eliminated; his writings were much too dangerous to be allowed to circulate in the "worker's paradise."

Within a short time, Kunze's daughter, Marcella, was forced to leave school before her final exams. She had become identified as the child of an "Enemy of the State." Kunze's wife, a Czech-born doctor, was denied a promotion at the hospital where she worked. The pressure was building. Finally, last April, Kunze and his family were compelled to leave for West Germany.

Like many writers of depth and stature, Kunze experienced a wide range of ideological attachments. The son of a coal miner, Kunze studied and then taught at the University of Leipzig. He left there in 1959, disillusioned by a system that, in his words, "annihilates the individual." He became a locksmith, and, in his spare time, began writing poetry. In 1968, when Soviet-led Warsaw Pact forces invaded Czechoslovakia and crushed that small nation's attempt to give Communism a "human face," Kunze quit the East German Communist Party. Any illusions he once had about Communism were gone.

Looking back, the exiled author sees East Germany, along with the other Soviet satellites of Europe, as helpless victims of imperial Moscow. There are, he says, still many young people in East Germany who seek social change and more justice for people. "But their number is small in comparison to the masses."

Kunze offers a glimpse of what Communism has done to a generation of East Germans. In a typical high school class of 24 students, probably two—only two—are "absolutely a conformity with the system by virtue of their education and influence of the state organizations. They would do everything they are asked scrupulously, even with fanaticism, believing they are doing the right thing."

"Another two pupils," he says, "would be the sensitive ones. But if they stick to their principles, if they don't want to compromise themselves, they will have to leave school. They wouldn't be allowed to go to a university. They might even commit suicide. They have to take the consequences."

And what of the rest of the class, the twenty students comprising the majority? The typical majority, says Kunze, has been educated to accept opportunism and is willing to take it. "But those two students who don't want to give in," says Kunze, "are not alone. When added up, there really are thousands of them. They are the ones who won't make their way (in the Communist system), yet they are the ones on whom everything depends!"

THE LIGHT OF HOPE

There are small examples of non-conformity. Kunze tells of how his young daughter yearned to wear wire-rimmed glasses to school, even though the teacher had branded them as a subversive, decadent Western fad. One day, Kunze's daughter brought to class a picture postcard from Tokyo. A fellow student, one of the conformists, "told" on her.

The teacher reprimanded Marcella Kunze for "spreading capitalist propaganda."

Yet, even in the darkness and despair of the Communist society, the feeling of human compassion and the will to be free somehow survive. In his book, *The Wonderful Years*, Kunze writes of a day when, seemingly out of nowhere, vast numbers of flowers were placed at the doorstep of their East German apartment by unseen friends. It was the day after the Soviet-led armies invaded Czechoslovakia, Mrs. Kunze's native country.

In another poignant passage, Kunze tells of the death of a person the Communist authorities regarded as an "Enemy of the State" and how the authorities made it difficult for mourners to get to the funeral. When it was over, it was night. But the authorities had turned out all the lights at the cemetery and the long and winding stairway leading from the hilltop gravesite was in darkness. Joining hands, the mourners made their way slowly down the stairway, each saying only, "Step. So that nobody falls."

In the darkness of the Captive Nations, there is still the light of human kindness and of hope. It is a light that those of us blessed with freedom should help keep alive and burning.

[From the Chicago (Ill.) News, July 15, 1977]

CAPTIVE NATIONS WEEK

Captive Nations Week floats will parade through the Loop Saturday, beginning at noon. The parade starts at State and Wacker and proceeds south on State to Congress. Guest of honor at the parade will be the Rev. H. N. Grivans, who recently was freed after 16 years imprisonment in Latvia. July 11 through 16 has been declared Captive Nations Week by federal and local governments.

[From the China Post]

CAPTIVE NATIONS WEEK

The observance of Captive Nations Week from July 17 to July 23 is in full swing. More than 15 foreign delegates from 12 countries are expected to attend the mass rally tomorrow morning at the Sun Yat-sen Memorial Hall to commemorate the annual observance. They will join with several thousand Chinese government and civic leaders to pay homage to the fallen heroes behind the iron curtain and rededicate their efforts in securing the liberation of the countless millions of the enslaved people in the Captive Nations.

The observance of this week acquires added significance because of the designation of this year as Captive Nations Year as a result of the resolution passed by the 10th WACL and 23rd APACL Conferences declaring that anti-Communist strength the world over must be united together to struggle for the goal of the destruction of the Communist yoke and cruelty.

The Captive Nations Week movement was initiated by the 86th Congress of the United States in 1959 and signed into Public Law 86-90 by President Dwight Eisenhower. Since then, the third week of July was proclaimed as Captive Nations Week by every U.S. President until this year when President Jimmy Carter failed to issue the annual proclamation.

President Carter's inaction in this regard became the subject of criticism by Dr. Lev E. Dobriansky, Chairman of the National Captive Nations Committee, who described it as a "grave disappointment to millions of Americans and our allies abroad". In the same letter to Carter, Dobriansky pointed out that "For one who is supposedly committed to human rights globally, we expected from you the strongest proclamation . . . Instead . . . you chose to ignore this traditional annual observance . . . that has consistently given coherent expression to human rights on the scale of over 27 nations held in Communist captivity".

As a matter of fact since 1920, 31 nations have fallen victims to Communist domination and captivity. As a result, hundreds of millions of innocent people have been enslaved behind the iron curtain to live in perpetual servitude. These unfortunate people have been deprived of all freedom, human rights and privileges and treated cruelly beyond imagination. The Indochinese nations are typical examples of such slavery and cruelty. Countless thousands of people were driven to the countryside to be slaughtered. The massacres thus ensuing constituted the second largest massacre since the Chinese Communists killed 60 million innocent people on the Chinese mainland.

Free people everywhere must not be complacent about the phony detente campaign of the Communists. They should be alert to Communist intrigues to expand their scope of domination of free nations leading to the domination and conquest of the world. As Dr. Ku Cheng-kang, honorary chairman of the World Anti-Communist League and chairman of the Asian People's Anti-Communist League, has pointed out that "the Communist target of world Communization and the imposition of slavery on human beings will never be changed." He also called attention to the U.S. Secretary of State "of the true nature of the Peiping regime which is the very source of all chaos and crimes, including the Korean and Vietnamese wars in Asia". He also urged the United States "not to be trapped into Communist schemes before it is too late".

It is unfortunate that at this critical juncture of world history, the United States should resort to unlimited appeasement of two major Communist powers. It is giving encouragement to their instransigence and indirectly abetting their aggrandizement. The proposed visit of U.S. Secretary of State Cyrus Vance to Peiping would undermine greatly the unity and confidence of U.S. allies without any reasonable return to be gained from the Chinese Communist. That was the reason why Dr. Ku warned that the misconceptions of Cyrus Vance must be corrected before it is too late and an inconceivable calamity to the free world can be avoided.

[From the Washington Star, July 27, 1977]

THINGS ARE LOOKING UP FOR DÉTENTE AFTER CARTER'S CONCILIATORY WORDS

The Soviets' bellwether weekly *New Times* is saying that Moscow has not lost its hope for detente, President Carter is beaming smiles of reconciliation toward the Russians, and the hiatus of uncertain relations appears to be near its end.

The Soviet propaganda chorus ascribing "cold war tendencies" to Carter has been uncomfortable for the President because elements of American public opinion have been reacting with hand-wringing concern. So he went out of his way, in addressing the Southern legislators in Charleston, to stress the "human reality that must bring us closer together."

Carter has responded so defensively to criticism that he had injected a superfluous abrasiveness into Soviet-American relations that many feared an awkward move to warm up the climate. Carter is so determined to be popular as well as right that he obviously found it hard to bear suggestions that he had been maladroit in these critical dealings.

But to his credit, the President did not blink or turn tail in the face of the Soviets' orchestrated hazing. His rhetoric in Charleston was more conciliatory than tough, but it marked no retreat from positions he had enunciated at Notre Dame nine weeks earlier.

In fact he did it just right. He reassured the Soviets that his expressions of concern on human rights are assertions of a fundamental principle, not strategic ploys. He promised to make himself clearer if he has stirred misunderstandings, but he declared his unreadiness to be diverted by the pressure of propaganda protests.

If the Soviet leaders nurse genuine doubts about Carter's aim in regard to human rights, they should gain confidence from his statement on "Captive Nations Week." This is an annual opportunity for expatriates of nations swallowed by Soviet expansion to raise a cry for liberation, and it would be a splendid opportunity if Carter were seriously bent on upsetting the fragile balance of nationalism within the Soviet Union.

But the President's letter marking the observance was so bland, so devoid of allusions to Communist enslavement that one sponsor of the event, Rep. Dan Flood, D-Pa., was moved to lament that the President's pronouncement was "as gutless as those of previous Presidents." He charged the Carter administration with measuring friendly nations with standards which it shrinks from applying against the Communists.

The Soviets have reason to feel they have made their point. The anti-Carter barrage by Moscow commentators and professors has reflected the same synthetic spontaneity which caused these spokesmen to treat Richard Nixon with saccharin kindness, even at the height of Watergate. These voices combined to convey the Kremlin's dislike of being lectured at by a moralistic President. He is unlikely to deliver more lectures. Detente will be on again because it is useful to the Soviets as a holding operation while the capitalists are devoured by their economic crises. The detente of recent years has been facilitated for them by their feeling that they were pulling ahead in the world power rivalry. Now they must adapt to peaceful dealings in times when the world's perception of power, to use Ray Cline's phrase, may be swinging in favor of the United States.

So nothing has been lost in the hiatus. The Soviets need to reach for agreements more urgently than ever. Their hopes for a post-Mao rapprochement with Peking have been dashed and their troubles with the pluralistic Communists of Western Europe are just beginning. The leadership is old, ill, and changing but the transition is unlikely to affect the pragmatic bent of Kremlin policy.

If this was a test of Carter, he passed it with a show of his puzzling ability to be simultaneously flexible and firm. The lesson of the experience for him is that friendly relations with the Russian bear require avoidance of some tender spots.

MAJOR CREDIT CARD AND EFT LEGISLATION INTRODUCED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, I am introducing legislation today along with Mrs. SPELLMAN, Mr. VENTO, Mr. ST GERMAIN, Mr. MINISH, and Mr. FAUNTROY, which will provide needed consumer protection and relief for two of the available payment systems: credit cards and electronic funds transfers—EFT.

Never before in history have consumers had such a wide variety of payment systems to choose from: cash remains legal tender; checks are still acceptable; credit cards are no longer considered luxuries; the newer debit cards, which electronically transfer funds out of or into consumers' bank accounts, are increasingly available; and banks are now offering their customers preauthorized bill pay-

ment services. However, this situation is not as ideal for the consumer as it would seem.

Cash and checks are not always acceptable—try renting a car or checking into a motel. Consumers attempting to purchase goods with a check must at times suffer the humiliation of having their picture taken or at least being required to produce a stack of identification, including credit cards.

There is no doubt that use of credit cards continues to increase. There are over 500 million accounts in the country today. Credit cards are being accepted in places, which before today, never even extended credit; attorney's costs; funeral parlors; doctors and dentists; and taxi cab drivers, to mention only a few.

Now that card issuers have consumers in the trap they are blatantly or subtly changing card plans which were originally contracted as a free service when balances were fully paid. The only justification for these changing policies is the bankers' complaint of deficits in credit card plans.

While the actual statistics are carefully guarded, it would seem highly unlikely bankers are losing money. The facts show dual membership is spreading rapidly—that is, one bank offering both Master Charge and BankAmericard plans. If one plan has proven so unprofitable why are so many banks racing to offer both?

For example, Citibank, last year, added a 50 cents per month fee on accounts of consumers who paid their Master Charge balances in full. The bank claimed it needed this charge to begin showing a profit on this credit card plan. This was after admitting that operating costs had gone down, due to new technology, and that use of the accounts had increased—which provides extra merchant's discounts. However, if the Master Charge plan was so unprofitable for Citibank, why has the bank now offered BankAmericard also and why did it just purchase NAC, another credit card company?

My legislation will put an end to the creeping excesses imposed on credit card users, such as this extra monthly charge on the conscientious cardholder who pays his balance in full or refrains from using the card. We have a responsibility to encourage thrift, not to penalize it.

Annual fees have also been added to card plans by some banks. Bankers are not hesitant to reveal that the annual fees are used to get around State usury laws and still raise revenues.

Bankers also get larger revenues by simply waiting as long as now legally possible before mailing already prepared statements. The later the consumer receives his statement, the later he will make his payment and the larger the finance charge which will appear on his next statement.

A subtle change which increases profits, but effectively ends the grace period has become increasingly popular. In this scheme when a consumer carries an outstanding balance, finance charges will also be assessed on new purchases before the consumer is billed for them. The possible increase in finance charges is infinitely great, yet the change in policy is so subtle that most consumers do not even know what has happened to them.

One banker who began employing this scheme was asked if his customers complained about the change. He happily replied that he only received a few comments. Those, he explained, came from the attorneys of the customers who usually paid in full each month. They were afraid this charge would, somehow, apply to them. The banker's attitude was revealed in this conclusion, "Our attorneys did a good job structuring the notice. We had other attorneys call in and say, 'What the hell are you talking about?'."

The methods used to calculate the balance on which the finance charge is imposed are complicated at best and impossible to verify with computers at worst. I am prohibiting the use of one method which I find unbearable—that is, the previous balance method. With this method, if you receive a statement with a $100 balance and you do not make full payment of the $100 by the payment due date, no consideration will be given for any payment that you do make. Your next statement will show a finance charge on the total $100.

These policies have all been prohibited by the bill which I am introducing today. The consumer who is trapped into the credit card system is usually paying the maximum interest rates allowable, and the plans seem profitable enough for banks to be increasingly adding more plans to the one they offered before. I take this stand because credit cards were offered to people as a free service if balances were paid in full. The banks begged consumers to try the cards and even sent them out, unsolicited in the early days, to any address and name they could find. Now that the trap is sprung bankers are changing their tune as well as their policies. It seems that the promise of a free service was just a come-on.

In a recent Chicago Sun-Times article, a reporter tried to explain why banks need these extra charges. The blame was put on consumers: "The major problem comes from clever consumers who are paying their card balances in full each month and thereby not incurring any finance charges." A Chicago banker was quoted as complaining that, "They're using the card for convenience, not for credit." It seems comical that consumers are being blamed for doing precisely what the banks asked for in the original contract.

My legislation, besides prohibiting the changes mentioned, will also make the contract between the consumer and the card issuer more stable in the future. Card issuers will be required to fully explain to their customers any proposed change in the plan 90 days before it becomes effective. The implications of the change must be disclosed to the consumer as well. The consumer will then have enough time to organize his account and look for another issuer if the change is one which would be prohibitive.

The existing law already prohibits card issuers from sending the card unless the consumer has requested it. This law has been abused, however, since the card issuer may call consumers on the phone and ask the consumer to accept the card. Even if the consumer says "no" the card issuer can always claim that he had agreed.

I have included in my bill a provision which will prohibit cards from being sent to a consumer unless the card issuer has received from that consumer a written and signed application. Furthermore, no credit capacity may be added to any other card which the consumer may already possess without such a signed application.

I have also required that other terms of the credit plan be clearly disclosed to the conusmer to end the unnecessary embarrassment and inconvenience which daily comes to my attention through consumer mail. Consumers have been left stranded in foreign airports because they have relied on the capacity of their credit card to purchase the ticket, yet at the critical moment were informed that the needed credit could not be extended. The problem in such a situation is not within the consumer's control. It happens that due to time differences the authorization center back in New York may be shut down, thus limiting everyone's line of credit. The real problem has been, however, that such policy has not been revealed to the consumer. In such a situation the innocent consumer has no way to protect himself.

One consumer told of his embarrassment when he attempted to pay a dinner tab with his credit card only to find his account had been closed because he had not paid on his $30 balance for 2 months. Requiring policies such as this to be disclosed to the consumer before an embarrassing situation develops will be helpful for the bank as well as the consumer.

It has come to my attention, also, that some card issuers allow their participating merchants to add charges to a credit card receipt after the consumer has signed the receipt. The card companies have insisted that this "delayed charge" feature was added to their receipts as a consumer convenience. I contend that it could be a consumer "rip off." In effect the consumer is signing a blank check. A provision of my legislation will allow merchants to add delayed charges to a receipt only if the consumer initials that receipt giving such permission. I have also required such receipts to be included with the monthly statements so the consumer can check more accurately all the amounts charged to him.

Consumers are now being drawn into a newly evolving payment system, the electronic funds transfer system—EFT. Bankers have hailed EFT as the greatest invention since the wheel, but the catch is that consumers, for the most part, have not seen a need for this new service. In order for EFT to be efficient, a large volume of transactions is needed and bankers are again coaxing the consumer by offering these services free of charge and even offering extra incentives, like a free hamburger, for participating consumers. Banks are spending millions of dollars on the sophisticated equipment

necessary for these services, so it seems only a matter of time bgefore those costs will be passed on to the consumer.

Regardless of the fact that these are free services, debit cards and the other EFT services are not the Utopian payment system. As chairman of the Subcommittee on Consumer Affairs, I have become increasingly aware of the pressing need for protection of users of EFT.

Earlier this year, columnist Sylvia Porter generated much congressional mail when she informed readers of the possible perils of the "checkless society." "It is becoming dangerously late," she continued, "for once institutions have spent large sums to install new—EFT—systems it will be exceedingly difficult to make changes to protect—the consumer."

I have made provisions in the bill I am introducing today to provide the consumer protections needed. Hopefully it will not be too late.

While the primary device used in existing EFT systems, the debit card, looks much like the credit card, debit card users, in fact, have no legal protection in case of loss. A debit card lost, stolen, or misused can conceivably wipe out the consumer's entire bank account. My legislation will prohibit institutions from sending such a card to anyone who does not ask for it in writing. Consumers will also have, for the first time, limited liability for losses associated with the card, similar to credit card protection.

A staff survey of banks in the Washington area reveals that EFT services are expanding. These services are offered to consumers as a convenience. Using this approach, the banks issue debit cards and extend other EFT services without any written agreement of the responsibilities of either the consumer or the bank regarding the use of these services. If the consumer expresses concern to the bank, such as asking who would be responsible in case the bank made an error in debitting his account, he is told that if he has any fear of error, loss of security or privacy, he should not use the service. This might be a fine option for today, but what choice will the consumer have when the banks have him as locked into EFT as they now have him caught in the credit card trap?

Title I of my bill requires written agreements between the institution and the consumer, before any EFT capacity may be used by the consumer. I also require full disclosure of all terms and conditions respecting the use of the EFT services to be made by the bank.

Provision has also been made in title I for the consumer to be assured of receiving receipts when using the debit card for making a purchase, as well as when it is used to withdraw or deposit money into an account at an automated teller. The question of the value of these receipts in proving bank error has clearly been addressed in this bill. The receipt will be considered, after passage of this bill, legal proof of payment. This means that if the seller claimed the consumer did not pay for a purchase, the consumer can prove he did by showing the receipt.

If the monthly statement of an EFT account shows that the consumer withdrew $100 from his savings account through use of an automated teller and the consumer actually withdrew $10 from his checking account, that consumer may prove the error to the bank by merely showing the bank the receipt. The bank must then correct the error as of the time it was made and also reimburse the consumer for any lost interest resulting from the error.

To reduce the need for checks and to increase convenience for the consumer, banks are offering preauthorized payment services. Under such a service, the institution agrees to make specific periodic payments, automatically, for the consumer—usually utility, mortgage or insurance payments. This sounds delightful—but consider the possibility of an error.

Consider the case of the consumer who has authorized a bank to make his quarterly insurance payment, then through some electronic error the payment is not made. Who would be liable for the loss if, while the insurance policy has lapsed, the consumer's house burns down? John Fisher, a leading banker from Ohio, stated before the Consumer Affairs Subcommittee that he could not answer that question.

Other bankers are not so indefinite. Many disclose openly in their preauthorized payment agreements that in case of error the bank will assume no responsibility for losses. My bill will change this deplorable situation. Consumers will be assured that, in case of bank error, the bank will be strictly liable—and so they should.

It is not my intent by introducing this legislation to "handhold" consumers. I feel the consumers of this country have a responsibility to use payment systems conscientiously. They have a responsibility to keep their own records and to make payments promptly. Banks also should have the right to discontinue service to any consumer who abuses the system. However, consumers must know and understand the rules of the system in order to be able to comply; and they will when my disclosures are required. Consumers also must be protected from errors which are beyond their control.

Serious consideration of this bill is essential—now—before we experience a catastrophe like that of the early credit card years.

WHITHER THE DOLLAR?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, there are not many people who watch the vagaries of international currency values with any interest. The interest grows when a problem arises or a crisis is brewing, and that is what we see happening right now. Official brows are knitted with worry, while official pronouncements assure one and all that everything is really all right, and international meetings are scheduled to set up yet another interim arrangement. Once more, we face the problem of a declining dollar value—yet another reminder that world trade and currency arrangements are on shaky ground. Sober thought must be given to the question: Whither the dollar?

In the postwar world, all currencies were maintained at set, official values. Every country made a strenuous effort to follow policies that contained inflation and kept trade in balance—and a currency devaluation was something to be resorted to only in the last extremity.

These arrangements were rigid in their demands, but they produced remarkable stability, and the world prospered as it never had, either before or since. But fixed currency regimes, it seems, fell into disrepute and disrepair, so that in 1971–72 the United States first devalued its currency and then scrapped fixed exchange rate values altogether. Thus began what is commonly known as a floating exchange rate system, a system in which money rates change from day to day, and in which governments are supposed to make no special effort to maintain a given currency value.

This so-called floating system, we were told, would be a self-adjusting mechanism. A country that fell into a trade deficit would see its currency depreciate, and so have to reduce imports. In time, trade would come back into balance and all would be well. It all seemed so simple—just let the market work.

The trouble with this was that nobody reckoned with the most powerful disruptive force ever introduced on the world economy, namely the OPEC oil cartel. The oil cartel sent prices soaring, and created a condition that results in a massive, and for all we can tell, permanent trade surplus for the oil exporting countries. No amount of currency depreciation will cure that surplus, and so the whole basis of a floating exchange rate system has been shattered. OPEC cannot sell less, because the world must have oil. OPEC cannot reduce its surplus, because there is no way that they can spend it all. The deficit countries cannot reduce their surplus vis a vis the major oil states, because those states, prodigious spenders though they may be, cannot spend all that they rake in.

The trouble with the world economy, and the trouble with the dollar, is that nobody anticipated the power of OPEC, and nobody knows quite what to do about it. So the finance ministers of the world temporize. The IMF sets up special financing facilities, and sells off its gold stock, to provide money to countries that need oil but lack the money to buy it, or the means to earn the money. These special financing facilities never last long, so new special lending powers are created every few months. As a matter of fact, Saturday will see the Secretary of the Treasury at yet another Paris meeting to put together a financing package for the poor countries of the world.

The past few weeks have seen a great plunge in the value of the dollar. This should be expected, in light of our huge trade deficit, which certainly will exceed $20 billion this year, and may approach $30 billion. But even though a decline in the value of the dollar is supposed to be the logical consequence of a trade deficit, the fact is that everyone knows that the decline will not cure our deficit, because

the currency float cannot work as it is supposed to—because of the OPEC factor. The Treasury more or less welcomes the drop, because that puts pressure on the Germans and Japanese, who enjoy a surplus. But the Germans and the Japanese do not want this—because a drop in the U.S. dollar threatens their own comfortable prosperity. The Federal Reserve Board does not like to see the dollar drop, either, because it only adds to the already considerable inflationary pressures that plague our own country. And OPEC, seeing inflation continue and the key currency of the world falling, may be tempted to kick oil prices up again, continuing the generally disastrous trend of world trade and economic developments.

As matters stand now, the dollar cannot help but continue to decline, unless we either cut oil imports by a drastic amount—which would threaten our economic recovery—or OPEC itself cuts prices, which seems out of the question. It seems equally unlikely that we can export enough goods to other countries to make up the deficit, because save for England and Japan, just about everybody else in the world is in the same deficit boat that we are. After all, if OPEC has a surplus of $40 billion, that is $40 billion that nobody else can spend, and $40 billion that we cannot earn—nor anyone else.

The consequence of this huge OPEC surplus is that every industrial country in the world is confronted by a case of economic pernicious anemia, or threatened by it. The prosperity of Germany and Japan is fragile indeed, and it is little wonder that they do not welcome the threatened consequences of a declining American dollar. No one else does, for that matter. Who in England would welcome a cheaper dollar, with its attendant growth in American imports, and resulting inflationary push and employment-threatening nudge? England has too much unemployment now to welcome more of it. As for Germany, no politician in his right mind would call upon Germans to join the lines of the unemployed, just to help out the world's oil poor.

In short, I do not believe that the world currency arrangements are on a sound basis. The decline of dollar values is a symptom of that—but so too is the general weakness of most of the industrial world, and the downright catastrophic poverty of the developing world.

The currency float would work, if market forces worked. There is no sign that this is the case, or can be.

In the first place, no government is anxious to see a currency change that creates domestic economic—and political—difficulties. Therefore, rather than risk a spiking of inflationary fever, a country that should be allowing its currency to drift down in value is tempted to intervene. On the reverse side, a country that has just put itself into full employment and a healthy surplus, does not want to risk new unemployment, and so is tempted to intervene in order to keep currency values from climbing upward. The result: dirty floats, in which the market forces get tampered with by central banks. Market forces become distorted, and the system works sluggishly, if at all.

In the second place, governments can take all the domestic measures that they want, and still be faced by trade deficits, so that nothing they do at home can stem the tide and make things better. The United States has choked down its money supply and induced tremendous recession, only to see inflation remain high and trade remain sour. We have seen our trading partners do likewise. It seems that the answers that once worked, no longer suffice.

Domestic economic policies do not work well because the international economy is in a state of disarray. The international economy does not work well because it has no way to find a redress for imbalances of trade and investment.

Whatever else one can say, the fact is that no international currency system can work if it is subjected to the continuing assault of an incurable trade balance. A fixed system of values will not survive a persistent, massive deficit in trade, because the values cannot be defended. A floating system cannot work, because the table has been tilted, and the economic water is piling up in one end of the saucer.

OPEC is the most powerful force in the world economy today. Because of OPEC, no system of currency valuation—floating, fixed or crawling—can really work. No patchwork solution can last longer than a few months. And each year, the world sees most of its number enjoying less and less of the wealth, as more and more flows into the coffers of OPEC, never to emerge again.

The energy policy that we have acted on is supposed to stem or stabilize the amount of oil that we import, and so to help us some day emerge from a deficit trading position. But OPEC, merely by raising the price of oil, can wreck all of that, and leave us, economically speaking, in the same hole that we are in now, or somewhere deeper, depending on their action.

It seems that the world has little choice but to confront and diminish the power of OPEC, or to somehow bring it into a responsible course of economic behavior. Since a cartel is intrinsically irresponsible, being an antimarket force, the real choice simply must be to work to end the power that OPEC has over us, and the world. Otherwise, the course of the dollar, and the course of the world, can only be a continued downward drift, perhaps even a plunge, such as the world has never seen, and from which there may be no emerging.

We may worry about the day-to-day course of events in the currency markets; we may talk of this or that speculative movement, and we may speak of elegant new IMF financing arrangements; we may play poker against the Germans and the Japanese, as Secretary Blumenthal now is; but always, we should remember the real source of our dilemma, and deal with that—first and foremost, early and late, until one day, the world will have an economy that can work. Today, the table is tilted; our task has to be to level it, by working against the hands that are holding one end higher than the other.

INTRODUCTION OF LEGISLATION TO CONTROL AND REDUCE OIL IMPORTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker on behalf of Representative RICHARD OTTINGER and myself, I am today introducing oil import control legislation similar to, but much more flexible than title I of H.R. 6860, which was reported by the Ways and Means Committee on 1975 and retained on the floor of the House.

As the committee's report on the bill stated:

> The quota is not intended as an independent discipline but rather as a means of being sure that the conservation and conversion efforts result in a reduction in imports, rather than a cutback in domestic production . . .

This legislation uses a system of quotas, import licenses, and tariffs to achieve this goal.

This amendment is not designed to force down demand, but rather, to follow demand down; its purpose is to keep a taut line on the relationship between increasing domestic production, domestic conservation, and declining imports. Chairman ULLMAN described this portion of the 1975 bill as the "centerpiece in our effort to become less dependent on foreign oil."

However, the amendment we are offering is not nearly as inflexible as the 1975 language and contains language insuring that no region of the Nation bears a special burden as a result of quotas. Rather than trying to set specific barrel figures in concrete today for 7 or 8 years from now, we allow more flexibility. Basically, the amendment requires the President each year to submit a 7-year projection of oil production and oil demand adjusted for conservation. He is then directed each year to limit imports for the following year to no more than that year's difference between planned demand and planned production. The yearly level of imports set by the President could be modified if necessary because of weather conditions or national emergencies. Any level set by the President may be rejected through a 90-day congressional veto process, thus forcing the President to revise his import figures.

In other words, the amendment is a yearly yardstick by which we measure how well we are doing in increasing production, obtaining conservation, and limiting imports. This is significantly different from the wording of the 1975 language. Instead of setting specific barrel per day figures in concrete now, we allow more flexibility. The 1975 language set a level of imports of 6 million barrels per day for 1976 and 6.5 million per day for 1977. In recent months, we were importing an average of 9.3 million barrels per day. The 1975 Act was unrealistic and too inflexible, but it also reflects our failure to moderate the increase in imports and the growth of our dependency on oil

imports. Developments since 1975 strongly demonstrate the need for limits on imports; thus while more flexible, this new language would keep the pressure on.

There is one provision, however, which would give the President the discretion to force energy conservation by setting lower levels of imports. This would be subject to congressional veto. Indeed, if the Congress thinks this is too much discretion, an amendment could be offered limiting his discretion to no more than 20 percent or 5 percent or whatever of the difference between demand and supply. If all our other efforts fail, however, this authority to begin to cut down on imports could be the one way to force America to save energy and develop domestic sources.

It is the stated goal and purpose of this legislation to enable the United States to achieve a level of oil imports of no more than 6.5 million barrels per day by 1985. We think the legislative history would make it clear that this discretion would not be used unless the other measures in the various, recent energy laws were proving inadequate.

To control the level of imports and to have a standby system for allocating imports through the free market system, the legislation provides for a licensing system similar to the one we approved in 1975. The licensing system distributes the "right" to buy and import oil through a bidding process. As in the 1975 Act, special provisions are made to protect the small refiners and marketers and to guard against fraud in the bidding process. To the extent that the quota set by the President accurately reflects the difference between demand and supply, the value of the license "tickets" will be nominal. If, however, the quota is set lower so as to create a gap between demand and supply, the value of the license tickets will be bid up in the traditional market system—there will be no Government bureaucracy set up to allocate imports among users.

As in the 1975 bill, there is provision for the Government to insure that imports are fairly distributed throughout the Nation—and that no region, such as New England, suffers economically. Specifically, the bill provides that anytime the value of import licenses in a region rises to 1 percent of the value of imported oil—which will only happen when the import restrictions are set so tightly that they begin to limit the supply of oil—then the revenue raised from the sale of those import licenses in a region will be returned to the States in that region. The State governments can then rebate the increased cost of oil to consumers or help those consumers insulate and find other sources of alternative energy.

There may be other, better ways to guard against injury to a region or set of industries, and alternatives to this proposal can be discussed in the hearing process. It is clearly our intention, however, to insure that no one area of the country, such as New England, bears the major burden in our effort to obtain energy independence.

The 1975 bill also provided for a 2 percent ad valorem tariff on crude and a 5 percent ad valorem tariff on refined petroleum—tariffs which would have raised some $2 to $3 billion per year. Since under the new plan we do not want to further increase the world price of oil, the legislation we are offering provides only a de minimus tariff on crude designed to force the adequate monitoring of imports by the Customs Service. The tariff on refined imports would be 3 percent ad valorem, equivalent to the present license fee differential between crude and refined—a differential which is necessary to protect domestic refineries and to encourage the construction of new refineries in the Eastern United States.

Finally, this legislation is not effective until January 1, 1979. This will give the Government time to put into place the administrative structure for controlling oil imports. Adequate leadtime will avoid administrative confusion.

It should be noted that this administration, like the Ford administration, claims that it already has power to control oil imports, either through the imposition of quotas or tariffs. President Ford's scheme in early 1975 to impose a $3 a barrel tariff on oil was based on the authority which still exists in section 232 of the Trade Expansion Act of 1962. Our legislation limits the President's authority under section 232 to war situations and substitutes the quota determination and licensing process carefully described in this legislation. We substitute the really dictatorial powers contained in section 232 for congressionally approved law which meets the needs of the various sectors of the importing and refining industries. We believe that it is better to debate this program now than find ourselves reading a hastily drafted Presidential decree in some future morning's newspapers.

I asked Dr. Schlesinger at one of the Ad Hoc Energy Committee hearings why there was nothing in the administration proposals to deal with controlling or monitoring imports. He said that they were still studying the import control problem and would probably be reaching a decision in 3 or 4 months. We still do not have their decision. I hope we do not wait on the administration any longer, but rather act on this matter as soon as possible.

The need to control oil imports is desperate. We will be importing about $43 billion worth of oil this year. That means we will have a trade deficit of $23 billion or more. In a major study on world energy outlook through 1990, the Library of Congress has just estimated that in 1980 we will be importing 10 million barrels per day; in 1985, our import will be 11.8 million barrels per day; and by 1990, 12.9 million barrels per day. No one can ever begin to guess intelligently what the price of oil will be in 1985 or 1990. But if we guess, perhaps conservatively, that the price in 1980 will be $15 per barrel, then in that year the United States will be spending about $55 billion on oil imports—an incredible transfer of our national treasure to foreigners in exchange for a fuel which is burned away, often inefficiently and needlessly. The administration has stated that we can expect trade deficits indefinitely. While the administration has not expressed much alarm over the size of these deficits and while the situation may be somewhat self-correcting because of floating exchange rates, I do think we should be working to reduce those deficits—if for no other reason than because they are misunderstood by the public and lead to enormous protectionist pressures.

This legislation will help us monitor imports and measure our success or failure in meeting conservation and production goals. The language allowing the President to limit imports may be the strongest conservation tool which the 95th Congress enacts. This language is more realistic than the 1975 language—and yet it is a powerful tool for helping us reduce our dependence on foreign oil.

SUPPORT FOR ENDING MANDATORY RETIREMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

Mr. PEPPER. Mr. Speaker, as you know I have introduced legislation (H.R. 5383) which would eliminate age discrimination and mandatory retirement in the Federal Government and raise the minimum age at which workers in private business can be forced to retire from 65 to 70. This legislation was unanimously reported out by the House Education and Labor Committee, and I am hopeful that it will be on the House floor early in September.

The committee's action is a major step forward in ending age-based retirement which arbitrarily severs productive persons from their livelihood, squanders their talents, scars their health, strains an already overburdened social security system, and drives many elderly persons into poverty and despair. I wish to thank my distinguished colleagues, Representative CARL PERKINS, chairman of the Education and Labor Committee, Representative GUS HAWKINS, chairman of its Subcommittee on Employment Opportunities, Representative AL QUIE, ranking minority member, and Representative RON SARASIN, ranking minority member on the Employment Opportunities Subcommittee, for their efforts in this area.

This legislation reflects the positions of both President Carter and the Republican national platform. President Carter has said,

> We need to change the laws and policies that force retirement on older people who are willing and able to work.

The 1976 Republican national platform declared:

> We favor the abolition of arbitrary age levels for mandatory retirement.

In addition, the House Select Committee on Aging, in a September 1976 report, recommended that "Legislation to eliminate the upper age limit in the Age Discrimination in Employment Act of 1967 and to end mandatory retirement solely

because of age should be enacted as soon as possible."

For the benefit of my colleagues I would like to insert in the RECORD recent newspaper editorials and articles from the Washington Star, New York Daily News, and Christian Science Monitor, which state so well the need for enactment of H.R. 5383. These are in addition to press reports I have already placed into earlier CONGRESSIONAL RECORDS:

MANDATORY RETIREMENT

Putting them out to pasture may be okay for horses, but there's growing concern about whether it's the thing to do with humans.

The American Medical Association has said that the "sudden cessation of productive work and earning power often leads to physical and emotional deterioration and premature death."

Besides the health problem, forced retirement means living in poverty for many. According to some estimates, more than three million older Americans live below what is considered the poverty level.

In addition, there is an enormous loss to the nation of benefits from the knowledge, judgment and skills accumulated by people forced into retirement.

Does a man or woman reaching the age of 65 suddenly lose his or her ability to function productively, to make contributions to society? Of course not. Senator Jacob Javits of New York pointed out when he introduced legislation recently to amend the Age Discrimination in Employment Act that the 65 upper age limit of the act was selected simply because the Social Security Act used that age. He said the retirement age of 65 in the Social Security Act also was "selected somewhat arbitrarily," partly because Germany's social security system traditionally used it.

Senator Javits noted the use of a 65 cutoff "would have halted the work of such great individuals as Benjamin Franklin, Roosevelt and Oliver Wendell Holmes." On the House side, Rep. Claude Pepper observed: "Who would tell Margaret Mead, who is 76, that her contributions to the study of sociology ended at age 65? Who would tell Arthur Fiedler, who is 83, or Leopold Stokowski, who is 95, that those over 65 cannot contribute meaningfully to the appreciation of music?"

Indeed, who would tell Senator Javits, who is 73, that his productive days ended eight years ago? Or Mr. Pepper, 76, that his ended 11 years ago?

One of the ironies of the controversy over lifting or removing the retirement age is that the AFL-CIO is opposed to it, but George Meany is still running the union federation at the age of 82. Why must an assembly-line worker be forced to retire at 65, or even earlier under some union contracts, while Mr. Meany may stay on as long as he wants?

One of the main arguments of those who favor a mandatory retirement age is that retirements open job opportunities to younger people. But is it appropriate to put one group of people to work at the expense of another? Shouldn't the goal be to create enough jobs so that all can be productive as long as they can or want to be?

In any case, those who advocate removal of mandatory retirement ages contend that the change would not have appreciable effect on jobs available for the younger. They claim that most older people still would retire voluntarily at around the present mandatory age. A government survey indicates that about 7 per cent of workers would want to stay on the job beyond 65.

The aim is not to force people to continue working in old age, but to make it a matter of choice. Life expectancies have increased dramatically since 65 became the accepted norm for retirement. The latest Census Bureal report on population projections says that life expectancy for babies being born now is 71.8 years for men and 81 for women.

Another important consideration in abolishing or raising mandatory retirement ages is that it would relieve the strain on the Social Security system and on many private pension plans. As troublesome as financing Social Security retirements is now, it will become worse as the average age of the nation's population increases: by the year 2020, it is estimated that the number of people receiving Social Security benefits will double. The young people who supposedly get a break by having the old workers shoved aside to make way for them might find that financing Social Security through payroll taxes a heavier burden than they can bear.

The House Education and Labor Committee has approved a bill, introduced by Reps. Pepper and Paul Findley of Illinois, that would eliminate the mandatory retirement age for federal workers (now 70) and would raise the minimum age at which workers in private business can be required to retire from 65 to 70. It also would eliminate a provision of the Age Discrimination and Employment Act that allows labor unions and management to negotiate contracts forcing workers to retire before age 65. It's a move in the right direction.

If a person wants to "go fishing" at 65, fine. But suppose he doesn't like to fish, or can't afford to?

FORCED RETIREMENT AND CIVIL RIGHTS

(By Judson Hand)

Whether older workers still in the pink of health and raring to continue on their jobs should arbitrarily be forced to retire at the age of 65 is rapidly becoming one of the hottest civil rights issues of the late 1970s.

Within the last three years, in fact, a movement to abolish mandatory retirement as it now exists has gained surprising momentum in state legislatures and the federal government. The day may yet come, and soon, when it will be just as illegal to dump workers from their jobs at 65 as it is to refuse to hire people just because they are black or female.

Already, 13 states including New Jersey and Connecticut, have passed laws of one kind or another to prohibit forced retirement at age 65. In New York, such a bill passed the Assembly and gathered almost enough support to pass in the State Senate before the Legislature recessed until October. And the issue is far from dead.

Meanwhile, in Congress, Rep. Claude Pepper (D-Fla.), chairman of the House Committee on Aging, is spearhearing a drive for a federal law to abolish mandatory retirement altogether in federal jobs and to raise the permitted age for forced retirements from other jobs from 65 to 70.

In one way at least, time would seem to be on the side of Pepper and his supporters. In the next 15 years, the age group of those 65 and over will rise from about 23 million to about 30 million in this country. By the year 2000, the figure will be 41 million.

Also by the year 2000, the number of workers between 40 and 65 will jump to about 41 million.

At the same time, the number of younger workers is expected to drop significantly. As the respected economist Peter Drucker predicts in his book, "The Unseen Revolution":

"From 1978 on, we will have each year up to 30% fewer entrants into the working population than we had in the 10 years from 1967 to 1977."

Obviously, if Drucker is right, there will be fewer young people coming into the labor market to push out older workers. Hence, the need for forced retirements may be less.

As in most controversial issues, there are compelling arguments, though, on both sides.

Many large corporations and unions that oppose Pepper's bill abolishing mandatory retirements contend that, without forced retirements, too many older workers would hold on to jobs at the expense of younger workers who deserve promotions.

In addition, the retention of workers after they reach 65 would close job opportunities for minorities and females who, after years of discrimination against them, deserve a crack at jobs previously denied to them, advocates of forced retirement contend.

"I also believe that it helps older people to have a set date for retirement," says Gene Jankowski, a vice president of CBS, who testified in hearings against Pepper's bill. "That way, they can prepare themselves emotionally and financially for retirement—something many of them wouldn't do if their retirement schedules were flexible.

"Besides, if there were no set age for retirement, many older people would eventually be fired for incompetence due to aging and therefore stigmatized."

Pepper, himself a feisty 76-year old, presented his case against forced retirement at a recent hearing:

"Age-based retirement arbitrarily severs productive persons from their livelihood, squanders their talents, scars their health, strains an already overburdened Social Security system and drives many elderly persons into poverty and despair. 'Ageism' is as odious as racism or sexism."

How will the controversy end? In some form of compromise, probably. Many workers will, in fact, choose to retire at 65 or before whether they are forced to do so or not, and corporations and government agencies may well decide that it is to their advantage to encourage such a choice. And many employers may decide that older workers who do not wish to retire may fill special roles for which they are uniquely qualified because of their long experience rather than continue in the jobs they held before.

CAN TESTING, NOT AGE, BE THE DECIDING FACTOR?

(By Edward Edelson)

The Medical Paradox of retirement in the United States is this: Americans are living longer than ever before, and older Americans are healthier than ever before. But statistics indicate that fewer older Americans are working than in the past.

Just last week, a report by the Census Bureau said that the life span of Americans is expected to increase to a new high by the end of the century—up to 81 years' life expectancy for women and 71.8 years for men, mostly because the death rate from heart disease is going down considerably.

As for the health of the elderly, Dr. Robert N. Butler, director of the National Institute on Aging, sums it up in a sentence:

"When I got into this field, a quarter of a century ago, the average age of admission into a nursing home was 70. Now, it's 80. In 25 years, improvements in health have delayed admission into nursing homes by a decade."

And yet, Butler says, at the turn of the century about 70% of Americans over the age of 65 were still in the work force. Today, only about 20% of Americans over 65 are listed as still working—and that figure takes into account the fact that the percentage of older women who are working has increased over the past decade.

Statistics are hard to come by, Butler says, but there is every indication that many people over 65 want to keep working. One sign of that desire is the apparently high incidence of "bootleg" work by persons who are purportedly retired. Many retirees work but don't report their income, Butler says, because Social Security payments are reduced until the age of 72 if a person has earned income.

The desire to work can be explained by

the good health of a large proportion of the over-65 population, Butler says. The very real medical problems of the aged do not strike with real force until after 75, he says, and we must draw a careful distinction between the "young old" and the "old old."

"It's extremely important to note that of the 23 million people who are over 65, more than half are over 74," he said. "If you look at the group aged 65 to 74, you find a much higher percentage that can remain in the work force. It's over the age of 75 that you encounter the real problems of older people in many cases."

However, Butler is aware that some people grow old faster than others. One solution to the mandatory retirement issue, he said, would be the development of a "retirement activity index," which would be determined by testing the various capacities of older people. Given such an index, he said, "we wouldn't take the capricious and lazy way of retiring people on the basis of the ineffective predictor called chronological age."

Much of the basic research needed to create an aging index has already been done, Butler said. Given the proper funding, an effective set of tests could be developed within five years, he maintains, tests that would give an index of an individual's over-all functioning.

Such an index would be best if it tested a wide variety of capabilities and matched an individual's performance with the requirements of that individual's specific line of work. Such a set of tests is already being used in Canada by the DeHavilland Aircraft Corp., he said, but the concept "is something that is just beginning to be applied."

"If we do have an end to mandatory retirement, it is essential that we have a retirement function," he said. "I mean an index based on intellectual and social capacities."

One of the real problems is that the debate about mandatory retirement is being waged with an almost complete lack of solid statistics. Butler says that the Institute on Aging, which is rather new, has only "some clumsy, crude kinds of estimates" about older working Americans.

Much of the available data obscures as much as it illuminates, Butler said. For example, there are surveys showing that people with interesting and productive jobs—lawyers, doctors, writers—generally do not want to retire. The surveys show that workers with boring, assembly-line type jobs, or jobs that require hard physical labor often want early retirement.

However, there are indications that early retirement for the blue-collar worker is often just the beginning of a second, sub rosa career. These are the people who work off the books," at anything from handicrafts to odd jobs to baby-sitting, Butler says.

The case for allowing older people to go on working is growing stronger. Butler says that biomedical research work now under way could easily lead to practical methods for enhancing the abilities of older people. At the same time, the number of younger people entering the work force will drop because of lower birth rates. Medical progress and demographics could be the two big factors in the mandatory retirement question.

RIGHT TO WORK AFTER 65?

The new momentum against mandatory retirement in the United States demands attention both from institutions and from individuals. Whatever the outcome of pending federal legislation, institutions ought to take the hint to reexamine their employment and retirement policies to ensure maximum fairness for all concerned. And individuals should be reminded that the prime responsibility for security and satisfaction in later years remains with them.

No matter what employers and government programs can do to help, it is only the individual who knows himself and his resources well enough to put together the retirement package tailored best for him. This means prudent financial arrangements combining savings, private pensions, and social security. But it also means developing the interests, talents, and skills to make "retired" mean something more than the "tired" which some retirees playfully put on their new nonbusiness cards. Such inner resources can be drawn upon no less by those whose economic circumstances do not permit many options for financial preparedness.

What the legislation should do is to support the best efforts of institutions and individuals. This may not mean a ban on all mandatory retirement programs, especially when these are the result of collective bargaining. The provision for a two-year study commission in the committee-passed House legislation should not be dismissed as a compromise or delaying tactic. The question is complicated enough to repay further study.

On the one hand, as a number of spry septuagenarian congressmen argue, people should not be discriminated against simply because of chronological age. When it comes to holding a job, competence should be the criterion. It is fitting for the legislation, which will probably go to the House floor in September, to bar a mandatory retirement age in the federal government. At least a dozen states already bar it in state jobs.

Yet the issue of "rights for the elderly, a station in life open to everyone, is different from that for blacks or women, for example, who are separate and distinct groups. And, if rights are to be based on age, the rights of the young have to be considered, too. Unless the elderly are retired, especially in times of high unemployment, what happens to young people's rightful access to employment?

Such questions at least dictate caution before ruling out mandatory retirement in private business, though such mandates should have review mechanisms so that today's collective bargainers do not determine the rules for future generations. The country cannot ignore studies such as the one undertaken for the United Automobile Workers which found mandatory retirement probably costs the American economy $10 billion a year. The loss comes both from forcing the skills of skilled workers off the market and from reducing their purchasing power.

The House legislation does move with some caution. It advocates no mandatory retirement in private business before the age of 70. But it would allow two years for accommodation in cases where collective bargaining had specified earlier retirement.

It must be remembered that mandatory retirement ages came about at least partly for such constructive purposes as ensuring that people would not be forced not to retire and that young people would find jobs opening up. There is also the element of turnover without having to specify to the incompetent or unproductive that they are being let go for reasons other than age.

It should be emphasized that banning mandatory retirement would not bar voluntary retirement. Indications are that the mass of people would not stay beyond 65 anyway. Those who want to continue working and are competent to do so would probably not upset pension plans.

But, as longevity increases, later retirement ages may prove economically attractive. There is consideration now for extending from 65 to 68 the age at which full social security benefits are available. If that were to occur, clearly a mandatory retirement age of 65 would be out of keeping.

A perspective comes from Japan, where the average retirement age has been about 55. With Japan's dramatic increase in longevity, there is talk of it rising to 56 or 57.

Obviously, what might seem a clear-cut issue is not one. That two-year study will be welcome.

PROSPECTS FOR PEACE IN THE MIDDLE EAST: A FIRSTHAND REPORT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. SOLARZ) is recognized for 5 minutes.

Mr. SOLARZ. Mr. Speaker, there are few areas of the world where peace is more needed nor war more likely than the turbulent Middle East.

For almost 30 years now, ever since the establishment of Israel in 1948, the countries of the region have been embroiled in a continuing conflict which has not only taken the lives of more than 55,000 Arabs and Israelis alike, but has also wreaked havoc with the economies of the nations involved.

A growing recognition on the part of the people and politicians of the region that their mutual objectives can better be achieved by diplomacy than by war, has lent new momentum to the movement for a resumption of the Geneva Conference. And while it is by no means clear that the procedural obstacles on the path to Geneva can be surmounted—with the Arabs arguing that the PLO should be invited and the Israelis insisting that they be kept out—it is absolutely clear that the parties to the conflict would like to go there.

In an effort to make a firsthand assessment of the prospects for peace in the Middle East, I recently went on a factfinding mission to Israel for the Committee on International Relations. On previous trips to the region, I had explored Arab as well as Israeli attitudes toward the conflict in great depth. But now that a new government had taken office in Israel, I thought it would be particularly useful to discuss in detail the various components of the conflict with them.

It was a most productive mission. In 5 days, I met with a wide variety of Israeli leaders, including Prime Minister Menachem Begin, Defense Minister Ezer Weizman, Foreign Minister Moshe Dayan, Interior Minister Josef Burg, Education Minister Zvulen Hammer, Agriculture Minister Ariel Sharon, Opposition Leader Shimon Peres, former Prime Minister Yitzak Rabin, as well as Yigal Yadin, Shmuel Tamir, and Amnon Rubinstein of the Democratic Movement for Change, Zalman Shoval and Moshe Arens of the Likud, Yehuda Ben Meir of the National Religious Party, Lova Eliav of the Peace and Freedom Party, and Rabbi Menachem Porush of the Agudat Yisra'el.

In addition, I met with a number of leading intellectuals, journalists, and diplomats, including Yehoshafat Harkabi, the Intelligence Adviser to the Prime Minister, Moshe Ma'oz, the director of the Truman Institute at the Hebrew University in Jerusalem, Louis Guttmann, the director of the Institute for Applied Social Research, Hanna Zemmer, the editor of Davar, William Far-

rell, the Jerusalem correspondent of the New York Times, and our own Ambassador to Israel, Sam Lewis, who in a very brief time has already established himself as one of the most effective plenipotentiaries we have ever sent there.

Lest anyone doubt the extent to which Israel is completely committed to the principles of liberty and freedom on which our own country was founded 200 years ago, the recent elections—as a result of which the ruling Labor Party was removed from office after 29 uninterrupted years in power—provided a convincing demonstration of the depth of democracy in Israel. From a political point of view, there are few more significant events than a peaceful and orderly transfer of power. And the shift of responsibility for the fate and future of Israel from Labor to the Likud—without a single shot or divisive demonstration—reflects the extent to which our Israeli friends share with us a deeply rooted commitment to the democratic way of life.

But beyond our moral obligations to Israel as a sister democracy, in a world in which the number of democracies seems to dwindle daily, there are significant geopolitical circumstances which have historically justified our strong support for the Jewish State.

A STRATEGIC JUSTIFICATION

First and foremost is our stake in the survival and security of Israel itself. Israel does, after all, have the most powerful military machine in the Middle East. As a faithful and reliable ally, whose friendship has been demonstrated over and over again, it would presumably be available to assist us in a variety of contingencies, ranging from the Mediterranean Sea to the Persian Gulf. Indeed, I think it fair to say that Israel constitutes not only the most significant bulwark against the advance of communism in the region but is also the most important conventional deterrent to a direct Soviet incursion into the area. The Persian Gulf contains more than half of the world's proven petroleum reserves. Virtually all of our West European allies and Japan are dependent on the gulf states for the oil on which their economies run. And it would have catastrophic consequences for the international balance of power if the Russians, through external invasion or internal subversion, were able to gain control of this strategically significant area. Israel, in these terms, is potentially in a position to do as much for us as we have been doing for them.

Israel's role as a friend and ally of the United States was perhaps most effectively demonstrated in 1970 when, at the height of the Jordanian civil war, Syria sent two tank divisions across the border to provide support to the Palestinian guerrillas who were engaged in an effort to overthrow King Hussein. Only a partial mobilization by Israel, at the request of our own country, persuaded the Syrians to withdraw, thereby saving the throne of the most moderate Arab leader of them all. Had the Palestinians succeeded in overthrowing Hussein, it not only might have transformed the East Bank into a Soviet base, but would also have posed a real threat to the current regime in Saudi Arabia which, like Jordan, has been a force for moderation in the Arab world. And, in the more recent civil war in the Lebanon, had Israel not warned Syria of the consequences of a move in force into southern Lebanon, the chances are that all, rather than just part, of that strife-torn nation would today be occupied by Syrian troops.

These are particularly important considerations because there seems to be a tendency on the part of some analysts to slight the strategic significance of Israel as our one reliable democratic ally in the Middle East. To these American Arabists, Israel is at best a burden which we have to bear at the price of alienating our natural allies in the Arab world. Nothing, of course, could be further from the truth. In spite, and to some extent because of, our strong support for Israel, our relations with the Arab world have improved considerably since 1973.

And even if we were to abandon our obligations to Israel, as England once turned its back on Czechoslovakia, and Israel were somehow exorcised out of existence, the chances are that the Middle East would be as unstable tomorrow as it is today. The fact is that the dispute between Israel and the Arabs is only one—and by no means the most enduring—source of conflict in the region. The persistence of unpopular feudal regimes alongside strong modernizing forces; an ancient religion in conflict with powerful secular tendencies; dynastic rivalries such as the one between the Hashemite Kingdom of Jordan and the Royal Family in Saudi Arabia; the monopolization of wealth and power by small elites threatened by the rising expectations of impoverished millions; longstanding communal and ethnic animosities such as those between the Kurds and Iraqis, the Bedouins and Palestinians, and the Maronites and Moslems—much more than the existence of Israel, are the true source of instability in the Middle East.

Imposed upon all these present and potential conflicts is the most dangerous of them all: the concentration of fabulous wealth in four militarily insignificant Persian Gulf states. While nations remote from the region may be reluctant to resort to force in order to seize the vast treasure which the sheikdoms possess, neighboring states may not necessarily be troubled by such scruples. In these terms, it is the very presence of Israel, whose existence crystallizes Arab animosity, which tends to prevent what otherwise might be an ineluctable descent into disintegration.

But perhaps most importantly, were we to repudiate the commitments of every Congress, and every President, since the establishment of Israel in 1948, it would completely undermine the credibility of our commitments elsewhere throughout the world. Our allies in Western Europe and Northeast Asia could discount the significance of our failure to live up to our presumptive obligations to South Vietnam. But they could not, and would not, lightly dismiss a repudiation of our commitments to a country like Israel, which both shares our values, and has so much support among the American people.

PROSPECTS FOR PEACE

At the same time that we have a significant stake in the survival and security of Israel, we also have a considerable interest in the avoidance of another war. And I know few serious students of the region who do not believe that in the absence of any real movement toward peace, another war is virtually inevitable. Should the peacemaking process collapse, and the Arabs decide to launch another attack, we would probably have to implement another airlift to Israel. This, in turn, would probably provoke another oil embargo by the Arabs and create the possibility of another great power confrontation with the Russians. In short, another war in the Middle East could result in a catastrophe not only for the countries of the region but for ourselves and the rest of the world as well.

All of these considerations militate mightily in favor of a comprehensive settlement which would enable the countries of the region to begin the process of diverting their resources from continued preparations for war into meaningful development for peace. Such a settlement would, of course, also advance our own interest in the region by presumably providing for the security of Israel, the diminution of the chances of war, the removal of the threat of another embargo, and the reduction of the possibility of a serious conflict with the Russians. Indeed, since the political influence of the Soviets in the Arab world is largely a function of their need for Russian arms, it would also result in a serious setback for Soviet influence in the region.

No one, of course, would quarrel with the need—indeed, the necessity—for a just and lasting peace in the Middle East. What is open for discussion and debate is the extent to which a resolution of the conflict is possible and, more importantly, how it can be achieved.

While it may be true that the chances for a settlement are better today than they have been at any time in the last 30 years—largely as a result of a continued yearning on the part of Israel for peace, and an emerging recognition on the part of the Arabs that Israel is here to stay—the fact is that they are still not very good. The mutual mistrust which exists in the region has generated a gulf of suspicion so broad that even the President of the United States, with the best of intentions, may not be able to bridge it. And the sad but significant truth is that the most moderate Israeli position is still far apart from the most moderate Arab position on the terms of a settlement.

ARAB ATTITUDES

One cannot, of course, talk about an Arab position toward the conflict with any measure of confidence. Between the rejectionists and the responsibles there is no common ground. What would presumably be acceptable to Jordan, what might be acceptable to Egypt, what could conceivably be acceptable to Syria, would clearly never be acceptable to

either Libya or Iraq. And for all the talk about U.N. resolutions 242 and 338 which one hears these days from the capitals of the confrontation states, the Palestine Liberation Organization still rejects them. Indeed, the leadership of the PLO—which ever since the Rabat Conference in 1973 has been designated as the legitimate spokesman for the Palestinian people—continues to contend that a final settlement will require the elimination of Israel and its replacment by a so-called secular democratic state.

But even if we assume that the Iraqis and the Libyans can be isolated, and the Palestinians delivered, should the front line Arab States reach a comprehensive agreement with Israel, there is relatively little reason to believe that it is about to happen. Without exception, the confrontation states contend that the minimum basis for an agreement is an Israeli withdrawal to the 1967 borders in Sinai and the Golan, the establishment of a Palestinian state on the West Bank and Gaza, and the return of East Jerusalem to Arab sovereignty and jurisdiction. In exchange for these tangible territorial concessions, the Arab leaders have so far publicly indicated a willingness to offer nothing more than an end to the state of belligerency, and have explicitly rejected the kind of "real peace," involving trade, tourism, open borders, and diplomatic recognition called for by the Israelis.

Israel, on the other hand, has taken the position that while it is prepared to make substantial territorial concessions in the context of a final settlement, it is not willing to withdraw to the borders which prevailed prior to the 1967 war, even in the unlikely event the Arabs offered them a "real peace" in exchange.

Since any settlement between Israel and the Arabs designed to bring the conflict to an end will necessarily be subject to the vagaries and vicissitudes of politics in the Arab world—which means it could easily be repudiated before the ink on the document ratifying the agreement was dry—the Israelis feel very strongly that whatever borders are finally agreed upon must leave them in a position to defend themselves should the agreement break down. It may therefore, be useful to take a closer look at the political problems and security situation that prevails on each of the fronts currently in dispute.

THE NORTHERN FRONT

Anyone familiar with the terrain on the Golan—and the difficulty which Israel would confront in scaling the Heights should it become necessary to recapture them—must realize that were Israel to withdraw completely from the Golan, as demanded by the Syrians, it would be in a far less effective position to defend itself than it is at present should another war break out in the future. The Israelis also feel that they need the kind of strategic depth vis-a-vis the Syrians which a military presence on the Golan makes possible. Indeed, from the Israeli point of view, had the 1973 war broken out from the 1967 borders, the early fighting would have taken place on Israeli rather than on Syrian soil, within shelling distance of Haifa rather than Damascus. Since Israel has a large part of its population within easy tank and artillery range of the Heights, it is not likely to readily relinquish the natural advantages it now possesses by virtue of its present position on the Golan.

Of course, one has to assume that were Israel to withdraw from the Golan, it would insist on the demilitarization of the area from which it had withdrawn. Since Israel's main concern with the Golan is to prevent the Syrian army from occupying the Heights, rather than watching the Israeli flag fly there instead, a number of people have suggested that demilitarization would go a long way toward satisfying the territorial demands of the Syrians, while assuaging the security concerns of the Israelis. The problem is that the Golan is such a small piece of property—there are only 29 kilometers between the present Syrian position and the edge of the Heights—it could be remilitarized, should Syria decide to break the agreement, within a matter of hours.

Consequently, from Israel's point of view, the only way to make sure they are not confronted with a Syrian army on top of the Golan, prepared and ready to strike at the heartland of Israel itself, is for them to maintain at least some kind of military presence there themselves. One is forced to conclude, therefore, that between the Syrian demand for a total withdrawal from every square inch of the Golan, and the determination of the Israelis, even in the context of a final settlement, to maintain at least a small military presence on the Heights for strategic purposes, there is not much room for the kind of compromise which might make an agreement between them possible.

THE SOUTHERN FRONT

In the Sinai, where the vast distances involved implicitly provide the kind of strategic depth which Israel feels it needs on the Golan, there is much more room for accommodation. But even here there are sharply conflicting views about what would constitute a territorially acceptable agreement. From Egypt's point of view, the Sinai is Egyptian territory and, as President Sadat has said on many occasions, if the Israelis want peace they must be willing to withdraw from all of it. From Israel's point of view, there would be no problem, assuming Egypt were willing to offer a real peace, in withdrawing from almost all of the Sinai.

Now that Egypt has been given back the oil wells at Abu Rodeis as well as the Suez Canal it has, after all, possession of the only economically significant assets in this biblical wilderness. But the two blockades established by Egypt against the Israeli port of Eilat, in both 1967 and 1973, have convinced the Israelis that, in order to avoid such situations in the future, they must remain at Sharm al-Sheikh in the southern Sinai. This in turn would require an access route along the eastern coast of Sinai running from Sharm in the south to Eilat in the north. By maintaining a naval presence in Sharm, the Israelis would be in a position to potentially prevent another Egyptian blockade at Bab al-Mandeb. Failing that, they would hopefully still be able to deter an Egyptian effort to close their southern port to foreign shipping by being in a position to mount a counter-blockade of the Gulf of Suez, thereby closing the Suez Canal for as long as the Arabs closed Eilat.

Just as the underlying differences between Israel and Syria make a final disposition of the Golan unlikely at the present time, the conflicting positions of Israel and Egypt make an ultimate resolution of the Sinai difficult to envision as well. All things being equal, it should probably be easier to resolve the differences over the Sinai than the disagreement over the Golan. This is partly because Egypt has a greater economic incentive to reach a settlement than Syria, and partly because returning the Sinai would pose less of a security threat to Israel than giving back the Golan. But the unwillingness of President Sadat to opt out of the larger Arab struggle against Israel, by making a separate peace, means that the foreign policy of Cairo is effectively circumscribed by what is acceptable in Damascus. In effect, the insistence of the Arabs on a settlement involving all of the issues, makes it much more difficult to solve problems which, if they could be disposed of separately, would be far easier to resolve.

THE EASTERN FRONT

Even assuming that the territorial differences over the Sinai and Golan could somehow be resolved—it is not, after all, unheard of for countries to agree to a settlement at the conclusion of a negotiation which they explicitly rejected prior to the time it began—there would still be a need to work out an agreement on the West Bank and Gaza, the complexity of which makes the problem of the Sinai and Golan look simple by comparison.

The Arabs have taken the position that the return of these territories is an essential precondition for peace. Unlike the Sinai and Golan, however, where the Arabs have insisted on the return of all occupied land, there appears to be a willingness on the part of most Arab leaders to consider minor modifications in the truce lines that prevailed on the West Bank and Gaza from 1949 to 1967. Essentially, this is because these territories never constituted part of the historic homeland of an officially constituted Arab sovereignty as did Sinai and Golan. But whereas the Arabs have insisted on the return of Sinai to Egypt, and the Golan to Syria, they have not demanded a return of the West Bank to Jordan.

Indeed, while there is some division in Arab ranks over whether the West Bank—and presumably Gaza—should be loosely linked to Jordan in the context of a final settlement, they all see it as the appropriate area for the establishment of a Palestinian State. And ever since the Rabat Conference in 1973, at which the Arabs unanimously removed the right to negotiate for the future of the West Bank from King Hussein of Jordan and gave it to Yassir Arafat of the PLO, it has been the Palestinians rather than the Jordanians who have held the presumptive political title to this particular piece of property.

From Israel's point of view, however, the establishment of an independent Palestinian State on the West Bank and Gaza would be completely unacceptable. Such a state, in their judgment, would inevitably come under the control of the Palestine Liberation Organization whose National Covenant, which is to them what the Declaration of Independence and the Constitution are to us, clearly and unequivocally calls for the elimination of Israel and its replacement by a so-called secular democratic state. It is extremely doubtful that the Palestinians would be willing to repudiate the Covenant even if Israel were willing to permit the establishment of such a state.

But even if they were prepared to acknowledge formally the right of Israel to exist as an independent Jewish state, and to abandon their "dream" of a "secular democratic state," the Israeli Government is convinced that the inherent political dynamics of the Palestinian movement would inevitably and ineluctably bring the irredentist forces within the PLO to the fore. It would not, after all, be easy for Arafat to defend himself against the accusation that, by accepting an emasculated ministate on the West Bank and Gaza, he had betrayed the very cause on behalf of which he had fought.

No one, rejectionists like Habash and Hawatmah would argue, has the right to barter away the patrimony of the Palestinian people. Haifa, they would contend, is as much theirs as Hebron. And there is little doubt that they would not rest until Arab sovereignty had been established over both. In plain language, they would probably seek to use the West Bank and Gaza, not as a vehicle for the expression of their legitimate national interests, but as a base for an expanded and continuing war of terror against Israel.

THE PALESTINIAN PROBLEM

The establishment of an independent Palestinian state on the West Bank and Gaza would, therefore, pose an unacceptable political and military risk to Israel, in the judgment of almost all the Israeli leaders I have ever met. From the West Bank, literally every air field in Israel would be within easy range of handheld antiaircraft missiles. All of Israel's major population centers would be within the reach of Arab artillery. And Fedayeen guerrillas, emanating from bases on the West Bank and Gaza, would be in a position to launch murderous missions against the people of Israel. This is not a purely hypothetical horror. The fact is that between 1949 and 1967 approximately 1,300 Israelis lost their lives in terrorist attacks which originated from the West Bank and Gaza. Since then hundreds of other Israelis have been brutally murdered by Palestinian terrorists. And for perfectly understandable reasons, the Israelis have no intention of permitting such a situation to develop again.

It is not, of course, just the fear of the Fedayeen that has persuaded Israel that it cannot afford to permit the establishment of a Palestinian State on the West Bank and Gaza. They are also concerned about the extent to which their previous eastern border is inherently indefensible from a military point of view. Given the shifting contours of the 1967 border, there were points along the West Bank where Israel was only nine miles wide, and at Natanya in the north and Qalqiliya in the south, it would take mechanized Arab armies only 20 minutes literally to cut Israel in half, should another full-scale war break out from the dividing line which prevailed prior to the 6-day war.

Some have suggested that were Israel to return the West Bank and Gaza it would have relatively little to fear, since the area from which it withdrew would undoubtedly be demilitarized. Even assuming this to be the case, and it is hard to envision an Israeli withdrawal without demilitarization, the Israelis are by no means convinced that such an arrangement would safeguard their interests. The more experienced among them believe that, while it may be possible to demilitarize unpopulated areas, it is impossible to demilitarize populated ones. Guns, artillery, antiaircraft missiles, bombs, and even tanks, could all be smuggled in by terrorists determined to use them. The Israelis have little confidence that the Jordanians would have the ability, or even the willingness, to prevent the transfer of arms from the East to the West Bank of the Jordan River. And once Israel is deprived of the right to station its own forces in the area, in order to prevent and punish any acts of terrorism that might develop, it would lose effective control over the situation.

It might be argued that Israel, like any country, would ultimately do whatever it needed to do for its own defense. And if the only way to bring a resurgence of terrorism to an end was to send the Israeli army on search and destroy missions across the new border, an agreement to the contrary notwithstanding, it would undoubtedly do so. What this assessment fails to take into account, however, is the extent to which such raids by Israel would only inflame the very passions the peace agreement was supposed to extinguish, thereby creating real pressures in the Arab world to bring what would be considered intolerable intrusions to an end.

But perhaps more importantly, with only 40 kilometers separating the 1967 border from the Jordan River, the West Bank could easily be remilitarized within 24 hours. The reorganization of the Jordanian Army since the 1973 war into four, rather than two, mechanized divisions, has given the Kingdom a military capacity to translate such a possibility into a reality. And the developing relationship between Jordan and Syria, under which the former is moving into the embrace of the latter, increases the political potential for such a development. For Israel, which has a very small standing army, and which needs 48 to 72 hours to mobilize its reserves, the demilitarization of the West Bank does not, therefore, represent a permanent solution to the problem of a surprise attack on the Eastern front.

AMERICAN GUARANTEES

Some have suggested that the United States, and possibly even the Soviet Union, might be persuaded to guarantee the inviolability of whatever new borders emerged from a settlement. But Israel, which does not even enjoy the benefits of diplomatic relations with the Russians, understandably puts little stock in Soviet guarantees. And who can blame them. Would we, or any of our West European allies, want to make our security dependent on assurances from the Soviet Union? The question, of course, answers itself.

This leaves the United States as the only possible guarantor of such an arrangement. But how reliable would an American guarantee realistically be? From Israel's point of view, in the post-Vietnam era, not very much. It is not just that in their eyes we failed to meet our commitments to Vietnam. Historically, they believe, we have even failed to meet our commitments to them. Back in 1956, for example, when Israel withdrew under heavy American pressure from the Sinai and the Gaza strip, following its lightning conquest of these territories in the Suez war, it did so with the understanding that the Egyptian Army would not return to Gaza. Twenty-four hours after Israel pulled out of Gaza, however, the Egyptian Army moved in. And when Golda Meir, who was then Foreign Minister of Israel, forcefully protested the remilitarization of Gaza to John Foster Dulles, who was then in his heyday as Secretary of State, that renowned international moralist told her there was nothing we could do about it.

But even worse than the refusal of the Eisenhower administration to do anything about the Egyptian move into Gaza in 1956, was the failure of the Johnson administration to do anything about the blockade of Eilat in 1967. When Israel withdrew from Sinai in 1956 it did so, to a significant extent, because of an American promise to guarantee freedom of passage through the Straits of Tiran. But when Egyptian President Nasser ordered the U.N. peacekeeping force out of Sinai in April of 1967, and announced that the Straits of Tiran would henceforth be closed to Israeli shipping, President Johnson, outside of a putative effort to organize an international consortium of maritime powers to run the blockade, did nothing.

The fact that President Johnson, preoccupied with events in Vietnam, felt himself politically incapable of coming to their aid, did not provide much solace to the Israelis. And however history ultimately interprets this unfortunate incident, it has understandably reinforced the feeling in Israel that American guarantees can, at best, be a supplement to, rather than a substitute for, security arrangements which enable them, if the agreement breaks down, to defend their own interests.

THE FUTURE OF THE WEST BANK

Some have suggested that the security problems which would be created by an independent Palestinian State on the West Bank and Gaza, even a demilitarized one, could be solved if it were somehow "linked" to Jordan. President Sadat and King Hussein have both spoken publicly about such a linkage and, to the ex-

tent a constitutional connection between a Palestinian entity and Jordan would tend to legitimize the demilitarization of the West Bank and Gaza, it is probably the political sine qua non for the establishment of such a state. What Sadat and Hussein undoubtedly have in mind, however, is at best a confederation of roughly equal sovereignties, which is a far cry from the tight knit federation, conceived of by the previous Israeli Government, in which the West Bank would be nothing more than a Palestinian province within the framework of a larger Jordanian jurisdiction.

The present Israeli Government, however, is convinced that any Palestinian entity on the West Bank and Gaza, once removed from the security jurisdiction of Israel, would inevitably and ineluctably be transformed into a base for continued hostilities against them. Hussein himself, in their view, would be put in mortal personal and political jeopardy by such an arrangement. The leadership of the PLO is, after all, as much committed to the overthrow of the Government of Jordan as it is to the elimination of Israel. And with the West Bank once again linked to Jordan, the Palestinians would constitute an overwhelming majority of the population of a reconstituted Hashemite Kingdom, thereby imperiling the survival of the King.

Even if the Palestinians were not able to take over the Kingdom, however, there is no guarantee that Hussein might not be pressured or persuaded into permitting the West Bank to secede from the confederation, thereby leading to the establishment of precisely the same kind of independent Palestinian entity a "linkage" to Jordan was supposed to avoid. The breakup of a confederation in the Arab world is, after all, not exactly an unheard of phenomenon.

So far I have not even mentioned the very strong belief on the part of the new Israeli Government that Judea and Samaria are part of the historic homeland of the Jewish people. For many Americans, indeed for many Israelis, the fact that these territories were once a part of the biblical kingdom of the Judean people is not a matter of the most vital political relevance. But to the new Government of Israel, Judea and Samaria are as much a part of the patrimony of the Jewish people, as the Golan and the Sinai are, in the eyes of the Syrians and Egyptians, a part of the patrimony of their people. To those who argue that it is Jordan, not Israel, which has the most legitimate claim to the West Bank, the answer is that Jordan seized the area in the first Arab-Israeli war in 1948.

The partition resolution adopted by the U.N. in 1947, which provided for the establishment of a Jewish State in Palestine, set aside most of the West Bank for a separate Arab State as well. In other words, Jordan occupied the West Bank from 1949 to 1967 as a result of the fortunes of war, just as Israel has occupied it from 1967 to the present for the same reasons. And if Israel is not entitled to be there, as the Arabs have argued, than neither is Jordan. What all this means is that the future of the West Bank, of Judea and Samaria as the Israelis call it, should not be determined by an objective search for its historic title, but by how its ultimate disposition can best contribute to an enduring settlement of the conflict between Israel and its Arab neighbors.

WHITHER JERUSALEM

If a lasting peace is going to be achieved—and it is difficult to be excessively sanguine that it will—an agreement on the future status of Jerusalem will somehow have to be reached. Yet of all the issues currently in dispute, Jerusalem is probably the most complex and controversial of them all. For more than 100 years, ever since the Turkish census of the city in 1844, Jerusalem has had a Jewish majority. And for the last 2000 years, ever since the destruction of the second temple by Titus in 70 A.D., Jews the world over have prayed for a return to the capital of their ancient homeland.

Needless to say, now that they have it, the Israelis have no intention of giving it up. Yet Jerusalem, while it does not appear to be quite as important in historic and religious terms to the Moslems as it is to the Jews, is still a matter of great significance to the Arabs. And they have all argued that East Jerusalem, which includes not only the Moslem but the Jewish and Christian holy places as well, must be returned to Arab sovereignty and jurisdiction. The Israelis, on the other hand, while willing to give the Arabs functional control over the Al Aksa Mosque and the Dome of the Rock on the Temple Mount, are not prepared to permit the repartition of the city. What the Arabs want, however, is political rather than just religious sovereignty over the Old City and the predominantly Arab areas of Jerusalem. But the Israelis, who have already fully incorporated East Jerusalem into the legal framework of the nation, are determined to make sure that it remains the undivided capital of the country.

Both sides have forcefully rejected the internationalization of Jerusalem, as a means of solving the problem, on the grounds that it would be inimical to their own interests. And given the emotional symbolism which both Arabs and Israelis attach to the status of the Holy City, and the apparently irreconcilable positions which they have advanced, it is difficult to envision the basis for an agreement between them. Clearly, the Israelis will never agree to a return to the status quo ante. By the same token, the Arabs will never agree to a settlement in which the status quo is legitimized.

About all one can say, therefore, is that if they are able to reach an agreement on all of the other issues that divide them—the Sinai, the Golan, the West Bank, the problem of the Palestinians, and the nature of peace—then the good will which will have been generated in the process may make possible some kind of compromise over the future of Jerusalem. Whatever that agreement may entail, however, it will necessarily have to maintain the principle of Jerusalem as a united city in which the capital of Israel is located. In the meantime, unlike the situation that prevailed prior to 1967, when Jerusalem was under Jordanian control, and Israelis were not permitted to visit the Western Wall, the people of all nations and religions are at least able to pray at their holy places.

RESOLUTIONS 242 AND 338

So far the commonly accepted diplomatic framework for a settlement of the conflict is embodied in U.N. resolutions 242 and 338. These two resolutions set forth the principle that, in exchange for a withdrawal by Israel from territories occupied in the 1967 war, the Arabs should agree to recognize the sovereign existence of Israel within the framework of secure and recognized borders.

The Arabs have insisted that resolution 242 requires a return of all the territories occupied by Israel in the 1967 war. The Israelis, pointing to the deliberate ommission of the definite article "the" before "territories" in the resolution, have contended that, while it does require them to withdraw, it does not obligate them to go all the way back to the insecure and indefensible borders that existed prior to 1967.

Israel's readiness to withdraw at all, however, is dependent on the willingness of the Arabs to give them a real peace rather than a temporary truce in exchange. And so far, the most Sadat and Assad have been prepared to publicly offer in return for a complete and comprehensive withdrawal, is a peace agreement in which the state of belligerency between Israel and its Arab neighbors would be formally ended. With an end to the state of belligerency, they have contended, the Arab boycott against Israel would also be terminated, since the legal basis for it would be eliminated as well.

Sadat, who is much more forthcoming on these matters than Assad, has also indicated that, in the context of a final settlement, he would be willing to agree to the demilitarization of a large part of the Sinai—so long as Israel agreed to a proportionate demilitarization of the Negev—the presence of international peacekeeping forces in the area from which Israel withdrew, and even a mutual defense treaty between the United States and Israel, if an American military guarantee is desired by them. There is little doubt that King Hussein would also be willing to agree to such a settlement, though it is less clear that President Assad would as well. The Syrian leader has, to be sure, indicated a willingness to agree to an end of the state of belligerency, assuming Israel were willing to withdraw to the 1967 borders in Sinai and the Golan, and permit the establishment of a Palestinian state on the West Bank and Gaza.

But he has so far refrained, unlike Sadat, from publicly expressing a willingness to accept either demilitarization of the territories from which Israel withdraws, or the establishment of an international peacekeeping force to patrol the territories, once Israel withdraws from them. Since it is difficult, if not impossible, to envision even partial Israeli withdrawals without the demilitarization of the areas it has left behind, the re-

luctance of President Assad to accept in principle the possibility of demilitarization does not augur well for a settlement of the conflict.

END OF BELLIGERENCY

But whatever the differences and disagreements between Sadat and Assad over such questions as demilitarization, and whether or not a Palestinian entity on the West Bank and Gaza should be linked to Jordan, they have both ritually rejected the Israelis' demand for a peace treaty involving trade, tourism, open borders, and diplomatic recognition. According to them, the accumulated antagonisms of the last 30 years make the kind of real peace which the Israelis want both unjustified and unrealistic. Let Israel just withdraw from the territories it occupied in 1967, and give the Palestinians their rights, they contend, and these things will inevitably develop over time. In any case, the Arabs argue, an end to the state of belligerency should be enough to satisfy the Israelis. After all, they contend, the mere existence of trade and tourism, and even diplomatic recognition, hardly constitutes a guarantee that peace will prevail.

Most wars, they say, have broken out between nations that enjoyed commercial relations and diplomatic recognition. And the fact that countries do not trade and talk with each other, as we did not for many years with the Peoples Republic of China, and still do not with Cuba, hardly means that war is inevitable.

Yet no one can realistically expect the Israelis to accept the territorial demands put forth by the Arabs, thereby leaving themselves in a far less defensible position than at present, without an agreement by the Arabs to completely normalize their relationship with Israel. There is, to be sure, no guarantee that trade, tourism, open borders, and diplomatic recognition will result in the establishment of a permanent peace. But there can be little doubt that it would maximize the prospects for peace and minimize the chances of war.

More than anything else, what the Israelis have always wanted from the Arabs is acceptance—not so much of their right to exist as of their existence itself. In this sense, the kind of cultural and commercial relations, together with diplomatic recognition, which the Israelis seek, are designed first and foremost as a symbol of their acceptance by the Arabs. So long as it is kept in political and economic isolation, Israel contends, the underlying Arab attitude toward the presence of a Jewish State in the Moslem Middle East is unlikely to change. And if the Arab masses continue to see Israel as an historic anomaly whose very existence constitutes an unacceptable insult to the pride and honor of the Arab nation, then the long-term prospects for a modus vivendi between them will be dim indeed.

It is important to distinguish here among the different schools of thought that have emerged in the Arab world toward Israel over the last 30 years. First, there are those who have come to the conclusion that, for better or worse, Israel is a reality that is here to stay. For them, however unjustified the establishment of Israel may have been, there is nothing which the Arabs can realistically do about it. And, instead of continuing a futile and foredoomed effort to eliminate Israel, they believe they should try to come to terms with it. Second, there are those who, recognizing the futility of war, are prepared to make peace—not in order to come to terms with the existence of Israel as a Zionist state, but in order to shift the conflict from the field of battle to the realm of ideas. According to this school of thought, once the expansionist dynamic of Zionism is broken, and Israel is forced to withdraw to the shrunken borders which prevailed prior to 1967, it will inevitably wither away and diplomatically disappear.

Finally, there are those who, never having come to terms with the reality of Israel, are still determined to destroy it. For them, the very existence of Israel as a sovereign Jewish polity constitutes an intolerable intrusion on Islam; the idea of a settlement with Israel an anathema. What they seek is not an accommodation with Zionism buts its elimination. And they can be counted on to do everything in their power to disrupt any settlement which appears to legitimize the existence of Israel as a permanent presence in the Middle East.

THE NEED FOR REAL PEACE

In these terms, the process of peace involves, as much as anything else, a struggle to shape public opinion within the Arab world. If an agreement designed to bring the conflict to an end is going to last, it will have to produce a lasting change in the underlying Arab attitudes toward Israel. There is little that can be done to win over the "rejectionists." But there is much that can be done to shore up the de facto acceptance of Israel by the "responsibles." And, perhaps most importantly, those Arabs who see in diplomacy a more realistic means of achieving their objectives than war, can be persuaded that their interests would better be served by a lasting accommodation than by a continuation of the conflict.

Real peace thus becomes both a manifestation of the Arab willingness to live in harmony with Israel as well as a cultural, political, and economic dynamic designed to reenforce and strengthen those forces in the Arab world which are the best and only hope for a lasting peace. Were Israel to withdraw from territories which are essential to its own defense without a real peace, it would only serve to leave the conflict "open-ended," thereby lending legitimacy and encouragement to those forces in the Arab world who still reject the existence of Israel and are determined to destroy it. As time went on, and it became clear that Israel was neither falling apart nor withering away, they would be sorely tempted to try once again to win by war what they had been unable to achieve through peace. And if a settlement fails to produce a just and lasting peace, most Israelis believe, it would be far better for the next war to break out from boundaries that are defensible than from borders that are not.

Where does this rather gloomy analysis of the prospects for peace in the Middle East leave us? And what are its implications for the role of our own country in the search for a settlement between Israel and its Arab neighbors?

Whatever the theoretical merits of the President's proposal—according to which Israel would more or less return to the 1967 borders, and permit the establishment of a Palestinian homeland presumably linked to Jordan, in exchange for which the Arabs would agree to give Israel a real peace including trade, tourism, open borders and diplomatic recognition—I fear that it is simply not rooted in reality. The purpose of diplomacy, after all, is not to articulate ideal or even idealistic solutions, but to reconcile conflicting points of view within the framework of mutually acceptable agreements. For better or worse, the Israelis are no more likely to withdraw all the way to the 1967 borders than the Arabs are to make a complete commitment to peace. And the Arabs are no more likely to accept a permanent Israeli presence in the occupied territories than the Israelis are likely to accept an end to the state of belligerency in lieu of a real and lasting peace.

Under these circumstances, given the consequences for our own country of a failure to reach an agreement, there will be a real temptation on the part of the President to impose a settlement rather than wait for the parties to conclude one on their own. Fortunately, President Carter has so far carefully and deliberately precluded such a possibility. I say fortunately because it is extremely unlikely that the Israelis would ever acquiesce to such pressure. And any effort to force the Israeli Government to accept a settlement it felt was not in its own interest would only have a unifying effect on Israel and a divisive effect on America. But even if we somehow succeeded in imposing a settlement, however momentarily attractive such a strategy might be, it would ultimately contain the seeds of its own undoing.

In effect, since we have far more leverage on the Israelis than the Arabs, such a settlement would clearly be one which was forced on Israel against its better judgment. Dependent on us as they are for arms and assistance, the Israelis might feel they had no alternative but to accept an agreement that they never would have accepted on their own. But if Israel were forced to give more territorially, or get less politically, as a result of American pressure, it would inevitably lead to excessive expectations on the part of the Arabs and political demoralization on the part of the Israelis—neither of which are sound or strong foundations for a just and lasting peace.

What we need to do is use our good offices to secure a settlement that leads to a real peace rather than a temporary truce. It would, after all, avail us little if we were to get an agreement which constituted a way station between wars rather than a prelude to peace. And in

the search for a settlement there is probably nothing more counter-productive we could do than attempt to force our own conception of a compromise—no matter how equitable it may be—on the parties to the conflict.

THE NEED FOR DIRECT NEGOTIATIONS

The history of the dispute between the Jews and the Arabs for a piece of Palestine could easily be written in the prose of the proposals designed to resolve it. The Peel Commission in 1937, the Anglo-American proposal in 1946, the Partition Resolution in 1947, the Rogers Plan in 1971, and the Brookings Report in 1975, have all attempted to reconcile the conflicting interests involved without success. Whatever the theoretical virtues of these various plans and proposals—and some of them were not without merit—they all had one failing in common: By attempting to impose a settlement on the parties, instead of embodying a solution agreed upon by the parties, they only served to exacerbate instead of eliminate the differences between them.

It may well be that no settlement is possible in the foreseeable future. This is, after all, a conflict which has been going on for over half a century. And it could conceivably continue for another 50 years, if not longer, before it is finally resolved. But the lesson of history is clear: If a solution is to be found, it will have to come from the parties themselves, on the basis of the kind of mutual reconciliation and recognition that can emerge only from direct and detailed negotiations between them.

This is not to say or suggest that we do not have an important role to play in the effort to bring the parties together, and once they have been brought to the negotiating table, to facilitate the sort of creative compromises that will be necessary for peace. We are, in the final analysis, the only country which enjoys the confidence of all the countries involved. And we clearly have a very real stake in a settlement. But how we go about this essential effort will determine, in a very significant way, its chances for success. Given the political obstacles in the path of a settlement, and the extent to which public opinion makes it difficult for each of the countries involved to make the necessary compromises, the more we speak out publicly the less flexible they can be privately.

Particularly now that we may be approaching a resumption of negotiations, the time has come to diplomatically and politically cool it. Whatever suggestions we have to make should be made behind closed doors rather than in front of television cameras. Instead of forcing the leaders on both sides to publicly reject those parts of our proposals which are least acceptable to them, we should be quietly trying to narrow the differences between them.

WHAT KIND OF AGREEMENT

There is little doubt that a comprehensive settlement would be in everyone's interest. For reasons I have already described, however, such a settlement is exceedingly unlikely in the foreseeable future. Since a collapse of the effort to achieve an agreement is likely to lead to another war—with potentially devastating consequences for the countries of the region as well as ourselves—we have a significant interest in maintaining the momentum for a diplomatic resolution of the conflict.

If, and when, it turns out that a comprehensive settlement is not possible, we should use our good offices to explore the possibilities for additional interim agreements instead. It is not easy to be overly optimistic about the possibility for a partial, as distinguished from a comprehensive, agreement between them. But if it is not possible to get an agreement on a final settlement, it may still be possible to get an agreement on some of the territorial and political concessions that will have to be made if a final settlement is ever achieved. The advantage of such an approach is that it would presumably buy time for the forces of moderation on both sides to generate support for the kind of compromises that will be necessary for peace. Another advantage is that by reaching a tentative territorial accord it would presumably postpone the outbreak of another war. But most importantly, if we assume that in exchange for whatever territorial withdrawal were agreed to by Israel, the Arabs would be obligated to provide some of the political components of peace, it would be extremely helpful in inducing a greater measure of acceptance of Israel by the Arabs, and in generating a greater sense of confidence in the ultimate intentions of the Arabs on the part of the Israelis.

I am not suggesting that the effort to secure such an agreement will be easy. Clearly a comprehensive settlement would be preferable. But it would be far better to get a partial agreement between some of the parties than to end up with a war involving all of the parties.

The problem, of course, is that even if Egypt were willing to accept another interim agreement in the Sinai, which in view of its economic difficulties it might find tempting, it probably would not be prepared to do so without a simultaneous agreement on the Golan. The last time Sadat moved on his own, in September of 1975, he received so much criticism in the Arab world, it is most unlikely he would again agree to a separate settlement. And with so little territory left on the Golan, between Israel's present position and the edge of the heights, it is not only difficult to envision what Israel has to give territorially, but it is even harder to figure out what Syria would be willing to give politically.

If it should turn out that progress on the Palestinian problem becomes an essential condition for movement on the other issues as well—and I think it fair to say that the Arabs can no more make a lasting peace without the Palestinians than they can effectively wage war without the Egyptians—it will undoubtedly be necessary to reach some kind of agreement on the future of the West Bank and Gaza. Needless to say, this will not be easy to do. Even when King Solomon himself would have difficulty reconciling the demand of the Arabs for the establishment of a Palestinian state and the determination of the Israelis to prevent it. It may well be that there is no middle ground between them. But if there is, our ability to find it will depend on the kind of conceptual breakthrough which will enable Israel, as well as the Arabs, to view what is essentially an old problem in a new perspective. So long as both sides see the future of the West Bank and Gaza as a zero-sum game in which what each loses the other gains, there will never be a solution. But if a formula for the future of these territories can be devised, in which each side gets most, if not all, of what it wants, then a settlement of the Palestinian problem may be possible.

PEACE IS NOT A PANACEA

From Israel's point of view, the days ahead will be difficult ones indeed. There are real risks no matter what it does. If the negotiations collapse, or never even get off the ground, the chances are that another war will sooner or later become inevitable. Yet even if it decides to make the territorial concessions demanded by the Arabs, in exchange for a real peace, there is no guarantee that the settlement will last. Even assuming that the current crop of Arab leaders are perfectly sincere in accepting an agreement along these lines, it is entirely possible that they could be replaced by a new generation of leaders who do not. And no one can preclude the possibility that the Arabs, if the expected economic benefits of a settlement fail to materialize, will feel politically obligated to go to war once again, if only to divert the attention of the masses from the pervasive poverty in which they are trapped.

Certainly, in the aftermath of a settlement, a massive and bitter struggle will erupt in the Arab world. On one side would be the "moderates"—Egypt, Jordan, Syria, Lebanon, and Saudi Arabia—who had finally decided to come to terms with the existence of Israel. On the other would be the "rejectionists"—Iraq, Libya, and parts of the PLO—who would argue that the confrontation states had sold out the Arab cause and betrayed the Palestinian people. What the outcome of such a debate would be no one can predict. But it is clearly not beyond the realm of possibility that the forces of extremism would triumph, and that those who had committed themselves to live in peace with Israel, would be repudiated by their own people.

All of these considerations argue, it seems to me, in favor of an effort to reach an agreement that will produce the basis for a just and lasting peace in the Middle East. The chances of securing such a settlement are, of course, not very good. But we really have no alternative but to try. For us to wash our hands of the whole business, or to wallow in our own sense of despair, would be to invite the very disaster we should be doing everything in our power to prevent.

In this sense, I think it is terribly important for us to continually reaffirm our historic commitment to the survival and security of Israel. If the Arabs ever get the idea we are in the process of turning our backs on Israel, the prospects for peace, which are already dim, will significantly diminish. It is, in the final

analysis, a growing recognition on the part of the Arabs that Israel is here to stay, which has inclined the more moderate among them to opt for a diplomatic resolution of the conflict. Let them come to the conclusion that they can defeat Israel on the field of battle, and the chances of another war in the Middle East will increase dramatically. And it is precisely for this reason that I think it is so important for us to provide Israel with all of the arms and assistance it needs, not only to deter, but if necessary to defeat, another Arab attack in the future.

When it comes to foreign affairs, countries rarely have an opportunity to adopt a course of action that is both principled and pragmatic. In the case of Israel, I believe that our policy has been both morally justified and strategically sound. I only hope, in the difficult days that lie ahead, that we have the strength and wisdom to stay the course, using our influence not only to protect the interests of Israel, but to secure a settlement in which all the people of this troubled area of the world can enjoy the benefits of peace instead of suffering from the ravages of war.

CLINCH RIVER BREEDER REACTOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. SCHEUER) is recognized for 5 minutes.

Mr. SCHEUER. Mr. Speaker, the decision whether to continue full funding for the Clinch River breeder reactor—CRBR—since it will affect the most sensitive domestic and foreign policy issues of our day. The best interests of our country would be best served by our proceeding with the Clinch River project.

The most important question to be addressed is whether the development of Clinch River will hurt our country's efforts in preventing international nuclear proliferation. On May 28, along with my colleagues on the Committee on Science and Technology, I attended a conference in Vienna with the International Atomic Energy Agency—IAEA. The Agency has 110 members, 102 of which have signed and ratified the nonproliferation treaty. It is not only the international watchdog for the use and development of atomic energy, it is also probably the most well informed and impartial body in the world regulating atomic energy.

It is unfortunate that in making its decision to halt development of the CRBR, the administration did not once consult the IAEA. And in asserting for our country the role of chief watchdog over nuclear proliferation, we apparently ignored the extensive apparatus that the IAEA already has set up, scrupulously to monitor atomic energy. The IAEA, for example, is the only international body with the authority to regulate atomic energy. In fact, the United States took the lead in establishing the IAEA for this purpose. The Agency's staff, which is itself 20-percent American, see to it that member countries send sample nuclear material to the Agency where it is processed and examined. Approximately 300 facilities, under the auspices of the nonproliferation treaty or under the IAEA's general nonproliferation guidelines, report to the Agency. Its Department of Safeguards has an $11 million annual budget. And the Agency has extremely wide-ranging authority to strengthen its safeguard regulations.

Apparently, other developed countries working on the breeder cannot afford to follow our example in abandoning this important technology. According to an IAEA study, France, Britain, West Germany, and Japan, as well as other West European countries, have no choice but to develop the breeder, and they are proceeding apace to do so. The Agency estimated that France's fossil fuel resources will last 2 years, Italy's will not last even that long. They see no alternatives to the breeder reactor.

Additionally, many of the West European countries have already committed themselves to commercialization of a breeder reactor, as have the U.S.S.R. and Japan. Furthermore, most of the developing nations, where the potential for misuse of the manufactured plutonium is greatest, have shown little or no interest in the breeder reactor; their interest has been in light water reactors which by themselves produce waste materials adaptable to nonpeaceful purposes. The IAEA also concluded that any country or terrorist group that wanted to manufacture a nuclear bomb could do so regardless of the breeder since adequate technology and materials are available. In fact, the IAEA noted, materials are more readily available to manufacture a bomb from plutonium from research reactors—and it is far easier to make a bomb with these materials.

By implementing a moratorium on breeder development, the United States will lose much of its ability to influence international nonproliferation policy and agreements. Despite the announcement of our new policy, France, West Germany, and Italy enumerates of possible signed agreements to continue research and development on breeder reactor projects and to promote their sale abroad on July 6.

Mr. Speaker, the administration's policy is not only unproductive, it is counterproductive. The nuclear nonproliferation treaty, to which the United States is a party, obliges members to share nuclear technology with countries committed to its use for strictly peaceful purposes. Bad faith by our country with regard to sharing our available breeder technology and to developing it further could cause some of the member nations to abandon this important treaty, thus, ironically, hurting our nonproliferation efforts.

Foreign policy is not the only factor to be weighed, moreover. We need to consider the domestic issues of rising energy demand and declining availability of scarce fossil fuel energy resources. And we need to consider the safety and environmental implications of the breeder and the various alternatives we have, if we reject it.

First, the purpose of this legislation is simply to keep the breeder reactor technology alive. Development of the CRBR is not tantamount to commercialization of the breeder reactor. The Clinch River breeder will not be operational until 1984, and commercialization will not be feasible until the early 1990's. This period of 10 to 15 years provides more than ample time for adequate safeguards to be developed, for all interested parties to voice their concerns, and for proper administrative procedures to be set up to assure the breeder's safe and environmentally acceptable operation.

Second, the need for the breeder becomes even more evident when it is compared to the energy alternatives that will have to be developed if we reject it. The Federal Power Commission estimates that electric energy demand will increase "substantially", perhaps even double, between 1975 and 1990. The electricity to satisfy that demand can be generated from natural gas, oil, coal, or nuclear power, or any combination of the four along with the more exotic forms of alternative energy sources such as solar, tidal, wind, or geothermal power. Owing to excessive cost and decreasing supply, natural gas is already being phased out as a major energy source. Reliance on heavy imports of oil conflicts with our national goal of energy independence. The increased use of coal burning to generate electricity brings with it the environmental pitfalls of strip mining, air pollution, and safety of coal miners. Finally, the more exotic sources of energy are not expected to "come on line" rapidly enough to be of much help in the next few decades.

In New York State, and especially in New York City, these concerns are very consequential. Electric rates have risen more than 35 percent over the past 3 years, according to Con Ed. Now, due to the President's plan, oil or natural gas operated factories and power plants will eventually be converted to coal.

The consequences of this switchover are great. It is understandably disappointing for our region, which has recently made many expensive efforts to clean up the pollution of our air, water and other natural resources, to be forced to convert to coal burning for energy when another more environmentally attractive and acceptable technology is readily at hand.

I am not suggesting that coal conversion be abandoned, for my view is that this is a sound course. However, it is critical not to abandon the breeder technology as well; we must keep all reasonably encouraging options open, until we have far more data than we have now on comparable cost-benefit, safety, and environmental impact factors.

Not only is the breeder more environmentally attractive, it is also more financially attractive—to both the consumer and the power company. The New York State Public Service Commission has submitted testimony stating that electricity generated from coal-powered plants would cost the consumer an average of 25 percent more than that from a nuclear facility. This figure includes both breeder and light-water technology.

However, according to the old Atomic Energy Commission, the reserves of low-cost, high-grade uranium-235 used by the light-water reactor will last only

three to four decades at projected consumption rates. The breeder, on the other hand, uses uranium-238, which is 140 times more plentiful than uranium-235. The energy content in the known reserves of U^{238} could provide 200 years of electric power based on projected consumption rates.

For the welfare of our entire Nation, and especially for the well-being of the Northeast, the breeder reactor is an energy source we cannot afford simply to abandon in midstream.

Our Nation cannot afford to lose our powerful stabilizing influence over the international use of nuclear power by simply abandoning a proven technology and naively hoping other nations will do the same.

Our Nation cannot afford to be callous with a source of energy which is perhaps the last inexpensive and environmentally sound major electrical power source available to us.

Our Nation cannot afford to pass up a last energy source, which—by itself—could enable us to achieve energy independence and free ourself from the bullying and blackmail of a handful of feudal Arab oil sheiks.

The Northeast region cannot afford the environmental and financial costs of alternatives to the breeder reactor.

It is wrong to close the door on development of the breeder reactor. It is difficult for me to call this decision to continue funding "the next step toward commercialization" since the funding level for the demonstration project was agreed upon years ago and commercialization is still 15 years away. Let us develop the breeder and then, when all the facts are in, we will make an intelligent decision whether or not to go ahead with its broad scale commercialization.

ANNOUNCEMENT OF HEARINGS ON H.R. 8359

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

Mr. RODINO. Mr. Speaker, I wish to announce that there has been a change in the date of the hearing on H.R. 8359, previously scheduled for September 8, 1977. The new date is September 9, 1977 in room 2141 Rayburn House Office Building at 9 a.m. The purpose of the bill is to restore the effective enforcement of the antitrust laws.

SPEAKER O'NEILL, OLD POLITICIAN WITH A TOUCH OF CLASS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. BROOKS) is recognized for 5 minutes.

Mr. BROOKS. Mr. Speaker, Joseph Kraft enjoys a reputation as a highly competent incisive commentor on the Washington scene. He also is well respected for his direct and often cutting observations of politics and politicians. He has never been accused of writing "vanity" or "puff" pieces. Therefore, his column today in the Washington Post is rather unique. In it he extols the leadership of our Speaker.

Having been sworn in as a Member of the House of Representatives on the same day as was the gentleman from Massachusetts, I can assure you that Mr. Kraft's comments are quite valid and well earned.

Although he refers to the way in which the Speaker handled the energy bill, this is only the latest of many examples of outstanding leadership that could have been cited. His column will be of interest to all of my colleagues. I would only add that the ability of Speaker O'NEILL to lead is based solidly in the trust and respect of the Members of this body. The complete text of the article follows:

[From the Washington Post, Aug. 4, 1977]

AN OLD POL WITH A TOUCH OF CLASS

(By Joseph Kraft)

"Why is Cambridge, Mass., famous these days?" Jim Schlesinger has been asking with a grin. "Because," the President's energy adviser, who just happens to be a Harvard man, replies, "it's the home of Tip O'Neill, the greatest Speaker of the House in the modern era."

That praise expresses an admiration verging on reverence that is widely felt for O'Neill's performance in managing the President's energy program. Whatever the merits of the bill, and whatever form it finally takes, getting the total package through committee and onto the floor of the House in less than a hundred days was the kind of legislative feat that has not been seen since the civil-rights bill of 1964.

The package that the President presented on April 20 was intrinsically complex and controversial. It included continuing regulation of natural-gas prices, and taxes on gasoline, big cars, oil producers and users of natural gas for fuel.

These proposals, by pitting regional interests against each other, lent themselves to the instinctive congressional habit of logrolling—trading protection against taxes on cars, for example, for protection against taxes on oil and gas. In the past that kind of accommodation had killed all efforts to work out a comprehensive energy package.

O'Neill brought the whole package onto the floor intact on his Aug. 1 target date by a variety of devices. He set fixed deadlines and pushed the leaders of the Commerce and Ways and Means committees to finish their work by mid-June. He established an ad hoc Energy Committee to maintain the general public interest against the pro-consumer bias of the Commerce Committee and the pro-business bias of Ways and Means. He kept committee chairmen and regional whips constantly informed. He encouraged compromise—notably to beat back the deregulation of natural gas.

These devices wouldn't have worked except for a variety of other conditions. For one thing, two great barons on the Democratic side—Chairman Wilbur Mills of Ways and Means and Chairman Wayne Hays of the Administration Committee—are out of the House. For another, chance has given O'Neill three strong lieutenants, Majority Leader James Wright (Tex.), Majority Whip John Brademas (Ind.) and on the Rules Committee that demon legislator Richard Bolling (Mo.)

O'Neill himself, moreover, has been a master of the old politics of getting along by going along. As Majority Whip from 1971 to 1973 and as Majority Leader from 1973 until last January, he was tireless in making speeches and helping raise funds for other members.

Those favors did him little good with the freshman and sophomore classes, who compose about half of the Democratic caucus. But O'Neill had standing with them because he broke from the Democratic majority early on Vietnam and was the powerhouse behind the impeachment hearings on Richard Nixon.

More recently, O'Neill led the way in two reforms dear to the younger members. He put across the rule by which committee members are now elected instead of automatically reaching the top through seniority. He also sponsored the measure that has required on-the-record votes on all major issues.

Finally, there are personal qualities, easier to feel than to describe. O'Neill is not only a genial giant with an irrepressible store of banter and a love of the House. He also has the broadest shoulders in town. It is practically impossible to be with him and not tell him your troubles. It is even harder to come away without the sense of having been supported.

As Speaker, O'Neill has put these talents to work for the whole House. He stood up against the initial instinct of the Carter administration to write off the Congress in favor of the country. He pushed through the pay raise so essential to many members. He also put through a tough ethics code that builds a barrier against corruption.

Years ago I asked O'Neill about the aspirations of a rival. "The House will never make him Speaker," O'Neill said confidently. "The House won't give the job to a man without class."

Maybe, and maybe not. But in O'Neill the House has found not only a leader but also a champion. He has arrested the demoralization of the past few years. He gives the members a feeling of pride, a little touch of class.

UNFOUNDED CHARGES REGARDING PASSIVE RESTRAINT SYSTEMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Moss) is recognized for 10 minutes.

Mr. MOSS. Mr. Speaker, the Secretary of Transportation has promulgated a proposed regulation regarding passive restraint systems for American automobiles which can, when fully implemented, save thousands of lives and millions of dollars in medical costs and insurance premiums for motorists.

Certain statements by opponents of the passive restraint proposal are inaccurate and misleading. They are a disservice to consumers, motorists, and the Congress.

In the interest of setting the record straight, myself and several colleagues will be circulating a letter to the Members of the House next week regarding the alleged hazard of certain chemical propellants which some manufacturers may use to inflate air bags—one of the methods of complying with the passive restraint regulation.

A copy of our letter is as follows:

DEAR COLLEAGUE: We are writing to provide Members of Congress with information regarding the Department of Transportation's decision to require passive restraints in new automobiles and the comments that have recently been made about the sodium azide propellant which some manufacturers may use to inflate air bags. This information has been furnished to us by the National High-

way Traffic Safety Administration, and Committee staff believes it to be accurate.

It is important to understand that the Department has not mandated the use of sodium azide or any other inflation material. The standard merely requires that vehicle manufacturers provide occupant restraint systems that protect vehicle occupants against serious injury.

It has been suggested that sodium azide might pose a threat to some people in certain situations. What has not been discussed is just how likely it is that any of the various hypothetical situations might ever come to pass and how often. There are a number of good reasons to believe that the probabilities of any of these situations being encountered are extremely slight.

The remote chance of sodium azide leaking from an air bag system can be appreciated if one considers the manner in which these systems are built. Solid pellets of sodium azide are placed inside a heavy-walled, steel canister where they are hermetically sealed. The canister is placed inside a layer of steel and then in several more layers of steel or in layers of tough ceramic material. The air bag itself is wrapped around the multilayered unit. Finally, all of these components are placed inside a plastic covering. The unit is then placed inside the dashboard of a car. Thus, it would appear to be virtually impossible for front seat occupants to come into contact with the canister, much less the sodium azide itself. This belief is based primarily on experience with the 1974–76 General Motors fleet of air bag cars. It is equally improbable that mechanics will contact the sodium azide since they will handle the systems as complete, factory-assembled modules.

Notwithstanding the low probability of the event, if some sodium azide did escape from an air bag system, any resulting risk to health would be minimal. Sodium azide rapidly degrades into nitrogen and sodium hydroxide when exposed to moisture in the air or to sunlight.

Another aspect of the air bag system that may not be appreciated is what happens to the sodium azide when an air bag system is activated. The sodium azide itself does not enter the passenger compartment because it is converted into nitrogen upon ignition in a crash.

It has been suggested that even if the sodium azide poses no threat to motor vehicle occupants or garage mechanics, that perhaps some youths, vandals, or spare parts seekers might come into contact with the substance inside abandoned cars. The Department's own environmental impact statement is cited in support of this suggestion. The function of the environmental impact statement is to raise all of the various conceivable adverse consequences no matter how unlikely their occurrence is. Attempting to break into an air bag system would be a time-consuming and difficult task whose purpose is hard to fathom. Persons seeking toxic materials can obtain better ones far more easily elsewhere.

With regard to the processing of junked cars with uninflated air bag systems, junkyard operators would face fewer problems with air bag systems than disposing of gasoline tanks and battery acids. The operators would merely have to inflate the systems and turn the propellant into a harmless gas. Further, we understand that the Department is working with the Environmental Protection Agency to develop regulations to ensure the safe disposal of sodium azide in junked cars.

THE PROBLEM OF PORNOGRAPHY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. McKay) is recognized for 5 minutes.

Mr. McKAY. Mr. Speaker, on June 1, 1977, I entered into the CONGRESSIONAL RECORD, an article which dealt with the effect of pornography on sexual behavior as a rebuttal to Dr. Amitai Etzioni's position that it has no adverse effects.

In response to the requests of different groups, the most notable of which is the National Rape Prevention and Control Advisory Council, I wish to submit two supplemental articles by Dr. Victor B. Cline, a noted psychologist at the University of Utah. Dr. Cline verifies the fact that pornography does breed criminality and sexual deviance and is in fact a detriment to our society.

The two articles which I submit are, "The Problem of Pornography" and "Obscenity and Porno-Violence—Prurient Menace or Paper Tiger":

THE PROBLEM OF PORNOGRAPHY

(By Victor B. Cline, Professor of Psychology, University of Utah)

I am frequently asked by colleagues, associates, and friends, why I have concerns about pornography. If people want to expose themselves to this kind of material is it really anybody's business to stop them or censor what they can read or see?

Doesn't the First Amendment of the Constitution guarantee us all—freedom of speech, of expression and the right to see or hear anything we want? The correct answer is: no it doesn't. We have many kinds of democratically enacted prohibitions on speech and expression (which, of course, can be amended or repealed if we do wish): Examples would include libel, slander, perjury, conspiracy, false advertising, television cigarette advertisements, and also obscenity. In fact, most of the people who went to jail in the Watergate Scandal did so because of what they said, or for words they spoke (e.g. perjury and conspiracy).

The Supreme Court of the United States has repeatedly affirmed that pornography is not protected by the Constitution. We have had laws, democratically enacted for over 150 years which have placed constraints or controls over the public sale, distribution or exhibition of pornography. The presence of pornography in the community is seen as a moral pollutant affecting the quality of life of all the citizens.

When it spreads in a community unchallenged it almost invariably brings along with it other social ills: prostitution, drug traffic, and organized crime as well as a general deterioration of the surrounding neighborhods and business space. That this occurs has been well documented and demonstrated in New York City's Times Square, Boston's Combat Zone, and similar sites in Copenhagen and Hamburg in Europe (and on a lesser scale in other U.S. cities).

And of course people really are affected by the powerful fantasies that some types of pornography inject into the brains of the consumers. Time does not allow me here today to document and recite the extent and nature of all of the scientific evidence from empirical studies which demonstrate the potential risks and harms associated with pornography exposure. This is available to those of you so interested in my recent book by BYU Press, "Where Do You Draw the Line?"

Originally in this country (as well as Denmark) pornography consisted of films or books depicting explicit portrayals of sexual acts between men and women. But more recently there has been an escalation in the perversity and pathology of the product marketed. So that now we find increasingly—extremes in the dehumanization and brutalization of the participants: women are explicitly raped, tormented, and degraded. There is increasing emphasis on sex in groups, sado-masochism, and on the sexual exploitation of children, as well as humans with animals.

In treating patients in my private practice who have become emersed in this type of thing, I find three things occurring: (a) first an addition phenomena, where the individual gets hooked on this material and comes back again and again for more, (b) secondly, an escalation factor: in which the person increasingly wants to see and be exposed to more deviant and obscene material; in other words it takes, in time, "rougher" more explicit and deviant material to give the person his kicks. And (c) thirdly, I find eventually a desensitization occurs to the material's pathology; and increasingly there is an urge to act out and imitate in real life this pathology with an insensitivity to its potential harm—such as to wreck one's marriage.

In saying all of this I think it is most important to note and remind ourselves that the sexual drive in human beings is basically healthy. And I think that most of us here today are fully supportive of good sexual adjustments in our lives—for this can be a great healing bond that serves to pull a husband and wife together and can be a balm that makes our relationships more satisfying and complete.

But this same sexual drive is vulnerable, especially in males, to being twisted and distorted in ways that can be highly self-destructive, as well as having very negative effects on their partners who become their victims. And these impulses can get out of control in certain individuals. And it makes no difference what your intelligence, social status, or position in life is—we are all vulnerable and capable of being injured. The nature of these harms has been spelled out at some length in my book "Where Do You Draw the Line?" But rather than again review a number of scientific studies, let me cite a few case histories which are sometimes more helpful in communicating about this problem.

Earlier this year 46 year old Maurice Weiner, Deputy Mayor of Los Angeles, a distinguished public servant, was found guilty by a jury of committing a sex crime in a Los Angeles porno theatre. He has had to resign his prestigious job with his career now in shambles. There appears to be little doubt that the material he saw on the screen helped stimulate him to the point where he lost control.

Several weeks ago in Atlanta, Georgia, a Brownie Girl Scout was brutally raped and murdered. Some of the evidence collected later suggested that the murderer's recent prior exposure to pornography helped trigger the act, as well as suggest to his mind some of the things he did to this young girl.

This last July 12th a man who had spent an hour and a half watching a hard-core pornographic movie in a North Hollywood theatre prompted in part by what he had seen on the screen, came out and raped the theater's young cashier at knife point.

In a study of rapists in Southern California, Dr. Michael Goldstein found that 57 per cent of this group of sex offenders admitted to actually "trying out" the sexual activities they had seen during a peak exposure to pornography. Eighty seven per cent of a group of child molesters indicated the same thing—that the porno stimulated them to action, that they repeated in their real life behavior what they had seen in the obscenity witnessed.

In a national survey by Drs. Morris Lipkin and Donald Carns at the University of Chicago 254 therapists indicated that they had had patients who had been harmed or damaged by exposure to pornography with another 325 doctors indicating having patients where there was some partial evidence suggesting a harm relationship associated

with pornography use. And even though there were other therapists who reported not having such patients—I think that data of such a magnitude gives lie to anyone suggesting that there is no evidence that pornography can injure people.

In conclusion I believe that if we really believe in the notion of a democracy of self government and self determination—that it is entirely appropriate for a state or community to enact laws for their self protection—IF THE COMMUNITY DESIRES IT. In the end we wind up with the kind of community we want—or that the majority of the citizens want. And if pornography is seen as a threat to the quality of life in a community, I see two courses of action as available to the citizens. The first involves picketing establishments trafficking in pornography. Picketing is a form of free speech and expression (and is perfectly legal) as well as indicating what the community's standards are. This form of expression often persuades people who might patronize such establishments not to and is thus a type of economic sanction. In later court tests it helps establish that "wide open obscenity" is not an acceptable or tolerated standard of the community and even though being sold or displayed in some establishments this is being done "under protest" by responsible citizen groups. The second thing that citizens can do is encourage effective prosecution. Local prosecutors offices are often understaffed and sometimes they tend not to do much prosecution of pornography unless they sense community concern. And this concern can best be expressed by letters and personal phone calls for individuals as well as representatives of groups. Personal contact is also helpful. In all of this, courtesy, rationality and logical discussion and persuasion are much to be preferred over threats and emotional harrangues.

OBSCENITY AND PORNO VIOLENCE—PRURIENT MENACE OR PAPER TIGER!

By Victor B. Cline, Ph.D.

Despite some opinions to the contrary, few in our society would doubt that we are in the midst of a revolution of our values—religious, social and sexual. In the past ten years (in particular), we have witnessed a new permissiveness in the arts and nonarts in the realm of the erotic which now goes considerably beyond anything ever tolerated in our country's history. And it would appear that many educated Americans do not regard this with disfavor, but probably relish it as adding an additional spice to our cultural life. And it would probably be not unfair to say that in much of the popular press as well as the more intellectual journals there has existed a kind of benevolent tolerance, if not outright pleasure, in seeing the emergence of what some have called a "healthy obscenity."

To many this represents a kind of liberation of man's spirit from a period of repressive guilt about sex and one's body which in the past in the view of some, seemed to stifle men and women in their relations with each other.

However, there has been increasing recent concern by others that an unrestricted dissemination and diet of pornography and media violence may present a number of serious problems for our society. This possibility has seen little or no discretion or examination in our more thoughtful newspapers, journals and magazines much less the other media. The thrust of the present discussion will be to review some of these concerns and potential problems.

The situation relative to pornography, its publication and distribution in America today, is that almost anything in the way of printed words can be published, sold and mailed anywhere. Despite city, county, state and federal laws to the contrary almost any kind of visual pornography can be sold throughout most of the United States.[1] To some extent the same thing is true for motion pictures. Prosecution by local and federal authorities is rare and sporadic. This is due, in part, to public apathy, disinterest by law enforcement personnel who have greater concern about the more violent types of crime or criminal activity, previous confusing and contradictory supreme court decisions in the area, and lack of expertise in obscenity prosecutions by local, district, and county attorneys who are frequently outwitted and outflanked by high priced attorneys specializing in defending the pornographers.

Irving Kristol has recently noted, "being frustrated is disagreeable, but the real disasters in life begin when you get what you want. For almost a century now, a great many intelligent, well meaning and articulate people—of a kind generally called a liberal or intellectual or both—have argued eloquently against any kind of censorship of art and/or entertainment. Today, in the U.S. censorship has to all intents and purposes ceased to exist. Is there a sense of triumphant exhilaration in the land? Hardly. There is, on the contrary, a rapidly growing unease and disquiet. They've got a world in which homosexual rape takes place on the stage, in which the public flocks during lunch hours in some cities to witness varieties of professional fornication . . ." in which almost every conceivable antisocial act and sexual aberration can be seen in explicit detail at the downtown cinema. "But disagreeable as this may be, does it really matter? What reason is there to think anyone was ever corrupted by a book (or movie)?"

"But if you believe this then you have to believe all education is morally irrelevant." And this just isn't true. None of us would accept such a proposition. The Protestant Reformation was ignited by a written proclamation. Our whole educational system is dedicated to the proposition that books or the knowledge contained in them can change lives and effect our personal decisions. The printed word has laid the foundations for revolutions and has helped change the course of elections and governments and even possibly converted or corrupted many people to entirely new ways of living. Ralph Nader's one book. "Unsafe at Any Speed" helped put G. M.'s Corvair out of business.

There is now a good deal of evidence from the Surgeon general's office showing a causal relationship between viewing violence on TV and participating in subsequent agressive behavior. There is a great deal of clinical and experimental evidence that viewers, particularly males, are sexually aroused by looking at pornography. There is also considerable evidence from studies financed by the Commission on Obscenity and Pornography suggesting correlational relationships between viewing pornography and deviant or antisocial sexual behavior. And while this evidence went unreported in their summary reports, it is currently available in the individual research reports, many of which are now published. In the Goldstein and Kant study in Southern California (1970) they reported 55% of their rapists being "excited to sex relations by pornography:" and when reporting on peak experiences in exposure to pornography during their teens 80% of the rapists reported "wishing to try the act" that they had witnessed or seen demonstrated in the pornography exposed to them. When asked if in fact they *did follow through* with such sexual activity immediately or shortly thereafter, 30% of the rapists replied "yes."

[1] Federal law now prohibits the mailing of unsolicited sexual material to those people who fill out forms requesting the non-mailing of this type of matter.

Davis and Braucht (1970) in a commission sponsored study of seven different populations of subjects (comprising 365 people) assessed the relationship between exposure to pornography and moral character, deviance in the home and neighborhod, sex behavior, etc. In their findings they state, "One finds exposure to pornography is the strongest predictor of sexual deviance among the early age of exposure subjects." Later they again noted, "In general, then, exposure to pornography in the early age of exposure subgroup was related to a variety of precocious heterosexual and deviant sexual behaviors." In another study by Propper (1970) of 476 reformatory inmates he notes again and again a relationship between high exposure to pornography and "sexually promiscuous" and deviant behavior at very early ages, as well as affiliation with groups high in criminal activity and sex deviancy. In another study by Walker (1970) he found that 39% of the sex offenders he interviewed indicated that "pornography had something to do with their committing the sex offense they were convicted of." And while not every study gives final conclusive causal evidence of harm, they do, in sum, raise serious concerns about pornography's effects.

It must be recognized, as Max Levin has commented that, "The present is the result of the past. What we do or think at a given moment is the culmination of our whole life history up to that point. There is *overt* behavior and implicit or *internal* behavior. Crime is overt behavior. However, a man's overt behavior may be impeccable in that he never assaults anyone, yet his internal behavior may be destructive in that he harbors distorted notions of sex and morbid sex fantasies and as a consequence he victimizes those whose lives are intertwined with his, most of all his wife and children. It is probably no exaggeration to say that sexual and married maladjustment causes a sum total of human suffering greater than cancer and heart disease. The number of people who commit rape is small, whereas the number of people who suffer from sex problems is enormous. This, then is the real test of pornography: Does it pervert the feelings and attitudes that people have in the area of sex? Does it foster an unhealthy conception of the role that sex plays in life. The gravest charge against pornography is not its occasional connection with rape or some other spectacular crime that reaches the headlines. The gravest charge is the damage it does to the youngster's image of sex." Pornography actually is anti-sexual.

There is a relatively new phenomenon where we have the mass distribution of printed matter widely appearing in paperbacks at corner drug stores and supermarkets and to an increasing extent in the newer films referred to as porno-violence a la the Marquis de Sade which consistently links pornographic type material with sado-masochistic violence. Psychologists have invested a vast amount of energy in studying the processes whereby people learn things. One does not have to know a great deal about the conditioning theories of Ivan Pavlov and B. F. Skinner or understand in detail the research of Albert Bandura in modeling and imitative learning to recognize what might occur when a human organism is constantly sexually stimulated and aroused (which the research evidence shows that pornography can do) in association with printed or pictured themes and fantasies of people or women being injured, tortured or abused. The laws of learning apply here just as much as in any other setting.

In intensive case studies of the recent English "Moor Murders" it was revealed that Alan Brady and Myra Hindley committed a number of sado-masochistic sex murders of children and young adults using literary models set up by the Marquis de Sade and

other similar porno-violence literature which they were avid students of. P. H. Johnson, in her analysis of this case, has argued that the literary descriptions of de Sade helped them to both rationalize these murders and to find explicit formulations for the methods and details used in carrying them out.

The work of Stanford psychologist Albert Bandura in the area of modeling and imitative learning certainly provides a theoretical basis with much research data to support the notion that we do indeed learn a great deal from what we see in films, on TV, in the media, as well as what we witness in real life, and that such experiences can effect us for better or worse. One in 13 Americans is alcoholic. One in four children from a home where one of the parents is alcoholic and models excessive drinking behavior will also become an alcoholic. If the child of the alcoholic is raised in a non-alcoholic foster home, where he doesn't see the excessive drinking modeled, his chances of become an alcoholic drop back to 1 in 13. Our behavior and values are indeed effected by what we see and what is repeatedly modeled for us at home, at the movies, or on TV.

Irving Kristol, professor of Urban Values at New York University has commented: "The ways in which we use our minds and imaginations do shape our characters and help define us as persons."

The plain fact is that none of us is a complete civil libertarian. We all believe that there is some point at which the public authorities ought to step in to limit "self expression" of an individual or a group, even when between consenting adults. A playwright or theatrical director might, in this crazy world of ours, find someone willing to commit suicide on the stage as called for by the script. We would not allow that—any more than we would permit scenes of real physical torture on the stage, even if the victim were a willing masochist. And I know of no one, no matter how liberal or free in spirit, who argues that we ought to permit gladiatorial contests in Yankee Stadium, similar to those once performed in the Colosseum at Rome—even if only consenting adults were involved. The basic point is that no society can be utterly indifferent to the way its citizens publicly entertain themselves. Bearbaiting and cockfighting are prohibited only in part out of compassion for the suffering animals; the main reason they were abolished was because it was felt that they debased and brutalized the citizenry who flocked to witness such spectacles. The question we face with regard to obscenity and pornography is whether they can or will brutalize or and debase and our citizenry. What is distinctive about pornography is that, in the words of D. H. Lawrence, it attempts to do dirt on sex . . . it is an insult to a vital human relationship. In other words, pornography differs from erotic art in that its whole purpose is to treat human beings obscenely, to deprive human beings of their specifically human dimension.

"Pornography is, and always has been, a man's work. Women rarely write pornography and tend to be indifferent consumers of it which suggests that this making of sex into an obscenity is not a mutual and equal transaction, but rather an act of exploitation of one of the partners (the female) by the male (as the women's liberationists have correctly noted).

"The basic psychological fact about pornography and obscenity is that it appeals to and provokes a kind of sexual regression. The sexual pleasure one gets from pornography and obscenity is autoerotic and infantile; put bluntly, it is a masturbatory exercise of the imagination, when it is not masturbation pure and simple. Now people who masturbate do not get bored with masturbation, just as sadists don't get bored with sadism and voyeurs don't get bored with voyeurism. In other words, infantile sexuality is not only a permanent temptation for the adolescent or even the adult—it can quite easily become a permanent, self-reinforcing neurosis.

"Pornography is inherently and purposefully subversive of civilization and its institutions. We've had an idea of democracy fairly common until about the beginning of the century for which the conception of the quality of public life is absolutely crucial. This idea of democracy had no problem in principle with pornography and/or obscenity. It censored them and it did so with a perfect clarity of mind and a perfectly clear conscience. It was not about to permit people capriciously to corrupt themselves, or, to put it more precisely: In this version of democracy, the people took some care not to let themselves be governed by the more infantile and irrational parts of themselves.

"If you care about the quality of life in our American democracy then you have to be for censorship. We have, with good liberal conscience, prohibited cigarette advertising on television and may yet, again with good liberal conscience, prohibit it in newspapers and magazines. This idea of restricting individual freedom, in a liberal way (and with majority consent), is not at all unfamiliar to us.

"One might also ask a question that is almost never raised: How much has literature lost from the fact that everything is now permitted? It has lost quite a bit, I should say. In a free market, Gresham's Law can work for books or theater as efficiently as it does for coinage—driving out the good, establishing the debased. The cultural market in the U.S. today is being pre-empted by dirty books, dirty movies, dirty theater. A pornographic novel has a far better chance of being published today than a non-pornographic one, and quite a few pretty good novels are not being published at all simply because they are not pornographic, and are therefore less likely to sell. Our cultural condition has not inproved as a result of the new freedom. American cultural life wasn't much to brag about 20 years ago; today one feels ashamed for it.

"If we start censoring pornography or obscenity, shall we not inevitably end up censoring political opinion? A lot of people seem to think this would be the case which only goes to show the power of doctrinaire thinking over reality. We had censorship of pornography and obscenity for 150 years, until almost yesterday, and I am not aware that freedom of opinion in this country was in any way diminished as a consequence of this fact."

Our society limits, with the approval of the citizenry, all manner and forms of speech and self expression. Criminal conspiracy, false advertising, libel, slander, pandering, are all seen as inimical to the interests of the commonwealth, and have never been protected by the first and fourteenth Amendments to the Constitution.

However, at present anyone in this room can easily purchase color, still, or motion pictures showing children having intercourse with adults in any combination or age you prefer; attractive women or teen age girls having intercourse with hogs, donkeys, dogs, horses, or orally fellating the penises of these animals; men and women being physically injured and tortured while performing explicit sex acts under duress. This is in addition to material depicting explicit sex acts of groups of homosexuals or heterosexuals in any numbers, geometry, age, sex, and racial combination that might please one's particular appetite.

Nearly all of this is in violation of most city, county, state, and federal statutes. And as mentioned before the primary cause is apathy by both citizenry and law enforcement personnel. You know, in the end we get the kind of society we deserve.

While some individuals in our society have become quite concerned about the amount of pornography and explicit sexual matter presented in the media, I would submit, that equally as obscene is the tremendous amount of violence, torture, and sadism that is presented as daily fare in our media. The rate of homocides is 10 times higher in the U.S. than in the Scandanavian countries. Comparison with other advanced Western European areas give similar distressing figures. We are one of the world leaders in other kinds of interpersonal violence. As a social scentist, I am not surprised by this. We teach our children in the media and modern literature to be violent, anti-social, psychopathic, and sexually promiscuous. These are the qualities which we model for them in many of the heroes (or better, anti-heroes) of modern fiction and on the screen.

However, now let me briefly summarize some of the major concerns as a citizen, parent, clinician and social scientist that I have about pornography and porno-violence:

1. In the first place most pornography (as opposed to erotic realism) is not true as a representation of sex. Women are frequently depicted as possessing male lust ready to rape the male at the slightest provocation which is a major fallacy with regard to female sexuality. Most pornography is unscientific, and untrue in its representation of female sexuality (in particular). It imputes to females a male sexual nature and qualities of sexual feeling that are fallacious.

2. Pornography debases women in particular. They are treated as sex objects, things, animal like in nature. Women are deprived of their humanity. Almost all pornography is anti-female and exploitive. A great deal of porno-violence deals with extreme examples of torture, physical pain and degradation inflicted upon the female. The women's liberationists have perceptively noted this anti-female quality in pornography, that it dehumanizes women.

3. Pornography makes sex dirty and obscene, not beautiful. It debases sex. Most of it is actually anti-sexual, it shows sex at its worst, not as part of a total and fulfilling human relationship.

4. Most pornography is unnatural and pathological. It presents sex unrealistically as apart from normal human relationships. There is an absence of trust, commitment, love, affection, responsibility. It presents sex almost totally out of context.

5. Pornography, following Gresham's Law (where bad money drives out good) preempts the cultural market. Instead of broadening our cultural exposure it narrows it. Many good books are not getting published because they are not pornographic. Movie houses in San Francisco, Los Angeles, and now Salt Lake that used to play quality cinema now run (in the latter two cities) hard core stag loops. American cultural life is degraded by this.

6. Pornography stimulates, in some, an acting out of immature and regressive sexual behavior. It appeals to and provokes in some a kind of sexual regression. The sexual pleasure one gets from it is autoerotic and infantile. Infantile sexuality is a temptation even to the mature adult and can become a permanent self-reinforcing neurosis.

7. Pornography and its dissemination is illegal (though violence isn't) in all Western Societies. The only known exception to this has been Denmark in 1967 and 1969. The reasons for this has been that an overwhelming majority of our citizens have found it offensive on moral and aesthetic grounds (as expressed in our laws and numerous polls). Though there probably has been an increased tolerance for erotic realism by many people in recent years, especially the young.

8. A lot of pornography models anti-social and deviant sex behavior which may sug-

gest or tempt the viewer to try out or repeat what he has been exposed to (e.g., rape, pedophilia, homosexual seducations of individuals of confused identity, sado-masochistic acts, etc.). Modeling theory certainly suggests this as a possibility for certain types of people.

9. Pornography is subversive of humanistic as well as Judeo-Christian values and their notion of the nature of man as a creative of rationality, dignity and nobility. Much pornography attacks the basic family structure, the notions of responsibilty, fidelity, affection, trust and commitment between the husband and wife.

10. Pornography demeans sex while pretending to extol it. The essence of pornography is mendacity, it lies about human relationships. The truth about sex is "imperfect striving and repeated failure."

11. Much of pornography has a sadistic violent component to it. No civilization save the Aztec has produced a literature and films of such sexual ferocity as ours. Reading and seeing sex sadism can have a cumulative effect. In Hitler Germany, the Magazine Der Sturmer mixed anti-Semitism and sex which contributed in part to the general atmosphere that made it possible to slaughter millions of Jews.

12. Finally—there is a great deal of scientific evidence linking exposure to media violence with adverse effects on the viewer. In the area of pornography there are a number of correlational studies suggesting relationships between high exposure to pornography (especially among the young) and sexual deviancy, promiscuity, and affiliation with high criminality groups. Of particular concern would be the mixing of pornography and sado-masochistic violence. Lipkin and Carnes in a nationwide survey of psychotherapists found that a significant minority of their group (57%) had seen patients in which there existed a definite or suspected casual relationship between exposure to pornography and some kind of harmful or anti-social outcome.

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ENERGY ACT SUBSTITUTE

(Mr. BROWN of Ohio asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BROWN of Ohio. Mr. Speaker, because of the illness of the gentleman from Illinois (Mr. ANDERSON), the ranking member of the ad hoc committee on the minority, I ask unanimous consent to insert essentially the gentleman's remarks in the RECORD at this point, because of the requirements of the rules of the House.

The SPEAKER pro tempore (Mr. WRIGHT). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BROWN of Ohio. Mr. Speaker, later this week, at the conclusion of the amendment process on H.R. 8444, the National Energy Act, I intend to offer an amendment in the nature of a substitute which is the text of H.R. 8555 which is cosponsored by all 13 Republicans on the Ad Hoc Energy Committee. For the information of my colleagues, I am at this point in the RECORD inserting a brief summary of our substitute, our press release issued at the time it was unveiled, and a more detailed explanation. I would emphasize that while this alternative was developed by the Republican members on the Ad Hoc Energy Committee, it also incorporates the best features of the energy legislation proposed by the Carter administration and reported by our various House committees. As such, I think the substitute is bipartisan in its components and is therefore deserving of bipartisan support when it comes to a vote. I urge my colleagues to carefully study the materials below and join with us in voting for the substitute when it is offered. The materials follow:

FEATURES OF REPUBLICAN ENERGY PLAN

No gasoline tax.

Retain all insulation programs with no lists.

One year tax cut instead of rebate.

Rebate heating oil payments to consumers, not distributors.

Retain all insulation tax credits.

Retain all solar tax credits.

Retain Ways and Means version of gas guzzler tax.

Tax on industrial use of oil and gas with more reasonable exemption provision.

Adopt crude oil pricing scheme that:

Retains Price Controls on lower tier oil;

Returns upper tier oil to competitive market;

Taxes lower tier oil to world price with 50% plowback on the tax;

Brings on 2 million barrels per day of new supply;

Has same effect on crude oil price compared to Carter plan;

Put burden of proof of conversion from oil and gas to coal on FEA rather than industry:

Cuts bureaucracy funded by taxpayers;

Prevent unnecessary litigation; and

Saves money for industry from having to fight the Federal government.

Establishes trust funds from crude oil tax to:

Hold states harmless on highway maintenance;

Build mass transit;

Encourage synthetic fuels;

Remove Federal price controls on new onshore natural gas.

Retain controls on all existing contracts;

Permit bidding for intrastate supplies; and

Permit allocation of new gas costs to industry.

MINORITY MEMBERS UNVEIL SUBSTITUTE ENERGY BILL

All 13 Republican members of the House Ad Hoc Energy Committee today unveiled a complete substitute for the comprehensive energy bill reported out of the committee Friday. Among the most important features of the proposal are deregulatation of oil and natural gas prices and provision of funds for mass transit, synthetic fuel development and highway maintenance.

The plan is intended to increase domestic production while reducing domestic energy consumption and paring down imports of foreign oil.

Republican members justfy their unusual action, saying the democratically-controlled committee refused to consider minority proposals during mark-up of the bill last week. Mark-up sessions were originally estimated to take at least a week, but the 500-page bill was reported out in less than three days. Republicans say the time savings resulted from the Democrat's refusal to hear opposition viewpoints.

The energy bill supported by President Carter is written under the assumption that more energy sources cannot be found and that government must therefore manage a coming energy shortage. The Republican substitute was drafted under the assumption that there are large energy reserves, but they can only be tapped and utilized at costs above current levels. In introducing the substitute proposals, the Republican group noted that the era of cheap energy has ended. They also gave their support to efforts to clean up the environment polluted through use of cheap energy.

The two versions agree in their general goal of reduced energy consumption and increased conservation of resources. The two major areas of difference are energy growth rates and target levels of oil imports.

The Democrat's plan sets a goal of reducing growth in energy consumption to a level of 2 percent a year by 1985. Currently, the energy growth rate stands at 4 percent annually. Republicans claim this goal is unrealistic and are calling for a level of 2.5 percent annual growth by 1985, with a gradual decrease to 2 percent after that date.

The Carter-backed bill requires oil imports to drop to 6 million barrels of oil per day by 1985. The Republican plan contends imports can be reduced to less than 5 million barrels per day by that date. The plan calls for increasing domestic oil production by 2 million barrels per day, increasing natural gas production by 1.5 trillion cubic feet each year and reaching President Carter's stated goal of using 400 million more tons of coal each year.

The Republicans further propose to establish a synthetic fuels trust fund and a mass transit fund, to be financed by a tax on crude oil. The mass transit fund is specifically intended to reduce gasoline consumption. Each billion dollars invested in transit systems the federal government on a matching payment basis is estimated to save 150 million automobile rides—reducing gasoline use while helping to improve city air quality.

The synthetic fuels trust fund will be used to stimulate construction of low-BTU coal gasifiers—decreasing oil and gas consumption while increasing use of coal. Republicans say conversion of coal to clean-burning fuel is critical to achievement of their goal of increased use of coal combined with strong protection of the environment.

The Democratic bill does not address mass transit and synthetic fuel production. Republicans say they consider the omission a major flaw in the legislation reported out of committee.

The Republican proposal contains a detailed plan for increasing domestic energy production. The major provisions regarding crude oil are:

Retention of price controls on lower-tier oil (oil produced prior to May, 1972).

New taxes on lower tier oil to bring domestic price up to world price in three stages—$3.50 in 1978, $7 in 1979 and in 1980, a tax equal to the average difference between lower tier oil and the prevailing world price. Taxes would be levied against the producers.

Pricing of upper tier oil (oil produced after May, 1972) at $12.17, which is the current price. Upper tier oil prices would be permitted to rise until they reach world

prices. No new taxes would be levied on this type of oil.

Raising prices of crude oil to the consumer by one-third cent a gallon in 1978 and 1.1 cents in 1979. From that time, until 1985, price increases proposed by the minority members would be lower than those proposed by the Carter Administration.

Use of $35.6 billion dollars in crude oil taxes for the trust funds to stimulate synthetic fuel production and mass transit systems. A third trust fund would be established using a portion of this money to maintain existing roads and bridges. This is necessary because states lose gasoline tax revenues as gasoline use decreases. Yet, the cost of road maintenance remains the same.

Deregulation of upper-tier oil and all enhanced recovery oil. Enhanced recovery oil is oil reclaimed from wells after the first drilling. About two-thirds of the oil in a particular well is left in the ground due to technological limitations. Enhanced recovery uses special techniques to remove some of this additional oil.

Exploration of the outer continental shelf and other currently little-used resources.

The Republican proposal also sets new pricing policies for natural gas. The major provisions regarding gas are:

Decontrol of all newly discovered gas.

Retention of controls on gas currently under control, while allowing gas under intrastate contract to be available for interstate use when existing intrastate contracts expire.

Phasing in decontrol of all offshore natural gas over a five-year period.

Enacting a windfall profits tax to protect consumers from paying for high company profits.

The Republicans claim their proposal will significantly reduce the amount of red tape individuals and business will face from the federal government regarding energy. The minority members say the government must prove that a conversion from oil and gas to coal makes sense before ordering a business to convert to new energy sources.

The Republican plan also makes an attempt to protect small businesses and consumers involved in home insulation. The plan prevents a situation where lists of insulation material suppliers and financing institutions are to be distributed to homeowners by utility companies. Minority members claim the lists could limit the opportunity for small businesses to get work insulating homes. They also claim such a practice is open to fraud if business bribe their way onto the lists.

Instead, the Republicans propose that governors of the states publish information telling homeowners how to go about insulating their homes, but not telling them who they should get to do the job.

New Republican Goals

REDUCE ENERGY GROWTH RATE TO 2.5 PERCENT BY 1985 AND TO 2 PERCENT BY 1995

Carter proposal

Requires total energy growth to be below 2% by 1985. Currently it is in excess of 4% per year. Reducing growth that far could require draconian measures to control energy use. Energy analysts in both private and public sector do not expect that goal to be achievable while at the same time sustaining essential economic growth.

Republican proposal

Moves steadily towards the goal of 2.5% per year by 1985 by slowly replacing the capital goods of this country that use energy. When they are in place in the post 1985 period then energy growth can steadily decrease to the 2% level without causing any negative economic effects.

REDUCE OIL IMPORTS TO LESS THAN 5 MILLION BARRELS PER DAY

Carter proposal

Requires imports to drop to 6 million barrels per day but the plan specifically only expects it to drop to 7.

Republican proposal

The import level in the Republican plan can be reduced to less than 5 million barrels of oil per day by increasing domestic production of oil by 2 million barrels, increasing natural gas by 1.5 trillion cubic feet per year and reaching the President's goal of using 400 million more tons of coal per year by 1985.

In addition, the synthetic fuels trust fund will stimulate construction of low-BTU coal gasifiers, releasing industrial demand for fuel oil and natural gas and pushing demand for coal. It is a near term technology which with intelligently applied government support can make an impact on coal use and natural gas demand.

The mass transit trust fund will also stimulate reductions in demand for oil. For each $1 billion invested in mass transit by the federal government on a matching payment basis, 150 million rides in automobiles per year can be avoided, significantly reducing demand for gasoline and improving the quality of air in our nation's cities.

Republican Energy Production Plan

The Republicans on the Ad Hoc Committee are disturbed by the lack of sufficient incentives in the Democratic plan to stimulate domestic production of all forms of energy.

The inadequacies of the current crude oil pricing scheme are ignored in spite of the rise in imports from 29 percent to 42 percent of our total oil demand and the cost of those imports increasing 650 percent ($4.6 billion to $34.6 billion) since 1972, the year before the OPEC embargo.

In the natural gas area, the Administration and House Democrats have agreed to tie the price of natural gas on a BTU basis to the cost of crude oil produced in the U.S. This philosophy clearly fails to recognize several basic flaws:

The price of "new" gas is tied to the price of "old" oil;

The "premium" character of gas (for environmental and technical reasons) is not recognized in relating gas directly to the BTU equivalent of domestically produced oil; and

The pricing mechanism for crude oil has failed to achieve what the Congress intended—therefore why couple the viability of a truly domestic energy resource to a policy which has nearly doubled our imports problem in four short years.

And in coal, the administration and Congressional Democrats make vague and general statements about using coal. The goal of using 400 million tons of new coal in 1985 will not be met until coal is converted cleanly into low and medium BTU gas. The problem associated with these technologies are not at all addressed in the Democratic energy plan.

Crude oil

Retain price controls on lower tier oil produced from a property prior to 1972;

Tax lower tier crude up to world price in 3 stages ($3.50 in 1978, $7.00 in 1979 and in 1980, the tax would amount to the average difference between lower tier oil and the world price). The tax would be levied against the producer, not the first purchaser;

Upper tier oil would be initially priced at the current $12.17 level. All upper tier oil would be permitted to slowly rise to the world price over a 5 year time frame. No tax would be assessed against this volume of oil; and

Permit a 50 percent plowback credit against all taxes paid.

The return to a competitive marketplace of upper tier oil, all enhanced recovery oil and new oil would stimulate the extensive exploration on the outer continental shelf, in difficult formations onshore and in the far north, increasing domestic production of crude oil by and about 2 million barrels per day by 1985.

Natural gas

Removes Federal price controls from "New" onshore natural gas. "New" gas is defined as: (a) gas sold or delivered in interstate commerce for the first time on or after April 20, 1977, provided that such gas could not have been sold or delivered prior to April 20, 1977; (b) gas produced from a new well which is 2.5 miles or more from any old well or gas from a new reservoir; or (c) gas from a well drilled 1,000 feet deeper than an existing well less than 2.5 miles away or in a new reservoir.

Old natural gas to remain subject to FPC regulations.

Offshore natural gas to remain subject to Federal price controls through April 20, 1982, but the FPC must consider prospective costs in establishing new national ceiling.

Costs associated with higher cost "new" gas are allocated to boiler fuel users of natural gas until costs reach 120 percent of the costs of imported crude oil on a BTU basis.

Such policies are expected to increase domestic supplies of natural gas by about 1.5 trillion cubic feet per year (about 0.75 million barrels of oil equivalent per day) by 1985.

Coal

Establish a coal conversion energy trust fund from the revenues realized under the crude oil pricing and tax policies.

Use the trust fund to encourage the early penetration of low and medium BTU coal conversion technologies into the energy marketplace.

Because of the severe limitations placed on the use of coal by the requirements of the Clean Air Act, as amended, coal must be converted to low and medium BTU gas prior to being burned. An aggressive federal program to facilitate the early introduction of these technologies will assure that the goal of using 1.1 billion tons of coal in 1985 will be met in an environmentally and economically acceptable way.

Republican Energy Trust Fund

The provision would place the net revenues from the crude oil equalization tax into an Energy Conservation and Conversion Trust Fund to be used for energy-related purposes. Fixed percentages would be utilized for capital programs of mass transit (20 percent) and highway related purposes (15 percent). The remainder (65 percent) would be used to develop a domestic synthetic fuels program.

The revenues and expenditures under the trust fund are set out on the attached chart. All expenditures from the trust fund would be subject to annual authorization and appropriation processes.

A synthetic fuels program of the size outlined could result in the construction of various facilities which would convert solid wastes to energy as well as coal liquefaction and gasification plants. The exact mix of facilities would not be governed by the trust fund proposal.

Republican Residential Conservation Program

Subpart A establishes a program to be developed by the Governor of each State, as part of that State's Supplemental State Energy Conservation Plan, which requires each gas and electric utility above a certain threshold to distribute energy conservation material to each of its residential customers

and to offer to conduct an energy audit which would analyze the energy savings and costs of certain types of conservation measures. The audits would be paid for by the customer.

Subpart B adjusts the basic FEA weatherization program to bring it into conformance with the weatherization programs under FmHA and CSA. Basically, this is accomplished by raising the income eligibility from from poverty level to 125 percent of median and broadening the definition of weatherization materials. A limit of $800 per dwelling unit is established except that for FmHA the limit is $1,500 where it is necessary to cover labor costs which are normally covered through CETA or other volunteer groups under the FEA and CSA programs.

Subpart C provides for financing of energy conservation loans at below market rates and at the going market rate. Section 141 sets up a $2 billion authorization for GNMA to purchase energy conservation loans at a rate set by the Secretary which is not less than the Treasury borrowing rate. Loans could not be in excess of $2,200 and eligible borrowers must have incomes at or below 90 percent of median.

Section 143 broadens the FHA multi-family supplemental loan insurance program to include energy conservation improvements including individual utility meters for both FHA and non-insured projects.

Section 144 establishes a $3 billion standby GNMA program at the market rate for the purchase of energy conservation loans. These loans have no dollar limit and are not restricted to any income category.

Subpart D contains miscellaneous provisions which (1) authorize $10 million for energy conservation related to modernization of public housing; (2) directs FHA and FmHA to expedite energy performance standards for new construction; (3) authorizes an increase of up to 20 percent in FHA and FmHA mortagage limits where a solar energy system is employed for single family units and FHA multi-family projects; (4) requires a study of the need for, feasibility of, and the problems of mandating energy efficiency standards for all residential dwelling units, (5) authorizes $10 million for each of fiscal year 1978 and 1979 in addition to current $5 million for grants to States and local government to assist them to meet the costs of adopting and implementing performance standards or administering the certification or approval process under the Energy Conservation for New Buildings Act of 1976; (6) authorizes FNMA and FHLMC to purchase energy conservation loans; and (7) requires a monitoring by FEA, HUD, Agriculture and CSA of the weatherization program and to report to Congress annually.

REPUBLICAN ELECTRIC UTILITY PROGRAM

Mandates minimum national standards for rate design including cost-of-service and time-of-use (peak load) pricing. Below cost-of-service rates are permitted for essential needs of residential consumers.

Minimum standards are to be implemented and enforced by the State regulatory authorities if they notify the FPC that they will assume the responsibility. If not, the FPC will implement and enforce.

Interconnection and wheeling are made mandatory if (1) such interconnection or wheeling is in the public interest, and (2) the beneficiary of such interconnection or wheeling is determined by the FPC to be ready, willing and able to wholly reimburse the party ordered to interconnect or wheel for reasonable costs incurred.

Proposed rate increases before the FPC must have a final decision within 12 months of filing, and the filing of "pancaked" rates is prohibited unless the pending rate has been pending for 10 months.

Cogeneration is encouraged and rules are to be established by the FPC requiring electric utilities to offer to sell electricity to and purchase electricity from qualified cogenerators. Such rules must insure that rates for such sales and purchases are just, reasonable, in the public interest, and do not discriminate against cogeneration.

REPUBLICAN COAL CONVERSION PROGRAM

No new electric powerplant or major fuel burning installation may use natural gas or oil as an energy source. A temporary or permanent exemption may be granted if the person applying demonstrates that an adequate supply of fuel is unavailable, physical environmental or site specific factors prevent compliance, or the use of an energy source other than oil or gas is technically infeasible.

Major Fuel Burning Installation is defined as a unit which has a capability of consuming fuel at a rate of 300 million Btu's per hour or greater.

Administrator of FEA may prohibit, on a case-by-case basis, any existing electric powerplant or major fuel burning installation from burning petroleum or natural gas. Administration has burden of proving that powerplant or major fuel burning installation can convert.

Clean Air Act requirements must be met.

Synthetic natural gas development encouraged by providing temporary exemptions from conversion orders if existing utility or major fuel burning installation has contract for future supply of synthetic natural gas.

CRUDE OIL EQUALIZATION TAXES, TRUST FUND EXPENDITURES, AND RELATED PROVISIONS OF TITLE II OF H.R. 8500, FISCAL YEARS 1978-85

[In millions of dollars]

	1978	1979	1980	1981	1982	1983	1984	1985
Gross, crude oil equalization taxes	1,859	6,328	7,889	13,462	12,115	10,903	9,812	8,830.8
Refund for oil used to produce natural gas liquids at refineries	−29	−97	−167	−209	−221	−234	−248	−272.8
Refund for oil used to heat:								
Homes	−80	−474	−686	−784	−831	−880	−932	−1,025.2
Hospitals, schools and churches	−9	−54	−79	−90	−95	−100.7	−106	−117.6
Plow back [1]		1,140.6	1,913.2	4,332.7	4,661.4	4,844.2	4,263	3,708.1
Trust fund		4,562.4	5,043.8	8,046.3	6,306.6	4,844.1	4,263	3,708.1
Mass transit		912.4	1,008.8	1,609.3	1,261.3	968.8	852.6	741.6
Highway		684.3	756.6	1,206.9	946	726.6	639.5	556.2
Synthetic fuels		2,965.6	3,278.4	5,230.1	4,099.3	3,148.7	2,770.9	2,410.3

[1] Credit levels assume the following increases over present exploration levels: 20 percent in 1979; 27.5 percent in 1980; 35 percent in 1981; 42.5 percent in 1982; 50 percent in 1983 and thereafter.

Note: Details may not add to totals because of rounding.

ESTIMATED EFFECTS OF VARIOUS PROVISIONS OF TITLE II OF H.R. 8500, 1978-85

[In millions of dollars]

	1978	1979	1980	1981	1982	1983	1984	1985
Personal income tax reduction	−3,300	−600.0						
Gross COET	−1,859	−6,328.0	−7,889.0	−13,462.0	−12,115.0	−10,903.0	−9,812.0	−8,830.8
Trust fund outlays	[1]	−4,562.4	−5,043.8	−8,046.3	−6,306.6	−4,844.1	−4,263.0	−3,708.1
Plow back credits [1]		−1,140.6	−1,913.2	−4,332.7	−4,661.4	−4,844.2	−4,263.0	−3,708.1
Net of excise tax on business use of oil and gas		−23.0	−344.7	−89.1	−152.1	−475.2	−627.3	−654.3
Residential insulation credit	−387	−520.0	−553.0	−589.0	−663.0	−674.0	−717.0	−763.0

[1] Credit levels assume the following increases over present exploration levels; 20 percent in 1979; 27.5 percent in 1980; 35 percent in 1981; 42.5 percent in 1982; 50 percent in 1983 and thereafter.

TOTAL TRUST FUND

	1979	1980	1981	1982	1983	1984	1985	Total 1979-85
Trust funds	4,562.4	5,043.8	8,046.3	6,306.6	4,844.1	4,263.0	3,708.1	36,774
Mass transit	912.4	1,008.8	1,609.3	1,261.3	968.8	852.6	741.6	7,354
Highway	684.3	756.6	1,206.9	946.0	726.6	639.5	556.2	5,516
Synthetic fuels	2,965.6	3,278.4	5,230.1	4,099.3	3,148.7	2,770.9	2,410.3	23,903

Note: Details may not add to totals because of rounding.

PERSONAL EXPLANATION

(Mr. YATRON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. YATRON. Mr. Speaker, I would like to take this opportunity to advise my colleagues of my intention to vote "aye" on roll No. 499, the amendment offered by the gentleman from Ohio (Mr. BROWN). Upon review of the Journal of yesterday's proceedings, I find that I am recorded as having voted "nay." It is difficult for me to know whether the voting machine malfunctioned, or if I inadvertently pressed the wrong voting key.

I would further like to state that I firmly believe the deregulation of natural gas to be vital to any long-term solution of this Nation's energy problems. It will insure continued growth toward full employment, rather than the widespread job lay-offs and losses that have occurred under regulation. Only through deregulation of all new gas will the exploration and development of reserves be encouraged. I believe that the present policy will have the effect of leading to greater shortages in the future, thus resulting in increased dependence on foreign oil, as well as increased costs to the consumer.

Let the record clearly show my vote and support for the gentleman's amendment. I would like to reaffirm before my colleagues that I will continue in my commitment to this principle.

AVOIDING AN IMPENDING ENERGY CATASTROPHE

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, I am joining with my friend and colleague from Ohio, (Mr. VANIK) today to propose to the President and to the Congress that we must take much stronger conservation steps and impose import quotas to avoid an impending energy catastrophe which threatens our national security through excessive oil imports and threatens our own economy and that of the entire free world.

Good as it is as a first step, the energy bill about to be approved by the House of Representatives does not come close to enabling the Nation to solve its energy needs.

If the energy crisis does threaten "national catastrophe," as we think the President correctly describes the threat, calling for efforts which are the "moral equivalent of war," then it is essential that the Nation and all its people recognize that, and take actions commensurate with the threat.

As with growing victory gardens, sewing uniforms or even making ammunition during World War II, America's citizens need now to embark on a new course which will lead us into a new era of efficient use of our finite resources and the development of renewable, benign energy resources.

By choosing that course now, we can save our society and its freedoms, protect the global environment and, most important, have sufficient energy resources to meet our true needs.

We are introducing today legislation which would require the imposition of oil import controls, a revised version of the amendment which was approved by the House during the 94th Congress, but not enacted by the Senate. Under our bill, the President would be required to set annual targets for import levels, leading to the goal of no more than 6 million barrels per day of imports by 1985. These target goals would be met by imposing quotas at least equal to the level of the estimated gap between the President's annual estimates of domestic supply and the domestic demand, adjusted for conservation. The bill would provide for distribution of the imports through a system of licenses sold in the marketplace. The bill has new provisions assuring equity of any financial costs created by the import controls among the various regions of the country, so that no region is burdened more than any other.

To achieve the import limit goal of 6 million barrels of oil daily in 1985, the Nation will have to embark on a serious conservation initiative and fuel conversion program, we advocate to renewable resources, but it can be one which is productive and which makes maximum use of people's abilities. That program needs to be far more dramatic than the limited, mostly voluntary measures in the legislation now before the Congress.

Tens of thousands of people can be put to work building solar collectors, and hundreds of thousands more put to work installing them. Indeed, vastly more people would be employed at installing such renewable energy technologies than have ever been used on any traditional energy production facility.

Thousands of people can be put to work in a renewed beverage container recycling industry.

Thousands of people can be put to work in growing food, in a way far less energy-intensive than our present methods, and also in growing crops that can be used directly to provide fuels such as methanol and ethanol.

We can achieve these goals and not, as the "naysayers" would have it, return "to horse and buggy days" or "candlelight."

The alternative, if we do not act, is certain catastrophe. Indeed, we are like a person with a gangrene infection, ignoring it in hopes that it will go away. Failure to dress the infection adequately now can spell only disaster in the very near future. The infection is serious already, and the time for action short.

This year we are already importing oil at the rate of 9.6 million barrels a day from the OPEC countries, a dependence of about 50 percent of our oil use. This makes us their captives economically, and in terms of our national security. The continuing drain of billions of dollars in capital—$43 billion in oil payments this year—is undermining our economic institutions and those of the free world. The currnt high figure is over and above the $150 billion we have already spent on imported oil since the 1973 embargo. And Europe and Japan have spent and are spending equivalent amounts. This is an intolerable situation.

Our friends in Europe and Japan are faced with the same emergency. Their supplies of oil are limited, and available only so long as the good will of the Mideast nations holds out. Moreover, they face economic woes even more serious than ours. The economic plight of the less developed nations is already critical.

As Secretary Blumenthal said in May:

> The rising cost and volume of our oil imports is swamping our basically strong position on other parts of our trade picture. . . . As a result, our trade balance, including fuel imports, has moved from a $9 billion surplus in 1975 to a $9 billion deficit in 1976 to a projected deficit this year likely to total over $20 billion. Roughly half of this deterioration is the result of the increase in our bill for imported fuel.

Mr. Blumenthal's May testimony pales in contrast with the information on balance of payments and trade deficits put out last week by the Commerce Department.

Trade deficits have already reached $12.6 billion for the first half of this year, or about $25 billion for the whole year, as opposed to the 1976 deficit of $9 billion. Exports declined by 3 percent, and oil imports rose to record levels, costing the Nation $3.9 billion for the month of June alone.

Recent reports indicate an accumulating world oil deficit of $40 billion per year to the world's oil-exporting nations. This is caused by petrodollars moving into the Mideast faster than the oil-producing nations can buy goods. While the OPEC nations are investing their dollars in the industrialized nations depending on Mideast oil, it is no comfort to know that we are becoming more and more dependent on the willingness of unstable Arab countries to invest in our markets the wealth they have drained from us.

The impact of the loss of this much capital is monumental. Earlier this year, former Assistant Treasury Secretary Gerald Parsky assessed the impact of the 1973 embargo, combined with continuing effects resulting from a quadrupled price of OPEC oil:

> . . . The oil embargo plus the 400 percent OPEC price increases probably will cost the U.S. economy a cumulative loss in real output of about $500 billion over the period of 1974 to 1980.

This means loss of capital to invest in business, jobs, rebuilding our cities, and achieving any of the rest of our national goals.

A number of the proposals we have outlined are partly covered in existing law. In some cases authorities exist for the President to act if he chooses, as in gasoline rationing—for which the authority exists under the Energy Policy and Conservation Act. In some cases we would make mandatory the use of such authorities when conditions warrant. In other cases we would mandate measures to be implemented at once. In still other cases we would need to enact new law, and we are preparing amendments and bills for these purposes.

There is unanimity in the view that "we cannot get there from here" under the program now under consideration by the House. The General Accounting Of-

fice, the Office of Technology Assessment and the Congressional Research Service all agree that we will be importing between 10 and 12 million barrels of oil daily by 1985 under the current plan, and that we will not be able—absent drastic additional action—to meet the target of 6 million barrels of oil imported daily by 1985.

Among the measures we will be pursuing are:

Strict gasoline consumption limitations;

Expanded Federal incentives for solar energy;

Stronger utility regulatory reform;

Use of human and agricultural wastes for fuel and/or fertilizer;

Interstate Commerce Commission regulations to encourage the use of recycled materials by changing inequitable freight rates, and eliminating the "empty truck" rule;

Expanded public transit initiatives, including supporting fares in order to increase use;

Regulations to eliminate unnecessary uses of materials, including petroleum-made products (plastics) and high-energy products (aluminum) in certain cases;

Rail revitalization for transit purposes, freight purposes, and employment expansion;

Beverage container recycling;

Electric vehicle production, and conversion of the Federal fleet, to promote and develop a market; and

Progressive prohibition of production of fuel-inefficient automobiles, and search for new propulsion technologies.

These are but some of the energy conservation and fuel conversion programs the Nation might undertake. America is fortunate to possess many people with extraordinary ingenuity. It is time to put our inventiveness to work in a positive way, to solve our energy crisis, to work to stave off economic disaster and to move into a post-petroleum, renewable resource era.

PHOTOVOLTAIC ELECTRICITY—NOW!

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, I strongly advocate the use of solar photovoltaic systems for the generation of electricity. These systems, which convert sunlight directly into electrical energy, are ideal in many ways. They are clean and nonpolluting; solar cells produce no noise, no fumes, no waste, and no toxins. There is no need for fuel resupply. Since there are no moving parts, maintenance requirements are extremely low. And they lend themselves to small, decentralized systems, without the need for expensive transmission.

The status of our Federal research program in photovoltaics is therefore of great importance to the Nation's energy future. "Photovoltaics: The Semiconductor Revolution Comes to Solar," an article in the July 29, 1977, issue of Science magazine, provides an excellent summary of the program and suggests some ways to encourage expansion of the photovoltaics market. I commend it to my colleagues:

PHOTOVOLTAICS: THE SEMICONDUCTOR REVOLUTION COMES TO SOLAR

If there is a dream solar technology it is probably photovoltaics—solar cells. These devices convert sunlight to electricity directly, bypassing thermodynamic cycles and mechanical generators altogether. They have no moving parts and are consequently quiet, extremely reliable, and easy to operate. Photovoltaic cells are a space age electronic marvel, at once the most sophisticated solar technology and the simplest, most environmentally benign source of electricity yet conceived.

The federal solar research program, however, has not sought aggressively to realize the photovoltaic dream. Despite growing evidence that such devices could become a competitive source of on-site power within a decade, the Energy Research and Development Administration (ERDA) characterizes photovoltaics as a long-range option with significance only in the next century. The agency's current budget allots $59 million for photovoltaic research—less than one-seventh of that being spent on fusion—and the proposed budget for fiscal year '78 would cut even that modest amount somewhat. Agency officials are considering reorienting the program to give additional emphasis to large, utility-scale applications.

The skepticism of federal energy planners regarding photovoltaics is understandable, because these devices are the most expensive source of solar power now available. Prices must drop 20- to 40-fold before photovoltaic cells could come into general use as a source of on-site power, and further reductions are needed before central power stations would be feasible. The manufacturing processes applicable to photovoltaic cells and related semiconductor devices are an unfamiliar art to those outside the industry, and officials whose experience is primarily with conventional mechanical or nuclear energy systems find the possibility of such staggering cost reductions hard to believe. Their skepticism is widely shared within the electric utility industry. On the other hand, semiconductor manufacturers and observers familiar with the even larger cost reductions routinely achieved for electronic devices based on semiconductors contemplate the problems facing solar cells with equanimity or even optimism.

PRIVATE EFFORTS ACCELERATE

Ironically, the federal photovoltaic research effort is credited by many observers as being perhaps the best conceived and most successful of the government solar programs. Despite its designation as a long-term option, the program has an ambitious set of goals that would make photovoltaic power widely available by 1986. Not only is it achieving improvements in the efficiency and reductions in the cost of silicon solar cells at a more rapid rate than that projected by its plan, but it also appears to have stimulated private industry into activity. Researchers at several major semiconductor manufacturers say that the ERDA program has attracted the attention of corporate management to the potential for near-term markets and resulted in the establishment or upgrading of proprietary development efforts. Private efforts have accelerated in the past year, and there are even indications that the smart money is betting on photovoltaics—oil companies, including at least four major firms, have concentrated their solar investments in photovoltaic technologies.

The prospects for photovoltaic power depend more on the application of mass production methods to known techniques than on fundamental breakthroughs or new concepts. Solar cells already exist and have for years reliably powered most space satellites. Modern photovoltaic devices were developed at Bell Laboratories in the early 1950's, not long after a related semiconductor device, the transistor. Unlike the transistor, however, there was at the time no prospect of a mass market and the emphasis in developmental work for space applications was on reducing weight, not cost. Even now, cells manufactured for terrestrial applications (and sold for prices 50 times lower than those that prevailed a few years ago in the space market) require between 10 and 100 man-hours of handwork per kilowatt of generating capacity. Complete automation has yet to be achieved.

Several different photovoltaic approaches are being pursued in the attempt to reduce manufacturing costs. The bulk of the federal program is based on cells cut from huge crystals of silicon, the dominant commercial technology. Both stand-alone, flat plate" arrays of cells and those designed for use with a solar collector that concentrates the sunlight are being pursued. But conventional silicon faces stiff competition on both fronts. Many investigators believe that thin films of cadmium sulfide, amorphous silicon, or other materials offer a less expensive approach for flat plate arrays. And for concentrating systems, where the cost of the cells themselves is less crucial than high efficiency, designs based on gallium arsenide are attracting increasing attention. Other, novel approaches that may permit conversion efficiencies as high as 50 percent are being considered. Events are proceeding so rapidly that there is no consensus yet as to which approach is most likely to prove successful.

There is general agreement that concentrating systems are likely to accelerate the cost-cutting process. Arrays of silicon cells now cost about $15 per watt of generating capacity in full sunlight. Reduction to about $1 per watt—a cost that is expected to make feasible a broad range of specialized applications—is widely anticipated as early as 1980, particularly for concentrating systems. Cells designed for energy densities of 100 suns (100-fold concentration), for example, do not cost appreciably more than those designed for 1 sun, but generate 100 times as much power, so that the cost of the concentrating system rapidly becomes the limiting factor. A recent report* by the congressional Office of Technology Assessment (OTA) finds that "concentrating systems can be developed which provide photovoltaic electricity in the next few years costing no more than $1200 per peak kilowatt."

Below $1 per peak watt, however, things get more difficult, and many observers believe that only flat plate arrays will be able to achieve further price reductions. The ERDA goal is $0.50 per peak watt for flat plate arrays of silicon cells by 1986—a figure that program officials acknowledge was chosen as a ballpark one which would be necessary before on-site photovoltaic power could be generally competitive. Despite this, there is growing evidence that it is an attainable goal. Within the last year, according to observers familiar with the semiconductor industry, several of the major companies that are analyzing possible production methods for the ERDA program have convinced themselves that $0.50 per watt can be achieved, without any breakthroughs, by simply extending and automating present procedures. Paul Rappaport, the new head of the Solar Energy Research Institute and a recognized photovoltaic authority, says that the cost goal "is double" if dedicated processing plants large enough to turn out 50 megawatts of generating capacity a year are built. The OTA study, comparing the ERDA cost

Applications of Solar Technology to Today's Energy Needs (Office of Technology Assessment, Washington, D.C., June 1977).

goals to historic learning curves that describe how prices have declined as producductor devices, characterizes them as near-term markets for solar cells can be "optimistic but not impossible," provided found.

Much of the optimism regarding low-cost silicon cells stems from recent systems studies and laboratory work done for the Jet Propulsion Laboratory (JPL), which is managing the flat plate silicon program for ERDA. Although the effort has so far generated more paper than cells, it is credited with having tapped some of the best industrial talent in the country. One key area is material costs—the extremely pure semiconductor grade of silicon now used to make cells costs $65 per ton and is a substantial component in the cost of the final product. Moreover, cells made with present techniques would have to operate about 12 years to recoup the energy expended in their manufacture, in part because the raw silicon is melted and remelted so many times during purification and crystal growth that it is among the most energy-intensive commercial materials in the world. But studies by Dow Corning and Union Carbide, among others, indicate that a sixfold decrease in the cost and a tenfold or greater reduction in the manufacturing energy for solar-grade silicon are feasible. Another major problem with present techniques is waste. About 80 percent of the purified silicon is left as scrap in the crucibles used to grow large cylinders of the material in crystalline form, or ends up as sawdust when the thin wafers used to make cells are cut from the cylinder. Methods of growing larger cylinders, of recharging the crucibles, and of sawing thinner slices—for example, by a new laser slicing technique being developed by Texas Instruments—are expected to reduce this waste by at least half.

The bulk of the cost of a silicon cell, however, comes from the many mechanical steps required to convert the raw wafer into a commercially useful product. Controlled amounts of impurities are diffused into the silicon to create a *p-n* junction—which creates a kind of internal electric field that propels positive charges in one direction and negative charges in the other. (Pairs of such charges are created when sunlight is absorbed in the cell.) A grid of metal contacts must be attached to the front and rear of the cell to collect the charges that migrate there and thus create a flow of current. Finally, individual cells must be assembled into an array and encapsulated to protect against deterioration.

Much of this is now done by hand, but studies by RCA, Texas Instruments, and Motorola have indicated that the cell manufacture and assembly steps can be streamlined and largely automated with substantial reduction in cost. Beyond that, improvements that are well established but not now used in solar cell manufacture are being considered—such as the use of ion implantation techniques for introducing impurities during cell manufacture. Apparently such studies have convinced these companies, experienced in assessing and manufacturing semiconductor products, that silicon cells have a future. Motorola recently announced that it is entering the solar cell business, and the others are known to be studying the prospect closely.

Still further cost reductions in silicon could come if the necessity to grow and slice large cylinders of silicon could be avoided. Development work for JPL on a process for growing continuous ribbons of crystalline silicon is going on at Mobil-Tyco and IBM. Efficiencies as high as 11 percent have been demonstrated with cells made from the ribbon, but the process introduces unwanted impurities into the silicon and is not yet as rapid as the traditional method. Several other processes for producing sheets of silicon are also being studied, but all of the ribbon and sheet processes are still regarded as uncertain by most observers and the current optimism is not based on their prospects.

Within the last year there has also been a surge of enthusiasm for concentrating photovoltaic systems based on what appear to be very attractive economics—at least for the short run. The systems under consideration are designed to operated at a range of concentrations from tenfold to well over 1000-fold. At high concentrations most collectors will require active cooling, because the performance of photovoltaic devices degrades as temperatures increase; this prospect has stimulated consideration of photovoltaic total energy systems that would produce low-temperature heat as well as electricity. A variety of innovative concentrating collectors have been designed, and some of them are being tested at ERDA's Sandia Laboratories. With one exception (Fig. 1), the concentrating photovoltaic systems under development will be sun-tracking, which may limit their use in some applications.

Most observers believe that high efficiency will prove to be the overriding requirement for photovoltaic cells to be used with concentrating systems. This accounts for a growing interest in gallium arsenide cells, despite the fact that they are now as much as ten times as expensive as silicon. V rian Corporation has demonstrated an experimental system that operated with 19 percent efficiency at a concentration of 1735 suns—sufficient to produce electricity at a density of 0.24 megawatt per square meter of cell area. IBM recently announced that experimental gallium arsenide cells made with a novel and potentially inexpensive epitaxial growth technique showed an efficiency of 22 percent. An additional advantage of gallium arsenide cells is that they can tolerate higher temperatures than silicon, up to 200° C with only modest losses in efficiency—high enough for many solar thermal and total energy applications.

Still higher efficiencies may be possible. Texas Instruments has announced a new high-efficiency design for silicon cells based on two superimposed *p-n* junctions in the same cell. Varian researchers are also working on multiple junction cells that would consist of two or more cells, using different parts of the solar spectrum, stacked one on top of the other; the theoretical efficiencies for such cells approach 40 percent. An even more provocative idea, being pursued by Richard Swanson at Stanford, is to convert the solar spectrum to a form in which photovoltaic cells can make better use of it. This approach, known as thermophotovoltaics, makes use of a complicated geometry and a refractory radiator; light that passes through a photovoltaic cell unused is absorbed and reradiated to the cell by the refractory material, in the process lowering its wavelength. In effect, the device recycles light until 30 to 50 percent of it is converted to electricity, according to Swanson's calculations with computer models. He is now fabricating experimental devices, and a Stanford engineering group is preparing to launch a major effort to develop the concept.

The Varian and the Stanford researchers, among others, believe that high-efficiency concentrating systems are the best approach for photovoltaics, and they doubt that flat plate arrays will ever be cheap enough for widespread use. At the other extreme are those who believe that flat plate arrays made from thin films of polycrystalline or amorphous semi-conductor materials can be made so cheaply that they are inevitably the way of the future, despite the low efficiencies in present devices. Rappaport, for example, says that "the technology of thin films is still in its infancy" and that they may ultimately prove a major competitor not only of concentrating systems but also of conventional crystalline silicon cells. One indicator that buttresses this point of view is the degree of private investment in thin film techniques and manufacturing facilities.

Optimism about the possibility of dramatic cost reductions with thin film techniques is based on savings in both material and manufacturing effort. Large areas of photovoltaic material can, in principle, be quickly formed by chemical deposition or spray techniques, eliminating the need to grow crystals; these techniques also lend themselves to the incorporation of additional processing steps in the same operation, and thinner cells, typically a few micrometers or less in thickness, can be formed. The only thin film cell now commercially available is based on cadmium sulfide, for which the efficiency of arrays of commercial cells is less than 5 percent, necessitating substantially more cell area than would be required to produce the same power from silicon.

Despite this disadvantage, two firms are now gearing up to produce these cells in large quantities. Solar Energy Systems of Newark, Delaware, a subsidiary of Shell Oil, already markets cells made with a batch, vacuum-deposition process at prices competitive with those for silicon cells. Photon Power of El Paso, Texas—originally a subsidiary of the D. H. Baldwin Co. but now primarily owned by the French national oil company—is developing a chemical spray technique in which solar cells are formed directly on hot float-glass. Observers familiar with both processes speculate that cells could be produced in large quantities with either method for prices of about $2 per watt or less—possibly much less if the Photon Power approach can be made to work in a combined facility that would produce both glass and cells.

THIN FILMS ARE PROMISING

Still other potentially inexpensive thin film materials are being developed. At RCA, for example, investigators are experimenting with an alloy of amorphous silicon and hydrogen. The hydrogen, which can be added in varying amounts up to about a one-to-one atomic ratio, acts to increase the absorption of light in the firm and to improve its photovoltaic properties. The RCA group has made cells with efficiencies of 6 percent and expects to reach as high as 10 percent within a few years. Other investigators are studying cells analogous to cadmium sulfide cells, but in which indium phosphide or copper indium selenide is also used, which have shown laboratory efficiencies of 12 percent.

The basic unit for photovoltaic power systems is an array of cells producing up to a few tens of kilowatts. Even large central power stations, if they were constructed, would be built up from units of this size. Thus photovoltaic systems are inherently modular, perhaps more so than any other solar technology. Engineering studies conducted for ERDA's Sandia Laboratories indicate that there is a substantial residential market for photovoltaics for example, and that there is no technical reason why they cannot compete with other sources of electricity on all scales. Nonetheless, the dominant line of thought within the ERDA program is that photovoltaics can have a major impact only if large, utility-scale applications can be found. "My view, says Henry Marvin, director of ERDA's solar energy division, "is that the only way to get the cost down is to service some large installations—megawatt size. One knowledgeable critic describes this approach as "a misapprehension; distributed applications have to be the way of the future. Because photovoltaic technology is so modular, however, the agency's centralized bias does not yet appear to have affected the technical choices made within the program to the extent evident in other solar programs.

There already exists a market for terrestrial photovoltaic power systems. Silicon cells with a capacity of about 350 kilowatts were sold in 1976, in part to the government program but also for such applications as protection of pipelines against corrosion and power supplies for remote Forest Service watchtowers. A recent study done by the Department of Defense for the Federal Energy Administration forecasts a substantial near-term market, eventually as large as 100 megawatts per year, at remote military installations and says that photovoltaic systems for such applications are competitive even at current prices.

One major on-site application now being actively studied by industry is in electrochemical plants, for which the low-voltage, direct current produced by photovoltaic cells is ideal; because the plant could adjust production to changes in the amount of sunlight available, storage of electricity would not be necessary. Observers familiar with the electrochemical industry say that this market could amount to several thousand megawatts. Given a market, many observers believe that one or more manufacturing plants, each capable of producing as much as 100 megawatts of photovoltaic capacity per year, could be built within 2 years.

Photovoltaic technology is advancing at an explosive rate, and the richness of the technical options already under investigation is a strong argument that one or more of the approaches to reducing costs will work out. Knowledgeable observers of the semiconductor industry such as John Linvill, chairman of the Stanford Electrical Engineering Department, and Lester Hogan, vice-chairman of the board of Fairchild, say in a recent article that "we believe that photoelectric conversion of solar energy can be made viable as a source of power for terrestrial use within a decade." But ERDA, in casting photovoltaics as strictly a long-term option and severely restricting its funding, appears intent on ignoring both the stated objectives of its own subprogram and the signs of dynamism in private industry.

—ALLEN L. HAMMOND.

WHOSE SIDE IS GOD ON, ANYHOW?

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, this morning the Federal Power Commission issued its preliminary report on the reasons for the Great Blackout of 1977 in New York City. Tonight's Washington Star headlined the story, "Con Ed Scored by FPC for Role in New York Blackout."

In this morning's Washington Post, however, Art Buchwald posited another theory. His headline was, "And on the Eighth Day He Caused a Blackout."

Given that not all the facts are in yet on the blackout of July 13, I will leave it to my colleagues to determine which theory they accept, and insert in the RECORD at this point both articles:

[From the Washington Star, Aug. 4, 1977]

CON ED SCORED BY FPC FOR ROLE IN NEW YORK BLACKOUT

The Federal Power Commission said today that Consolidated Edison Power Co. was inadequately prepared and failed to move quickly enough to prevent New York City's blackout on July 13–14.

FPC Chairman Richard L. Dunham said "the present system is clearly inadequate" and improving it will probably cost millions of dollars and increase the electric bills of the company's customers.

Dunham carefully avoided characterizing Con Ed's failures as "gross negligence," a term used by Mayor Abraham Beame when the power failure plunged some 10 million residents of New York City and surrounding suburbs into darkness on the night of July 13.

The blackout lasted 12 hours in most of the city, 25 hours in some parts. It also led to looting and thousands of arrests.

Dunham said the questior of negligence was something for a court to decide. He also said that the FPC itself and the New York State Public Service Commission must bear some responsibility.

The 80-page FPC report, which was ordered by President Carter and requested by Beame, recommended that Con Ed install improved devices to cut off parts of its system, a process known as "load-shedding," and urged additional manpower in the evening hours as a necessary safeguard.

One of Dunham's assistants, Jack Weiss, said the FPC found "the disturbance would have been substantially minimized if circuit breakers operated, if load-shedding took place earlier. . . . It might have avoided the blackout."

Dunham said that after the massive 1965 blackout in the Northeast, steps were taken to prevent its recurrence.

"There is no question in my mind we believed those standards of reliability were adequate. They were obviously not," he said.

Dunham said it's likely the improvements that the FPC recommended would add substantial cost to the bills of consumers in New York. But he said that last month's blackout was "clearly insupportable . . . intolerable."

[From the Washington Post, Aug. 4, 1977]

AND ON THE EIGHTH DAY HE CAUSED A BLACKOUT

(By Art Buchwald)

There are no atheists at Consolidated Edison. Ever since the New York blackout Con Ed lawyers have been working day and night to prove that what happened was an "Act of God." If they can't prove that the Lord did it, they will be spending their next 20 years in court fighting law suits from the Bronx to the tip of Staten Island.

I stopped by to see how Con Edison's lawyers were doing.

"God bless you," the receptionist said as she looked up from her Bible.

"I just wanted to speak to one of Con Edison's lawyers," I told her.

"Thou comest at the wrong time," she replied. "Mr. Flaherty is at mass, Mr. Bradley is at a prayer breakfast meeting and Mr. Seligman is with his rabbi."

"My, this sounds like a religious office."

"Con Edison would never hire a lawyer who didn't believe in God," she said.

"They must have been pretty shaken up by the blackout," I said.

She sighed. "The Lord moves in mysterious ways. We must not question his decision to black out New York at a most inopportune time. He must have been very angry at the city or he would have never sent down those bolts of lightning to smite our power lines."

"Then you people believe that it was God who did it?"

"As Mr. Flaherty wrote in his brief yesterday, 'The Lord giveth light and he taketh it away. The power of Con Edison is in his hands.' "

"So you are not looking for any other reason for the blackout?" I asked.

"What other reason could there possibly be? Every safeguard known to man was in operation at the time. But there is no fail-safe when the Lord turns his wrath against sinners."

"Is it Con Edison's position that New Yorkers are sinners?"

"Verily," she said. "You have only to walk down 42d Street or Eighth Avenue to know why God was enraged. We are living in a virtual Sodom and Gomorrah," she said.

"Why didn't God just black out the porno shops and theaters showing X-rated movies if he was so mad?"

"Even the Lord cannot smash one of our circuits without putting the others out of commission. Besides, this happened in the summertime and there was sinning going on all over the city, particularly in apartments and houses where the wives were away on vacation.

"I forgot about that."

"Con Edison knew about the sinning, and our engineers feared the wrath of God for a week before the blackout. But we felt that, as a power company, it was not our place to warn the populace that if they continue their behavior the Lord would loose the fearful lightning of his powerful swift sword."

"Do you think the 'Act of God' defense will hold up in court?"

"We can only pray it will. If the courts decide against us, then no one will ever believe the Lord is trying to tell the people something. As Mr. Bradley said to his Bible class yesterday, "If this blackout doesn't make people believers, nothing will.' "

I heard an organ in the background.

"What's that" I asked.

"It's the beginning of vespers. Con Ed has vesper services for its employees every day."

"Is this something new?"

"We started them the day after the blackout. It was the legal department's idea."

"Is it an electric organ I hear?"

"No, it's manual. The Lord only knows when he will strike us again."

SOLAR POWER TOWER

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, one of the major defects in our national research and development program for solar energy is its emphasis on centralized electric generating facilities, an emphasis which parallels the historic development of nuclear power.

This concentration of funding, with concomitant neglect of smaller scale systems, is exemplified in the development of solar thermal electric capacity, where 60 percent of the research money is being devoted to the power tower. The power tower is a system in which solar energy is collected from a large field of mirrors and focused on a boiler set atop a large tower. Steam from the boiler then produces electricity in a conventional turbogenerator.

Because of ERDA's concentration of funding on the power tower, the development of intermediate temperature systems, those most likely to be used in smaller scale powerplants, has been neglected.

"Solar Thermal Electricity: Power Tower Dominates Research," an article by William D. Metz in the July 22, 1977, issue of Science magazine, discusses this important subject in detail. I commend this article to the attention of my colleagues:

SOLAR THERMAL ELECTRICITY: POWER TOWER DOMINATES RESEARCH

The centerpiece of the government's solar energy program is proceeding from small to large tests in a fashion that is remarkably parallel to the well-established pattern of

nuclear reactor development. Big facilities, big expenditures, and a multidecade development program all characterize the program for centralized solar thermal generating stations.

The eventual cost will probably not be as large as the development bill for a reactor system, but the yearly payment is already great enough that it dominates the relatively small solar program. At the present time, the project to develop the "power tower" is consuming 60 to 70 percent of the research money devoted to the conversion of sunlight into thermal energy and thence electricity. It is still far too early to judge how successful the power tower will be, but the project is a paramount example of the tendency of the Energy Research and Development Administration (ERDA) to favor centralized solar concepts and to route the development of such concepts through its own laboratories.

The power tower concept is a way to collect solar energy from a large field of mirrors and to convert it into heat at a high enough temperature for efficient electrical generation. Optical studies show that the best way to get the high temperatures is with a point-focusing mirror that tracks the sun (heliostat), and systems studies made by the Aerospace Corporation in 1974 found that the cheapest way to combine the heat from many such mirrors was to focus them all on a single boiler set atop a large tower. Steam from the boiler can produce electricity in a conventional turbogenerator. There are some engineers who favor a central system using mirrors that are not point-focusing and others who question whether the cost savings are not offset by practical problems—the tower for a 100-megawatt plant would be about 1000 feet tall. But both ERDA and the Electric Power Research Institute (EPRI), the utility's research arm, are betting heavily that the power tower, with the benefits of "photon energy transport," is the best design for a centralized solar thermal generating plant.

Although there is some criticism that the solar program gives too little support to alternative centralized generating concepts, the research area that appears to be hardest hit by the power tower's generous funding is the development of intermediate-temperature solar thermal systems that would most likely be used on a smaller scale. Systems that employ mirrors that are less optically sophisticated than those of the power tower can convert sunlight to heat in a very useful temperature range, above the 100°C limit of flat rooftop collectors and below the 500°C level achieved by point-focusing heliostats. The intermediate-performance mirrors are generally variations of parabolic troughs—line-focusing elements that track the sun in only one direction during the day. They concentrate sunlight by a factor of 10 to 40 and focus it onto an evacuated tube suspended above the trough.

SMALL SYSTEMS MAY COMPETE

Intermediate-temperature systems are less efficient than heliostats if used for electricity generation alone, but they are simpler, cheaper, and more readily adapted to applications where, in addition to electricity, they produce heat for warming or cooling. A recent report* prepared by the Office of Technology Assessment (OTA) estimated that the useful annual output of a parabolic trough collector (that is, energy delivered after thermal and optical losses are taken into account) may be only 10 percent less than the output of a heliostat. Because of the lower temperature, a parabolic trough system would convert less energy into electricity. But by utilizing the waste heat, such systems could achieve an overall efficiency that exceeds the typical efficiency (16 percent) expected for a power tower central station. Intermediate-temperature collectors and systems that use them to produce both heat and electricity (called "total energy" systems by ERDA) will be discussed further in a future article.

The economics of small systems and intermediate-temperature systems are not well known—in large part because so little money has been available to study them. But one of the most striking conclusions of the OTA report is that there is "no clear indication that large solar electric plants are more efficient or produce less costly energy than small, on-site facilities."

Recent changes have upgraded research on solar-electric systems for nonutility applications, but the bulk of solar electric research is devoted to technologies designed exclusively for large electric utilities. In the solar thermal subprogram, ERDA spent $60 million on central systems in fiscal 1977 (almost all of it for the power tower), while allocating $9 million to total energy systems. This was the case despite the fact that small systems have the potential for making energy contributions in the near future. Very large solar thermal electric stations, because they are being developed according to the nuclear analogy, are unlikely to make a contribution to commercial energy supplies in less than 20 years.

Thus, much like the breeder reactor, the power tower is scheduled to proceed from a small test to the first commercial plant in four stages. If bar graphs for the two projects were overlaid, they would show a striking similarity. The first solar stage is a 5-megawatt thermal (Mwt) test facility due to be completed next year near Albuquerque, New Mexico, for $21 million. The second will be a 10-megawatt electric (Mwe) pilot plant to be built near Barstow, California, at a cost of $120 to $130 million; construction is due to begin in 1978. These two stages, funded entirely by the government, are due to be followed by a 100-Mwe demonstration plant in the mid-1980's and finally a 100-Mwe prototype commercial plant in the 1990's. As with the breeder, the government hopes to share major parts of the costs of the latter two projects with the utilities that will use them. One difference in the solar case is that the utilities, through EPRI, are contributing small amounts of funding for studies in parallel with the first phase of the government program, and a California utility group is contributing $20 million to the Barstow project.

Whereas the government's nuclear program nurtured four large heavy-equipment companies that are now the sole suppliers of nuclear reactors in the United States, the power tower program is dispensing the bulk of its work to four large aerospace contractors. The companies that are building test hardware for the Albuquerque facility and competing for contracts on the much larger Barstow facility are Martin Marietta, Honeywell, McDonnell-Douglas, and Boeing. If the power tower proceeds apace, their names will become as synonymous with solar electricity as the names Westinghouse, General Electric, Combustion Engineering, and Babcock and Wilcox have become with nuclear power. The success of the power tower concept will probably hinge on the development of the novel high-technology components, such as collectors, receivers, and thermal storage units. But the rate of development will more likely be controlled by the logistics of designing and building the sequence of solar plants, which will be huge construction projects requiring large amounts of steel and concrete.

Commenting upon apparent similarities with nuclear development, the newly appointed head of ERDA's solar thermal branch, Gerald Braun, says that common features are less deliberate than automatic. "Because you are looking at something at the same scale," says Braun, "you go the same way. But there was certainly no intention to follow the nuclear model."

The name power tower has a friendly ring to it which conjures up something on a human scale. A view of the Albuquerque facility illustrates how large the system will actually be (Fig. 1). The tower is the height of a 20-story building, built with 5,700 cubic yards of concrete. The collectors at the Albuquerque test site will cover 100 acres. Each heliostat is anchored with a 10-ton concrete footing. As the collector field size increases, higher towers are needed. The tower for the Barstow plant will be about 500 feet high, and double that height will be needed for the customarily projected commercial size plant producing 100 megawatts.

A commercial power tower generating plant would cover about 1 square mile of land, probably at a desert site, collecting sunlight from as many as 10,000 heliostats. In the designs produced by the four ERDA contractors, the heliostats are 37 square meters in area and they concentrate the sunlight by as much as a factor of 1,000. To counter the effect of passing clouds, the ERDA pilot plant will have a thermal storage capability for 3 hours electrical generation. Although the storage could allow operation to continue briefly into the early evening, the plants are primarily intended to supply electricity to meet the midday diurnal load (often called an intermediate load) experienced by most utilities. The ERDA plans call for a steam (Rankine) cycle that would require a considerable amount of cooling water, but the concept favored by EPRI (a Brayton or gas turbine cycle) would require little or no cooling. The ERDA power tower concept would operate by evaporative cooling, and would use about as much water as a comparably-sized fossil plant.

According to most estimates, the major factor influencing the costs of the power tower plant will be the design and cost of the collector. The shape of each collector must approximate a parabola focused on the receiver, but the four aerospace contractors have accomplished that end in rather different ways. Three of the contractors have designed mirrors using steel and glass construction, while Boeing has designed a mirror made of aluminized polyester stretched across a circular frame (Fig. 2). The Honeywell design uses rectangular mirrors mounted on a geared tracking frame that tilts in two directions. The McDonnell-Douglas heliostat is a solid dish, made of 8 mirror segments, mounted on a radar pedestal. The Martin Marietta heliostat uses nine mirrors mounted on a common tracking frame. In some cases, the flat mirrors have to be stressed slightly to give a parabolic shape, and the facets have to be aligned to point at a common focus.

The Boeing heliostat is potentially less expensive than the others because it uses very lightweight materials. The collector is protected from weather, wind and dust by a plastic bubble supported by air pressure. Boeing estimates that the optical loss that occurs when sunlight passes through the bubble (about 20 percent) is more than compensated by the cost reduction achieved by using light, thin materials. All four heliostats follow the sun by tracking along two axes. The Boeing and Honeywell versions are directed by computer control. The other two versions will be controlled by feedback signals from a sensor in the reflected beam of each heliostat.

The four contractors have each tested about half a dozen heliostats built as prototypes for the 10 Mwe Barstow plant. Data on their costs and performance may become available soon, since ERDA is due to decide on the preferred prototype next month.

* "Application of Solar Technology to Today's Energy Needs," a two-volume report by the Office of Technology Assessment of the U.S. Congress published June 1977, Washington, D.C. 20510.

Heliostats of the same size have been ordered and built for the Albuquerque facility, and their costs have been quite high—in the range of $500 to $1000 per square meter. One critic has commented that, so far, the heliostats being produced by the aerospace firms are being delivered at "aerospace prices." This is also the price range of satellite tracking antennas, which are parabolic dishes and resemble heliostats in a number of ways. Clearly an important challenge to the power tower program is the problem of reducing these costs. The official goal of the ERDA program, which many observers consider unattainable, is a cost of $70 per square meter.

The reason that the heliostat cost reduction is so crucial is that the heliostats may represent 60 percent of the total cost of a power tower plant. There has been a wide range in early cost estimates prepared by McDonnell, Martin Marietta and Honeywell—from $40 per square meter to $96 per square meter. In a study of the detailed economics of many types of solar electric systems, Richard Caputo at the Jet Propulsion Laboratory concluded that with careful development work a heliostat cost of $145 per square meter (in 1975 dollars) should be attainable. But he indicated that the costs could go higher. At a cost of $145 per square meter, he calculated that the plant capital cost would be $2000 per Kwe.

The group of four aerospace contractors, minus Boeing, which is only studying the heliostat subsystem, is preparing designs for other components of the 10-Mwe plant. The design of the receiver that will set atop the tower may determine to a large degree the ultimate size of a power tower plant. Cavity-type receivers appear to be considerably more limited in total power than externally mounted receivers. Two of the contractors, Martin and Honeywell, are planning cavity receivers, while McDonnell-Douglas proposes to use an external receiver.

The heliostats of a power tower will require manufacturing techniques that meet exacting tolerances (0.1° alignment), but many solar engineers think that the greatest problem will be the receiver or boiler. With very high concentration of sunlight, the power density inside the receiver will be quite high and variable. (Some designs offset the focus of different groups of heliostats slightly to spread out the power profile.) Nevertheless, the materials used in the boiler must be able to withstand instantaneous changes in energy densities from 0 to 5 megawatts per square meter. Although the receiver may be kept operating overnight at a reduced temperature to ease the problem of a start-up each morning, the system will be subject to frequent temperature cycles. According to Charles Backus at Arizona State University in Tempe, "The design of the absorber or boiler for this concept will be the major technical challenge."

The analysis contained in a power plant study conducted for EPRI tends to substantiate and—if anything—carry further Backus' critique of the problems to be encountered in developing a power tower receiver.

Under a contract to Black and Veatch Consulting Engineers of Kansas City, EPRI commissioned a conceptual study of the general features of a large system that would use a gas turbine (not steam) generator. The EPRI study found that the best operating temperature, twice that of a steam turbine system, would be so high that it would rule out the use of metals in the high-temperature face of the receiver cavity. Instead, the study recommended the use of ceramic (silicon carbide) heat exchanger tubes and highlighted problems with installing the ceramic tubes and suitably insulating the hot air ducts in the plant.

The gas turbine power tower study also took a novel approach to the problem of energy storage, and gave some concrete indications of the size of a commercial installation. Rather than use a huge and expensive tank for energy storage, as the ERDA concept would, the EPRI concept would use fossil fuel (oil or gas) firing of the solar turbine as a backup option, one that would add very little extra cost. The tower would have two large decks at the top to hold the 750-ton receiver and the 880-ton turbine. The EPRI study found that providing stability against wind and seismic activity for the heavy load at the top would be the principal structural problem in designing the tower. The overall efficiency of the system was calculated as 18 percent and the cost was estimated between $1250 and $1660 per kilowatt, depending on heliostate costs. The study concluded that hybrid (fossil-solar) operation was feasible and in fact desirable, since fossil fuel can serve the purposes of both short- and long-term energy storage.

Although most power tower research is focused on large towers and large heliostats, there is a smaller, cheaper, simpler power tower that has been operating successfully for more than a decade. First tested by G. Francia at the University of Genoa in 1965, the system uses mirrors one meter in size, controlled by a common mechanical drive, and collects the light in a receiver hung from a short, lightweight steel tower. The system is now available in a package from ANSALDO, SpA, the major heavy electrical equipment manufacturer of Italy. A 400-kwt system, built by ANSALDO and delivered to the Georgia Institute of Technology, is due to begin operation late this summer (Fig. 4). According to Steve Bomar at Georgia Tech, 75 percent of the mirrors are aligned and the system is scheduled to make steam for the first time in August.

With a range from 400-kwt working models to 60- to 150-Mwe conceptual studies, the optimum size of a power tower plant is a matter of much guessing and some reevaluation just now. Braun at ERDA says that when the preliminary designs are in hand later this summer the agency will be in a position to rethink the validity of the 100-Mwe goal chosen 3 years ago. Charles Grosskreutz, now at the newly inaugurated Solar Energy Research Institute, says that the 100-Mwe size was not "the result of a careful study in which someone found a curve with a dip in it," but a reaction to practical limiting factors. The administrator who is in charge of evaluating the competing design studies, Alan Skinrood at the Sandia Laboratories in Livermore, California, says that it is "fairly clear" that the optimum plant size for the United States is 50 to 200 Mwe.

The outcome of the design competition may shed more light on the thinking of those in the ERDA program, because one design (Martin Marietta) has a maximum modular size of 10 Mwe. The Martin scheme would be to build up a 100-Mwe plant from ten or more modules. Its technically limiting feature is the use of a narrow-angle cavity-type receiver in a north-facing tower.

Whatever the outcome of the areo-space competition, it is clear that the costs of power tower systems are far too high just now. The present price of collectors is about ten times the $70 price ERDA set as a goal, and the total pilot plant costs—which will be over $10,000 per kilowatt for the Barstow facility—are in excess of those in other energy technologies that have reached a similar stage of development. The ERDA plan is to reduce these costs—particularly for heliostats—by bulk manufacturing techniques and steadily improved designs.

But the economies of scale presumed to be possible with large power towers could prove illusory, and the benefits of systems on smaller scales may be overlooked and forgotten by the time the final answer to the power tower is known. In particular, the rule of thumb that "energy transport by light is more economical than by heat" may only be true for large systems. The heat losses in piping depend on the average distance in the heat transport system, so the economics of distributed collectors connected to a generator by heat (rather than light transport should cross over and become favorable at some point. For much the same reason, total energy systems should be preferable on small scales. But the energy agency appears to be supporting such projects principally as a backup in case the power tower project should fail.

The history of the nuclear development program offers some pointed lessons in the dangers of over concentration of effort on too few technologies. In a huge development program, the ideas of talented workers may be wasted because of the necessity of working within rigid management structures on programs with externally imposed goals. For a number of technologies there is very little choice. But for solar energy, even for the specific purpose of converting solar energy to electricity via thermal systems, there are many choices and new inventions are appearing rapidly. It would appear to be far too soon for the solar program to be discarding innovative options and sinking its research money into steel and concrete.

—WILLIAM D. METZ.

TRIBUTE TO THE LATE JOHN N. REDDIN

(Mr. ZABLOCKI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ZABLOCKI. Mr. Speaker, I was saddened to learn of the death of my good friend, John N. Reddin, who was an editorial page writer and former editorial page editor of the Milwaukee Journal.

I would like to take this opportunity to express my heartfelt sympathy and condolences to his wife, Marcia, and his family.

John Reddin's journalism career spanned 44 years during which he covered both the domestic and international political scenes. Those of us who had the privilege of knowing John Reddin will long remember him for his skills and fairness as a reporter and for his pleasant manner and conviviality. John Reddin's passing is a severe loss not only to those of us who had the honor of his friendship but also to the profession of journalism.

Mr. Speaker, at this point I wish to insert in the RECORD the following tribute to John Reddin which appeared in the Milwaukee Journal on July 31:

EDITORIAL WRITER JOHN REDDIN DIES

John N. Reddin, 65, an editorial writer and former editorial page editor of The Milwaukee Journal, died Saturday in Frankfurt, Germany, after a month's illness.

Reddin suffered an ulcer attack in late June while on assignment in Poland. He was flown to Hochster Hospital in Frankfurt for abdominal surgery, spent 10 days in intensive care, then suffered a stroke July 17. He developed pneumonia last week and died early Saturday, Frankfurt time.

Reddin was one of The Journal's most traveled writers. From the early years of the cold war until his death he made frequent domestic and foreign trips to places where the news was breaking—Berlin, East Europe, Southeast Asia and elsewhere.

He was a big, good humored man with a seemingly endless capacity for appreciation. He enjoyed his daily sweep through the nation's press, scanning a dozen to 20 of the major papers every morning. And he enjoyed

writing. He often said he wasn't sure what he thought until he wrote.

Politics and political debate were the stuff of his professional life, but he was never acrimonious, never mean. He looked on his adversaries as well intended but slightly benighted folk whose fate hadn't yet been decided—so he always retained his faith that people who clung to backward views might someday be brought around.

PROLIFIC PRODUCER

The volume of Reddin's production was a wonder to his colleagues in "editorial row." He wrote nearly as fast as he could talk, and he seldom had the patience to rewrite; nor did his copy need reworking as much as other writers. One colleague called Reddin "the best first-draft writer I ever knew."

Reddin said he had gotten used to high volume production as a young man on the Manitowoc Herald-Times, where he filled the entire editorial column himself every day.

One of Reddin's daily routines in Milwaukee, when he wasn't corralled into lunching at The Journal's executive dining room, was to sit at a window table at Mader's and read a book over lunch. He prided himself on the quickness and breadth of his reading.

LIKED GOOD TALK

He enjoyed good food, good drink and good conversation. At the national political conventions it was Reddin who organized the early morning dinners that often exhausted his younger but less hardy colleagues.

He read cookbooks as if they were novels, and his palate was so trained that he frequently passed up a meal altogether rather than eat the banquet fare on the political circuit.

On some occasions he would sit through the meal smoking his cigar; and once at a private dinner party he fed his main course surreptitiously to a dog under the table. When the host saw Reddin's empty plate, he served him a second helping, which Reddin also fed to the dog.

CONSTANT DOODLER

During conferences he doodled constantly and puffed his cigar. He was not easily impressed by candidates. After one recited his alleged merits, Reddin asked how many merit badges he had earned as a Boy Scout.

Reddin was born Sept. 21, 1911, in Aberdeen, S.D., and was educated in the public schools of Manitowoc. He studied at the highly select experimental college at the University of Wisconsin from 1930 to 1933 and joined the Manitowoc Herald-Times as a reporter in the latter year, leaving to become managing editor of the Berlin (Wis.) Daily Journal.

He returned to the Herald-Times in 1935 and worked as an editorial writer and reporter there until 1941.

He enlisted in the Army immediately after Pearl Harbor, was commissioned in July 1942 and left the Army as a captain in 1946.

STINT IN NEW YORK

He joined The Milwaukee Journal in the same year and was named manager of the newspaper's old New York bureau in 1948. He returned to Wisconsin the next year and wrote a series on state mental institutions that won awards from the Amvets and the Eagles Club. A note in the Journal library file, dated 1964, reads as follows:

"In 1949 I got an award and plaque from the Eagles. I didn't know then about their ban on Negro membership or I wouldn't have taken it. On learning of the ban this week I sent the thing back to them. Can that be noted on the story if it is in the file so if I drop dead it won't be listed as one of my questionable honors.—JNR"

SHIFTED SPECIALTY

Reddin shifted in 1949 from reporting to editorial writing and established himself as the paper's primary voice on national political matters.

In 1952 he reported on Communist influence in Guatemala, but his principal challenge of the early '50s was McCarthyism.

His editorials were an important part of The Journal's response to the senator's charges and the atmosphere they helped to create. He wrote a series called "Liberty Bell" editorials in which he set forth the newspaper's conception of the basic American liberties and their importance to our democratic form of government.

EDITORIALS PRAISED

In a speech on the Senate floor in May, 1953, Sen. Wayne Morse of Oregon cited the editorials for their value "at a time when the American people ought to have their attention called to the growing threats to the basic freedoms in this country. . . ."

The next year the series won a national award from the Society of Professional Journalists, Sigma Delta Chi.

Later in 1954 Reddin reported on conditions in England. His other foreign assignments took him to Berlin when the Communists erected the Berlin Wall, to the Mideast, to Indonesia when Sukarno was overthrown and to most of the major countries of Europe. He interviewed Chiang Kai-shek, Nehru and scores of American political leaders.

CIGAR A TRADEMARK

Reddin's cigar was his trademark. And he never bought a short one. When Soviet Premier Nikita Khrushchev toured the United States, he stopped in his tracks one day and asked Reddin, who accompanied him, to explain where he got such a long cigar.

From 1948 until last year's campaign he was on the Journal team at the national conventions of both major parties, and in 1972 and 1976 he headed the team.

He was named editorial page editor in 1972, succeeding Paul Ringer, and retained that post until shortly after he turned 65.

When he returned to full time writing early this year, he took up his old portfolio—editorial writing on national political and policy questions, with periodic foreign travel for the dual purposes of reporting and enriching the background of his editorials.

He served as a director of Newspapers, Inc., a subsidiary of The Journal Co., from 1973 to 1977.

Surviving are his wife Marcia, of Shorewood, and a son, Jon, an assistant district attorney here.

His daughter-in-law, Mary, also an assistant district attorney, said that at Reddin's request there would be no funeral or memorial service. The body will be cremated in Germany.

INTRODUCTION OF THE IMPORTED MEAT LABELING ACT OF 1977

(Mr. BEDELL asked and was given permission to extend his remarks at this point in the RECORD).

Mr. BEDELL. Mr. Speaker, during my brief tenure in the Congress I have had numerous discussions with farmers in my district about the question of imported meat. Largely as a result of their input, I have studied this issue in considerable detail, and I share their concerns about some of the potential problems for our society resulting from meat imports.

In considering this issue, it is important to recognize that it affects both producers and consumers. Producers have a right to full confidence in the promise their Government made in the 1964 Meat Import Act that foreign countries would not be allowed to dump their livestock products in American markets, and to assurance that foreign meat is held accountable to the same standard of wholesomeness as its American counterpart. And consumers have a right to full information about the nature of the food products they wish to purchase, at the grocery store or at a restaurant, and to assurance that such products have met strict inspection standards.

In my view, the imported meat issue should be addressed in several ways. What is needed is a combination of strict inspection standards for imported meat and meat products, effective labeling of such items, and international agreements governing the international exchange of food products.

Earlier this year, I joined in sponsoring legislation which would insure that meat imports meet the same standards of wholesomeness that we impose on American food products. At present, we have no guarantee that foreign inspection systems are as effective as ours. It is time for the USDA to implement a program which would insure that the accuracy of foreign testing programs is thoroughly verified, and which would then deny the importation meat from countries which consistently fail to meet standards prescribed by the Secretary of Agriculture. Such a program would be financed by the assessment of fees against the exporting country.

I believe that such an inspection program is necessary and fair. However, I think it should be accompanied by stronger labeling requirements for imported meat and meat products. In my judgment, such requirements are essential if we are to insure that the American people have all the necessary information upon which to make a rational choice of what meat products they wish to buy.

Yesterday, I introduced legislation which would establish such a labeling program. It would amend the Federal Meat Inspection Act to require that imported meat and meat food products be labelled "imported" at all stages of distribution until delivery to the ultimate consumer. It would also require certain eating establishments, which serve imported meat, to inform customers of this fact.

The amount of foreign meat that is imported into the United States each year is substantial—estimated at about 8 percent of U.S. domestic production in 1977. And, for the most part, such meat is absorbed into the domestic economy with little attention.

I believe that the American people are entitled to know all the essential facts about the products they buy, whether they be an automobile, a television or a cut of meat. Current labeling requirements for imported meat and meat food products are simply not adequate, where such requirements even exist. Foreign meat imported into the United States is normally transported in frozen blocks of about 50–60 pounds. Existing law does require that these blocks of meat be labeled according to country of origin. However, after processing in the United States, no further labeling as to country of origin is required.

The fact of the matter is that the current labeling practices are of no practical value to the American consumer. When he purchases meat in a grocery

store or at a public eating establishment, he has no way of ascertaining whether that product was produced in the United States or abroad. I believe that he has a need, and a right, to know such information in advance of his purchase.

Many Americans, if given the choice, would prefer to buy meat which has been raised and processed in the United States. Improved labeling is a viable mechanism for providing such an opportunity.

Mr. Speaker, in conclusion, I want to emphasize that my labeling and inspection proposals are designed to complement and not impede the current Geneva trade talks which are considering the establishment of universal standards of quality for food products traded internationally. I fully support these negotiations. My proposals do not conflict with the objectives of the Geneva talks. On the contrary, their enactment would merely demonstrate a strong congressional commitment to insuring that imported meat and meat products meet strict standards of wholesomeness and that essential labeling information as to the country of origin would be available to the American consumer as he makes his choices in the marketplace.

INTRODUCTION OF ZERO-BASE PAPERWORK ACT OF 1977

(Mr. BEDELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BEDELL. Mr. Speaker, I am today introducing legislation which I believe will make a significant contribution toward reducing and rationalizing Federal paperwork. This bill, entitled the Zero-Base Paperwork Act of 1977, would require an annual justification for the continued use of any form by the Federal Government to solicit information from private persons or Government agencies.

We are all aware of the growing grassroots dissatisfaction throughout the country with the responsiveness of the Federal Government to local problems and realities. This sentiment is evident in a great many aspects of American life, but perhaps nowhere is it more apparent than in the area of Federal reporting. The Federal Government generates a staggering amount of paperwork—more than 2 billion pieces of paper annually—with no coherent or effective review and control process.

The impact of this paperwork burden is far reaching and substantial. Individuals and businesses are spending more than $100 billion a year just to fill out and comply with Federal forms. And over $40 billion of our gross national product is devoted to the production, distribution, processing, and storage of paperwork and information.

As a lifelong small businessman, I have firsthand knowledge of the tremendous burden which existing Federal reporting requirements place on American small business. The extent of the problem should not be minimized. It is a burden which has become one of the most significant factors affecting the competitive viability of small firms.

As a Member of Congress, I have become well acquainted with the corresponding burden imposed on State and local governments and various civic organizations which seek to participate in Federal programs. In far too many cases, reporting requirements inhibit realization of the maximum potential of these programs.

The current Federal reporting system is analogous to the proverbial wild bull in the china shop, and it needs to be brought under control.

Mr. Speaker, it does not make sense to continue to pile unnecessary reporting requirements on individuals, small businesses and local public agencies. The American people are being drowned in a sea of paperwork and redtape. The actual cost of money, time and lost productivity is substantial, not to mention the psychological cost in lost initiative and stifled creativity.

Consider the following facts:

That the State of Wyoming turned down several ecology grants last year because State officials estimated that it would have cost more to comply with Federal reporting requirements than the $108,000 the State would have received in grants.

That one drug company, in attempting to market a drug for the treatment of arthritis, had to collect and file 120,000 pages of information with the Food and Drug Administration—in triplicate.

Or that for the average small business, the paperwork costs involved in setting up an employee pension program run about $700 per employee before any contribution is made to the pension plan.

I am not suggesting that all Federal reporting is unnecessary or wasteful. Indeed, the Government has a right to know certain essential information. However, there is clearly a pressing need to restore a degree of commonsense to our Federal reporting system.

What can be done about the mounting paperwork burden?

Recognizing the magnitude of the problem is a start, but alone it is not enough. It is time to move beyond the discussion and hand-wringing stage and to implement substantive procedures to deal with the paperwork problem.

The effort to reduce the Federal paperwork burden should be directed at two distinct vantage points—at the source and at the final product. Congress must acknowledge its role in the upward spiral of proliferating paperwork, and take concrete steps to remedy it. To that end, I have proposed legislation which would require that all congressional committees include in their legislative reports on a specific bill a statement which estimates the extent and cost of Federal paperwork which would be generated by enactment of such a bill. It would also estimate the complexity of the forms which would be necessary for compliance and the potential cost in time and money which would result from bookkeeping under the new statute. These changes would force the Congress to consider the potential paperwork impact of proposed legislation on the public at the time it is debating the merits of such a bill. And, in turn, it would hopefully serve to prevent the proliferation of unnecessary redtape by creating a greater awareness within the Congress of the paperwork problem.

In addition to controlling the flow of new paperwork at its source, steps should also be taken to control and reduce existing paperwork on an ongoing basis. The Congress should intensify its efforts to secure consolidation and elimination of many of the Federal forms already in effect. I think that the Zero-Base Paperwork Act would make a significant contribution toward that end.

Zero-base paperwork is a very straightforward concept. It simply requires each Federal agency to review and justify all of its public forms each year. Instead of periodically devising new forms to service existing programs, Federal officials would have to start from scratch each year and review their Agency's reporting requirements with an eye toward eliminating or consolidating unnecessary forms. All forms which are not deemed necessary to the proper performance of the functions of the Agency and which cannot be justified in terms of the benefits gained and the costs imposed would be abolished.

The Zero-Base Paperwork Act would insure that Federal officials make a case for each of their agency's forms each year. The result would, in my view, be a more simplified and rational Federal reporting system.

I believe that the implementation of zero-base paperwork procedures would provide a viable mechanism for insuring regular reassessment of Federal forms. Coupled with a concerted effort to control paperwork at its source—during the legislative process—this innovation would do much to reduce the mounting paperwork burden about which we are all concerned.

REACQUISITION OF CITIZENSHIP

(Ms. HOLTZMAN asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Ms. HOLTZMAN. Mr. Speaker, today I am introducing a bill to simplify the procedure by which U.S. citizens who lose their U.S. citizenship may regain it.

At present, there is no special procedure for such persons. Instead, former U.S. citizens must go through the same immigration and naturalization process as all other aliens. They first have to secure an immigrant visa and then wait 5 years before citizenship is restored.

Approximately 15,000 persons lost their citizenship between 1966 and 1977; about one-third of these did so in connection with the Vietnam war. Since most Americans now recognize that the nature of our involvement in Indochina was a mistake, we should no longer penalize those who renounced their citizenship in a painful act of conscience because of their opposition to the war.

Other former citizens who often wish to return to the United States are those who gave up their citizenship to marry a native of another country, and later find their circumstances changed because of divorce or death of their spouse.

Many other countries place former citizens in a different category from

those who are seeking citizenship for the first time. Several countries, including Ireland, require only an application to the appropriate ministry for full reinstatement of citizenship. Scandinavia and several Latin American nations require an application and 2 years' residence.

Enactment of my bill would shorten our country's present complicated procedure. An ex-citizen would simply have to submit an affidavit of allegiance to a clerk of a naturalization court or to a U.S. consular officer to reacquire citizenship.

The benefits of this bill and this procedure would not, however, be available to persons who lost their citizenship through denaturalization.

The text of the bill follows:

H.R. 8787

A bill to establish an additional procedure for the reacquisition of United States citizenship by former United States citizens

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 324 of the Immigration and Nationality Act (8 U.S.C. 1435) is amended by adding at the end thereof the following new subsection:

"(d) (1) Notwithstanding any other provision of law, any individual who is not less than 18 years of age, who is certified by the Secretary of State as a former citizen of the United States, and who renounced or otherwise lost his or her United States citizenship (other than pursuant to any proceeding under section 340 of this Act) may reacquire such citizenship—

"(A) by submitting an application to reacquire such citizenship—

"(i) if such individual is abroad, to a diplomatic or consular officer of the United States, or

"(ii) if such individual is in the United States, to a judge or clerk of a naturalization court;

"(B) by submitting with such application an affidavit declaring allegiance to the United States and, if such individual is abroad, the intent to begin residency in the United States within 6 months after such citizenship is reacquired; and

"(C) by paying a reasonable fee to cover the administrative expenses of carrying out this subsection with respect to such individual.

The Secretary of State shall, within the 6-month period beginning on the date such application is submitted under subparagraph (A), certify whether such individual was at any time a citizen of the United States.

"(2) Beginning on the date an individual reacquires United States citizenship under this subsection, such individual shall have the status of a native-born or naturalized citizen of the United States, whichever status such individual had before renouncing or otherwise losing such citizenship. Such status shall not apply retroactively to any period during which such individual was not a citizen of the United States."

THE WATERGATE SPECIAL PROSECUTOR FAILED TO ACCOUNT FOR HIS WORK

(Ms. HOLTZMAN asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Ms. HOLTZMAN. Mr. Speaker, the Watergate Special Prosecutor recently closed the doors of that office for the last time. A number of serious questions remain unanswered about the work of that office.

I would like to insert in the RECORD a statement I made on July 5, 1977, outlining some of these problems. I commend it to my colleagues' attention.

The text follows:

STATEMENT BY REPRESENTATIVE ELIZABETH HOLTZMAN

On June 19, 1977, saying that he was "sick" of carrying on the investigation,[1] the Watergate Special Prosecutor closed up shop and went out of business. He left open, however, serious questions about whether he had actually finished the job assigned to him and discharged fully the enormous responsibilities of his office.[2]

Why were no prosecutions ever brought against "higher-ups" for the Watergate break-in? Why were no indictments returned in connection with the Hughes-Rebozo $100,000 campaign contribution? How complete was the investigation? What role did the Special Prosecutor play in the Nixon pardon?

By closing up shop without answering these questions and explaining whether the work of his office was finished, the Special Prosecutor aped the practices and attitudes that brought Nixon and his men down: arrogance, excessive secrecy, and the belief that there is no responsibility for explaining one's actions. It is ironic that the Special Prosecutor, who was intended to hold accountable those who refused to be held accountable, would insist on being unaccountable himself.

It was never supposed to be this way. When the office was first created, Archibald Cox pledged to the Senate that a full, public accounting would be made of the work of his office, including reasons for not bringing prosecutions.[3] Mr. Cox's successors blithely ignored the commitment.

The Special Prosecutor's October 1975 report merely gave statistical information on prosecutions brought and explained the ones not brought by alluding to a list of eleven possible reasons (such as lack of evidence and a policy against prosecuting a person for more than one crime.) No statement was made as to how complete the investigations were. The so-called "Final Report"—mailed the day the office closed so that no Representative or Senator could receive it, much less review it, until it was too late—carried on the same spirit.

The only new information on the work of the Special Prosecutor's Office came in bits and snatches from prosecutors' books.[4] The information "leaked" in these books—who was called before grand juries, why Nixon was not indicted, the details of plea bargaining—raises questions about why the same information could not have been presented comlooking for.[5a]

Let me highlight some of the areas where the question of what the Special Prosecutor did or did not do is of special concern.

A. WHY WERE NO PROSECUTIONS BROUGHT AGAINST THOSE WHO ORDERED THE WATERGATE BREAK-IN?

The Watergate break-in was the central event of a scandal that ultimately brought down a President and his Administration. Who specifically ordered the break-in? What were the burglars looking for? We still don't know the answers to these questions even though five years have gone by.

The only people prosecuted for the break-in were the four Cubans, McCord, Hunt, and Liddy. Why were no higher-ups prosecuted? Was it because evidence obtained was inconclusive or was it because the Special Prosecutor never conducted a complete investigation of the break-in?

The only clue we have is Mr. Ruff's claim that it would not "make any difference" to know what the Watergate burglars were looking for.[5a]

This statement—which suggests an excuse for not investigating the break-in fully—is arrant nonsense. Learning the purpose of the Watergate break-in certainly could tell us a good deal about other persons who were involved in that crime and might provide leads to the commission of other crimes.

It is plain to me that Congress and the American public never would have tolerated the Special Prosecutor's saying at the outset of his investigation that the Watergate break-in would never be fully investigated. It should not be tolerated now.

B. WHY WAS NO PROSECUTION BROUGHT IN THE HUGHES-REBOZO MATTER?

Bebe Rebozo, Nixon's closest friend, admitted receiving $100,000 cash from Howard Hughes in 1970 but claimed he returned the identical bills to Howard Hughes in 1973—leaving them untouched in a safe deposit box during the three-year period.

The Senate Watergate Committee raised three very serious questions about this matter:

1. Why was cash given to a close friend of the President's rather than to any campaign official or organization?

2. Why were the funds contributed several years prior to the 1972 campaign for which they were allegedly intended?

3. Did Howard Hughes profit by his contribution to Rebozo on behalf of the President?[6]

The Select Committee's investigation suggested that some of the money may have been used for Mr. Nixon's personal expenses and that the contribution may have been made in order to influence decisions of the Justice Department and other government agencies.[7] With so much detailed information on the public record about a matter so close to the former President, it is disturbing that there has never been any explanation of why no prosecutions were brought.

Mr. Ruff commented to a Washington Post reporter that a lot of lawyers left the Special Prosecutor's office "shaking their heads and with really deep concerns"[8] about the Hughes-Rebozo matter. What does this mean? Was a thorough investigation conducted or not?

Explanations should be provided in at least three areas:

1. Bebe Rebozo refused to produce a number of financial records before the Senate Select Committee.[9] Did the Special Prosecutor obtain these materials or even try to obtain them?

2. From the Senate Report it appeared that Thomas Wakefield, a lawyer who claimed to have represented both Rebozo and Nixon, was privy to crucial information. Wakefield claimed that this evidence was protected by the attorney-client privilege.[10] Did the Special Prosecutor ever obtain this information? If not, did the Special Prosecutor try to question Wakefield or challenge the claim of privilege in court? If not, why not?

3. On September 21, 1975, the New York Times reported that Bebe Rebozo and Robert Abplanalp were never called before the grand jury. Was this true, and if so, why was this decision made?

C. OTHER MATTERS WHERE NO PROSECUTIONS RESULTED

1. Sale of Ambassadorships:

Mr. Ruff admitted, in the words of the Washington Post, "that his office barely scratched the surface on the alleged 'sale' of ambassadorships to political campaign donors." Mr. Ruff's explanation was: "Aren't our foreign relations more important than that?"[11]

Does this mean that Ruff simply refused to investigate the possible sale of ambassadorships or does it mean that, even when he found evidence of criminal conduct, he refused to prosecute?

Footnotes at end of article.

2. Richard Helms:

According to Stonewall, Richard Helms, the Director of the CIA, actively suppressed information that was crucial to the investigation of the Watergate cover-up. (p. 73). First, Helms filed in his "bottom drawer" letters from McCord which asserted that the White House was trying to blame the CIA for Watergate. Secondly, although the CIA kept informing the prosecutors that it had turned over all relevant documents, Helms personally retained a record of an interview which recounted Hunt's involvement in the Watergate break-in. No prosecutions were brought. Why?

3. Assault on anti-war demonstrators:

Even though *Stonewall* asserted that Howard Hunt had given the Cubans assignments "such as roughing anti-Vietnam protestors or punching out demonstrators at the funeral of J. Edgar Hoover" (p. 48), no prosecutions were brought for these actions. Why?

D. FAILURE TO EXPLAIN PLEA-BARGAINING DECISIONS

Although the Special Prosecutor entered into a number of highly controversial plea bargaining agreements, including one with Richard Kleindienst, no official or complete explanation was ever given for these decisions. Details of plea bargaining negotiations are, however, set forth in *The Right and the Power* and in *Stonewall* with respect to LaRue, Colson, Dean, Haldeman, Krogh, Mitchell, Erlichman, Kalmbach, and Kleindienst.[12]

Clearly, if this information could have been made public by prosecutors in their books, it could and should have been presented in the Reports. The Special Prosecutor's failure to explain these plea bargaining decisions fully in an official document is especially troublesome since *Stonewall* reports that the "Silbert team" had made various "deals" with witnesses that were binding on the Special Prosecutor (p. 60). Did these prior deals inhibit the work of the Special Prosecutor? Did they prevent justice from being done?

E. THE ROLE OF THE SPECIAL PROSECUTOR IN THE NIXON PARDON

According to *Stonewall*, Leon Jaworski may have actively encouraged the issuance of the Nixon pardon. (See, generally, pp. 305–315.) The authors claim that Mr. Jaworski himself suggested the argument that pre-trial publicity would prevent a fair trial of Nixon, and even asked Nixon's lawyer, Herbert Miller, to prepare a memorandum along these lines (p. 301).

Stonewall also suggests that Mr. Jaworski's meeting with Philip Buchen, President Ford's counsel, on September 4, helped precipitate the pardon. Specifically the authors' report says that, on August 29th, Philip Lacovara recommended to Mr. Jaworski that he urge President Ford to issue a pardon quickly if he was going to issue it at all.

While subsequent memoranda raise questions, it appears that (1) Lacovara's recommendation may have been transmitted to Buchen; (2) the pardon was issued only 4 days after the September 4th meeting; and (3) justifying the pardon, the White House leaned heavily on a September 4 letter from Mr. Jaworski concluding that, because of pretrial publicity, it would be "from nine months to a year, and perhaps even longer" before Nixon could receive a fair trial and released the memorandum on that subject which Mr. Jaworski had suggested Miller prepare.[13]

Frampton and Ben Veniste also assert that Mr. Jaworski had strong personal feelings against indicting Nixon, and considered the decision whether to indict a "monkey on his back" he desperately wanted to and maneuvered to shift to someone else (p. 312).

On the other hand, in his book, *The Right and the Power*, Mr. Jaworski claimed that he played a neutral role with respect to the pardon.

It seems to me essential that we learn which version of the preceding events is accurate and what role the Special Prosecutor actually played in the Nixon pardon.

Furthermore, the Special Prosecutor has never explained why his office failed to investigate the issuance of the pardon to Nixon. Under well established rules, pardons are invalid if they are issued on a basis of bribery or misrepresentation. If there were a Nixon-Ford "deal", then the pardon would have been void. While *Stonewall's* authors accuse Congress of failing to investigate the pardon fully (p. 315), they do not, and neither does any official report, explain why the Special Prosecutor failed to investigate this matter.

CONCLUSION

It is regrettable that the Special Prosecutors—who compiled such a fine record on the prosecutions they brought—should have done such a dismal job in explaining the other work of their office.

It is unfortunate that the record still needs to be set straight on Watergate.

FOOTNOTES

[1] Mr. Ruff said specifically: "I'm going to try and get these damn boxes packed as fast as I can and get the hell out of here. . . I am, for the record, sick of it. I look forward to leaving this office." *Washington Post*, June 19, 1977, p. 1.

[2] The Special Prosecutor's mandate included:

". . . full authority for investigating and prosecuting offenses against the United States arising out of the unauthorized entry into Democratic National Committee Headquarters at the Watergate, all offenses arising out of the 1972 Presidential Election for which the Special Prosecutor deems it necessary and appropriate to assume responsibility, allegations involving the President, members of the White House staff or Presidential appointees".

[3] At Elliot Richardson's confirmation hearings, Mr. Cox said:

"I am agreeing wholeheartedly with your observation that it is important not only that prosecutions be brought where there is a proper basis for prosecution but that the reasons for not bringing other prosecutions or reason for not indicting other figures, the exculpatory facts, if there were any, about other figures—that all those things be included certainly in the final report—conceivably in an earlier report—depending on the circumstances."

Nomination of Elliot L. Richardson to be Attorney General, Hearings before the Committee on the Judiciary of the United States Senate, May 21, 1973, p. 211.

[4] Leon Jaworski, *The Right and the Power*, (1976) and George Frampton and Richard Ben Veniste, *Stonewall*, (1977).

[5] Other information contained in these books but *not* in any official report included the "case against Nixon" and the texts of inter-office memoranda.

[5a] *Washington Post*, June 19, 1977, p. 1.

[6] The Final Report of the Select Committee on Presidential Campaign Activities, p. 1068.

[7] *Ibid.*, see generally pp. 931–1071.

[8] *Washington Post*, June 19, 1977, p. 1.

[9] Senate Select Committee, *Op. cit.*, p. 1070.

[10] *Ibid.*, p. 1037.

[11] *Washington Post*, June 19, 1977, p. 1.

[12] *The Right and the Power*, pp. 35–38, 76–82, 149–160, 268–269 and *Stonewall*, pp. 62, 63, 107, 233, 378.

[13] *Stonewall* authors state:

"In retrospect, it seems unlikely that Ford would have gone ahead with negotiations with Nixon's counsel without some indication that Special Prosecutor Jaworski would not stand firmly against a pardon." (p. 307).

CONFERENCE REPORT ON H.R. 7933

Mr. MAHON submitted the following conference report and statement on the bill (H.R. 7933) making appropriations for the Department of Defense for the fiscal year ending September 30, 1978, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 95–565)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7933) "making appropriations for the Department of Defense for the fiscal year ending September 30, 1978, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 38, 52, 65, 68, 69, 72, 78, 80, and 81.

That the House recede from its disagreement to the amendments of the Senate numbered 6, 7, 9, 10, 36, 43, 49, 55, 56, 57, 58, 59, 60, 61, 62, 64, 70, and 77, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$8,741,800,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,918,400,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$7,199,900,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$555,600,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$171,400,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$8,139,413,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$490,000,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$10,743,263,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amend-

ment insert "$275,000,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$615,628,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$86,650,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its agreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$8,335,279,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$509,000,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "law, $2,827,574,000: *Provided*, That"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$380,796,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$23,050,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$316,290,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$16,528,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$374,349,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$11,000,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$745,666,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$825,207,000"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$18,000,000"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$657,100,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$536,883,000"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,421,200,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,179,300,000"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "1,403,325,000"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$3,479,000,000"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following:

For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title as required by section 355, Revised Statutes, as amended, as follows: for the Trident submarine program, $1,703,200,000; for the SSN-688 nuclear attack submarine program, $278,500,000; for the CGN-42 nuclear-powered AEGIS cruiser program, $180,000,000; for the aircraft carrier service life extension program, $30,000,000; for the DDG-47 guided missile destroyer program, $930,000,000; for the DDG-2 guided missile destroyer modernization program, $94,500,000; for the DD-963 program, $310,000,000; for the FFG-7 guided missile frigate program, $1,163,300,000, and in addition, $42,000,000 to be derived by transfer from "Shipbuilding and Conversion, Navy, 1977/1981"; for the AO fleet oiler program, $322,700,000; for the T-ATF fleet ocean tug program, $52,700,000; for craft, outfitting, post delivery and cost growth on prior year programs, $695,600,000; in all: $5,760,500,000, and in addition, $42,000,000 in transfer as hereinbefore provided, to remain available for obligation until September 30, 1982: *Provided*, That none of the funds herein provided for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign shipyards for the construction of major components of the hull or superstructure of such vessel: *Provided further*, That none of the funds herein provided shall be used for the construction of any naval vessel in foreign shipyards.

And the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,700,600,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,337,345,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$327,826,000"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,917,766,000"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$266,750,000"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "so long as such agreements with foreign governments comply, where applicable, with the requirements of section 36 of the Arms Export Control Act and with section 814 of the Department of Defense Appropriation Authorization Act, 1976"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert $6,900,000"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$25,000,000"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the matter stricken by said amendment, insert the following:

SEC. 857. None of the funds appropriated in this Act for programs of the Central Intelligence Agency shall remain available for obligation beyond the current fiscal year.

And the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

SEC. 858. None of the funds appropriated in this Act may be used for the consolidation or realignment of advanced undergraduate pilot training squadrons of the Navy as currently proposed by the Department of Defense.

And the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, but change the section number to 859.

And the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

SEC. 861. None of the funds appropriated in this Act may be used to support more than 10,201 full-time and 2,603 part-time military personnel assigned to or used in the support of Morale, Welfare and Recreation activities as described in Department of Defense Instruction 7000.12 and its enclosures, dated July 17, 1974.

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 20, 30, 40, 41, 46, 47, 54, 63, 67, 71, 76, and 82.

GEORGE H. MAHON,
ROBERT L. F. SIKES,
DANIEL J. FLOOD,
JOSEPH P. ADDABBO
(except as to amendments 17, 39, 41, 42, 52, 77, and 79),
JOHN J. MCFALL,
JOHN J. FLYNT, Jr.,
ROBERT N. GIAIMO
(except as to amendments 5, 7, 8, 9, 10, 17, 37, 39, 41, 77, and 79),
BILL CHAPPELL, Jr.,
BILL D. BURLISON,
JACK EDWARDS,
J. K. ROBINSON,
JACK KEMP,
ELFORD A. CEDERBERG,
Managers on the Part of the House.

JOHN L. MCCLELLAN,
JOHN C. STENNIS,
WARREN G. MAGNUSON,
WILLIAM PROXMIRE,
DANIEL K. INOUYE,
ERNEST F. HOLLINGS,
TOM EAGLETON,
LAWTON CHILES,
JAMES R. SASSER,
MILTON R. YOUNG,
CLIFFORD P. CASE,
TED STEVENS,
RICHARD S. SCHWEIKER
(except for amendment 42),
EDWARD W. BROOKE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7933), making appropriations for the Department of Defense for the fiscal year ending September 30, 1978, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—MILITARY PERSONNEL

Military personnel, Army

Amendment No. 1: Appropriates $8,741,800,000 instead of $8,746,573,000 as proposed by the House and $8,704,733,000 as proposed by the Senate.

The conferees are in agreement that the specific changes to the request made by the House and agreed to by the Senate are to be accomplished by the Department of the Army. Unless otherwise indicated, all items are of special interest. In addition, the conferees reached agreement with respect to the following areas of differences as explained below:

Meat Inspection Transfer.—The conferees agreed to provide $17,400,000 as proposed by the Senate instead of $14,700,000 as proposed by the House. The conferees agree that the responsibility for inspection of meat and food products now being done by Army and Air Force veterinary personnel should be transferred as expeditiously as possible to the U.S. Department of Agriculture (USDA). The House has agreed to the Senate personnel strengths and funding levels for these activities in order to provide for an orderly transition. The conferees agree that this transition should begin in fiscal year 1978 and that the Army should assume origin inspection responsibilities now performed by the Air Force in order to facilitate the transfer to USDA. The Army may reprogram funds to accommodate the addition of these Air Force responsibilities.

Communications.—The conferees agreed to provide $304,200,000 as proposed by the Senate instead of $303,600,000 as proposed by the House.

The Department of Defense has recently promulgated guidelines for consolidating General Service (GENSER) and Special Intelligence (SI) telecommunications. This directive (C5030.5 of May 16, 1977) establishes policy for insuring uniform, expeditious, and cost-effective consolidations into single telecommunications centers capable of serving all users wherever practicable. It is envisioned that a major portion of the directed personnel reductions related to consolidation of telecommunications centers will result from implementation of DOD-wide GENSER/SI telecommunications centers consolidations.

Transfer of Maintenance Functions to the Reserves.—The conferees agreed to provide $17,000,000 as proposed by the House instead of $13,600,000 as proposed by the Senate.

The conferees agreed not to transfer certain maintenance personnel from the active forces to the reserve components during fiscal year 1978 as proposed by the Senate. The conferees noted that the reserve forces are currently experiencing recruiting problems, and do not believe that the transfer, even though it was planned to occur over a five-year period, is feasible in fiscal year 1978.

The conferees are in agreement, however, that transferring maintenance manpower to the reserve forces for units not expected to deploy to Europe, or not required during the first 30 days of a European war, is a feasible and realistic proposal. The committees intend to review this matter in the future and reconsider the transfers proposed by the Senate at such time as the reserve recruiting picture improves.

Base Operating Support Personnel-Military Personnel.—The conferees agreed to provide $1,386,800,000 instead of $1,395,500,000 as proposed by the House and $1,368,900,000 as proposed by the Senate.

The conferees are in agreement that reductions in military personnel engaged in base operating support (BOS) are feasible. However, because of the limitations of the available data, the conferees believe that the illustrative allocation of the reductions as proposed by the Senate may not be the best manner of implementation, nor the appropriate number of personnel that should be reduced. Accordingly, the conferees agreed to a reduction of 3,680 military personnel for base operating support, instead of 11,870 as proposed by the Senate and no reduction as proposed by the House. In addition, the conferees agreed that the military departments will be permitted to reallocate these reductions to other functional areas besides base operating support, should that be deemed advisable.

Finally, the conferees agreed that the Department is to implement the language recommendations concerning BOS delineated in the Senate report.

Military Bands.—The conferees agreed to provide $25,400,000 for Army bands instead of $28,300,000 as proposed by the House and $22,600,000 as proposed by the Senate. The Army should accomplish an equitable geographic distribution of bands consistent with base locations.

Other Conference Decisions.—The conferees agreed to provide the amounts indicated below for all other programs under consideration by the committee of conference:

[In thousands of dollars]

	House amount	Senate amount	Conference amount
Permanent change of station	537,000	534,000	534,000
Intelligence	79,100	79,800	79,300
Strength authorization reductions	−14,300		
Intermediate aircraft maintenance	6,700		3,400
Training	1,215,000	1,205,000	1,215,000
Direct support/general support	3,800		
Helicopter training consolidation	900		

Military personnel, Navy

Amendment No. 2: Appropriates $6,169,662,000 as proposed by the House instead of $6,133,758,000 as proposed by the Senate.

The conferees are in agreement that the specific changes to the request made by the House and agreed to by the Senate are to be accomplished by the Department of the Navy. Unless otherwise indicated, all items are of special interest. In addition, the conferees reached agreement with respect to the following areas of difference as explained below:

Transfer of TAR Officers.—The House proposed to transfer 100 Navy officer billets and $2,400,000 to the Navy Reserve. The Senate disagreed with this transfer. The conferees recede to the Senate position in regard to the Training and Administration of the Reserves (TAR) officer program. The conferees direct that the Secretary of the Navy take no action that would affect the size or purpose of the TAR program without the prior approval of the Appropriations Committees of the House and Senate.

Communications.—The conferees agreed to provide $101,800,000 as recommended by the Senate instead of $100,900,000 as recommended by the House.

Reduction of MAC Airlift Funding.—The House proposed to continue Navy C-118 airlift support under Navy auspices and review the proposed shift of this function to the Military Airlift Command (MAC). The Senate disagreed and proposed the consolidation of Navy airlift with MAC in fiscal year 1978. The conferees agreed without prejudice with the House proposal to review this consolidation during fiscal year 1978. This is also discussed in the operation and maintenance section of this report.

Base Operating Support.—The conferees agreed to provide $1,277,362,000 for base operating support instead of $1,286,500,000 as recommended by the House and $1,261,300,000 as recommended by the Senate. This

item is further discussed under the heading Military personnel, Army.

Military Bands.—The conferees agreed to provide $8,700,000 for military bands in the Navy instead of $9,700,000 as proposed by the House and $7,800,000 as proposed by the Senate. The conferees also direct the Navy to seek an equitable geographic distribution of bands consistent with base locations.

Other Conference Decisions.—The conferees agreed to provide the amounts indicated below for all other programs under consideration by the committee of conference:

[In thousands of dollars]

	House amount	Senate amount	Conference amount
Permanent change of station	319,100	316,000	316,000
Intelligence	18,500	18,900	18,600
Intermediate maintenance	6,900		3,500
Computer managed instruction	11,100		11,100
Helicopter training consolidation		13,100	13,100

Military personnel, Marine Corps

Amendment No. 3: Appropriates $1,918,400,000 instead of $1,919,522,000 as proposed by the House and $1,899,4-2,000 as proposed by the Senate.

The conferees are in agreement that the specific changes to the request made by the House and agreed to by the Senate are to be accomplished by the Marine Corps. Except as otherwise noted, all items are of special interest. In addition, the conferees reached agreement with respect to the following areas of difference as explained below:

Base Operating Support.—The conferees agreed to provide $141,300,000 for base operating support instead of $144,300,000 as proposed by the House and $138,200,000 as proposed by the Senate. This item is further discussed under the heading Military personnel, Army.

Military Bands.—The conferees agreed to provide $7,800,000 for Marine Corps bands instead of $8,700,000 as provided by the House and $6,900,000 as provided by the Senate. The conferees direct the Marine Corps to seek an equitable geographic distribution of military bands consistent with base locations.

Other Conference Decisions.—The conferees agreed to provide the amounts indicated below for all other programs under consideration by the committee of conference:

[In thousands of dollars]

	House amount	Senate amount	Conference amount
Strength authorization reductions	−3,400		
Eliminating Marine Corps support	289,500	274,500	289,500
Permanent change of station	101,300	99,800	99,800
Helicopter training consolidation		900	900

Military Personnel, Air Force

Amendment No. 4: Appropriates $7,199,900,000 instead of $7,204,560,000 as proposed by the House and $7,154,631,000 as proposed by the Senate.

The conferees are in agreement that the specific changes to the request made by the House and agreed to by the Senate are to be accomplished by the Department of the Air Force. Except as otherwise noted, all items are of special interest. In addition, the conferees reached agreement with respect to the following areas of difference as explained below:

Military Bands.—The conferees agreed to provide $12,100,000 for Air Force bands instead of $10,800,000 as proposed by the Senate and $13,500,000 as proposed by the House. The Air Force is to seek an equitable geographic distribution of band resources consistent with base locations.

Air Force Grade Growth.—The conferees agreed that the Air Force has programmed unnecessary grade growth, particularly in the officer account, in the last two fiscal years. The conferees agreed to a $4,000,000 reduction in the officer basic pay account instead of $6,000,000 as proposed by the House and $2,000,000 as proposed by the Senate. The conferees direct the Air Force to continue its efforts to control unnecessary grade escalation.

The Appropriations Committee will continue to use the Congressional Budget Office analysis of the military personnel accounts to review the Department's annual budget request in this area.

Meat Inspection Transfer.—The conferees agreed to provide $15,200,000 as proposed by the Senate instead of $11,600,000 as proposed by the House. This item is discussed under Military personnel, Army.

Communications.—The conferees agreed to provide $394,300,000 as provided by the Senate instead of $393,800,000 as provided by the House.

Transfer of Maintenance Functions to the Reserves.—The conferees agreed to provide $13,300,000 as proposed by the House instead of no funding as proposed by the Senate. This item is discussed under Military personnel, Army.

Base Operating Support.—The conferees agreed to provide $1,362,900,000 instead of $1,368,000,000 as proposed by the House and $1,344,400,000 as proposed by the Senate. This item is discussed under Military personnel, Army.

Civilianization of the Air Force Audit Agency.—The conferees agreed to provide $10,200,000 instead of $10,900,000 as proposed by the House and $7,300,000 as proposed by the Senate.

The conferees agreed that the Air Force should proceed with the civilianization of the Air Force Audit Agency as proposed by the Senate. The conferees are in agreement that this conversion should begin in fiscal year 1978, and should proceed over the next 3 to 4 years. The conferees direct that at least 10 military audit positions be civilianized in fiscal year 1978, that appropriate adjustments be made in military support man-years, and that the fiscal year 1979 budget show continued progress in this area. Appropriate adjustments have been made in the O&M, Air Force appropriation to allow the Air Force to hire additional civilian audit personnel.

Military Postal Functions.—The conferees agreed to provide $2,700,000 as proposed by the House instead of no funding as proposed by the Senate. This item is discussed under Operation and Maintenance, Air Force.

Other Conference Decisions.—The conferees agreed to provide the amounts indicated below for all programs under consideration by the committee of conference:

[In thousands of dollars]

	House amount	Senate amount	Conference amount
Authorization reduction	−2,700		
Permanent change of station	493,400	490,800	490,800
Intelligence	199,400	200,600	200,000
ACE program	4,900	3,900	4,400
Personnel standards	2,000		
Family practice	200		200
MAC Deputy Commander for Maintenance	400		
Intermediate aircraft maintenance	10,000		8,600

Reserve personnel, Army

Amendment No. 5: Appropriates $555,600,000 instead of $546,249,000 as proposed by the House and $556,400,000 as proposed by the Senate.

The conferees reached agreement with respect to the following areas of difference as explained below:

Transfer of Positions from Pay Group A and B to D.—The House proposed to transfer all reserve personnel engaged in legal, chaplaincy, public affairs, civil affairs and research and development activities from pay categories A and B to pay category D. The Senate disagreed with this proposal. The House recedes to the Senate position and restores $8,900,000 to Reserve personnel, Army.

The conferees agree with the House that there are varying degrees of training required to maintain military proficiency of the reserve components. The conferees direct that the Secretary of Defense, in conjunction with the reserve components, develop training criteria for each military occupation and skill in the reserves and justify and report to the Congress the requirement for that occupation or skill to engage in various levels of training. This should be related to unit mission and development requirements.

The Department shall also provide to the Congress a report on all reserve units with their mobilization assignments, deployment schedules, authorized and on-board strength and readiness status. These reports are to be provided by February 1, 1978.

The conferees also urge that the Armed Services Committees of the House and Senate address the question of reserve training requirements and readiness.

Reserve Reenlistment Bonus.—The conferees agreed to provide the Army Reserve with $2,000,000 as proposed by the Senate instead of $1,500,000 as proposed by the House for a one-year test of the reserve reenlistment bonus. The House proposed to distribute the $5,000,000 authorized amount to all six reserve components and the Senate chose to fund only the Army Reserve and Guard in order to gather test data on this bonus. The Senate report language on this matter shall apply.

Transfer of Maintenance Functions from Active Forces.—The conferees agreed not to transfer certain maintenance personnel from the active forces to the reserve components during fiscal year 1978 as proposed by the Senate. The $800,000 added by the Senate for this has been deleted. This item is discussed in Military personnel, Army.

Reserve personnel, Navy

Amendment No. 6: Appropriates $206,075,000 as proposed by the Senate instead of $204,975,000 as proposed by the House.

The conferees reached agreement with respect to the following areas of difference as explained below:

Additional TAR Officer Billets.—The conferees agreed to the Senate position on the TAR program and decided not to transfer 100 Navy officers and $2,400,000 to the Navy Reserve. This item is further discussed under the heading Military personnel, Navy.

Reserve Reenlistment Bonus.—The conferees agreed to provide no funding for the Navy Reserve reenlistment bonus program as proposed by the Senate instead of $500,000 as proposed by the House. This is discussed under Reserve personnel, Army.

Reduction of MAC Airlift Funding.—The conferees agreed with the House position to review the proposed transfer of Navy Reserve C-118 airlift support for another year. The House provided no funding for this transfer in FY 1978; the Senate had provided $4,000,000. This is discussed under Military personnel, Navy.

Navy Reserve Funding Shortfall.—The Department of Defense advised the conferees that funding provided in both the House and Senate versions of the bill was inadequate

to fund 87,000 paid drill strength. The Congress intends to fund this full authorized strength. For this reason, the conferees have agreed to recede to the Senate in regard to the funding level but not to fund additional TAR officers or the reserve reenlistment bonus. This provides $2,900,000 for additional paid drill funding.

Reserve personnel, Marine Corps

Amendment No. 7: Appropriates $78,700,000 as proposed by the Senate instead of $79,025,000 as proposed by the House.

The conferees reached agreement with respect to the following areas of difference as explained below:

Transfer of Positions from Pay Groups A and B to D.—The conferees agreed to the Senate position in regard to the transfer of Marine Corps reservists from Pay Categories A and B to D and restored $200,000 to this appropriation. This is discussed in Reserve personnel, Army.

Reserve Reenlistment Bonus.—The conferees agreed to provide no funding for the Marine Corps reserve reenlistment bonus program as proposed by the Senate, instead of $500,000 as proposed by the House. This is discussed under Reserve personnel, Army.

Reserve personnel, Air Force

Amendment No. 8: Appropriates $171,400,000 instead of $168,795,000 as proposed by the House and $174,400,000 as proposed by the Senate.

The conferees reached agreement with respect to the following items as discussed below:

Transfer of Positions from Pay Groups A and B to D.—The conferees agree to the Senate position in regard to the transfer of reservists from pay categories A and B to D and restored $1,800,000 to this appropriation deleted by the House. This is discussed under Reserve personnel, Army.

Reserve Reenlistment Bonus.—The conferees agreed to provide no funding for the Air Force Reserve reenlistment bonus program as provided by the Senate instead of $500,000 as proposed by the House. This is discussed in Reserve personnel, Army.

Transfer of Maintenance Functions to the Reserves.—The conferees agreed not to transfer certain maintenance functions from the active forces to the reserves. The $3,000,000 added by the Senate for this purpose has been deleted. This item is further discussed under the heading Military personnel, Army.

WC-130 Support.—The conferees agreed to provide $1,300,000 for WC-130 special training as proposed by the Senate instead of no funding as proposed by the House.

National Guard personnel, Army

Amendment No. 9: Appropriates $782,500,000 as proposed by the Senate instead of $779,100,000 as proposed by the House.

The conferees reached agreement with respect to the following items as discussed below:

14 Days Active Duty Training.—The conferees agreed to the Senate position in regard to the transfer of National Guard personnel from pay group A to 14 days of active duty training, and restored $6,000,000 deleted by the House. This is discussed under Reserve personnel, Army.

Reserve Reenlistment Bonus.—The conferees agreed to provide $3,000,000 as proposed by the Senate for the Army National Guard Reserve reenlistment bonus instead of $1,500,000 as proposed by the House. This is discussed under Reserve personnel, Army.

Career Counselors.—The conferees agreed to provide $5,200,000 as proposed by the Senate instead of $9,300,000 as proposed by the House for the career counselor program as well as the language directing a test of this program by the Senate committee report.

National Guard personnel, Air Force

Amendment No. 10: Appropriates $231,800,000 as proposed by the Senate instead of $228,903,000 as proposed by the House.

The conferees reached agreement with respect to the following items as discussed below:

14 Days Active Duty Training.—The conferees agreed to the Senate position in regard to the transfer of Air National Guard personnel from pay category A to 14 days active duty training, and restored $3,400,000 deleted by the House. This is discussed under Reserve personnel, Army.

Reserve Reenlistment Bonus.—The conferees agreed to provide no funding for the Air National Guard reserve reenlistment bonus program as proposed by the Senate instead of $500,000 as proposed by the House. This is discussed under Reserve personnel, Army.

Other matters related to title I

The following report language was addressed by the conferees and agreed to as follows:

The conferees agreed with the House position that paid drill and active duty training time for reservists should not be used for reserve recruiting or retention activities. The Congress has increased full-time recruiting and retention personnel by more than 3,000 in the past year for these purposes. The conferees are concerned about the continuation of this practice by the reserve components, contrary to the explicit prohibition of it by both committees. Paid drill time and active duty training are justified to the Congress as necessary to maintain readiness and proficiency.

In light of current strength shortfalls, the conferees agree to permit the reserve components to use active duty and paid drill time in recruiting and retention activities only to the extent necessary to honor commitments already made to individual reservists until August 15, 1977. The Department is directed to collect data and submit to the Congress a report on the amount of reserve paid drill and active duty training time spent in recruiting and retention activities in FY 1978 by all reserve components and include in the FY 1979 budget a request for funds to conduct part-time recruiting activities, if necessary. This is not intended to limit the responsibilities or duties of unit commanders to conduct recruiting or retention activities.

TITLE III—OPERATION AND MAINTENANCE

The following items addressed by the conferees apply to all the operation and maintenance appropriations of the Department of Defense.

Inflation and Secretary of Defense Readiness Fund

The House reduced the total inflation request in all appropriations by $47,300,000, while the Senate made a reduction of $498,600,000, stipulating that only items related to military readiness would be funded. The conferees agreed to provide an additional $250,400,000 above the amount in the Senate bill for a net reduction from the budget request of $248,600,000. The budget request included $1,240,800,000 for inflation. The conferees further agreed that amounts provided for inflation would be used, to the maximum extent possible, to sustain and enhance military readiness, and would not be diverted to other purposes. The conferees agreed that they would provide no funds for items that are not related to military readiness since the DOD must cope with inflation in those areas in the same fashion as all other federal agencies, none of which is permitted to budget for inflation.

Because the conferees agreed to restore a substantial portion of the Senate reduction that is related to readiness, agreement was also reached that $100,000,000 instead of $300,000,000 as proposed by the Senate would be provided for the Secretary of Defense Readiness Fund. This was an unbudgeted item, added by the Senate, to sustain and enhance military raediness through transfers to the operation and maintenance appropriations. The House conferees noted the problem associated with such a fund, recalling the Department's actions with respect to the Emergency Fund, Defense appropriation that was provided in previous years. Because the Department of Defense indicated that it did not enthusiastically support the Senate approach, the conferees agreed to the reduced amount in order for the DOD and Congress to evaluate this concept during the next fiscal year to determine if its continuation is deemed advisable. The conferees agreed to the Senate requirement for notification reprogramming prior to transfer of these funds.

Civilian personnel reductions and base operating support (BOS)

The House made a reduction of $96,000,000 and 12,100 manyears in civilian personnel. The Senate made a reduction of $245,400,000 and 14,566 manyears, of which $181,300,000 and 10,730 manyears was related to base operating support costs (BOS).

The conferees noted that the authorization act requires reductions totaling 12,100. Accordingly, the conferees agreed to a total funding reduction of $170,000,000 and 12,100 manyears for civilian personnel. The individual service dollar adjustments are stipulated in each account. The military departments are to apply this reduction to the lowest priority civilian personnel programs, including, where feasible, reductions in base operating support civilian positions.

The conferees noted that the Senate analysis relating to BOS has certain limitations and, therefore, directs DOD to implement the language recommendations concerning BOS definitions and reports delineated in the Senate report.

High school completion programs

The conferees have agreed to funding reductions in the military services requests as indicated elsewhere in the statement of managers.

Both committees expressed considerable concern over the implications of attempting to correct educational deficiencies with programs that require school attendance during duty hours. The reductions made by the conferees reflect this concern. There has been an indication from the military departments that they also recognize the problem and are moving in the direction of off-duty programs. If the Department moves to total off-duty high school education by FY 1979, the committee will consider fully funding off-duty programs in FY 1979.

The conferees believe that more effective use of these monies would result from programs that emphasize basic educational skills prior to enlistment. Accordingly, prior to fiscal year 1979, the Secretary of Health, Education, and Welfare and the Secretary of Labor, in coordination with the Secretary of Defense, are requested to develop a basic skill program using available resources and expertise. This program will be developed to support the educational competencies required by the military services.

This program is to be designed to provide prior to enlistment: (1) the functional literacy needed for military occupations; (2) correct basic education skill deficiencies; and (3) document mastery of these skills, wherever possible, in terms of civilian academic credentials.

Airlift Services Industrial Fund

The Air Force request included $45.5 million in the operation and maintenance ap-

propriation to reimburse the Airlift Services Industrial Fund (ASIF) for the "cost" of a significant cabin load restriction placed on the C-5A. The House allocated the $45.5 million to the various O&M accounts and directed an ASIF tariff increase. The Senate accepted the budget request but made a direct reduction of $16.2 million to the C-5A flying hour program on the basis that the 3,514 hours of the 14,212 hours programmed for flying unloaded are not necessary. The Senate stated: "The Air Force should give serious consideration to maintaining a significantly reduced readiness posture for the C-5 aircraft until such time as those structural problems have been resolved."

The conferees agreed to provide the $45.5 million as requested in the budget request and to restore the $16.2 million deleted for unloaded flying. These funds are restored with the clear understanding that the conferees are not satisfied with the manner in which the Air Force/DOD is operating the C-5A fleet. Prior to obligating the last $20 million of the $94.6 million provided for unloaded or restricted flying, the Air Force will provide to the Appropriations Committees specific detailed justification for not using C-5A aircraft in the Continental United States (CONUS), for the movement of military cargo and military passengers. It is apparent that such use could reduce the amount spent for commercial transportation at a time when national policy requires the conservation of scarce energy resources. Use of these aircraft in CONUS could also help to reduce total flying hours and preserve the limited wing life of the C-5 while providing more "event intensive" training for an equal number of hours. The conferees also agreed to require the Air Force to examine carefully crew proficiency requirements, and report to the Committees not later than March 1, 1978, on possible measures that can be taken to reduce to an absolute minimum (i.e., below that now contemplated by the Air Force) the utilization of the C-5. The Air Force should give serious consideration to maintaining a significantly reduced readiness posture for C-5 aircraft until such time as the C-5 structural problems have been resolved. The $20,000,000 should not be obligated pending submission of a report covering the above matters.

Navy C-118 airlift operations

The House proposed to defer for one year a decision made by the previous administration which would have the Military Airlift Command (a Specified Command) provide airlift services for all DOD users. The Senate receded to the House position with the understanding that this matter will be given further review by the DOD and the appropriate congressional committees. The Department should prepare a detailed report, for submission with the FY 1979 budget, which will serve to justify whatever position the Department takes on the subject of continuing separate Navy airlift operations, procurement of additional aircraft, etc.

Centralized co-op program

The House deleted $2.8 million for this program on the grounds that it constituted reverse discrimination and subverted the civil service merit system. The Senate did not restore the funds but directed that the program be continued from available resources. The conferees agreed to continue the program pending further review with the understanding that all personnel will be required to take the appropriate civil service examinations prior to being given career appointments in the civil service. Individuals taking the exam need not pass it with a score which places them at the top of the register since they have, through on-the-job training, indicated their ability to perform. They should, however, complete the examination with a passing score of 80. This direction should be applied to all co-op programs managed by the Department of Defense.

Depot maintenance reprogramming

The House added $146.1 million above the budget request for various depot maintenance programs, and the Senate concurred in that increase in order to improve readiness of the military forces.

The Senate directed that all of the funds appropriated in the bill for depot maintenance be used only for that purpose and not reprogrammed, while the House included no such stipulation.

The conferees adopted the Senate limitation with respect to reprogramming depot maintenance funds. The conferees are convinced that in view of the rate stabilization, the provision for inflation and the Secretary of Defense readiness fund, reprogramming from these activities cannot be justified. The conferees expect to see significant improvements in the material readiness of the military services as a result of these actions. The conferees further direct that the Services are to make every effort to overhaul the number of ships, aircraft, major vehicles, and exchangeable items for which funds were appropriated in this bill.

Privacy Act/Freedom of Information Act training

The conferees agreed that further efforts by the DOD to develop courses of instruction on the operation of the Privacy Act and the Freedom of Information Act should be terminated. The $2,400,000 previously appropriated in the 1977 Operation and Maintenance, Army account is not to be used for this purpose.

Other matters addressed by only one committee

The reports of both the Senate and House Committees contain numerous requests for additional studies and data including requests to cooperate and support investigations and reviews by special committee staffs and the General Accounting Office. These requests do not involve substantive changes in terms of resources allocation or operating procedures. In addition, certain recommendations relating to changes in justification materiel were also made. The conferees direct the Department of Defense to treat these requests as being approved by the Committee of Conference, unless this report clearly states that the Committee of Conference has not adopted a request of this nature. This direction applies to all titles of the bill.

Operation and maintenance, Army Amendment No. 11: Appropriates $8,139,413,000 instead of $8,369,746,000 as proposed by the House and $7,949,376,000 as proposed by the Senate.

Procurement of Snowmobiles.—The House deleted $2,873,000 for the procurement of snowmobiles. The conferees agreed to the restoration of $2,591,000 as proposed by the Senate. None of the funds provided is for the procurement of snowmobiles.

Area Handbooks.—The House made no reduction in the request for Area Handbooks providing the budgeted amount, while the Senate made a reduction of $1.1 million, providing $700,000. The House conferees indicated that it was their intent to provide $700,000 for Area Handbooks—the same level provided in 1977. The Senate conferees also indicated that it was their intent to provide $700,000; however, the Army had advised the Senate Committee that $1.8 million was budgeted.

The Army advised the conferees that upon rechecking, only $700,000 was budgeted, hence the intent of both Houses would be sustained if the $1.1 million reduction made by the Senate was restored. The conferees agreed to restore this $1.1 million, providing a total in the bill of $700,000 for the Area Handbooks, the same as in 1977. The conferees further direct that this program not be terminated as recommended in the Senate report, but be considered again in fiscal year 1979, if deemed advisable by the Secretary of Defense. Area Handbooks are of special interest to both Committees.

Division Restructuring Study.—The conferees have agreed to restore the funds deleted ($8.5 million) by the Senate for this study. There remains some uncertainty as to just how much funding has been requested for this study.

Both Committees have expressed reservations on this matter. The Army is expected to comply with the Committee reports and submit a detailed study and financial plan prior to obligating any FY 1978 funds for this purpose.

Academy Visitor Program.—The conferees agreed to a reduction of $28,000 for the Educator Visitation program at West Point as proposed by the Senate. The House did not specifically address this program.

NORTHAG-Stationing of U.S. Troops in Northern Germany.—The budget request includes $27.2 million in operating costs, $12.8 million for construction, $6.8 million for military personnel and $1.7 million for housing a single U.S. armored brigade in Northern Germany. The budget also included a total of 701 personnel, including a request to hire 620 additional civilian personnel. These personnel are mostly German nationals. The conferees have agreed to the reduction of 271 positions as proposed by the Senate pending additional justification by the Army. The House report also raised some questions on the issue of stationing U.S. Army forces in Northern Germany. The Army has been somewhat less than "straightforward" with the Congress on this matter. The need to protect classified information precludes a detailed explanation in this report.

Army Automatic Data Processing.—The Senate report placed certain restrictions on the purchase of new computers to replace Univac 494 computers used to support the military pay system (JUMPS). It is the opinion of the conferees that the Army has met these restrictions except for justification of a worldwide interactive network. Therefore, no objection is interposed to resuming activities which will lead to the competitive purchase of a new system so long as no costs are incurred for the purchase of hardware or software related to an interactive worldwide system.

Summary.—In addition, the conferees agreed to provide the amounts indicated in the following table for all other items under consideration by the Committee of Conference:

OPERATION AND MAINTENANCE, ARMY

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	283.1	280.3	135.1	185.1
Real property maintenance and repair	527.2	547.2	527.2	537.2
Disposal of military equipment	44.4	28.6	27.6	27.6
Base operating support reduction			−106.9	−58.5
Civilian personnel (general reduction)		−28.0		
Airlift services industrial fund	77.7	91.7	77.7	77.7
Training extension courses	30.0	30.0	20.7	25.4
Pay for Korean Nationals, wage scale adjustments			−4.7	−4.7
Support companies	.8	.8		
Post exchange transportation subsidy	39.4	39.4	2.4	39.4
High school completion program	19.2	19.2	.9	9.0
OSHA compliance	9.5	9.5		4.8
TDY training	34.1	34.1	31.1	31.1
Medical unit self-contained (MUST)	4.5	4.5	3.0	4.5
Electronic warfare improvement	1.0	1.0		.4
Maintenance support unit expansion	14.8	14.8	11.5	13.3
Intelligence reduction		−.3	−.3	−.5
Conversion in-house to contract	12.0	12.0	8.0	12.0

	Budget	House	Senate	Conference
Air defense manning increase	2.6	2.6	-------	2.6
Bold Eagle exercise	3.5	3.5	-------	3.5
George Marshall Foundation travel	.1	.1	-------	.1
Civilian education	5.4	5.4	4.7	4.7
Military manyear related reductions			−31.7	-------
Helicopter pilot training consolidation	18.2	18.2	-------	-------
Military bands	2.6	2.6	2.1	2.4

Real Property Maintenance Limitation

Amendment No. 12: The House directed that not less than $500,000,000 of the total provided for Operation and Maintenance, Army, would be available only for the maintenance of real property facilities. The Senate included $480,000,000 for this purpose. The conferees agreed that not less than $490,000,000 shall be available only for the maintenance of real property facilities.

Operation and maintenance, Navy

Amendment No. 13: Appropriates $10,743,263,000 instead of $10,832,191,000 as proposed by the House and $10,573,563,000 as proposed by the Senate.

Systems Engineering and Management.—The House made a reduction of $7,500,000 and directed that staff layering be reduced. The Senate was sympathetic to the views expressed in the House report, but restored $3,000,000. The conferees agreed to the House reduction and further agreed that they expected that this will result in a reduction of not to exceed 250 civilian personnel. The conferees further agreed that such a reduction of civilians is not to be applied against project managers and support personnel engaged in ship acquisition and conversion.

Pacific Consolidation.—A reduction of $5.5 million made by the Senate to the Navy O&M appropriation has been restored with the understanding that these funds will be used to provide services to the Army, Marine Corps and Air Force through additional interservice support agreements and thereby eliminate unnecessary duplication of support activities in Hawaii and Okinawa, in particular.

Areas where the conferees believe that further support consolidation could be implemented include helicopter maintenance, calibration facilities in Hawaii, civilian personnel offices in Japan and Okinawa, procurement offices in Japan, Okinawa and Hawaii, and Army real property maintenance in Okinawa. The funds are provided for further consolidation in these functional areas. The Department will report on actions taken toward further consolidation in conjunction with the FY 1979 budget submission.

Automatic Data Processing Selection Office.—The Senate deleted $1,113,000, the entire amount budgeted for the Automatic Data Processing Selection Office (ADPSO) on the ground that this activity was not required in view of the consolidation of Navy ADP activities under the Naval Data Automation Command (NAVDAC). The House made no similar reduction.

The conferees agreed to the deletion of $1,113,000 from Automatic Data Processing activities of the Navy to be allocated against any activity determined by the Navy. This may include both NAVDAC and ADPSO. The Navy is directed to eliminate overlap of ADP office coverage within the various Navy staffs.

Navy Photographic Operations.—The conferees agreed to the reduction of $450,000 as proposed by the Senate. The conferees further direct that an actual reduction in funding take place and that contract services not be procured to offset the reduction.

Defense Resources Management Center.—The Senate deleted $679,000, the full amount requested for the Defense Resources Management Center in Monterey, California. The Senate reduction was based on the view that courses at the Center duplicate courses at the war colleges, other special schools, and the fully funded graduate programs designed specifically for such things as training in comptrollership. The House made no similar reduction.

The conferees agreed to the Senate reduction with the understanding that funds can be reprogrammed for its operation with the prior approval of the Committees. However, as a part of submitting any reprogramming action, the Department of Defense is directed to identify and provide to the Committees a report on the location, costs, civilian and military manyears, and training load for all programs at war colleges, special schools, and graduate education fully or partially funded by DOD where the course content is similar to that provided at the Defense Resources Management Center.

Naval Air Facility, Washington, D.C.—The conferees agreed to restore $4,000,000 of the $5,524,000 deleted by the Senate for the Naval Air Facility at Andrews Air Force Base. These funds are restored with the understanding that they will be used for support of Naval and Marine Corps Air Reserve units including aircraft intermediate maintenance, facilities maintenance, bachelor officer and enlisted quarters, etc. Specifically excluded from funding are terminal and passenger services for administrative flight operations. The Navy is directed to work out an agreement with the Air Force for joint use of the one terminal at Andrews Air Force Base.

Summary.—In addition, the conferees agreed to provide the amounts indicated in the following table for all other items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE, NAVY

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	589.7	561.6	410.1	510.6
Maintenance of real property	291.6	311.6	291.6	301.6
Recruit advertising	17.2	16.2	17.2	17.2
Tactical flying hour program	620.8	601.0	597.5	597.5
Continuation of C-117/C-118 aircraft	22.4	3.7	5.0	3.7
Airlift services industrial fund rates		10.5	-------	-------
Catapults and arresting gears	30.9	27.5	24.4	27.5
Intelligence programs	167.7	163.7	167.4	166.3
Civilian personnel general reduction		−22.0	-------	-------
Base operating support reduction			−35.4	−6.6
KC-130 flying hours, Marine Corps	14.3	14.3	12.4	14.3
Procurement operations increases			−1.6	−1.6
Manufacturing technology	5.7	5.7	1.1	5.7
Postal personnel reduction			−2.0	-------
Post exchange transportation subsidy	13.9	13.9	1.6	13.9
High school completion program	3.2	3.2	-------	1.6
Bangor Trident missile activation	108.6	108.6	102.9	105.7
Flying hours unified commands	1.4	1.4	1.1	1.1
Reforger	4.2	4.2	1.9	4.2
Strategic systems analysis	1.3	1.3	-------	-------
Aviation command information system	4.1	4.1	2.8	2.8
Property disposal	8.2	8.2	5.3	6.7
Ship disposal	1.1	1.1	.6	.9
Carrier technical support	1.0	1.0	.8	.8
Fleet inprovement services	1.7	1.7	1.5	1.5
Visibility of support costs	2.2	2.2	1.1	2.2
Equipment systems			−2.3	−2.3
Motion picture services	6.3	6.3	3.7	3.7
Medical supply recoupment	3.5	3.5	-------	3.5
Other health activities	6.5	6.5	-------	6.5
Military man-year reductions			−5.3	-------
Helicopter training consolidation			9.0	9.0
Military bands	.9	.9	.7	.8

Real Property Maintenance Limitation

Amendment No. 14: The House directed that not less than $285,000,000 of the total provided for Operation and Maintenance, Navy, would be available only for the maintenance of real property facilities. The Senate included $265,000,000 for this purpose. The conferees agreed that not less than $275,000,000 shall be available only for the maintenance of real property facilities.

Operation and maintenance, Marine Corps

Amendment No. 15: Appropriates $615,628,000 instead of $633,449,0000 as proposed by the House and $592,001,000 as proposed by the Senate.

Summary.—Major items which affect all DOD Operations and Maintenance appropriations were discussed earlier under the heading Title III. In addition, the conferees agreed to provide the amounts indicated in the following table for all other items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE, MARINE CORPS

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	21.9	20.4	7.7	15.8
Maintenance of real property	85.7	99.0	85.7	92.8
Continuation of C-118 support	3.1	-------	1.0	-------
Airlift services industrial fund rates		1.0	-------	-------
Strength authorization reductions		−2.0	-------	-------
Base operating support			−5.8	−2.7
Expense-type allowance items	12.0	12.0	5.9	8.9
Deferred fiscal year 1976 travel costs	26.5	26.5	26.2	26.2
Pacific consolidation	3.5	3.5	2.5	3.5
Military manyear reductions			−4.2	-------
Military bands	.4	.4	.3	.3

Real Property Maintenance Limitation

Amendment No. 16: The House directed that not less than $93,300,000 of the total provided for Operation and Maintenance, Marine Corps would be available only for the maintenance of real property facilities. The Senate included $80,000,000 for this purpose. The conferees agreed that not less than $86,650,000 shall be available only for the maintenance of real property facilities.

Operation and maintenance, Air Force

Amendment No. 17: Appropriates $8,335,279,000 instead of $8,346,886,000 as proposed by the House and $8,191,862,000 as proposed by the Senate.

Air Force Automatic Data Processing and Project MAX.—The House reduced Air Force Automatic Data Processing (ADP) by $45 million, including a $10 million reduction to Project MAX. The Senate restored $30 million, but retained the reduction against Project MAX. The Senate report included language relating to Project MAX, as well as a general provision prohibiting use of any of the funds in the bill for the Project MAX or Mini-MAX.

The conferees agreed to restore $15 million of the House reduction, and to strike the Senate general provision relating to MAX/Mini-MAX. The conferees direct that no funding for the Phase IV Base Operations ADP system be spent until a complete report on MAX, interim ALS and the various wholesale level systems is provided to the Committees.

The conferees further agreed that the Department is to comply in full with the Senate report language appearing on pages 61 and 62 of the Senate report. Furthermore, no funds are to be spent in fiscal year 1978 for Project MAX or any portions thereof or related thereto until the Department of

Defense has specifically delineated to the Committees its overall plan for Project MAX and the various other systems that previously were a part of ALS, interim ALS, etc., and the Appropriations Committees have approved the plan.

Accelerated Copilot Enrichment Program.—The Senate recommended a reduction of $2.1 million below the House bill for the Accelerated Copilot Enrichment (ACE) program, stating that they had serious reservations about the utility of the program. The conferees noted that this concept was tested by the Tactical Air Command (TAC), the Military Airlift Command (MAC), and the Strategic Air Command (SAC). Both TAC and MAC rejected the program as not appropriate or cost-effective, yet SAC decided to continue with it.

The conferees agreed to restore $1,050,000 of the Senate reduction; however, the Department of Defense is directed to reexamine the ACE program and report to the Committees not later than December 31, 1977, addressing the concerns outlined in the Senate report, as well as providing an analysis of whether or not this program is cost-effective. If it is cost effective for SAC, an explanation is required as to why it is not cost effective for MAC.

Defense Institute for Foreign Military Sales.—The Senate made a reduction, of $750,000 to the House bill, but receded to the House on this matter. However, the conferees direct that the Department of Defense insure that no direct funding is provided for this institute and that it be solely funded from reimbursements from foreign sales.

Postal Service Conversion.—The conferees rejected the Senate proposal to add $3.5 million to convert Air Force postal operations to contract labor or government civilians. The funds added for this purpose have been deleted. The conferees continue to believe that the U.S. Postal Service should provide postal services to military personnel stationed in the U.S. on the same basis as it provides to any other citizen. Accordingly, the conferees direct the Department to expedite negotiations with the U.S. Postal Service to reach this objective.

NAVSTAR.—The Senate receded from its reduction of $2.1 million for the NAVSTAR system since the funds had already been deleted by the House and agreed to by the Senate under the heading "transfers to RDT&E". This restoration in no way constitutes approval of funding for any NAVSTAR work in the O&M appropriation.

Air Defense Enhancement.—The conferees agreed to the restoration of $2.4 million of the $2,735,000 deleted by the Senate. Funds have not been included for the additional training of F-106 pilots since they have already undergone considerable special air defense mission training.

Family Practice.—The Senate deleted $33,000 requested to support physician training in family practice medicine. The House made no similar reduction. The conferees agreed to restore the funding.

Foreign Military Sales Transportation Charges.—The House made a reduction in the requests for transportation in both the operation and maintenance and procurement appropriations. These reductions were the result of a failure by the military services to charge foreign customers for transportation and packing and crating charges associated with foreign sales. The Senate agreed with the House reductions.

The reductions were based upon data (Object Class 22) submitted as a part of the President's budget. The Air Force budget submission contained erroneous data which resulted in a request for transportation which was considerably higher than the actual amounts the Air Force expects to spend. This resulted in a larger reduction than would have been applied had the Air Force budget submission included accurate data. Accordingly, the conferees agreed that the Air Force may reprogram sufficient funds to cover the actual costs of transportation, less amounts to be received from foreign customers in accordance with the guidance in the House report. The Committees are to be notified as to the amounts and reasons for all reprogrammings related to this matter.

Air Force ROTC Scholarship.—The conferees agreed to initiate the funding of 235 additional ROTC scholarships. The Air Force requested funding ($24,000) to pay for 475 scholarships for one month, September 1978. The House deleted the funds. A Senate floor amendment restored the funds. These additional scholarships are to be awarded to students pursuing scientific and technical-engineering courses of instruction. Any additional shortage in scholarships for students pursuing scientific and technical courses will be resolved by the conversion of a portion of the 4,775 scholarships included in the bill. A significant portion of these scholarships become available each year for award as students finish their course of instruction or drop out of the program.

Summary.—In addition, the conferees agreed to provide the amounts indicated in the following table for all other items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE, AIR FORCE

[In millions of dollars]

	Budget	House	Senate	Conference
Perimeter acquisition radar	18.5	--------	18.5	18.5
Inflation	218.9	209.6	100.6	180.6
Maintenance of real property	547.9	567.9	547.9	557.9
C-5A allowable cabin load	45.5	--------	45.5	45.5
Airlift services industrial fund rate	--------	19.9	--------	--------
Intelligence programs	209.2	207.6	208.3	211.6
Intelligence related programs	310.9	304.3	310.9	304.1
Strength authorization reduction	--------	−16.0	--------	--------
Base operating support	--------	--------	−33.2	−10.9
Standards application	1.6	1.6	--------	--------
C-5 unloaded hours	16.2	16.2	--------	16.2
Korea indirect hire personnel	6.7	6.7	6.2	6.2
Civilianize Air Force audit agency	11.2	11.2	17.6	12.5
SR-71 contract studies	2.5	2.5	--------	2.5
High school completion programs	3.1	3.1	2.4	2.8
Electronic warfare training, United Kingdom	51.0	51.0	47.0	50.6
Additional WWMCCS disc	21.8	21.8	21.6	21.6
GPS-10 spacetrack radar	3.9	3.9	2.6	3.9
T-39 flying hours	38.4	38.4	38.0	38.0
Tactical fighter weapons center contract services	13.1	13.1	11.4	11.4
Tactical intelligence squadrons	1.3	1.3	--------	.7
Airborne Command Post (NEACP)	8.6	8.6	6.1	8.6
TV production training	.8	.8	--------	.8
OSD/Air Staff computer support	16.1	16.1	13.4	13.4
Logistics readiness	25.9	25.9	--------	18.0
Military manyear reductions	--------	--------	−12.7	--------
Area support	18.3	18.3	15.0	16.7
Eastern test range downrange support	2.0	2.0	−1.0	1.0
Flying hours-additional logistics personnel	10.6	10.6	--------	5.3
Military bands	1.7	1.7	1.4	1.5

Real Property Maintenance Limitation

Amendment No. 18: The House directed that not less than $518,000,000 of the total provided for Operation and Maintenance, Air Force, would be available only for the maintenance of real property facilities. The Senate included $500,000,000 for this purpose. The conferees agreed that not less than $509,000,000 shall be available only for the maintenance of real property facilities.

Operation and Maintenance, Defense Agencies

Amendment No. 19: Appropriates $2,827,574,000 instead of $2,896,468,000 as proposed by the House and $2,809,686,000 as proposed by the Senate.

Defense Security Assistance Agency.—The Senate reduced the request for the Defense Security Assistance Agency by $100,000 for additional personnel. The House included no such reduction.

The Senate agreed to recede since DOD advised that these personnel were funded on a reimbursable basis from Foreign Military Sales administrative charges. However, DOD is directed to insure that these personnel are indeed funded from reimbursable sources, and that no direct appropriations be provided for the Defense Security Assistance Agency.

Tri-Service Medical Information System (TRIMIS).—The House reduced the funds for the Tri-Service Medical Information System (TRIMIS) by $7,000,000. The Senate restored these funds, but indicated strong concern about program management and system development.

The conferees agreed to the reduction recommended by the House. DOD is directed to reevaluate the fiscal year 1978 TRIMIS funding requirements, and to the extent that the funds in the bill are inadequate, the Committees will consider a reprogramming request.

The conferees further direct that TRIMIS be placed under the Defense System Acquisition Review Council (DSARC) system as recommended by the Senate. Further, the Department is to provide to the Committees the report requested in the Senate report, addressing the various management concerns raised therein.

TRIMIS is of special interest to both Committees.

Conversion of Armed Forces Radio-Television Network to Nonappropraited Fund Status.—The Senate reduced the request for the Armed Forces Radio-TV Network (AFRTVN) by $2,000,000 below the House and $3,000,000 below the budget and recommended that it be converted to nonappropriated fund status, with revenues to be derived from commercial advertisements.

The conferees agreed that the conversion needs further study prior to implementation, and restored $1,000,000. Also, restrictions on the use of Mini-TV suggested by the Senate were not agreed to by the conferees. The Department of Defense is directed to study the feasibiltiy of conversion to nonappropriated fund status and provide a detailed report on this subject not later than February 1, 1978. The report should specifically address the present situation with respect to the use of commercial advertisements, citing the legal impediments to any such action, if there are any. Should the use of commercial advertisements be considered infeasible for other reasons, they should be explicitly delineated, with specific request to modification of any restrictive covenants or practices now in effect that could be changed.

Defense Logistics Agency.—Three separate actions affecting the Defense Logistics Agency were under consideration by the conferees. These included supply support activities, contract administration services and the Defense Integrated Data System (DIDS). A total request of $892,900,000 was considered by the Committee of Conference. It was decided that a total of $845,662,000 should be provided. This amount is approximately $10.5 million more than the House provided and $10.3 million less than the Senate provided. The reduction of $47 million is to be allocated by the Secretary of Defense.

The Committee of Conference also directs that the Defense Logistics Agency/OSD prepare a written response on each of the three areas of concern discussed in the Committee reports to include detailed explanations of action taken or pending to correct deficiencies identified by the Committees and the General Accounting Office.

CHAMPUS.—The Senate added certain new subsections to the general provision which addresses the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). These changes resulted in a reduction to the amount provided for CHAMPUS. As explained later in this report (Amendment No. 63), the conferees rejected most of the Senate proposals. Therefore, $6,900,000 deleted by the Senate as a result of increasing the basic hospital admission charge and $4,900,000 deleted as a result of converting to Medicare reimbursement rates as proposed by the Senate were not agreed to. The Committees will undertake to review these proposals further with a view toward their implementation in fiscal year 1979. The conferees agreed to the $1,000,000 reduction proposed by the Senate resulting from competitive bidding for the proceessing of CHAMPUS claims. The conferees further agreed that CHAMPUS is to be permitted to continue to use the present request for proposal (RFP) for competitive claims processing. The Senate had proposed a moratorium on its use.

Summary.—In addition, the conferees agreed to provide the amounts indicated in the following table for all other items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	90.5	87.0	8.6	12.1
Overseas dependents education	270.5	265.5	261.9	261.9
Intelligence and communications (DCA, NSA, DIA):				
WWMCCS system engineering			−2.9	−2.9
Intelligence programs		8.5	−2.3	13.0
Intelligence related programs		.2	−1.4	−1.2
Communications programs		−7.7	−7.0	−3.2
Defense Audit service	11.0	9.8	11.0	10.4
Grade escalation			−4.0	−4.0

Amendment No. 20: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The House provided specific amounts for many of the individual defense agencies funded in this appropriation. In conference it was agreed to provide a lump sum appropriation as proposed by the Senate, except for operation and maintenance of the Defense Logistics Agency and the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) which are separately delineated. In addition, the conferees agreed to permit up to $5,000,000 to be used for loan guarantees. Loan guarantees are authorized under Title III of the Defense Production Act of 1950 as amended (50 U.S.C., Appendix 2091, 64 Statute 800). The conferees also agreed to retain a proviso inserted by the Senate which limits to $350,000 the amount that can be obligated to support activities of the Assistant Secretary of Defense for Health Affairs prior to February 1, 1978.

The amendment of the House to the amendment of the Senate follows:

Provided further, That $845,662,000 shall be available only for the Defense Logistics Agency and $614,583,000 shall be available only for the Civilian Health and Medical Program of the Uniformed Services: *Provided further,* That during fiscal year 1978 the Department of Defense may guarantee loans pursuant to Title III of the Defense Production Act of 1950 as amended (50 U.S.C., Appendix 2091, 64 Stat. 800) in an amount not to exceed $5,000,000: *Provided further,* That of this appropriation, not more than $350,000 may be obligated to support the personnel and activities of the Assistant Secretary of Defense for Health Affairs prior to February 1, 1978

Operation and Maintenance, Army Reserve

Amendment No. 21: Appropriates $380,796,000 instead of $394,725,000 as proposed by the House and $372,976,000 as proposed by the Senate.

Summary.—The conferees agreed to provide the amounts indicated in the following table for all items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE, ARMY RESERVE

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	8.6	8.1	3.1	3.7
Real property maintenance	20.8	27.3	20.8	24.0
Technicians	212.2	212.2	207.2	207.2
Printing requirements	2.4	2.4	2.3	2.3
Stockage levels	11.0	11.0	9.9	9.9
Travel	26.4	26.4	26.3	26.3
Advertising	9.1	9.1	5.1	9.1

Real Property Maintenance Limitation

Amendment No. 22: The House directed that not less than $26,100,000 of the total provided for Operation and Maintenance, Army Reserve would be available only for the maintenance of real property facilities. The Senate included $20,000,000 for this purpose. The conferees agreed that not less than $230,050,000 shall be available only for the maintenance of real property facilities.

Operation and maintenance, Navy Reserve

Amendment No. 23: Appropriates $316,290,000 instead of $321,090,000 as proposed by the House and $291,166,000 as proposed by the Senate.

Summary.—The conferees agreed to provide the amounts indicated in the following House and $16,095,000 as proposed by the Committee of Conference.

OPERATION AND MAINTENANCE, NAVY RESERVE

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	20.8	20.5	12.3	19.1
Continued operation of C-118 force		9.5		9.5
Flying hours (base operations)			−6.3	
Retired module	.9	.9		
Base support	75.6	75.6	70.6	73.1

Operation and maintenance, Marine Corps Reserve

Amendment No. 24: Appropriates $16,528,000 instead of $16,838,000 as proposed by the House and $16,095,000 as proposed by the Senate.

Summary.—The conferees agreed to provide the amounts indicated in the following table for all items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE. MARINE CORPS RESERVE

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	0.7	0.6	0.1	0.5
Supplies	6.2	6.2	6.0	6.0

Operation and Maintenance, Air Force Reserve

Amendment No. 25: Appropriates $374,349,000 instead of $374,530,000 as proposed by the House and $373,944,000 as proposed by the Senate.

Summary.—The conferees agreed to provide the amounts indicated in the following table for all items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	5.5	5.3	4.0	4.2
Real property maintenance	12.1	12.5	12.1	12.3
Reserve personnel center	10.2	10.2	10.0	10.0
Weather support to NOAA	4.6	3.3	4.6	4.6

Real Property Maintenance Limitation

Amendment No. 26: The House directed that not less than $11,200,000 of the total provided for Operation and Maintenance, Air Force Reserve would be available only for the maintenance of real property facilities. The Senate included $10,800,000 for this purpose. The conferees agreed that not less than $11,000,000 shall be available only for the maintenance of real property facilities.

Operation and Maintenance, Army National Guard

Amendment No. 27: Appropriates $745,666,000 instead of $758,921,000 as proposed by the House and $745,239,000 as proposed by the Senate.

Summary.—The conferees agreed to provide the amounts indicated in the following table for all items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

[In millions of dollars]

	Budget	House	Senate	Conference
Inflation	14.5	13.9	3.9	4.3
Technician travel	6.1	6.1	5.4	5.4
Second destination transportation	14.3	14.3	11.3	11.3

Operation and Maintenance, Air National Guard

Amendment No. 28: Appropriates $825,207,000 instead of $831,200,000 as proposed by the House and $823,468,000 as proposed by the Senate.

Summary.—The conferees agreed to provide the amounts indicated in the following table for all items under consideration by the Committee of Conference.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

[In millions of dollars]

	Budget	House	Senate	Conference
Maintenance of real property	18.3	21.0	18.3	19.6
Inflation	5.5	5.5	3.5	3.9
Technicians	411.1	411.1	408.6	408.6
Flying hours, recoupment of prior year reduction	.5	.5		

Real Property Maintenance Limitation

Amendment No. 29: The House directed that not less than $19,200,000 of the total provided for Operation and Maintenance, Air National Guard, be available only for the maintenance of real property facilities. The Senate included $16,500,000 for this purpose. The conferees agreed that not less than $18,000,000 shall be available only for the maintenance of real property facilities.

Secretary of Defense Readiness Fund

Amendment No. 30: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and

concur in the Senate amendment with an amendment. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees agreed to provide $100,000,000 for the establishment of a readiness fund as proposed by the Senate. The Senate bill included $300,000,000 for this fund. The House bill did not include a similar provision. A further explanation of the allocation of the funds included in this bill under the heading readiness is discussed earlier in Title III under the heading of Inflation".

Secretary of Defense Readiness Fund

For transfer by the Secretary of Defense to any appropriation contained in title III of this Act, to be merged with and to be available for the same purpose as the appropriation to which transferred upon determination by the Secretary of Defense that funds are necessary for high priority items directly associated with maintaining or improving military readiness of the active forces or reserve components of the Department of Defense, and in no case for items or programs for which funds have been denied or reduced by the Congress; $100,000,000: *Provided*, That the Secretary of Defense shall notify the Congress promptly of all transfers made pursuant to this authority: *Provided further*. That transfer authority provided herein shall be in addition to that provided in section 833 of this Act.

TITLE IV—PROCUREMENT

Aircraft procurement, Army

Amendment No. 31: Appropriates $657,100,000 instead of $627,700,000 as proposed by the House and $673,300,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
C-12A utility aircraft			17,200	17,200
EH-1H helicopter modifications	24,800		24,800	11,800
Spares and repair parts	73,500	72,400	72,800	72,800
Component improvement	6,400	3,200	6,400	3,200

EH-1H Helicopter Modifications

The conferees agreed to a reduction of $13,000,000 for EH-1H helicopter modifications. The conferees agreed that there should be competition for the modification program, rather than sole source procurement as proposed by the Army.

Component Improvement

With respect to component improvement, the conferees agreed to transfer $3,200,000 budgeted to improve the T700 engine for the Utility Tactical Transport Aircraft System (UH-60 helicopter) to the research and development appropriation as proposed by the House.

Missile procurement, Army

Amendment No. 32: Appropriates $536,883,000 instead of $524,183,000 as proposed by the House and $545,183,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
Chaparral missile	30,000	24,500	30,000	30,000
Stinger missile	34,000	34,000	42,300	34,000
Nonnuclear Lance missile		65,000	77,500	77,500
Chaparral missile modifications	5,500	5,500		
Spares and repair parts	25,700	25,700	25,900	25,900

Procurement of weapons and tracked combat vehicles, Army

Amendment No. 33: Appropriates $1,421,200,000 instead of $1,378,100,000 as proposed by the House and $1,489,100,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

(In thousands of dollars)

	Budget	House	Senate	Conference agreement
M60 tank	540,300	420,300	502,900	461,600
XM-1 tank, advance procurement	57,600	37,000	57,600	37,000
M60 tank modifications	93,900	41,500	47,500	41,500
Spares and repair parts	42,400	40,600	42,400	42,400

M60A3 Tanks

With respect to M60 new tank production, the House had proposed $420,300,000 to build 759 M60A1 tanks with thermal night sights. The Senate had proposed $502,900,000 to build 800 M60A3 tanks with thermal night sights, ruby laser rangefinders, and solid state computers. The conferees agreed to $461,600,000 for about 780 M60A3 tanks.

While the conferees agreed to provide the necessary funds to equip the new production tanks with the current M60A3 fire control system, a total of $6,300,000 in research and development funding is provided in the bill to initiate development of a new, more advanced tank fire control system. The new system, which is based on XM-1 tank technology, would be less costly to procure and to operate and maintain. The conferees direct the Army to expedite the development and production of the new fire control system and to retrofit it into the remainder of the tank fleet at the earliest possible date.

M60 Tank Modifications

The conferees agreed to delete the funds budgeted for improved reliability (RISE) engine kits for M60 tank modifications, as proposed by the House. The Army has sufficient engine kits already funded in prior years to accommodate all such M60 tank modifications planned through fiscal year 1979.

Procurement of ammunition, Army

Amendment No. 34: Appropriates $1,179,300,000 instead of $1,154,400,000 as proposed by the House and $1,223,800,000 as proposed by the Senate. The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
Cannon launched guided projectile (Copperhead)	16,900		16,900	16,900
Mississippi Army Ammunition Plant	8,000		8,000	8,000
RDX/HMX explosive manufacturing facility	44,500		44,500	

RDX/HMX Explosive Manufacturing Facility

The conferees agreed to delete without prejudice the appropriation for the RDX/HMX explosive manufacturing facility proposed by the Senate.

Cannon Launched Guided Projectile (Copperhead)

The conferees agree that it will be difficult to fulfill the requirements imposed by the conference agreement on the fiscal year 1978 defense procurement authorization bill for 5-inch and 155mm guided projectiles within authorized funding limitations. In addition, the conferees recognize that achievement of the initial operational capability for both projectiles prior to January 1, 1980, regardless of funding, cannot be achieved without abandonment of sound development practices through acceptance of inordinate cost, technical and safety risks and without subverting a reasonable definition of Initial Operational Capability. In agreeing with the Senate to appropriate $16,900,000 for procurement of special tooling for the cannon launched guided projectile, the conferees also agree that the Committees on Appropriations of the House and Senate will consider reprogramming actions necessary to achieve the additional program objectives that are prudent and reasonable.

Mississippi Army Ammunition Plant

The House agreed with the Senate position to fund the budget request for $8,000,000 to proceed with the construction of an Army Ammunition Plant for the 155 millimeter improved conventional artillery round at Bay St. Louis, Mississippi. The $45,200,000 appropriated in the fiscal year 1976 Defense Appropriation Act for this plant which had been partially embargoed by virtue of Section 752 of that Act, is to be made available for the construction of the plant without further action on the part of the Appropriations Committees. The conferees are in agreement that the appropriation provided for the Mississippi Army Ammunition Plant shall be obligated for no other purpose without prior approval through reprogramming.

Other procurement, Army

Amendment No. 35: Appropriates $1,403,325,000 instead of $1,351,750,000 as proposed by the House and $1,420,300,000 as proposed by the Senate. The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
Ground laser locator designator	14,500		14,500	
Target designator laser	16,800		16,800	16,800
TACFIRE	40,500	40,500	20,500	40,500
TACFIRE spares	3,900	3,900	2,000	3,900
Chemical agent alarms	9,800	9,800	25,800	9,800
Loran backpack			5,000	5,000
AN/TTC-38 switches	8,600		8,600	
Speech secure equipment TSEC/KY-57	37,400	20,000	37,400	37,400
Intelligence activities		−2,750	−3,600	−1,375
Intelligence-related activities		−9,400		−2,000
General reduction		−6,300	−2,700	−2,700

AN/TTC-38 Communications Switches

The Senate agreed to recede to the House position and delete the $8,600,000 requested for AN/TTC-38 communications switches. The conferees agreed the Army should await deployment of the AN/TTC-39 switches which are follow-ons to the AN/TTC-38 switches.

Secure Speech Equipment (TSEC/KY-57)

The House agreed to recede to the Senate position and provide the full amount requested for secure speech equipment. The conferees agreed that future budget requests for communications security equipment should include detailed installation schedules.

Amendment No. 36: Transfers from the fiscal year 1977 Other Procurement, Army appropriation a total of $2,700,000 as proposed by the Senate instead of $6,300,000 as proposed by the House.

Aircraft procurement, Navy

Amendment No. 37: Appropriates $3,479,000,000 instead of $3,427,400,000 and $3,000,000 in transfers as proposed by the House and $3,494,600,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
A-7E attack aircraft	21,000	92,500	107,400	107,400
A-7E advance procurement			5,000	5,000
T-34C trainer aircraft	28,700		28,700	28,700
Common ground equipment	129,600	122,800	129,600	122,800
Component improvement	50,200	41,400	50,200	41,400
Other production charges	39,100	35,100	38,100	38,100
Transfers from other accounts		3,000		

A-7E Attack Aircraft

For the A-7E aircraft, the budget had proposed $21,000,000 to buy ground, training, and other equipment to support approved A-7E aircraft force levels. The House had proposed $92,500,000 for twelve additional A-7E aircraft. The conferees agreed to $107,400,000 for twelve such aircraft and $5,000,000 in advance procurement funding as proposed by the Senate.

Aircraft Support Equipment and Facilities

The conferees agreed to transfer the $6,800,000 budgeted under Common Ground Equipment for Aircraft Equipment Reliability and Improvement Program, and the $8,800,000 budgeted under Component Improvement to correct deficiencies in the TF-30 engine used in the F-14 aircraft to the research and development appropriation as proposed by the House.

Undergraduate Helicopter Pilot Training

The House had proposed a $3,000,000 reduction in Other Production Charges to be offset by transferring to fiscal year 1978 the $3,000,000 provided in fiscal year 1977 to buy a 2B24 helicopter flight simulator. This recommended reduction and transfer of funds was part of a House decision to agree to the DOD proposal to consolidate all undergraduate helicopter pilot training into the Army's training program. The House receded to the Senate position not to ratify the consolidation proposal, and the conferees agreed not to recommend the reduction and transfer of $3,000,000.

It is the sense of the conference that the $3,000,000 for a 2B24 simulator and the $500,000 for a simulator building at Naval Air Station, Whiting Field, already appropriated in the fiscal years 1976 and 1977 budgets, be obligated and expended without further delay in order that Navy Helicopter Pilot Training be conducted in the most effective manner possible.

Weapons procurement, Navy

Amendment No. 38: Appropriates $2,181,900,000 as proposed by the House instead of $2,229,300,000 as proposed by the Senate.

The conferees agreed to $14,900,000 as proposed by the House for the Fleet Satellite Communications System instead of $62,300,000 as proposed by the Senate. The reduction of $47,400,000 will delete the funds to purchase spacecraft numbers four and five, and terminate this program after vehicle number 3, in favor of converting to a policy of leasing commercial satellite communications to satisfy this communications requirement.

Shipbuilding and conversion, Navy

Amendment No. 39: Appropriates $5,760,500,000 instead of $5,218,788,000 as proposed by the House and $6,146,100,000 as proposed by the Senate. The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
Trident submarine	1,490,300	1,258,588	1,490,300	1,490,300
CVN nuclear carrier advance procurement			81,600	
DD-963 destroyer			614,000	310,000

CVN Nuclear-Powered Aircraft Carrier

The conferees agreed to delete the $81,600,000 advance procurement funding proposed by the Senate above the budget to buy additional long leadtime components for a CVN Nimitz-class nuclear-powered aircraft carrier.

DD-963 Destroyer

The Senate had recommended $614,000,000 above the budget to build two DD-963 air capable ships. These ships would utilize the basic DD-963 destroyer design, but would be modified with an extended hanger to accommodate a third, and perhaps a fourth, LAMPS III helicopter. The conferees agreed to $310,000,000 to fully fund the construction of one DD-963 destroyer, but to provide the Navy with the option to build instead a DD-963 air capable ship if one could be designed and built with the $310,000,000 provided.

Other procurement, Navy

Amendment No. 40: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment appropriating $2,176,410,000 instead of $2,141,471,000 as proposed by the House and $2,150,600,000 as proposed by the Senate. The Managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
MK-23 target acquisition system	15,600		15,600	15,600
AN/BQQ-5 sonar	99,700	99,700	71,200	99,700
Secure communications equipment	38,400	32,500	38,400	38,400
Intelligence activities		-16,129		-2,690

Aircraft procurement, Air Force

Amendment No. 41: Reported in disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $7,693,400,000 instead of $7,417,705,000 as proposed by the House and $6,111,600,000 as proposed by the Senate. The Senate conferees agreed to an appropriation of $6,262,000,000.

B-1 Bomber

The item reported in disagreement is the $1,431,400,000 denied by the Senate for B-1 bomber production. That sum includes $1,172,600,000 for production of five B-1 bombers, $120,800,000 for associated initial spares, and $138,000,000 in advance procurement funding toward fiscal year 1979 production.

The Committee of Conference is in agreement on the following other items in conference:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
A-10 attack aircraft	741,800	741,800	652,000	741,800
A-10 advance procurement	48,700	48,700	43,800	48,700
F/TF-15A fighter aircraft	1,293,500	1,259,100	1,489,300	1,489,300
F-16A/B fighter aircraft	1,256,200	1,256,200	1,152,400	1,256,200
A-7 modification to TA-7D			3,000	3,000
EF-111 aircraft modification	24,100		24,100	24,100
Classified projects modification	10,100		10,100	5,800
CRAF Civil Reserve Airlift Fleet	30,000		15,000	7,500
A-10 initial spares	30,200	30,200	27,200	30,200
Classified projects initial spares	3,800		3,800	1,500
Component improvement	37,000		37,000	
Intelligence activities		-3,600		

F/TF-15A Fighter Aircraft

In addition to the $1,489,300,000 provided for 97 F-15 aircraft, the conference agreement includes $34,400,000 in transfers of prior year accounts to fund F-15 production in fiscal year 1978.

Civil Reserve Airlift Fleet (CRAF)

The Senate had recommended $15,000,000 to fund two CRAF wide-bodied aircraft modifications, one with a full modification and one with a mini-modification to serve as a pilot model for the cost and contracting procedures for the CRAF program as authorized. The House had recommended no funds for the CRAF program. The conference agreement provides for a single modification, either a full or mini-modification, of a wide-bodied passenger aircraft owned by a commercial passenger air carrier.

Component Improvement

The Committee of Conference is in agreement with the House position that component improvement of the F100 engine for the F-15 and F-16 aircraft is to be funded in the research and development appropriation.

Missile procurement, Air Force

Amendment No. 42: Appropriates $1,700,600,000 instead of $1,568,700,000 as proposed by the House and $1,737,200,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

	Budget	House	Senate	Conference agreement
Air launched cruise missile	40,600	20,300	40,600	40,600
Maverick missile (laser)	27,900	18,400	5,100	5,100
NAVSTAR global positioning system	43,400		25,600	
Satellite data system	83,200	39,100	83,200	83,200
Backup Titan IIID booster	61,900		61,900	61,900
Intelligence activities		-29,900		-11,000
Transfers from other Accounts		25,400	44,600	44,600

Maverick Missile (Laser)

The House bill had provided $18,400,000 in new budget obligational authority, plus

$25,400,000 in transfers from prior year accounts, for a total funding availability of $43,800,000 for the laser Maverick missile program in fiscal year 1978. The conferees agreed to the Senate proposal to provide $5,100,000 in new budget obligational authority, plus $44,600,000 in transfers of unobligated fiscal year 1977 Maverick program funds, for a total funding availability of $49,700,000 for the laser Maverick missile program during fiscal year 1978.

Amendment No. 43: Transfers from the fiscal year 1977 Missile Procurement, Air Force, appropriation a total of $44,600,000 as proposed by the Senate instead of $25,400,000 as proposed by the House.

Other procurement, Air Force

Amendment No. 44: Appropriates $2,337,345,000 instead of $2,303,998,000 as proposed by the House and $2,371,300,000 as proposed by the Senate. The items in conference dealt with intelligence activities.

Procurement, Defense agencies

Amendment No. 45: Appropriates $327,826,000 instead of $308,259,000 as proposed by the House and $334,584,000 as proposed by the Senate. The items in conference dealt with intelligence activities.

Other matters relating to title IV

Selected Acquisition Report

The Senate report directed the Department of Defense to include escalated life cycle costs as part of the Selected Acquisition Report, noting appropriate footnotes of an explanatory nature where necessary. This would disclose the full financial commitment any particular system will require in future years. The conferees on the part of the House are in agreement with this Senate requirement.

TACAMO Service Life Extension Program

The House and Senate versions of the bill denied the request for $600,100,000 to initiate a service life extension program for the EC-130 TACAMO strategic communication relay aircraft. New information concerning aircraft age and safety considerations, brought to light since this action, indicates some modification will be required while the Navy performs the study of aircraft utilization and basing directed by the House and agreed to by the Senate. Consequently, the conferees to permit the Navy to reprogram funds below threshold to perform the minimum necessary portion of this work. The conferees expect the Navy to thoroughly examine this program prior to next year's budget request.

TITLE V—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Research, development, test, and evaluation, Army

Amendment No. 46: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment appropriating $2,417,882,000 instead of $2,394,108,000 as proposed by the House and $2,402,758,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

Program	Budget request	House amount	Senate amount	Conference amount
Advance concepts lab (TACOM)	1,500	----------	1,500	----------
Food technology	8,062	8,062	11,062	8,062
BMD advanced technology	107,297	107,297	83,797	107,297
Ballistic msl def sys tech	107,688	106,188	81,188	106,188
Advanced fwd area air defense system	24,206	10,000	24,206	17,103
Conventional airfield attack missile	2,968	----------	2,968	1,484
Advanced multipurpose missile	1,936	----------	1,936	1,936
Tactical surveillance system	11,274	11,274	----------	6,800
Util tac trans acft sys (UTTAS)	34,837	38,037	34,837	38,037
Interim Scout helicopter	18,300	----------	7,500	----------
Chapparal	5,229	2,329	5,229	4,229
Sam Hawk/Hawk imp prog	12,538	12,538	17,538	12,538
M60A1 tank product imp prog	4,556	9,831	10,856	9,831
Advanced micv	----------	----------	5,000	2,500
Classified projects	88,678	81,831	86,326	86,326
General reduction	----------	----------	−1,936	----------
General reduction, intelligence	----------	−1,400	----------	----------
General reduction, intelligence related	----------	−18,630	----------	−15,200
General reduction, food research	----------	−4,000	----------	----------

The following report language was addressed by the conferees and agreed to as follows:

Advanced Attack Helicopter

The managers direct that the competition established for the Target Acquisition Designation System and Pilot Night Vision System in the Advanced Attack Helicopter program be continued through a fly-off to obtain competitive fixed price proposals for production.

Hardened Ballistic Missile Defense Materials Program

The managers agreed that no limit on program funding will be set on the Hardened Ballistic Missile Defense Materials research program.

Research, Development, Test, and Evaluation, Navy

Amendment No. 47: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows: "$3,991,791,000: *Provided*, That none of the funds appropriated for the Shipboard Intermediate Range Combat System program shall be available unless expended in compliance with existing acquisition policies and procedures prescribed in Office of Management and Budget Circular A-109."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The $3,991,791,000 compares with $3,895,517,000 as proposed by the House and $4,032,214,000 as proposed by the Senate.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

Program	Budget request	House amount	Senate amount	Conference amount
Defense research sciences	160,464	150,464	160,464	155,464
Shipbd inter range cmbt sys (SIRCS)	3,894	3,894	----------	3,894
Adv submarine sonar development	9,199	14,199	24,199	24,199
Surface effect ships	43,949	6,000	43,949	43,949
Ship development (adv)	24,822	24,822	53,922	38,422
Hydrofoil craft	2,132	500	1,500	500
Landing vehicle assault	9,164	5,000	9,164	9,164
Command and control systems (adv)	6,707	617	6,617	3,617
Tact abn sig exploit sys	15,795	----------	15,795	----------
Adv self-protective sys	5,175	----------	5,175	2,588
F-14 engine program	----------	34,800	26,000	34,800
Combat sys engr dev site (CSEDS)	42,501	42,501	35,501	35,501
Hi-speed armament (HARM)	29,738	15,000	29,738	29,738
Ship development (ENG)	51,889	65,500	34,389	43,889
CSGN development	16,144	16,144	29,944	29,944
Naval special W/F craft	2,503	----------	2,503	2,503
Other Mar Corps development (eng)	10,487	8,487	10,487	10,487
Shipboard vulnerability/surv	----------	----------	10,000	5,000
Outlaw Shark	----------	----------	7,500	----------
Marine Corps R & D	----------	----------	5,000	----------
General reduction	----------	----------	−23,013	−11,507
ELF communications	23,741	----------	20,141	15,000
Special activities	33,600	32,500	29,500	27,800
Blue green laser communications	----------	----------	5,000	----------
General reduction—Intelligence	----------	−11,350	−5,500	----------
General reduction—Intelligence related	----------	−4,800	----------	−4,400
RTD & E Ship & ACFT Support	56,462	52,462	56,462	52,462
JT AF/Navy sea control	----------	----------	3,000	----------
Reimbursement for foreign sales	−30,000	−30,000	−34,000	−30,000

The following report language was also agreed to by the conferees:

High Speed Anti-Radiation Missile (HARM)

The managers agreed to provide $29,738,000 for the HARM program as proposed by the Senate instead of $15,000,000 as proposed by the House. The funds provided are for the development of a HARM missile with expanded capability in such a manner that the Initial Operating Capability remains essentially the same as the base line HARM program. The managers further agreed that a reprogramming request will be considered if additional funds are required.

Materials Technology Program

The managers agreed that a minimum of $4,000,000 be dedicated to the strategic missile materials project.

Ship Development (Advanced)

The managers agreed that none of the funds in the Ship Development (Advanced) program be used for designing the Landing Craft Air Cushion (LCAC). The funds budgeted for the LCAC should be used for other requirements.

Nansen Drift Project

The managers agreed that no funds be used for the Nansen Drift project.

Extremely Low Frequency Communications System (SEAFARER)

The managers agreed to provide $15,000,000 for the Extremely Low Frequency Communications System (SEAFARER) instead of no funds as proposed by the House and $20,141,000 as proposed by the Senate. The amount provided is sufficient to continue operation of the present experimental system. It will also enable the Navy to proceed with studies on possible effects of the system on humans and the environment and with equipment development.

This agreement was reached following the receipt of a letter from the President of the United States, dated Juyl 29, 1977, which said in part:

"I also would like to assure you that none of the $20.1 million SEAFARER funding now under consideration in FY 78 will be used for work on a site in Michigan. These funds will, if approved, be used for equipment development which is independent of ultimate site location, and for continued operation of the Wisconsin Test Facility and related research and development efforts.

"Finally, I want you to know that if we do decide to request funds for deployment of any sort of SEAFARER systems in Michigan, I will be reviewing this issue personally."

Based upon these assurances, the conferees have agreed to provide $15,000,000 in FY 1978 for SEAFARER.

Research, development, test, and evaluation, Air Force

Amendment No. 48: Appropriates $3,917,766,000 instead of $3,954,218,000 as proposed

by the Senate and $3,856,618,000 as proposed by the House.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

Program	Budget request	House amount	Senate amount	Conference amount
Aerospace flight dynamics	46,960	43,960	46,960	43,960
ACFT avionics equipment development	7,500	7,500	3,800	3,800
Strategic bomber penetration	26,500	32,000	39,600	39,600
Advance space applications program	3,100	3,100	2,600	2,600
B-52 squadrons	10,800	5,400	8,800	8,800
SRAM (AGM-69)	12,200	36,400	12,200	12,200
SAC communications	18,800		18,800	
Adv aerial target tech	7,500	5,600	7,500	5,600
Adv medium STOL trans (AMST)	25,000	7,500	10,000	10,000
Ground launched cruise missile—GLCM	27,900	14,000	27,900	18,728
Air warning and control system (AWACS)	117,600	97,600	100,000	100,000
NATO AEW C acft	15,700		15,700	15,700
F-15 squadrons	28,100	60,800	28,100	60,800
Tactical AGM missiles	2,300		2,300	2,300
Classified program		24,100	24,600	24,100
Space communications	14,200	14,200	23,200	14,200
Def satellite comm sys	60,600		60,600	60,600
General reduction—Intelligence		−11,700		−24,500
General reduction—Intelligence related		−4,900		−2,280
Air Force project RAND	9,800	9,000	9,500	9,500

The following report language was also agreed to by the conferees:

NATO AWACS Program

The conference agreement includes $15,700,000 for the NATO AWACS program as proposed by the Senate instead of no funds as proposed by the House. The funds provided may not be obligated or expended until at least one member country of the North Atlantic Treaty Organization (other than the U.S.) enters into a contract to purchase AWACS aircraft; and the funds may not be reprcgrammed. The managers recommend that U.S. participation in development of NATO required enhancements to AWACS be undertaken only if NATO agrees to pay the research and development surcharge on prior year RDT&E expenditures.

Air Force Project RAND

The conference agreement includes $9,500,000 for Air Force Project RAND as propcsed by the Senate instead of $9,000,000 as proposed by the House. The managers agreed that none of the funds provided be used for logistics studies.

Strategic Air Command Communications System (SATIN IV)

The managers agreed to delete the $18,800,000 requested for continued development of the Strategic Air Command Communications System (SATIN IV) as proposed by the House. This action will result in cancellation of the SATIN IV program. The conferees agreed that a valid need exists for an improved system, but not a system as expensive and elaborate as SATIN IV. The Air Force is encouraged to restudy its need and resubmit to the Congress a less elaborate and less expensive system with greater utilization of standardized equipment and non-dedicated circuits.

Defense Satellite Communications System (DSCS III)

The managers agreed to provide $60,600,000 for the Defense Satellite Communications System III (DSCS III) program as proposed by the Senate instead of no funds as proposed by the House. The managers further agreed that the Department of Defense should institute some type of user charge system for DSCS III. This user charge system should be designed to ensure that user will be aware of the true costs of satellite communications services and will only use such services as are truly required. Future budget submissions should include specific details concerning how this user charge system will operate.

Research and Development Functions Funded in Air Force Operation and Maintenance Appropriation

The House report addressed a number of individual defense programs under the above heading. For some programs, transfers were made to the RDT&E appropriation; for other programs, no transfer was made but direction was given that RDT&E funds should be expended if available from within the total funding provided for RDT&E. The Senate agreed with the House action on these programs. Thus, in a strict technical sense, none of the items is in conference.

The Air Force expressed some concern that the language in the House report with respect to interim contractor support for the F-16 aircraft is not clear. The House directed that maintenance support of the F-16 system should be accomplished by military personnel and civilian employees of the Department of the Air Force to the maximum extent possible. The conferees interpose no objection to the use of RDT&E funds to train contractor personnel to provide interim test support for this weapon system during fiscal year 1978, if the Air Force believes such training is required to insure deployment of this aircraft on the approved schedule. The F-16 does not become operational until fiscal year 1979. The conferees continue to believe that intermediate level maintenance of weapons systems is a military function. The Air Force will take the necessary steps to insure that the F-16 system is fully maintainable at base level by military personnel at the earliest possible date.

Research, development, test, and evaluation, Defense agencies

Amendment No. 49: Appropriates $745,278,000 as proposed by the Senate instead of $728,468,000 as proposed by the House.

The conference agreement on items in conference is as follows:

[In thousands of dollars]

Program	Budget request	House amount	Senate amount	Conference amount
Tactical technology	69,600	69,600	80,600	80,600
General reduction		−16,300	−6,300	−10,231
Intelligence increase		5,585	1,395	5,326

Others Matters Related to Title V

The Senate report emphasized that the Department of Defense should adhere to OMB Circular A-109, and future funding of new programs will be contingent on compliance. The House managers agreed with the Senate language.

The Senate report stated that original program cost estimates have not included major components of the total system or enhancements have been developed in other programs and not included in the total cost estimate. The House report also questioned the validity of program cost estimates and the recurring changes in the estimates without any justification material is requested in future budgets. The managers agreed with both the House and Senate report language on cost estimates.

TITLE VIII—GENERAL PROVISIONS

Amendment No. 50: Provides a limitation on the Overseas Dependents Education Program of $266,750,000 instead of $268,500,000 as proposed by the House and $265,000,000 as proposed by the Senate.

The Conference Committee reemphasizes the previous position of the Congress regarding the administration of the Overseas Dependents Education Program as stated in the conference report on the Department of Defense Appropriation for fiscal year 1976 (House Report 94-710). That report directed the immediate discontinuance of the geographical manager concept and the placing of the full responsibility for the management of the program in the Office of the Secretary of Defense so that there would be only one educational program for the dependents of military personnel overseas rather than the three then in existence.

The conferees are of the opinion that the Secretary of Defense should be held solely responsible for the administration of this program for the betterment of the educational opportunities of the minor dependents of our military and civilian personnel serving overseas and there should be no interference in the administration of the program by the military Departments or other organizations of the Department of Defense.

Amendment No. 51: The House included a new provision allowing for the importation of specialty metals produced outside the United States when necessary to comply with certain agreements with foreign countries to make offsetting purchases for military equipment being sold to such countries, or when necessary to further the standardization and interoperability of equipment requirements within NATO. The Senate accepted the House provision but inserted an amendment which requires that such sale agreements comply with the requirements of section 36 of the Arms Export Control Act and, where applicable, with the Defense Appropriation Authorization Act of 1976. The conferees agreed that such sale agreements should comply where applicable to both provisions of law rather than just the Defense Appropriation Authorization Act as provided by the Senate.

Amendment No. 52: The conferees agreed to delete language proposed by the Senate which would have allowed for the set-aside of Defense contracts to labor surplus areas.

Amendment No. 53: Provides for a limitation of $6,900,000 for legislative liaison activities of the Department instead of $7,000,000 as proposed by the House and $6,800,000 as proposed by the Senate.

Amendment No. 54: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

SEC. 836. (a) The Secretary of Defense shall require all prime contractors receiving contract awards of $500,000 or more from the Department of Defense to file a report with the Secretary at the end of the year showing the amount of Department of Defense work (in terms of dollars) each such contractor had performed by subcontractors during such year and to identify the State or States in which each subcontractor performed the work subcontracted to it.

(b) The Secretary of Defense shall submit a report annually to the Congress showing, on a State-by-State basis, the total amount of Department of Defense funds paid to subcontractors, during the year for which the report is submitted, by the prime contractors described in subsection (a).

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The amendment requires reports for contractors who have contracts in excess of $500,000, instead of $10,000 as proposed by the Senate.

Amendment Nos. 55 through 62: Adjust section numbers.

Amendment No. 63: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: "changes; (f) reimbursement of any physician or other authorized individual provider of medical care in excess of the seventy-fifth percentile of

the customary charges made for similar services in the same locality where the medical care was furnished; or (g) any service or supply which is not medically or psychologically necessary to diagnose and treat a mental or physical illness, injury, or bodily malfunction as diagnosed by a physician, dentist, or a clinical psychologist, as appropriate, except as authorized by section 1079(a)(4) of Title 10, United States Code.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The Senate included report language which permitted payments under the CHAMPUS program for certain services such as, "biofeedback" treatment, psychiatric nursing services, and nurse-midwives procedures. The conferees agreed that psychiatric nursing and nurse-midwife services are permissible reimbursements when provided in conformance with the limitations of subsection "g". However, no payments may be made for "biofeedback" treatment.

The Senate report also directed a moratorium on the use of the present request for proposal (RFP) for contract services to process CHAMPUS claims. The conferees agree that the use of the RFP should be continued as previously planned by DOD.

Amendment No. 64: The House receded to the Senate amendment which deleted the prohibition of construction of new Army ammunition plant facilities except in areas in which existing facilities were being closed, placed in layaway, or at which production was being curtailed.

Amendment No. 65: The Senate receded on its amendment which would have reduced the number of enlisted aides from 300 to 150.

Amendment No. 66: Provides a limitation of $25,000,000 on Public Affairs activities of the Department instead of $28,000,000 as proposed by the House and $24,000,000 as proposed by the Senate.

Amendment No. 67: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

"SEC. 852. (a) None of the funds appropriated by this Act may be used to (1) convert base operating support functions, excluding real property maintenance and repair, to commercial contract during the period October 1, 1977, through September 30, 1978, or (2) to fund continued performance during fiscal year 1978 of base operating support contracts, excluding real property maintenance and repair, awarded between the date of enactment of this Act and September 30, 1977, which covert base operating support activities performed by employees of the Government of the United States to commercial contract.

(b) None of the funds appropriated by this Act may be obligated for commercial contracts to be physically performed at an installation or facility including leased facilities for the following types of work: (1) weapons system engineering and logistical support; (2) ship, aircraft, missile, automotive and tracked vehicle intermediate level maintenance or depot maintenance; or (3) research, development, test, and evaluation, if the work to be physically performed at an installation or facility during fiscal year 1978 by commercial contracts would result in a reduction of employees of the Government of the United States at that installation or facility."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The House bill contained a general provision which limited funds available for contracting out. The Senate bill contained no similar provision.

The conferees adopted subsection (a) of the House proposal without change. This subsection addresses conversion of base operating support functions to contract.

The conferees accepted the House proposal for subsection (b) with a modification. Subsection (b) covers weapons system engineering and logistical support, intermediate and depot level maintenance and Research, Development, Test, and Evaluation.

Under the modification, new support contracts may be entered into provided that such contracts are not a result of, or would cause, reductions of employees of the Government. The modification will insure that the current employment level of civil servants is protected and that contracting out will not result in a reduction of current staff. However, at the same time the Department of Defense shall be able to place on contract additional work in weapon systems support, logistics and maintenance management systems, and general Research, Development, Test, and Evaluation projects.

The original House version required that, if additional work in these areas was placed on contract, the percentage of such work done by Government employees could not be reduced.

The conferees further agreed that the provisions of this section do not apply in any way to ongoing contracts associated with the operations cited.

Amendment Nos. 68 and 69: The Senate receded from these amendments which restore the House section numbers.

Amendment No. 70: The House receded to the Senate amendment which provides that the transfers of funds under CHAMPUS are in addition to that transfer authority provided in Section 833.

Amendment No. 71: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

SEC. 855. Effective October 1, 1977, no appropriation contained in this Act shall be available to fund any costs of a Senior Reserve Officers' Training Corps unit—except to complete training of personnel enrolled in Military Science 4—which in its junior year class (Military Science 3) has for the four preceding academic years, and as of September 30, 1977, enrolled less than (a) seventeen students where the institution prescribes a four year or a combination four- and two-year program; or (b) twelve students where the institution prescribes a two-year program: *Provided*. That, notwithstanding the foregoing limitation, funds shall be available to maintain one Senior Reserve Officers' Training Corps unit in each State and at each State-operated maritime academy: *Provided further*, That units under the consortium system shall be considered as a single unit for purposes of evaluation of productivity under this provision.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The amendments made by the conferees to this section provide for the exclusion of state-operated maritime academies and clarify the treatment of ROTC units which are a part of a consortium agreement. The House report indicated that detachments participating in consortium (cooperative agreements) should be considered as a single unit for purposes of counting enrollments. The new provision eliminates all doubt on this aspect. The conferees believed that it was necessary to exclude state-operated maritime academies for at least one year because previous attempts by the Navy to terminate their ROTC detachments have resulted in reduced enrollments.

Amendment No. 72: The Senate receded from its amendment which restores the House section number.

Amendment No. 73: The House provided a limitation on the obligation of funds provided the Central Intelligence Agency to specific times certain. The Senate deleted this limitation. The conferees agreed that funds appropriated in this Act for the Central Intelligence Agency are available for obligation only during fiscal year 1978.

Amendment No. 74: The House agreed to the Senate amendment with an amendment changing the section number.

Amendment No. 75: The conferees agreed to restore House language stricken by the Senate which prohibits the transfer of certain funds into the Reserve for Contingencies of the Central Intelligence Agency with an amendment changing the section number.

Amendment No. 76: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

SEC. 860. The appropriation, "Shipbuilding and Conversion, Navy", which would expire for obligation on September 30, 1977, shall remain available for obligation until September 30, 1979.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The Senate provision extends the availability of fiscal year 1973 shipbuilding funds another two years, until September 30, 1979. Most of the funds involved are for changes and other new scope of work for six SSN-688 class submarines. The conferees direct the Navy to provide the Appropriations Committees with the unobligated balances in this account on September 30, 1977, and to notify the Committees thereafter as those unobligated balances are obligated as well as the purpose of each obligation. This provision is not to be considered as precedent-setting, but a one-time expedient to solve a unique funding problem.

Amendment No. 77: The House agreed to the Senate amendment deleting a provision which prohibited the use of appropriated funds to plan or execute assassination plots of officials of any foreign government not at war with the United States. The provision was considered to be unnecessary since assassinations are already prohibited by law and by Executive Order.

Amendment No. 78: The conferees agreed to delete a provision proposed by the Senate which prohibited the use of appropriated funds for the direct procurement of transportation for the shipment of military exchange goods overseas.

Amendment No. 79: The Senate bill included a general provision prohibiting the assignment of more than 581 military personnel to all nonappropriated fund activities. The House had no similar provision in its bill.

The conferees noted that DOD presently has assigned nearly 12,000 military personnel on a full time basis to these activities, and 2,800 on a part time basis. The cost of the military personnel is estimated to be $137 million in fiscal year 1978.

The conferees also noted that the Senate had directed that the military personnel spaces be reassigned to military duties in combat functions in order to relieve partially the undermanning of combat positions that is programmed to exceed 70,000 spaces in the 1976 budget.

The conferees agreed to the Senate's general provision in this matter, with a modification that not more than 10,201 full-time and 2,603 part-time military personnel may be used in these activities. This is a reduction of 1,750 full-time and 250 part-time military personnel. The Services are to be permitted to replace military personnel with nonappropriated fund civilians to the extent that is deemed necessary by the Services.

The conferees further direct that DOD revise Directive Number 1315.10, "Assignment of Appropriated Funded Personnel to Morale, Welfare and Recreation Activities",

within 90 days of enactment of the bill. The revised directive is to emphasize the maximum use of nonappropriated fund civilians instead of military personnel, except where military personnel are demonstrably needed.

The conferees further direct DOD to reissue Directive No. 1330.2, "Funding of Morale, Welfare and Recreation Facilities", within 90 days to clearly stipulate policy regarding the use of appropriated fund support to nonappropriated fund activities. The new directive is to reflect the commitments DOD has made to the Congress and the GAO.

Amendment No. 80: The conferees agreed to delete a Senate amendment which prohibited the use of appropriated funds for the support of certain Air Force ADP projects. This matter is addressed in detail as part of Amendment No. 17.

Amendment No. 81: The conferees agreed to delete a Senate amendment which would have precluded increasing the unit equippage (u.e.) of individual Air National Guard squadrons assigned A-7 aircraft. The House had directed in its report that the u.e. of A-7 squadrons be increased from 18 to 24 aircraft prior to converting any additional squadrons to the A-7. The conferees further agreed not to preclude the conversion of a squadron to the A-7 aircraft in fiscal year 1978, but that priority should be given to increasing the u.e. of present squadrons prior to converting squadrons currently operating aircraft other than the A-7. The conferees believe that a reasonable attempt should be made to increase the u.e. of as many squadrons as possible assuming the locations concerned have an adequate population base from which to obtain the additional pilots and any other personnel required.

TITLE IX

Related agencies

Amendment No. 82: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

Office of Federal Procurement Policy

For expenses of the Office of Federal Procurement Policy, $1,000,000: *Provided*, That upon enactment of this Act, this amount shall be transferred to and merged with appropriations provided under the same head in the Treasury, Postal Service and General Government Appropriations Act, 1978.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The amendment provides $1,000,000 for the Federal Procurement Institute, instead of $2,000,000 as proposed by the Senate and no funds as proposed by the House.

Intelligence and Intelligence Related Activities

The conferees have agreed to reductions of $222,038,000 for intelligence and intelligence related activities instead of reductions of $422,216,000 as proposed by the House and reductions of $158,764,000 as proposed by the Senate. The reductions are spread throughout various appropriations and are explained in a classified annex to this report.

Consolidated Telecommunications and Command Control Programs

For consolidated Telecommunications and Command Control Programs, which are also funded in many appropriations, the conferees have agreed to reductions of $156,199,000 instead of reductions of $299,055,000 as proposed by the House and reductions of $62,258,000 as proposed by the Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1978 recommended by the Committee of Conference with comparisons to the fiscal year 1977 amount, the 1978 budget estimates, and the House and Senate bills for 1978 follow:

New budget (obligational) authority, fiscal year 1977	$105,106,325,000
Transfer from other accounts, fiscal year 1977	(82,600,000)
Total funding available, 1977	105,188,925,000
Budget estimates of new (obligational) authority (as amended), fiscal year 1978	113,877,280,000
House bill, new (obligational) authority, fiscal year 1978	110,082,308,000
Transfer from other accounts	(245,900,000)
Total funding available, 1978	110,328,208,000
Senate bill, new (obligational) authority, fiscal year 1978	109,805,080,000
Transfer from other accounts	(258,500,000)
Total funding available, 1978	110,063,580,000
Conference agreement, new (obligational) authority, fiscal year 1978	[1] 111,184,166,000
Transfer from other accounts	(258,500,000)
Total funding available, 1978	111,442,666,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1977	+6,077,841,000
Transfer from other accounts	(+175,900,000)
Total funding available, 1977	+6,253,741,000
Budget estimates of new (obligational) authority (as amended), fiscal year 1978	−2,693,114,000
Transfer from other accounts	(+258,500,000)
Total funding available, 1978	−2,434,614,000
House bill, new (obligational) authority, fiscal year 1978	+1,101,858,000
Transfer from other accounts	(+12,600,000)
Total funding available, 1978	+1,114,458,000
Senate bill, new (obligational) authority, fiscal year 1978	+1,379,086,000
Transfer from other accounts	(----------)
Total funding available, 1978	+1,379,086,000

[1] Includes $1,431,400,000 reported in disagreement by the Committee of Conference.

GEORGE H. MAHON,
ROBERT L. F. SIKES,
DANIEL J. FLOOD,
JOSEPH P. ADDABBO
(except as to amendments 17, 39, 41, 42, 52, 77, and 79),
JOHN J. MCFALL,
JOHN J. FLYNT, Jr.,
ROBERT N. GIAIMO
(except as to amendments 5, 7, 8, 9, 10, 17, 37, 39, 41, 77, and 79),
BILL CHAPPELL, Jr.,
BILL D. BURLISON,
JACK EDWARDS,
J. K. ROBINSON,
JACK KEMP,
ELFORD A. CEDERBERG,
Managers on the Part of the House.

JOHN L. MCCLELLAN,
JOHN C. STENNIS,
WARREN G. MAGNUSON,
WILLIAM PROXMIRE,
DANIEL K. INOUYE,
ERNEST F. HOLLINGS,
TOM EAGLETON,
LAWTON CHILES,
JAMES R. SASSER,
MILTON R. YOUNG,
CLIFFORD P. CASE,
TED STEVENS,
RICHARD S. SCHWEIKER
(except for amendment 42),
EDWARD W. BROOKE,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. ZABLOCKI, today, for 10 minutes.

(The following Members (at the request of Mr. EDWARDS of Oklahoma) and to revise and extend their remarks and include extraneous matter:)

Mr. EDWARDS of Alabama, for 5 minutes, today.

Mr. KEMP, for 10 minutes, today.

Mr. FISH, for 20 minutes, today.

Mr. CORCORAN of Illinois, for 5 minutes, today.

Mr. WHALEN, for 15 minutes, today.

Mr. JEFFORDS, for 10 minutes, today.

Mr. WALKER, for 5 minutes, today.

Mr. RAILSBACK, for 5 minutes, today.

Mr. DORNAN, for 60 minutes, today.

Mr. RUDD, for 30 minutes, today.

Mrs. FENWICK, for 5 minutes, today.

Mr. CLEVELAND, for 5 minutes, today.

Mr. BURGENER, for 5 minutes, today.

(The following Members (at the request of Mr. PANETTA), to revise and extend their remarks, and to include extraneous matter to:)

Mr. FLOOD, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. VANIK, for 5 minutes, today.

Mr. PEPPER, for 5 minutes, today.

Mr. SOLARZ, for 5 minutes, today.

Mr. SCHEUER, for 5 minutes, today.

Ms. HOLTZMAN, for 30 minutes, today.

Mr. RODINO, for 5 minutes, today.

Mr. BROOKS, for 5 minutes, today.

Mr. MOSS, for 10 minutes, today.

Mr. MCKAY, for 5 minutes, today.

Mr. NEDZI, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BROWN of Ohio, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the

Record and is estimated by the Public Printer to cost $966.

Mr. SYMMS, immediately preceding the vote on the Howard amendment on H.R. 8444 in the Committee of the Whole today.

Mr. ZABLOCKI, in two instances, and to include extraneous matter.

Mr. BAUCUS, to insert remarks immediately preceding vote on aviation fuel tax amendment on H.R. 8444.

(The following Members (at the request of Mr. EDWARDS of Oklahoma), and to include extraneous matter:)

Mr. BROWN of Ohio.
Mr. SARASIN.
Mr. STEERS in three instances.
Mr. SHUSTER in two instances.
Mr. COHEN.
Mr. DERWINSKI in three instances.
Mr. RAILSBACK.
Mr. BROWN of Michigan.
Mr. ASHBROOK in two instances.
Mr. HANSEN in 10 instances.
Mr. GILMAN in three instances.
Mr. COLLINS of Texas in three instances.
Mr. LENT.
Mr. LAGOMARSINO.
Mr. WHALEN.
Mr. DORNAN.

(The following Members (at the request of Mr. PANETTA) and to include extraneous matter:)

Mr. CARNEY.
Mr. MILLER of California.
Mr. GAYDOS.
Mrs. SCHROEDER.
Mr. CORNWELL.
Mr. RODINO.
Mr. ECKHARDT.
Mr. MAZZOLI.
Mr. ALLEN.
Mr. MURTHA in three instances.
Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Mr. VANIK in two instances.
Mr. BLOUIN in two instances.
Mr. WRIGHT in two instances.
Mr. MCKAY.
Mr. MURPHY of New York.
Mr. ULLMAN.
Mr. FLORIO.
Mr. EILBERG.
Mr. HARRIS.
Mr. PATTISON of New York.
Mr. EDGAR in two instances.
Mr. JACOBS.
Mr. ROE in two instances.
Mr. KOCH in three instances.
Mr. DE LA GARZA in five instances.
Mr. MOAKLEY in two instances.
Mr. BROOKS in two instances.
Mr. TEAGUE.
Mr. BLANCHARD.
Mr. DANIELSON in five instances.
Mr. REUSS.
Mr. SISK.
Mr. BENJAMIN.
Mr. MCDONALD in five instances.
Mr. GINN.
Mr. BRADEMAS in six instances.
Mr. MOSS.
Mr. DRINAN.
Mr. JONES of Oklahoma.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 896. An act to amend section 16(b) of the Soil Conservation and Domestic Allotment Act, as amended, providing for a Great Plains conservation program; to the Committee on Agriculture;

S. 911. An act for the relief of Mee Hwa Hong; to the Committee on the Judiciary.

S. 1614. An act to establish the Western States conservation program; to the Committee on Agriculture; and

S.J. Res. 71. Joint resolution to authorize and request the President to issue a proclamation designating September 1977 as "National Sickle Cell Month"; to the Committee on Post Office and Civil Service.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1235. An act to authorize appropriations for the Peace Corps for fiscal year 1978;

S. 1765. An act for the relief of the Federal Life & Casualty Co. of Battle Creek, Mich.; and

S. 2001. An act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, water conservation, recreation, hydroelectric power and other purposes.

ENROLLED BILL SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 6689. An act to authorize fiscal year 1978 appropriations for the Department of State, the U.S. Information Agency, and the Board for International Broadcasting, and for other purposes.

ADJOURNMENT

Mr. PANETTA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 4 minutes p.m.) under its previous order, the House adjourned until tomorrow, Friday, August 5, 1977, at 9 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2077. A communication from the President of the United States, transmitting a budget amendment for fiscal year 1978 for the legislative branch and proposed supplemental appropriations for fiscal year 1978 for the Environmental Protection Agency and the Department of Health, Education, and Welfare (H. Doc. No. 95-203); to the Committee on Appropriations and ordered to be printed.

2078. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report on the export expansion facility program for the quarter ended March 31, 1977, pursuant to Public Law 90-390; to the Committee on Banking, Finance and Urban Affairs.

2079. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on the Department of Labor's high school equivalency program and college assistance migrant program, pursuant to section 521 of Public Law 94-482; to the Committee on Education and Labor.

2080. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting proposed final regulations for the public service education progam, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2081. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a copy of Presidential Determination No. 77-17, finding that the sale of defense articles and services to Egypt will strengthen the security of the United States and promote world peace, pursuant to section 3(a)(1) of the Arms Export Control Act; to the Committee on International Relations.

2082. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Andrew Ivy Killgore and by members of his family, pursuant to section 6 of Public Law 93-126; to the Committee on International Relations.

2083. A letter from the Assistant Secretary of State for Economic and Business Affairs, transmitting a report on the administration of export control measures undertaken by COCOM countries as of February 1, 1977, pursuant to section 302(b) of the Mutual Defense Assistance Control Act of 1951 (Battle Act); to the Committee on International Relations.

2084. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment to Switzerland (Transmittal No. 77-51 (a) and (b)), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2085. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment to Greece (Transmittal No. 77-54), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2086. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment to Korea (Transmittal No. 77-55), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2087. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment to Spain (Transmittal No. 77-56), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2088. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment to Greece (Transmittal No. 77-57), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2089. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment and services to Greece (Transmittal No. 77-58), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2090. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment to Korea (Transmittal No. 77-59), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2091. A letter from the Acting Director, Defense Security Assistance Agency, trans-

mitting notice of the Army's intention to offer to sell certain defense equipment and services to Israel (Transmittal No. 77–60), pursuant to section 36(b) of Arms Export Control Act; to the Committee on International Relations.

2092. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment to Israel (Transmittal No. 77–61), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

2093. A letter from the Chairman, Federal Power Commission, transmitting the Commission's annual report for fiscal year 1976 and the transition quarter; to the Committee on Interstate and Foreign Commerce.

2094. A letter from the Acting Secretary, Interstate Commerce Commission, transmitting a report on the Commission's determination to extend the time period for acting upon the appeal pending in Investigation and Suspension docket No. 9052 (Sub-No. 1), *Corn and Sorghum Grain, New Mexico and Texas to Texas Ports*, pursuant to section 17(9)(f) of the Interstate Commerce Act, as amended (90 Stat. 49); to the Committee on Interstate and Foreign Commerce.

2095. A letter from the Inspector General, Department of Health, Education, and Welfare, transmitting the first quarterly report on the activities of his office, covering the period ended June 30, 1977, pursuant to section 204(b) of Public Law 94–505; jointly, to the Committees on Education and Labor, Interstate and Foreign Commerce, and Ways and Means.

2096. A letter from the Comptroller General of the United States, transmitting a report on problems encountered by the Army in reorganizing its force structure to add three new combat divisions (LCD–76–454, August 4, 1977); jointly, to the Committees on Government Operations, and Armed Services.

2097. A letter from the Comptroller General of the United States, transmitting a report on an overall policy to guide the development of Federal retirement systems (FPCD–77–48, Aug. 3, 1977); jointly, to the Committees on Government Operations, Armed Services, and Post Office and Civil Service.

2098. A letter from the Comptroller General of the United States, transmitting a report on the Federal Financing Bank and its borrowing relationship with the Treasury (PAD–77–70, Aug. 3, 1977); jointly, to the Committees on Government Operations and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAHON: Committee of conference. Conference report on H.R. 7933 (Rept. No. 95–565). Ordered to be printed.

Mr. CHARLES H. WILSON of California: Committee on Post Office and Civil Service. H.R. 7132. A bill to establish an arbitration board to settle disputes between organizations of supervisors and other managerial personnel and the U.S. Postal Service; with amendment (Rept. No. 95–567). Referred to the Committee of the Whole House on the State of the Union.

Mr. CHARLES H. WILSON of California: Committee on Post Office and Civil Service. House Concurrent Resolution 277. Concurrent resolution expressing the sense of the Congress that the U.S. Postal Service should not reduce the frequency of mail delivery service (Rept. No. 95–568). Referred to the House Calendar.

Mr. ULLMAN: Committee on Ways and Means. H.R. 8655. A bill to increase the temporary debt limit, and for other purposes (Rept. No. 95–569). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2719. A bill to authorize the Secretary of the Interior to contract with the Middle Rio Grande Conservancy District of New Mexico for the payment of operation and maintenance charges on certain Pueblo Indian lands; with amendment (Rept. No. 95–570). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 738. Resolution providing for the consideration of H.R. 5383. A bill to amend the Age Discrimination in Employment Act of 1967 to provide that all Federal employees described in section 15 of such act shall be covered under the provisions of such act regardless of their age (Rept. No. 95–571). Referred to the House Calendar.

Mr. REUSS: Committee on Banking, Finance and Urban Affairs. H.R. 8065. A bill to provide for a program of projects to promote economic stability by increasing productivity through the better use of human resources in employment, to encourage the development of worker and management capabilities and to improve job security in order to enhance the well-being of workers and the quality of work life (Rept. No. 95–572, Pt. I). Ordered to be printed.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. NICHOLS: Committee on Armed Services. H.R. 5503. A bill to amend titles 10 and 37, United States Code, relating to the appointment, promotion, separation, and retirement of members of the Armed Forces, and for other purposes (Rept. No. 95–566, Pt. I). Referred to the Committee on Appropriations for a period not to exceed 15 legislative days with instructions to report back to the House as provided in section 401(b) of Public Law 93–344.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO (for himself, Mrs. SPELLMAN, Mr. VENTO, Mr. St GERMAIN, Mr. MINISH, and Mr. FAUNTROY).

H.R. 8753. A bill to amend the Consumer Credit Protection Act to safeguard consumers in the utilization of electronic funds transfer services; and to protect consumers in the utilization of credit cards; and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BRODHEAD (for himself, Mr. AKAKA, Mr. CORRADA, Mr. DRINAN, Mr. MOAKLEY, Mr. BURKE of Massachusetts, Mr. EILBERG, Ms. HOLTZMAN, Mr. COTTER, Mr. MURPHY of Pennsylvania, Mr. HARRINGTON, Mr. SCHEUER, Mr. ROSENTHAL, Mr. MITCHELL of New York, Mr. BINGHAM, Mr. ADDABBO, Mr. DELANEY, Mr. BADILLO, Mr. TSONGAS, Mr. PATTISON of New York, Mr. RICHMOND, Mr. RANGEL, and Mr. MARKEY):

H.R. 8754. A bill to provide for reimbursement to States experiencing high rates of insured unemployment; to the Committee on Ways and Means.

By Mr. COTTER (for himself, Mr. ROSTENKOWSKI, and Mr. VANDER JAGT):

H.R. 8755. A bill to make specific provisions for ball or roller bearing pillow block, flange, takeup, cartridge, and hanger units in the Tariff Schedules of the United States; to the Committee on Ways and Means.

By Mr. EDWARDS of Alabama:

H.R. 8756. A bill to amend the Ports and Waterways Safety Act of 1972 to provide for the award of grants to port authorities in the United States to enable such authorities to protect public ports and land areas adjacent to such ports from fires and other accidents or casualties occurring in such ports, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. FASCELL (for himself, Mr. ROSE, Mr. CORCORAN of Illinois, Mr. GAYDOS, Mr. BLOUIN, Mr. BONKER, Mr. BAUCUS, Mr. HEFNER, Mr. JENRETTE, Mr. MANN, Mr. PERKINS, Mr. EDWARDS of Oklahoma, Mr. GUDGER, Mr. MINETA, Mr. PATTISON of New York, Ms. MIKULSKI, Mr. JEFFORDS, Mr. CARNEY, Mr. SEIBERLING, and Mr. CORNELL):

H.R. 8757. A bill to require the Office of Management and Budget to provide information on the formulas and assumptions used in the distribution of domestic assistance; to the Committee on Government Operations.

Mr. GOODLING:

H.R. 8758. A bill for the relief of the Shippensburg Public Library, the Ousterhout Library, the West Pittston Library, the West Shore Public Library, the Milton Public Library, and the Himmelreich Library, and certain units of local government; to the Committee on the Judiciary.

By Mr. GOODLING (for himself, Mr. SAWYER, and Mrs. FENWICK):

H.R. 8759. A bill to amend title 5 of the United States Code with respect to the observance of Memorial Day; to the Committee on Post Office and Civil Service.

By Mr. HANLEY (for himself, Mr. CHARLES H. WILSON of California, Mr. DERRICK, Mr. EMERY, Mr. FLOOD, Mr. HARRINGTON, Mr. HUBBARD, Mr. NOLAN, Mr. OTTINGER, Mrs. SMITH of Nebraska, and Mr. VENTO):

H.R. 8760. A bill to amend title 39, United States Code, to establish congressional review of postal rate decisions, to increase congressional oversight of the U.S. Postal Service, to abolish the Board of Governors of the U.S. Postal Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. McCLOSKEY:

H.R. 8761. A bill to amend the Merchant Marine Act, 1920, in order to provide that the coastwise laws shall extend to the Virgin Islands with respect to the transportation of crude oil, residual fuel oil, and refined petroleum products; to the Committee on Merchant Marine and Fisheries.

By Mr. McHUGH:

H.R. 8762. A bill to amend section 1114 of title 18, United States Code, to provide for protection of airport police officers of the Federal Aviation Administration; to the Committee on the Judiciary.

By Mr. MILFORD:

H.R. 8763. A bill to improve the operational weather programs of the National Oceanic and Atmospheric Administration, to affirm the Federal responsibility for the provision of effective weather and related services, to assure to the maximum possible extent that all available Federal resources are utilized in a coordinated manner for weather-related research, development, and technology, and for other purposes; to the Committee on Science and Technology.

By Mr. MONTGOMERY (for himself and Mr. LOTT):

H.R. 8764. A bill to provide for the payment of losses incurred as a result of the ban on the use of the chemical Tris in apparel, fabric, yarn or fiber, and for other purposes; to the Committee on the Judiciary.

By Mr. MURPHY of New York (for himself, Mr. KILDEE, and Mr. ANDERSON of California):

H.R. 8765. A bill to amend the Child Abuse Prevention and Treatment Act to prohibit the sexual exploitation of children and the transportation and dissemination of photographs, films, or electronic visual images depicting such exploitation; to the Committee on Education and Labor.

By Mr. ROSE (for himself, Mr. BALDUS, Mr. CAVANAUGH, Mr. SIMON, Mr. BUTLER, Mr. PREYER, Mr. MATTOX, Mr. MCCLORY, Mr. WINN, Mrs. HECKLER, Mr. CARR, Mr. NEAL, Mr. FISH, Mr. DOWNEY, Mr. MINETA, Mr. JENRETTE, Mr. AUCOIN, Mr. BAUCUS, Mr. COUGHLIN, Mr. WIRTH, Mr. STEERS, Mr. BENJAMIN, Mr. STOCKMAN, Mr. PATTISON of New York, and Mr. GILMAN):

H.R. 8766. A bill to amend title 18, United States Code, to make a crime the use, for fraudulent or other illegal purposes, of any computer owned or operated by the United States, certain financial institutions, and entities affecting interstate commerce; to the Commitee on the Judiciary.

By Mr. ST GERMAIN:

H.R. 8767. A bill to amend the Federal Deposit Insurance Act (12 U.S.C. 1811–31b), and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

H.R. 8768. A bill to amend title XVIII of the Social Security Act for the purpose of providing medicare payments for ambulance service to a physician's office if such office is the nearest facility equipped to handle the emergency; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. SHUSTER:

H.R. 8769. A bill for the relief of the Shippensburg Public Library, the Ousterhout Library, the West Pittston Library, the West Shore Public Library, the Milton Public Library, and the Himmelreich Library, and certain units of local government; to the Committee on the Judiciary.

H.R. 8770. A bill to provide for a national highway safety campaign to vigorously promote the cause of highway safety through the use of mass media, and for other purposes; to the Committee on Public Works and Transportation.

By Mrs. SPELLMAN (for herself, Mr. HEFTEL, Mr. FORD of Michigan, Mr. HARRIS, Mr. HOWARD, Mr. LEACH, and Mr. ROUSSELOT):

H.R. 8771. A bill to amend title 5, United States Code, to authorize the Civil Service Commission to comply with the terms of a court decree, order, or property settlement in connection with the divorce, annulment, or legal separation of a Federal employee who is under the Civil Service Retirement System, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. SNYDER:

H.R. 8772. A bill to amend certain provisions of the Internal Revenue Code of 1954 relating to distilled spirits, and for other purposes; to the Committee on Ways and Means.

By Mr. STARK:

H.R. 8773. A bill to amend section 321(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1321(a)), to simplify customs procedures, and for other purposes; to the Committee on Ways and Means.

By Mr. STEERS:

H.R. 8774. A bill to amend the Fair Packaging and Labeling Act to require retail sales agencies and instrumentalities to disclose unit retail prices of consumer commodities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. VANDER JAGT:

H.R. 8775. A bill to amend title IV of the Social Security Act to provide that payments made under the aid to families with dependent children program may be reduced in the case of a dependent child who lives in a home in which a relative not eligible for aid under such title is also residing; to the Committee on Ways and Means.

By Mr. ZEFERETTI (for himself, Mr. ADDABBO, Mr. CLEVELAND, Mr. DAN DANIEL, Mr. DORNAN, Mr. FASCELL, Mr. GILMAN, Mr. GUYER, Mr. HORTON, Mr. HOWARD, Mr. KINDNESS, Mr. LAFALCE, Mr. LENT, Mr. LOTT, Mr. MONTGOMERY, Mr. MURPHY of New York, Mr. NEDZI, Mr. RUDD, Mr. STRATTON, and Mr. CHARLES WILSON of Texas):

H.R. 8776. A bill to amend title 28 of the United States Code, to provide for an exclusive remedy against the United States in suits based upon acts or omissions of U.S. officers and employees routinely assigned to perform investigative, inspection, or law enforcement functions, and for other purposes; to the Committee on the Judiciary.

By Mr. APPLEGATE (for himself, Mr. MILLER of Ohio, Mr. HARSHA, Mr. CARNEY, Mr. RICHMOND, Mr. JENKINS, Mr. FLIPPO, Mr. EDWARDS of Alabama, Mr. BEVILL, Mr. BUCHANAN, Mr. PERKINS, Mr. CARTER, Mr. WALGREN, Mr. MURPHY of Pennsylvania, Mr. GUDGER, Mr. HEFNER, Mr. NEAL, Mr. HANLEY, and Mr. BOWEN):

H.R. 8777. A bill to amend the Appalachian Regional Development Act of 1965 to permit an extension of the period of assistance for child development programs while a study is conducted on methods of phasing out Federal assistance to these programs; jointly, to the Committees on Public Works and Transportation, and Interstate and Foreign Commerce.

By Mr. ASHBROOK:

H.R. 8778. A bill to amend title 18, United States Code, to prohibit the sexual exploitation of children and the transportation in interstate or foreign commerce of photographs or films depicting such exploitation; to the Committee on the Judiciary.

By Mr. BADILLO:

H.R. 8779. A bill to amend title XVI of the Social Security Act to provide that support and maintenance furnished in kind to an eligible individual living in another person's household shall not serve to reduce such individual's SSI benefits and shall be disregarded in determining such individual's income for benefit purposes; to the Committee on Ways and Means.

By Mr. BEDELL:

H.R. 8780. A bill to amend chapter 35 of title 44, United States Code, to require an annual justification for the continued use of any form used to solicit information from private persons and State and local government agencies; to the Committee on Government Operations.

By Mr. BEILENSON (for himself, Mr. ANDERSON of California, Mr. BADILLO, Mr. BINGHAM, Mr. BROWN of California, Mrs. BURKE of California, Mr. CORMAN, Mr. DELLUMS, Mr. DORNAN, Mr. EDWARDS of California, Mr. GOLDWATER, Mr. HANNAFORD, Mr. HARRINGTON, Mr. HAWKINS, Ms. HOLTZMAN, and Mr. JEFFORDS):

H.R. 8781. A bill to establish the Channel Islands and Santa Monica Mountains National Park and Seashore in the State of California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BEILENSON (for himself, Mr. JOHNSON of California, Mr. KREBS, Mr. LEGGETT, Mr. LLOYD of California, Mr. MCCLOSKEY, Mr. MCFALL, Mr. MILLER of California, Mr. MOSS, Mr. PATTERSON of California, Mr. RODINO, Mr. ROYBAL, Mr. RYAN, Mr. SEIBERLING, Mr. SISK, Mr. VAN DEERLIN, and Mr. WAXMAN):

H.R. 8782. A bill to establish the Channel Islands and Santa Monica Mountains National Park and Seashore in the State of California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BLANCHARD (for himself and Mr. MINETA):

H.R. 8783. A bill to require authorizations of new budget authority for Government programs at least every 6 years, to provide for review of Government programs every 6 years, and for other purposes; to the Committee on Rules.

By Mr. FRASER (for himself, Ms. KEYS, Mr. AKAKA, Mr. AMMERMAN, Mr. BEARD of Rhode Island, Ms. COLLINS of Illinois, Ms. HOLTZMAN, Mr. NEAL, Mr. OTTINGER, Mrs. SPELLMAN, and Mr. STEERS):

H.R. 8784. A bill to amend title II of the Social Security Act to create portability in social security by permitting married couples to elect to combine their earnings in any year for benefit purposes, and to make other changes designed to foster the more equitable treatment of individuals and families under the social security program; to the Committee on Ways and Means.

By Mr. FUQUA (for himself, Mr. FREY, Mr. PEPPER, Mr. BADILLO, Mr. FASCELL, Mr. EILBERG, Mr. IRELAND, Mr. MCCORMACK, Mr. NIX, Mr. DRINAN, Mr. TREEN, Mr. SEBELIUS, and Mr. PATTISON of New York):

H.R. 8785. A bill to provide for fair and equitable compensation of professional employees in the performance of technical support service contracts; jointly, to the Committees on Armed Services, and Government Operations.

By Mr. HANSEN:

H.R. 8786. A bill to amend the Occupational Safety and Health Act of 1970 to provide that the Secretary of Labor may conduct inspections at the workplace of an employer only after the issuance of a search warrant; to the Committee on Education and Labor.

By Ms. HOLTZMAN:

H.R. 8787. A bill to establish an additional procedure for the reacquisition of U.S. citizenship by former U.S. citizens; to the Committee on the Judiciary.

By Mr. JEFFORDS (for himself, Mr. CARR, and Mr. BLANCHARD):

H.R. 8788. A bill to require a refund value for certain beverage containers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. JEFFORDS (for himself, Mr. BRECKINRIDGE, Mr. NEAL, Mr. JENRETTE, Mr. FLORIO, and Mrs. HECKLER):

H.R. 8789. A bill to establish a national policy concerning agricultural land; to establish an Agricultural Land Review Commission; to establish a demonstration program for protecting agricultural land from being used for nonagricultural purposes; and for other purposes; to the Committee on Agriculture.

By Mr. MURPHY of New York:

H.R. 8790. A bill to amend the Canal Zone Code in order to establish procedures with respect to the disposition of land in the Canal Zone; to the Committee on Merchant Marine and Fisheries.

By Mrs. MEYNER (for herself, Mr. SOLARZ, Mr. ROSENTHAL, Mr. SIMON, Mr. SEIBERLING, and Mr. CONTE):

H.R. 8791. A bill to establish a Commission on Proposals for a National Academy of

Peace and Conflict Resolution; to the Committee on International Relations.

By Ms. OAKAR:

H.R. 8792. A bill to amend title IV of the National Housing Act to require an affirmative vote of the shareholders of an insured institution owning at least two-thirds of its voting stock or voting power before the Federal Home Loan Bank Board may approve the acquisition of control of the insured institution by any savings and loan holding company or any other company; to the Committee on Banking, Finance and Urban Affairs.

By Mr. OTTINGER:

H.R. 8793. A bill to conserve the Nation's energy resources; to the Committee on Interstate and Foreign Commerce.

By Mr. RANGEL:

H.R. 8794. A bill to establish an Office of Minority Economic Development within the Department of Energy; to the Committee on Government Operations.

By Mr. RICHMOND:

H.R. 8795. A bill to amend title II of the Social Security Act to provide that the marriage of a disabled individual receiving child's insurance benefits shall not operate to terminate his or her entitlement to such benefits if the marriage is to a civil service retirement or survivor annuitant, just as it would not terminate such entitlement if it were to another social security beneficiary; to the Committee on Ways and Means.

By Mr. RICHMOND (for himself, Mr. AMMERMAN, Mr. BEILENSON, Mr. COCHRAN of Mississippi, Mr. CORNWELL, Mr. FOWLER, Mr. HANLEY, Mr. HARKIN, Mr. HARRIS, Mr. HEFTEL, Mr. IRELAND, Mr. KILDEE, Mr. KOCH, Mr. LOTT, Mr. MAGUIRE, Mr. MINETA, Mr. MOFFETT, Mr. NIX, Mr. PANETTA, Mr. PRITCHARD, Mr. RYAN, Mrs. SPELLMAN, Mr. STRATTON, Mr. VAN DEERLIN, and Mr. WAXMAN):

H.R. 8796. A bill to provide an opportunity to individuals to make financial contributions, in connection with the payment of their Federal income tax, for the advancement of the arts and the humanities; to the Committee on Ways and Means.

By Mr. ROBERTS (by request):

H.R. 8797. A bill to amend title 38, United States Code, so as to require that appointments as members of the Board of Veterans Appeals shall be limited to those who have had a period of active duty, of active duty for training, with the military, naval, or air services; to the Committee on Veterans' Affairs.

By Mr. RODINO (for himself, Mr. DANIELSON, Ms. JORDAN, Mr. MAZZOLI, Mr. HARRIS, Mr. KOCH, Mr. BAUCUS, Mrs. BURKE of California, Mr. JOHN L. BURTON, Mr. DELLUMS, Mr. DOWNEY, Mr. DRINAN, Mr. FLOOD, Mr. FORD of Tennessee, Mr. FRASER, Ms. HOLTZMAN, Mr. EDWARDS of California, Mr. LAFALCE, Mr. LEHMAN, Mr. SEIBERLING, and Mr. DODD):

H.R. 8798. A bill to amend chapter 5 of title 5, United States Code (commonly known as the Administrative Procedure Act), to permit awards of reasonable attorneys' fees and other expenses for public participation in Federal agency proceedings, and for other purposes; to the Committee on the Judiciary.

By Mr. VANIK:

H.R. 8799. A bill to provide refund of tax for repayment of supplemental unemployment compensation benefits; to the Committee on Ways and Means.

By Mr. VANIK (for himself and Mr. OTTINGER):

H.R. 8800. A bill to reduce oil imports; to the Committee on Ways and Means.

By Mr. WALKER:

H.R. 8801. A bill to amend the Internal Revenue Code of 1954 to provide to individuals who have attained the age of 62 a refundable credit against income tax for increases in real property taxes and utility bills; to the Committee on Ways and Means.

By Mr. YOUNG of Alaska:

H.R. 8802. A bill to amend the act of July 13, 1970, relating to the Tlingit and Haida Indian Tribes; to the Committee on Interior and Insular Affairs.

By Mr. BYRON (for himself, Mr. BINGHAM, Mr. PHILLIP BURTON, and Mr. SEIBERLING);

H.R. 8803. A bill to amend the National Trails System Act, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HEFTEL:

H.R. 8804. A bill to amend the Communications Act of 1934 to provide that the operation of pay television systems shall be licensed by the Federal Communications Commission; to the Committee on Interstate and Foreign Commerce.

H.R. 8805. A bill to amend the Communications Act of 1934 to provide that the operation of commercial television broadcasting networks shall be licensed by the Federal Communications Commission; to the Committee on Interstate and Foreign Commerce.

H.R. 8806. A bill to amend the Communications Act of 1934 to provide that the operation of commercial cable television systems shall be licensed by the Federal Communications Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITEHURST:

H.J. Res. 574. Joint resolution calling for an immediate and appropriate moratorium on the killing of polar bears; to the Committee on International Relations.

By Mr. LAFALCE:

H.J. Res. 575. Joint resolution to authorize the President to proclaim the last Friday of April each year as National Arbor Day; to the Committee on Post Office and Civil Service.

By Mr. HANSEN:

H. Con. Res. 328. Concurrent resolution expressing the sense of the Congress with regard to the disposition by the United States of any right to, title to, or interest in the Panama Canal Zone or any real property located therein; to the Committee on International Relations.

By Mr. SHUSTER (for himself, Mr. PATTERSON of California, Mr. GUDGER, Mr. NEDZI, Mr. CARR, Mr. DINGELL, Mr. SARASIN, and Mr. BRODHEAD):

H. Con. Res. 329. Concurrent resolution to disapprove Federal motor vehicle safety standard 208 transmitted June 30, 1977; to the Committee on Interstate and Foreign Commerce.

By Mr. FLOOD (for himself, Mr. ABDNOR, Mr. CARNEY, Mr. FISH, Mr. GAYDOS, Mr. GUDGER, Mr. MCDONALD, Mr. MOORE, Mr. STANGELAND, and Mr. WATKINS):

H. Res. 739. Resolution insisting upon retention of undiluted U.S. sovereignty over the Canal Zone and the Panama Canal; to the Committee on International Relations.

By Mr. KEMP (for himself, Mr. CONABLE, Mr. MARTIN, Mr. STOCKMAN, Mr. BROYHILL, Mr. BROWN of Ohio, Mr. JACOBS, Ms. KEYS, Mr. WAGGONNER, Mr. DEVINE, and Mr. ROUSSELOT):

H. Res. 740. Resolution to express the sense of the House with respect to administrative policy changes by the Internal Revenue Service; to the Committee on Ways and Means.

By Mr. RAILSBACK:

H. Res. 741. Resolution expressing the concern of the House of Representatives with the inequitable administration of the Federal drought assistance program, and for other purposes; jointly to the Committees on Agriculture, and Public Works and Transportation.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

239. By the SPEAKER. Memorial of the Legislature of the State of Michigan, relative to approval of the overland Arctic Gas project; to the Committee on Interstate and Foreign Commerce.

240. Also, memorial of the Legislature of the State of Michigan, relative to maintaining the flight inspection field office at Kellogg Airport, Battle Creek, Mich.; to the Committee on Public Works and Transportation.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ALLEN:

H.R. 8807. A bill for the relief of Freda L. Costa; to the Committee on the Judiciary.

By Mr. DORNAN:

H.R. 8808. A bill for the relief of Pranas Brazinskases; to the Committee on the Judiciary.

H.R. 8809. A bill for the relief of Algirdas Brazinskases; to the Committee on the Judiciary.

By Mr. GOODLING:

H.R. 8810. A bill for the relief of Kim In Hung; to the Committee on the Judiciary.

By Mr. JEFFORDS:

H. Res. 742. A resolution extending the best wishes of the House to the Benjamin Whitcomb Independent Corps of Rangers; to the Committee on Post Office and Civil Service.

PETITIONS, ETC.

Under clause 1 of rule XXII,

172. The SPEAKER presented a petition of Wayne E. Smith, China Lake, Calif., relative to a proposed amendment to the Constitution of the United States to increase the number of Representatives in Congress; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 5383

By Mrs. SPELLMAN:

On page 5, strike out subsections (a) and (b) of section 5 of the amendment in the nature of a substitute recommended by the Committee on Education and Labor and insert in lieu thereof the following:

(a) Section 15(a) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 633a(a)) is amended by inserting "who are at least forty years of age" after "applicants for employment" and by inserting "personnel actions" after "except".

(b)(1) Section 3322 of title 5, United States Code, relating to limitations on appointments after age 70, is hereby repealed.

(2) The analysis for chapter 33 of title 5, United States Code, is amended by striking out the item relating to section 3322.

(c) Section 8335 of title 5, United States Code, is amended—

(1) by striking out subsections (a), (b), (c), (d), and (e) thereof;

(2) by redesignating subsections (f) and (g) as subsections (a) and (b), respectively; and

(3) by adding after subsection (b), as redesignated, the following:

"(c) An employee of the Alaska Railroad in Alaska and an employee who is a citizen of the United States employed on the Isth-

mus of Panama by the Panama Canal Company or the Canal Zone Government, who becomes 62 years of age and completes 15 years of service in Alaska or on the Isthmus of Panama shall be automatically separated from the service. The separation is effective on the last day of the month in which the employee becomes age 62 or completes 15 years of service in Alaska or on the Isthmus of Panama if then over that age. The employing office shall notify the employee in writing of the date of separation at least 60 days in advance thereof. Action to separate the employee is not effective, without the consent of the employee, until the last day of the month in which the 60-day notice expires.

"(d) The President, by Executive order, may exempt an employee from automatic separation under this section when in his judgment the public interest so requires.".

(d) Section 8339(d) of title 5, United States Code, is amended by striking out "section 8335(g)" and inserting in lieu thereof "section 8335(b)".

Redesignate subsection (c) of section 5 of the committee amendment as subsection (e).

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House Rule X. Previous listing appeared in the CONGRESSIONAL RECORD of July 28, 1977 (page 25584).

H.R. 3151. February 7, 1977. Ways and Means. Amends the Internal Revenue Code to limit the application of the Tax Reform Act's elimination of the sick pay exclusion for persons who have not retired on total disability, to taxable years beginning after December 31, 1976.

H.R. 3152. February 7, 1977. Ways and Means. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service.

H.R. 3153. February 7, 1977. Interior and Insular Affairs; Interstate and Foreign Commerce; International Relations. Directs the Nuclear Regulatory Commission to cease the granting of licenses or construction authorizations for certain nuclear power plants pending the outcome of a comprehensive study of the Office of Technology Assessment with final reports and recommendations to be made to Congress.

H.R. 3154. February 7, 1977. Interstate and Foreign Commerce; International Relations. Amends the Horse Protection Act to prohibit the exportation of horses for slaughter.

H.R. 3155. February 7, 1977. Interior and Insular Affairs. Authorizes the Secretary of the Interior to declare nonreimbursable and nonreturnable the costs for safety repairs and modifications of Conconully Dam, Okanogan Unit Okanogan-Similkameen Division, Chief Joseph Dam Project, Washington.

H.R. 3156. February 7, 1977. Education and Labor; Banking, Finance and Urban Affairs. Amends the Fair Labor Standards Act of 1938 to authorize the Secretary of Labor to investigate any proposed business closing or relocation and to provide assistance to certain employees and local governments affected by such action.

Denies specified tax benefits to a business closing or transferring an operation upon certain findings by the Secretary.

Establishes a National Employment Relocation Administration within the Department of Labor and a National Employment Relocation Advisory Council.

H.R. 3157. February 7, 1977. Education and Labor; Banking, Finance and Urban Affairs. Directs the Secretary of the Interior to acquire specified pinelands in New Jersey for public use and enjoyment.

H.R. 3158. February 7, 1977. Education and Labor. Amends the Act which established the Youth Conservation Corps to direct the Secretaries of Agriculture and Interior to jointly extend the Youth Conservation Corps so as to make possible the year-round employment of young adults.

H.R. 3159. February 7, 1977. Ways and Means. Amends the Internal Revenue Code to provide identical income tax rates for single persons and married couples filing joint returns. Limits the earned income that must be reported by a married individual filing a separate return to the amount actually earned by that individual.

H.R. 3160. February 7, 1977. Judiciary. Directs that reports to Congress respecting claims for compensation for damages arising out of the Teton Dam failure shall not reveal the name of the individual claimants and that information acquired by the Secretary of the Interior respecting such claims shall be maintained in such a manner as to protect the privacy of such claimants.

H.R. 3161. February 7, 1977. Post Office and Civil Service. Sets the maximum average workweek for Federal firefighters at 54 hours. Entitles such firefighters to premium pay in lieu of overtime pay equal to up to 25 percent of their basic pay rate.

H.R. 3162. February 7, 1977. Ways and Means. Increases to $5,000 the amount of outside earnings which is permitted an individual each year without any deduction from benefits under Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act.

H.R. 3163. February 7, 1977. Post Office and Civil Service. Sets annual salaries of Members of Congress at a certain amount plus a certain commission for reductions by certain amounts to the national debt. Sets the annual salaries of the Speaker of the House and the congressional floor leaders.

H.R. 3164. February 7, 1977. Ways and Means. Amends the Internal Revenue Code to limit the application of the Tax Reform Act's elimination of the sick pay exclusion for persons who have not retired on total disability, to taxable years beginning after December 31, 1976.

H.R. 3165. February 7, 1977. Ways and Means. Amends the Internal Revenue Code to limit the application of the Tax Reform Act's elimination of the sick pay exclusion for persons who have not retired on total disability, to taxable years beginning after December 31, 1976.

H.R. 3166. February 7, 1977. Judiciary. Prohibits persons engaged in the production of petroleum or petroleum products from acquiring or retaining coal, uranium, or geothermal power assets. Establishes procedures for divestiture of existing unlawful assets, to be enforced by the Attorney General. Imposes criminal and civil penalties for corporate and individual violations of this Act.

H.R. 3167. February 7, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XI (General Provisions and Professional Standards Review) of the Social Security Act to assure the participation by professional registered nurses in the peer review and related activities authorized under such Title.

H.R. 3168. February 7, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XI (General Provisions and Professional Standards Review) of the Social Security Act to assure the participation by registered professional nurses in the peer review and related activities authorized under such Title.

H.R. 3169. February 7, 1977. Agriculture. Establishes a Commission on the Humane Treatment of Animals to study the treatment of animals.

H.R. 3170. February 7, 1977. Agriculture. Establishes a Commission on the Humane Treatment of Animals to study the treatment of animals.

H.R. 3171. February 7, 1977. Interstate and Foreign Commerce. Amends the Natural Gas Act to terminate Federal Power Commission authority to regulate sales of new natural gas and sales of natural gas to certain high priority customers.

Directs the Commission to prohibit the curtailment of natural gas supplies for essential agricultural purposes. Restricts the use of natural gas boiler fuel.

H.R. 3172. February 7, 1977. Banking, Finance and Urban Affairs. Authorizes the Secretary of Housing and Urban Development to make grants to local agencies for converting closed school buildings into community centers, senior citizen centers and specified educational, medical or social service centers.

Directs the Secretary to serve as a national clearinghouse for local agencies by providing information on possible alternative uses for closed school buildings.

H.R. 3173. February 7, 1977. Interior and Insular Affairs. Establishes the Chattahoochee River National Recreation Area composed of a 48-mile segment of the Chattahoochee River and adjoining lands in the State of Georgia. Authorizes the Secretary of the Interior to acquire property for such recreation area and provides for its development.

H.R. 3174. February 7, 1977. Post Office and Civil Service. Repeals the Monroney Amendment which provides criteria for a survey of local industry by a lead agency to determine the prevailing local wages for the purpose of setting the wages of specified Federal employees.

H.R. 3175. February 7, 1977. Banking, Finance and Urban Affairs; Education and Labor. Directs the President, through the Secretary of Labor, to carry out a program of projects, by means of contracts with public and private employers and institutions of higher education, to: (1) increase employee participation in decisionmaking and gains due to increased productivity; and (2) demonstrate programs and guidelines to maintain employment levels and improve the quality of working life.

Establishes a Human Resources Advisory Council to furnish advice and assistance in the administration of such projects.

Authorizes the Secretary to guarantee loans made to small businesses to enable them to participate in projects under this Act.

H.R. 3176. February 7, 1977. Interior and Insular Affairs. Requires the Secretary of the Interior to: (1) designate the home of Charles S. Pierce, known as Arisbe House, in the Delaware Water Gap National Recreation Area, Pennsylvania, a national historic site; (2) establish and maintain a museum in such house; and (3) construct a building near such house to be used as a center for the study of philosophy.

H.R. 3177. February 7, 1977. House Administration. Prohibits travel at Government expense outside the United States by Members of Congress who have been defeated, or who have resigned or retired.

H.R. 3178. February 7, 1977. House Administration. Prohibits travel at Government expense outside the United States by Members of Congress who have been defeated, or who have resigned or retired.

H.R. 3179. February 7, 1977. House Administration. Prohibits travel at Government expense outside the United States by Members of Congress who have been defeated, or who have resigned or retired.

H.R. 3180. February 7, 1977. House Administration. Prohibits travel at Government expense outside the United States by Members of Congress who have been defeated, or who have resigned or retired.

H.R. 3181. February 7, 1977. Government Operations; Rules. Abolishes specified Federal regulatory agencies on September 30,

1977, unless Congress and the President approve their continuation. Sets limits on the continued existence of Federal regulatory agencies. Sets forth the procedures to be followed by the President to transfer the functions, powers, and duties of terminated agencies to himself or to a successor agency.

H.R. 3182. February 7, 1977. Judiciary. Prohibits the importation, manufacture, sale, purchase, transfer, receipt or transportation of handguns except as authorized by the Secretary of the Treasury. Creates exceptions for handguns utilized by Federal, State, or local governmental law enforcement officials or intended for use as a curio, museum piece, or collector's item.

H.R. 3183. February 7, 1977. Public Works and Transportation. Requires that Federal agencies prepare energy consumption analysis prior to construction or renovation of public buildings. Details information and evaluations to be included in each such analysis.

H.R. 3184. February 7, 1977. Banking, Finance and Urban Affairs. Extends the authority of the Council on Wage and Price Stability, under the Council on Wage and Price Stability Act, to September 30, 1978. Authorizes the appropriation of a specified sum for the purpose of carrying out such Act for fiscal year 1978.

H.R. 3185. February 7, 1977. Judiciary. Amends the Miller Act which requires performance bonds on specified Federal construction contracts by increasing the dollar amount of contracts to which such Act applies from $2,000 to $50,000.

H.R. 3186. February 7, 1977. Veterans' Affairs. Provides that any veteran entitled to peacetime disability compensation shall be entitled to full wartime disability compensation for any disability resulting from an injury or disease received in line of duty (1) as a direct result of armed conflict, (2) while engaged in extrahazardous service, including such service under conditions simulating war.

H.R. 3187. February 7, 1977. Veterans' Affairs. Raises and fixes the rates of disability compensation for veterans rated 10 through 90 percent disabled in the proportion which the degree of disability bears to the rate applicable for a total rating.

H.R. 3188. February 7, 1977. Science and Technology. Authorizes the Administrator of the Energy Research and Development Administration to construct and operate a National Coal Conversion Demonstration Facility for use in the coal conversion programs of the Administration.

H.R. 3189. February 7, 1977. Ways and Means. Establishes on the books of the Treasury a fund to be known as the "United States Olympic Fund." Allows an individual taxpayer to designate that one dollar of any overpayment of his tax, or one dollar of any contribution which he makes with his return be available to such fund.

Provides that amounts in the fund shall be available as stated in appropriation Acts, to the United States Olympic Committee, for specified purposes.

H.R. 3190. February 7, 1977. Judiciary. Amends the provision of the Gun Control Act of 1968 imposing penalties for the use of a firearm during the commission of certain crimes to (1) cover the commission of any of specified felonies with the use of any firearm which has been transported in commerce, rather than only the commission of Federal felonies, (2) increase the terms of imprisonment, and (3) prohibit suspended and probationary sentences for first convictions.

H.R. 3191. February 7, 1977. Interstate and Foreign Commerce. Requires the Secretary of Health, Education, and Welfare to promulgate guidelines for research involving DNA.

Imposes strict civil liability on persons carrying out such research for all injury to persons or property, caused by such research.

Sets forth a mandatory licensing procedure for the conducting of such research.

Authorizes the Attorney General to bring suit to enjoin DNA research believed by the Secretary to be unreasonably hazardous to the public health.

Gives the Secretary inspection authority over DNA research facilities.

H.R. 3192. February 7, 1977. Science and Technology. Authorizes appropriations to the Energy Research and Development Administration for fiscal year 1977 for nonnuclear and environmental research programs.

Establishes an Energy Extension Service in the Energy Research and Development Administration to assist in the development of energy conserving practices.

Establishes criteria for the development of State energy conservation implementation plans. Directs the Administrator of Energy Research and Development to develop energy conservation plans for Federal programs.

H.R. 3193. February 7, 1977. Education and Labor. Amends the Age Discrimination in Employment Act of 1967 to eliminate age limitations with respect to the requirement that all personnel actions affecting employees or applicants for employment in Federal agencies, the United States Postal Service, or the District of Columbia government be taken without regard to such employees' or applicants' age.

H.R. 3194. February 7, 1977. Ways and Means. Amends the Internal Revenue Code to increase the limitation for dependent taxpayers on the low-income allowance for the standard deduction by permitting the allowance to match the taxpayer's trust income derived from a personal injury judgment or settlement, as well as his earned income for the taxable year.

H.R. 3195. February 7, 1977. Judiciary. Amends the Immigration and Nationality Act to authorize courts which have naturalization jurisdiction to retain up to $20,000 of the fees collected in naturalization proceedings held in such courts in any fiscal year.

H.R. 3196. February 7, 1977. Veterans' Affairs. Extends the delimiting period for completing a veteran's education program until such time as the veteran completes or ends the program, if at the close of the ordinary ten-year delimiting period the veteran is enrolled in a program.

H.R. 3197. February 7, 1977. Agriculture. Establishes, under the Agricultural Act of 1949, as amended, the support price of milk at not less than 90 percent of parity for the period beginning with the date of enactment of this Act and ending on March 31, 1978.

Declares that it is the sense of the Congress that the President: (1) limit the quantity of meat imports to a specified amount; and (2) issue a proclamation stating that import quotas on butter, butter oil, cheddar cheese, and nonfat dry milk not be increased above the levels prevailing as of June 1, 1971.

H.R. 3198. February 7, 1977. Interstate and Foreign Commerce. Authorizes the Secretary of Health, Education, and Welfare to formulate and administer a utility stamp program under which, at the request of any State chief executive, any eligible household which has at least one member over age 60 shall have the opportunity to offset a portion of its utility bill with coupons amounting to an allotment of $25 monthly.

H.R. 3199. February 7, 1977. Public Works and Transportation. Amends the Federal Water Pollution Control Act to extend various authorization provisions of such Act through fiscal year 1978.

Allows the Administrator of the Environmental Protection Agency to accept State certification as discharging the Administrator's responsibilities under certain compliance deadlines contained in the Act.

Revises the scope of permit authority with respect to discharges of dredged or fill material. Exempts farming and related activities from such permit requirements.

Redefines the term "navigable water" as applied to such permits.

Establishes an emergency contingency fund to deal with imminent threats to public health and welfare.

H.R. 3200. February 7, 1977. Government Operations. Creates an independent agency known as the Visa and Naturalization Administration in the executive branch to enforce and administer immigration and naturalization laws.

Transfers various powers, functions, and duties from the Departments of State, Justice, and Labor, to such Administration.

H.R. 3201. February 7, 1977. Post Office and Civil Service. Amends the Federal Salary Act of 1967 to make the recommendations of the President with respect to rates of pay for Members of Congress advisory only.

Amends the Legislative Reorganization Act of 1946 to establish the rates of pay for Members of Congress as those in effect on September 30, 1976.

H.R. 3202. February 7, 1977. Armed Services. Stipulates that the remarriage of the spouse of a deceased member of the armed forces at or after the age of 60 shall not result in the termination of the annuity payable under the Retired Serviceman's Family Protection Plan. Authorizes cost-of-living adjustments in such annuities.

H.R. 3203. February 7, 1977. Banking, Finance and Urban Affairs. Authorizes national banking associations to underwrite and deal in non-general obligations of States and cities.

Sets limitations and restrictions on dealings in such obligations by national banking associations.

H.R. 3204. February 7, 1977. Small Business; Agriculture. Amends the Disaster Relief Act of 1974 to provide disaster victims with two options for borrowing funds: (1) a three percent interest rate with up to $2,500 forgiveness on the loan; or (2) a one percent interest rates with no forgiveness clause.

H.R. 3205. February 7, 1977. Armed Services. Authorizes the establishment of a National Guard for Guam.

H.R. 3206. February 7, 1977. Appropriations. Rescinds budget authority in the amount of $47,500,000 for Helium Fund, Bureau of Mines (H. Doc. 94–620), pursuant to the Impoundment Control Act of 1974.

H.R. 3207. February 7, 1977. Government Operations. Requires recipients of grants made for other than the personal use of such recipient to make available for public inspection any records such recipient is required to keep as a condition of receiving such grant. Exempts from the provisions of this Act specified information including classified information, trade secrets, and personnel and medical files.

H.R. 3208. February 7, 1977. House Administration. Amends the Presidential Primary Matching Payment Account Act to provide that contributions received by any individual after such individual ceases to be a candidate for nomination for election to the office of President shall not be eligible for matching payments.

H.R. 3209. February 7, 1977. Science and Technology. Directs the Administrator of the Environmental Protection Agency to establish an Oil Spill Removal Research, Development, and Demonstration Project. Requires the transfer of similar programs from other Federal agencies to the project. Directs the Administrator to assist educational institutions and small businesses in participating in oil spill removal research programs.

H.R. 3210. February 7, 1977. Education and Labor. Amends the Economic Opportunity Act of 1964 to allow the Director of the Community Services Administration, in admin-

istering the Emergency Energy Conservation Services program, to apply eligibility criteria for individuals and families to permit the participation of those whose income does not exceed 175 percent of the official poverty line established by such Act.

H.R. 3211. February 7, 1977. Armed Services. Revises the pay scales for cadets and midshipmen at the United States Military Academy, the Naval Academy, the Air Force Academy, and the Coast Guard Academy and the pay of members of, and applicants for, the Senior Reserve Officers' Training Corps while such individuals are attending field training or practice cruises.

H.R. 3212. February 7, 1977. Interstate and Foreign Commerce; Ways and Means. Establishes a heating fuel subsidy program to be administered jointly by the Community Services Administration and participating States.

Amends the Internal Revenue Code of 1954 to allow individuals a limited, refundable tax credit for qualified insulation expenditures.

H.R. 3213. February 7, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3214. February 7, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3215. February 7, 1977. Judiciary. Declares certain individuals lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3216. February 7, 1977. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States.

H.R. 3217. February 7, 1977. Judiciary. Authorizes classification of a certain individual as a child for purposes of the Immigration and Nationality Act.

H.R. 3218. February 7, 1977. Judiciary. Authorizes classification of certain individuals as children for purposes of the Immigration and Nationality Act.

H.R. 3219. February 7, 1977. Judiciary. Authorizes classification of a certain individual as a child for purposes of the Immigration and Nationality Act.

H.R. 3220. February 7, 1977. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to certain individuals in full settlement of such individuals' claims against the United States.

H.R. 3221. February 8, 1977. Post Office and Civil Service. Amends the Legislative Reorganization Act of 1946 to stipulate that any adjustment in the pay for Members of Congress shall take effect at the beginning of the Congress succeeding the Congress in which such adjustment was approved. Requires each House to specifically approve such adjustment by resolution.

Amends the Federal Salary Act of 1967 to require that recommendations of the President with respect to rates of pay for Members of Congress by specifically approved by resolution by each House before such rates may take effect.

H.R. 3222. February 8, 1977. Banking, Finance and Urban Affairs; Government Operations. Amends the Defense Production Act of 1950 to prohibit Federal contracting officers from having specified financial interests in contractors doing business with the agency for which such contracting officer works. Prohibits for specified periods the employment of such officers by contractors with whom such officers dealt in their official capacity. Establishes a Conflict of Interest Review Board to monitor compliance with this Act.

H.R. 3223. February 8, 1977. Veterans' Affairs. Provides that public or private retirement, annuity, or endowment payments (including monthly social security insurance benefits) shall not be included in computing annual income for the purposes of determining eligibility for a service pension or a nonservice-connected disability pension paid by the Veterans' Administration.

H.R. 3224. February 8, 1977. Appropriations. Appropriates specified amounts to the Secretary of the Interior for construction of the Natchez Trace Parkway.

H.R. 3225. February 8, 1977. Veterans' Affairs. Provides that the fees payable to agents or attorneys who represent veterans in allowed claims under the veterans laws shall be paid by the Administrator of Veterans' Affairs rather than deducted from amounts awarded under the claims.

H.R. 3226. February 8, 1977. Veterans' Affairs. Provides that the fees payable to agents or attorneys who represent veterans in allowed claims under the veterans laws shall be paid by the Administrator of Veterans' Affairs rather than deducted from amounts awarded under the claims.

H.R. 3227. February 8, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to provide that attorneys' fees allowed in administrative or judicial proceedings under that program or under Title XVIII (Medicare) of such Act, in cases where claimants are successful, shall be paid by the Secretary of Health, Education, and Welfare rather than deducted from the amounts awarded claimants.

H.R. 3228. February 8, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to provide that attorneys' fees allowed in administrative or judicial proceedings under that program or under Title XVIII (Medicare) of such Act, in cases where claimants are successful, shall be paid by the Secretary of Health, Education, and Welfare rather than deducted from the amounts awarded claimants.

H.R. 3229. February 8, 1977. Ways and Means; Interstate and Foreign Commerce. Amends the Social Security Act to require skilled nursing and intermediate care facilities participating in Medicare and Medicaid programs to publish a statement of the rights and responsibilities of their patients.

H.R. 3230. February 8, 1977. Ways and Means; Interstate and Foreign Commerce. Amends the Social Security Act to require skilled nursing and intermediate care facilities participating in Medicare and Medicaid programs to publish a statement of the rights and responsibilities of their patients.

H.R. 3231. February 8, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare), Title XIV (Medicaid), and Title XX (Grants to States for Services) of the Social Security Act to establish a Special Commission on Quality Assurance and Utilization Control in Home Health Care.

Requires the Commission to conduct a review of the provision of home health care and services in the United States, and to develop a plan for quality assurance and utilization control in such care.

H.R. 3232. February 8, 1977. Ways and Means; Interstate and Foreign Commerce. Prohibits any federally assisted continuing care institutions from requiring any cash payment in addition to or in lieu of its regular periodic charges for care and services unless such payment is made in accordance with a written contract or agreement which sets forth the rights and obligations of the parties involved.

H.R. 3233. February 8, 1977. Veterans' Affairs. Provides that if the delivery day for Veterans' Administration benefit checks falls on a Saturday, Sunday or legal public holiday, checks for such month shall be mailed for delivery on the first day preceding such designated day which is not a Saturday, Sunday, or legal public holiday, without regard to whether the delivery of such checks is made in the same calendar month for which such benefit checks are issued.

H.R. 3234. February 8, 1977. Ways and Means. Amends Title XVI (Supplemental Security Income Program) of the Social Security Act to extend benefits to Puerto Rico, the Virgin Islands, and Guam on the same basis as the States.

H.R. 3235. February 8, 1977. Merchant Marine and Fisheries. Provides that the United States Canal Zone shall be represented by a Delegate to the House of Representatives. Requires that a special election be held no later than 30 days after enactment of this Act to elect a delegate to serve until the next regular Congressional election.

H.R. 3236. February 8, 1977. Public works and Transportation. Repeals the authorization for a portion of the Nanseond River Project, Virginia.

H.R. 3237. February 8, 1977. Education and Labor. Authorizes the creation of a two-year financial assistance program for all elementary and secondary school pupils in the United States. Specifies the amount of funds to be allocated by the Commissioner of Education to each pupil in public or private elementary and secondary schools.

Prohibits Federal intervention, under this Act, in the administration and operation of any school or school system.

H.R. 3238. February 8, 1977. Education and Labor. Amends the Older Americans Act by establishing in any State real property tax relief programs by the Secretary of Health, Education, and Welfare for qualifying persons age 65 or older.

H.R. 3239. February 8, 1977. Ways and Means. Amends the Railroad Retirement Act and Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to exempt individuals suffering from multiple sclerosis from the requirement that an individual be entitled to disability benefits for at least 24 consecutive months in order to qualify for hospital insurance benefits under the Medicare program.

H.R. 3240. February 8, 1977. Armed Services. Requires the Secretaries of the various armed forces to establish regional boards and panels to review discharges from the armed services under less than honorable conditions. Specifies certain mitigating and extenuating factors which such boards and panels are to consider. Authorizes the issuance of honorable discharges (limited) to individuals whose post-service behavior has been exemplary. Sets forth the procedures which the boards and panels are required to follow regarding applications for review.

H.R. 3241. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to allow individuals a limited income tax credit for rent paid for their principal residence.

H.R. 3242. February 8, 1977. Ways and Means. Amends the tax reform act to provide an unlimited exclusion from gross income of disability payments received by persons who retired on or before October 1, 1976, and either retired on disability, or were entitled to retire on disability.

H.R. 3243. February 8, 1977. Veterans' Affairs. Provides that recipients of veterans' pensions and compensation reduced because of increases in social security benefits.

H.R. 3244. February 8, 1977. Veterans' Affairs. Provides that recipients of veterans' pensions and compensation will not have the amount of such pension or compensation reduced because of increases in social security benefits.

H.R. 3245. February 8, 1977. Veterans' Affairs. Provides that recipients of veterans' pensions and compensation will not have the amount of such pension or compensation reduced because of increases in social security benefits.

H.R. 3246. February 8, 1977. Veterans' Affairs. Provides that recipients of veterans'

pensions and compensation will not have the amount of such pension or compensation reduced because of increases in social security benefits.

H.R. 3247. February 8, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act: (1) to permit married couples filing joint tax returns to share their income for OASDI purposes as well; (2) to allow certain recipients of spouses' or survivors' benefits to include such benefits as income in determining their average monthly wage; (3) to lower the age of eligibility for such benefits to 50; (4) to eliminate the special dependency requirements for husband's and widower's benefits; and (5) to authorize children entitled to more than one child's insurance benefit to receive the total amount available.

H.R. 3248. February 8, 1977. Science and Technology. Directs the Administrator of the Energy Research and Development Administration to conduct an investigation and study of the use of grain or grain products in the development and use of fuels.

H.R. 3249. February 8, 1977. Post Office and Civil Service. Amends the Legislative Reorganization Act of 1946 and the Federal Salary Act of 1967 to set the salaries of Members of Congress and the Vice President at the rate in effect for such offices on September 30, 1976, until otherwise provided by law. Removes consideration of salaries of the Vice President, Members of Congress, and the Resident Commissioner from Puerto Rico from the jurisdiction of the Commission on Executive, Legislative, and Judicial Salaries. Freezes salaries presently subject to the Commission's review until the President determines that such positions are subject to adequate codes of conduct.

H.R. 3250. February 8, 1977. Public Works and Transportation. Amends the Federal Water Pollution Control Act to eliminate the requirement that industrial users pay a proportional share of construction costs for municipal waste treatment facilities. Requires recipients of Federal grants made after March 1, 1973, to repay industrial users such share of the costs as previously required under the Act.

H.R. 3251. February 8, 1977. Education and Labor. Amends the Child Nutrition Act of 1966 to forbid the Secretary of Agriculture from making breakfast assistance payments to a State which is required by law to operate a breakfast program if that State imposes school breakfast costs on localities.

H.R. 3252. February 8, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to provide payment for diagnostic tests and examinations given for the detection of breast cancer under the supplementary medical insurance program.

H.R. 3253. February 8, 1977. Banking, Finance and Urban Affairs. Amends the Federal Reserve Act and the Federal Deposit Insurance Act to require the payment of interest on Treasury Department funds held on deposit in commercial banks. Authorizes the Secretary of the Treasury to reimburse commercial banks for services performed for the United States.

H.R. 3254. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to allow individuals to designate $1 of their income tax liability to be used for reducing the public debt of the United States.

H.R. 3255. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to exempt certain incorporated fraternal organizations and lodges from the special tax rules applicable to private foundations.

H.R. 3256. February 8, 1977. Education and Labor; Judiciary. Exempts from the maximum hours provisions of the Walsh-Healey Act and the Fair Labor Standards Act, instances where a group of employees elect to work up to 48 hours during the week before a legal public holiday in return for additional leave during the week in which the holiday falls.

H.R. 3257. February 8, 1977. Judiciary. Renders applicable to first convictions for using a firearm to commit a Federal felony or for unlawfully carrying a firearm during the commission of such a crime, the prohibition against suspended or probationary sentences presently mandatory with respect to second or subsequent convictions.

H.R. 3258. February 8, 1977. Post Office and Civil Service. Abolishes the Commission on Executive, Legislative, and Judicial Salaries established by the Federal Salary Act of 1967.

H.R. 3259. February 8, 1977. Ways and Means. Amends the Tariff Schedules of the United States to extend for two years the suspension of the customs duty on the importation of horses, other than for immediate slaughter.

H.R. 3260. February 8, 1977. Government Operations; Ways and Means; Rules; Post Office and Civil Service; Judiciary. Requires the President to submit plans for reorganization of regulatory agencies according to a schedule set forth in this Act. Requires congressional approval of Federal agency rules. Specifies other reforms applicable to the Executive branch. Sets standards of conduct for Federal employees and officers.

H.R. 3261. February 8, 1977. Rules. Requires congressional committees to evaluate each Federal program every four years to determine whether such program merits continuation. Requires the Comptroller General to identify duplicative and inactive programs. Requires a note be printed on all bills and resolutions describing the costs of carrying out the provisions of such legislation and the expected savings from such legislation.

H.R. 3262. February 8, 1977. Armed Services. Makes it unlawful for any individual or entity to solicit to enroll or enroll any member of the armed forces in any labor organization or for any member of the armed forces to join, or encourage others to join any labor organization. Sets forth penalties for violations of this Act.

H.R. 3263. February 8, 1977. Agriculture. Provides, under the Consolidated Farm and Rural Development Act, that emergency loans shall be made available in any area of the United States, Puerto Rico, or the Virgin Islands which the Secretary of Agriculture has designated an emergency area due to a labor dispute, in which farmers are not participants, but which has prevented the production, processing or sale of products produced by farming, ranching or aquaculture operations.

H.R. 3264. February 8, 1977. Public Works and Transportation. Authorizes States or political subdivisions which issued bonds the proceeds of which were used for projects on the Interstate Highway System to partially recover the interest payments made on such bonds from the Federal Government.

H.R. 3265. February 8, 1977. Government Operations; Rules. Abolishes within three years of the enactment of this Act, or three years after they have been established, all Federal regulatory agencies unless the President and Congress determine that such agencies should continue to exist.

H.R. 3266. February 8, 1977. Merchant Marine and Fisheries. Amends the Fish and Wildlife Coordination Act to establish a program of Federal assistance to the States for the preservation of natural game fish streams, administered by the Secretary of the Interior.

H.R. 3267. February 8, 1977. House Administration. Prohibits travel at Government expense outside the United States by Members of Congress who have been defeated or who have resigned or retired.

H.R. 3268. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to allow a deferral of an individual's income tax liability to the extent it equals a limited portion of the higher educational expenses incurred for the taxpayer, his spouse and dependents. Defers payment until the year following the end of the individual's attendance at an institution of higher education, or the tenth year following the taxpayer's initial deferral, whichever is earlier.

H.R. 3269. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to allow a deferral of an individual's income tax liability to the extent it equals a limited portion of the higher educational expenses incurred for the taxpayer, his spouse and dependents. Defers payment until the year following the end of the individual's attendance at an institution of higher education, or the tenth year following the taxpayer's initial deferral, whichever is earlier.

H.R. 3270. February 8, 1977. Public Works and Transportation. Amends the Federal Aviation Act of 1958 to remove the public interest requirement for the issuance of orders, permits, and regulations by the Civil Aeronautics Board with respect to foreign air carriers where the carrier is being operated pursuant to an agreement approved by the Board.

H.R. 3271. February 8, 1977. Armed Services. Makes it unlawful for any individual or entity to solicit to enroll or enroll any member of the armed forces in any labor organization or for any member of the Armed Forces to join, or encourage others to join any labor organization. Sets forth penalties for violations of this Act.

H.R. 3272. February 8, 1977. Public Works and Transportation. Amends the Federal Aviation Act of 1958 to authorize reduced air fares for persons 60 years of age or older.

H.R. 3273. February 8, 1977. Public Works and Transportation. Amends the Federal Aviation Act of 1958 to authorize reduced air fares for persons 60 years of age or older.

H.R. 3274. February 8, 1977. Public Works and Transportation. Amends the Federal Aviation Act of 1958 to authorize reduced air fares for persons 60 years of age or older.

H.R. 3275. February 8, 1977. Veterans' Affairs. Exempts courses which lead to a standard college degree from the "85–15" rule under which the Administrator of Veterans' Affairs is required to disapprove enrollment of any eligible veteran, not already enrolled, in any course where more than 85 percent of the students enrolled have their fees paid by either the Federal Government or the educational institution itself.

H.R. 3276. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to provide an additional income tax exemption for taxpayers, spouses, or dependents with serious mental or physical disabilities which result in death, or which can be expected to result in death or be of long-continued or indefinite duration.

H.R. 3277. February 8, 1977. Veterans' Affairs. Designates service as a member of the Women's Air Forces Service Pilots as active duty for the purposes of all laws administered by the Veterans' Administration.

H.R. 3278. February 8, 1977. Banking, Finance and Urban Affairs. Amends the United States Housing Act of 1937 to establish a task force to evaluate the housing for the elderly low-income housing assistance program. Requires the Secretary of Housing and Urban Development to report to Congress on such program. Requires that wages paid for the construction and operation of a low-income housing project reflect the actual wages being paid in the immediate area of the project.

H.R. 3279. February 8, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to revise the eligibility requirements for disability insurance benefits for blind persons. Revises the method of computing the primary insurance amount for blind persons under such Act.

H.R. 3280. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to allow individuals aged 65 or more an income tax deduction for 50 percent of the amounts paid or incurred for electricity used in their principal residences.

H.R. 3281. February 8, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act by removing the limitation upon the amount of outside income which an individual may earn while receiving benefits.

H.R. 3282. February 8, 1977. Ways and Means. Amends Title XVI (Supplemental Security Income for the Aged, Blind, and Disabled) of the Social Security Act to provide that support and maintenance furnished in kind shall not be counted as income in determining the eligibility of any individual for supplementary security income benefits or the amount of such benefits, regardless of whether such individual is living in another person's household.

H.R. 3283. February 8, 1977. Judiciary. Amends the provision of the Gun Control Act of 1968 imposing penalties for the use of a firearm during the commission of certain crimes to (1) cover the commission of any of specified felonies with the use of any firearm which has been transported in commerce, rather than only the commission of Federal felonies (2) increase the terms of imprisonment, and (3) prohibit suspended and probationary sentences for first convictions.

H.R. 3284. February 8, 1977. Veterans' Affairs. Extends from June 30, 1978, to September 30, 1983, the grants-in-aid program to the Veterans Memorial Hospital in the Philippine Islands.

H.R. 3285. February 8, 1977. Banking, Finance and Urban Affairs. Extends the authorization of flexible regulation of maximum interest rates on deposits and accounts in depository institutions. Designates three additional States as exempt from the prohibition against withdrawals by check against interest earning accounts.

Amends the Federal Credit Union Act with respect to the extension of credit and the duties and powers of the credit union's board of directors and credit committee.

Amends the Federal Reserve Act to extend the limitation on the aggregate amount of United States obligations which may be purchased or sold.

H.R. 3286. February 8, 1977. Banking, Finance and Urban Affairs. Amends the Federal Credit Union Act with regard to assets, loans, membership, management, including officers and directors, and required reserves. Reorganizes the National Credit Union Administration and establishes a Presidentially-appointed, Senate-confirmed Board, the National Credit Union Administration Board, to manage the Administration. Creates the National Credit Union Central Liquidity Facility to maintain the liquidity of credit unions, and to provide for the orderly transfer of funds between and among credit unions and other financial institutions.

H.R. 3287. February 8, 1977. Government Operations. Prohibits Government use of any limousine, use of any Government motor vehicle to transport any official between his place of employment and his dwelling place, and Government employment of any chauffeur.

Excepts from this Act limousines for the President, Ambassadors, and specified other persons whose personal safety depends upon the use of such limousines.

H.R. 3288. February 8, 1977. Government Operations. Prohibits Government use of any limousine, use of any Government motor vehicle to transport any official between his place of employment and his dwelling place, and Government employment of any chauffeur.

Excepts from this Act limousines for the President, Ambassadors, and specified other persons whose personal safety depends upon the use of such limousines.

H.R. 3289. February 8, 1977. Government Operations. Prohibits Government use of any limousine, use of any Government motor vehicle to transport any official between his place of employment and his dwelling place, and Government employment of any chauffeur.

Excepts from this Act limousines for the President, Ambassadors, and specified other persons whose personal safety depends upon the use of such limousines.

H.R. 3290. February 8, 1977. Interstate and Foreign Commerce. Amends the Federal Food, Drug, and Cosmetic Act to require that any packaged food containing sugar prominently display a declaration of such fact on its label if the sugar provides at least ten percent of the total number of calories in such food.

Excludes fresh fruit, fresh vegetables, and alcoholic beverages from the requirement imposed by this Act.

H.R. 3291. February 8, 1977. Interstate and Foreign Commerce. Amends the Federal Food, Drug, and Cosmetic Act to require that any packaged food containing sugar prominently display a declaration of such fact on its label if the sugar provides at least ten percent of the total number of calories in such food.

Excludes fresh fruit, fresh vegetables, and alcoholic beverages from the requirement imposed by this Act.

H.R. 3292. February 8, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to authorize payment for specified services performed by chiropractors, and physical examination, and related routine laboratory tests.

H.R. 3293. February 8, 1977. Education and Labor Limits, to those elementary and secondary school facilities destroyed or damaged after January 2, 1968, and prior to October 1, 1978, the distribution of disaster relief to local educational agencies in federally impacted areas.

H.R. 3294. February 8, 1977. Interstate and Foreign Commerce. Amends the Communications Act of 1934 to exempt from the requirement of obtaining a certificate of public convenience and necessity an interstate trunk line owned by a telephone company serving subscribers in a single State.

H.R. 3295. February 8, 1977. Public Works and Transportation. Authorizes enlargement of a turning basin of the Ashtabula Harbor, Ohio.

H.R. 3296. February 8, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to take specified steps to facilitate and encourage the rental of durable medical equipment and the purchase of such equipment used whenever possible.

H.R. 3297. February 8, 1977. Post Office and Civil Service. Establishes the overtime hourly rate of pay for an employee of the Animal and Plant Health Service, Department of Agriculture at an amount equal to one and one-half times the hourly rate of basic pay of such employee, under certain conditions.

H.R. 3298. February 8, 1977. Judiciary. Amends provisions imposing additional sentences for commission of a Federal felony with the use of, or while unlawfully carrying, a firearm to (1) increase the minimum authorized sentence, (2) remove maximum limits for such sentences, and (3) prohibit suspended and probationary sentences with respect to first, as well as to subsequent, convictions.

H.R. 3299. February 8, 1977. Interstate and Foreign Commerce; Ways and Means; Banking, Finance and Urban Affairs; Judiciary. Amends the Comprehensive Drug Abuse Prevention and Control Act of 1970 to set forth mandatory minimum terms of imprisonment for individuals convicted of certain opiate traffic related crimes.

Amends the Federal Rules of Criminal Procedure to require a separate sentencing hearing when a person is convicted of a crime for which such sentences are authorized.

Specific release and preventive detention standards for opiate traffic violators.

Subjects to forfeiture proceeds of and money intended to be used in opiate violations.

Revises reporting requirements relative to (1) the importation or exportation of cash and (2) certain vessels upon arrival in United States ports.

H.R. 3300. February 8, 1977. Ways and Means. Removes the limitation on the amount of outside income which an individual may earn while receiving benefits under title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act.

H.R. 3301. February 8, 1977. Ways and Means; Interstate and Foreign Commerce. Amends Title XVIII (Medicare) of the Social Security Act to provide payment for occupational therapy services under the supplementary medical insurance program.

H.R. 3302. February 8, 1977. Post Office and Civil Service. Amends the Federal Salary Act of 1967 and the Legislative Reorganization Act of 1946 to specify when an adjustment in the rate of pay for Members of Congress proposed during any Congress shall take effect.

H.R. 3303. February 8, 1977. Merchant Marine and Fisheries. Requires the Secretary of the Interior to make a comprehensive study of the grizzly bear for the purpose of developing adequate methods of conservation.

Calls for an immediate moratorium on all killing of such mammals.

H.R. 3304. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to provide that property used in, or related to, the taxpayer's trade or business, and which the taxpayer acquired without cost, shall not qualify as a capital asset.

H.R. 3305. February 8, 1977. Ways and Means. Amends the Internal Revenue Code to increase the deduction for individual retirement savings.

H.R. 3306. February 8, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to establish a new method of determining the initial primary insurance amount of an individual. Requires the economic indexing of a worker's earnings in determining the base amount from which an individual's payments will be computed.

Revises the method of calculating the monthly earnings limitation.

H.R. 3307. February 8, 1977. Armed Services. Authorizes the President of the United States to present a Medal of Honor to a certain individual.

H.R. 3308. February 8, 1977. Judiciary Declares a certain individual eligible for naturalization under the Immigration and Nationality Act.

H.R. 3309. February 8, 1977. Judiciary. Declares a certain individual eligible for naturalization under the Immigration and Nationality Act.

H.R. 3310. February 8, 1977. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3311. February 8, 1977. Merchant Marine and Fisheries. Exempts a certain vessel owned by a certain corporation from the law prohibiting foreign vessels from transporting passengers between ports in the United States.

H.R. 3312. February 8, 1977. Judiciary. Directs the Secretary of the Terasury to pay a specified sum to a certain individual in full

settlement of such individual's claims against the United States.

H.R. 3313. February 8, 1977. Judiciary. Authorizes classification of certain individuals as children for purposes of the Immigration and Nationality Act.

H.R. 3314. February 8, 1977. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain corporation in full settlement of such corporation's claims against the United States.

H.R. 3315. February 8, 1977. Judiciary. Provides that a certain individual be conditionally admitted to the United States for permanent residence.

H.R. 3316. February 9, 1977. Post Office and Civil Service. States that when figuring cost-of-living adjustments for Federal employees stationed outside the United States, consideration shall not be given to commissary or exchange privileges of such employees unless such privileges are derived from the individual's employment as a civilian Federal employee.

H.R. 3317. February 9, 1977. Interstate and Foreign Commerce. Amends the Natural Gas Act to extend the coverage of the Act to include all aspects of production, supply, transportation, distribution, and sale of natural gas, except for sales to ultimate consumers by local distributors.

Requires all natural gas companies to file monthly reports concerning available supplies. Prohibits such companies from withholding natural gas supplies where shortages exist. Establishes procedures for seizure and allocation of natural gas reserves to alleviate shortages.

Authorizes the President to provide Federal reimbursement for a share of net losses incurred in natural gas exploration and drilling activities.

H.R. 3318. February 9, 1977. Post Office and Civil Service. Limits the individual salaries payable to the members of the staffs of former Presidents. Repeals the aggregate limit for each such former President's staff salaries for former Presidents whose service in the Office of President has terminated on or after January 18, 1977.

H.R. 3319. February 9, 1977. Agriculture. Directs the Secretary of Agriculture, through the Soil Conservation Service, to monitor soil moisture and water supplies in drought-prone areas, to provide information thereon, and to accelerate financial and technical assistance to lessen the impact of the drought on farming and ranching operations.

H.R. 3320. February 9, 1977. House Administration. Amends the Federal Election Campaign Act to limit the purposes for which contributions made to a Federal officeholder to support his official activities may be used to (1) ordinary and necessary expenses incurred in official duties and (2) charitable contributions. Prohibits use of such funds to defray campaign costs.

Limits the purposes for which a candidate for Federal office may use excess campaign contributions to (1) reimbursement of contributors, (2) deposits in the Presidential Election Campaign Fund, (3) expenses in future elections, and (4) in the case of successful candidates, expenses incurred in official duties.

H.R. 3321. February 9, 1977. Veterans' Affairs. Designates service as a member of the Women's Air Forces Service Pilots as active duty for the purposes of all laws administered by the Veterans' Administration.

H.R. 3322. February 9, 1977. Government Operations. Establishes the Department of Health to be headed by a Secretary of Health.

Stipulates that the Department shall have the duty and function of administering all health-related programs now under the jurisdiction of the Department of Health, Education, and Welfare.

Establishes a Coordinating Commission to advise on the coordination of all Federal health programs to end waste and duplication of services.

H.R. 3323. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to limit the parimutual gambling winnings on horse and dog races and jai alai which are subject to tax withholding to one-half of the proceeds exceeding $1,000 where the winnings are at least 300 times the size of the wager.

H.R. 3324. February 9, 1977. Judiciary. Amends the Immigration and Nationality Act to eliminate the limit on the number of alien children which may be adopted.

H.R. 3325. February 9, 1977. Post Office and Civil Service. Amends the Federal Salary Act of 1967 to make any recommendations of the President relating to the salaries of Members of Congress purely advisory.

Amends the Legislative Reorganization Act of 1946 to require that the annual rate of pay for Members of Congress and the House and Senate leadership be the rate payable for such positions on the date of enactment of this Act unless otherwise established by law.

H.R. 3326. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to provide a limited income tax credit for the purchase and installation of qualified insulation and heating improvements in the taxpayer's principal residence.

H.R. 3327. February 9, 1977. Judiciary. Permits a Federal judge or justice who is at least 65 years of age and has served at least 15 years to retire at full pay.

H.R. 3328. February 9, 1977. Interstate and Foreign Commerce. Prohibits the inspection or acquisition by agents of the United States of medical and dental records of patients who are not under a federally assisted program unless inspection or acquisition is authorized by the patient.

H.R. 3329. February 9, 1977. Ways and Means; Interstate and Foreign Commerce Amends Title XI (General Provisions) of the Social Security Act to abolish the Professional Standards Review Organizations which were established to review services covered under the Medicare and Medicaid program.

H.R. 3330. February 9, 1977. Interstate and Foreign Commerce; Ways and Means; Rules. Requires any officer or agency in the executive branch to obtain congressional review of all proposed regulations relating to cost and expenditures for health care.

H.R. 3331. February 9, 1977. Interstate and Foreign Commerce. Prohibits the inspection or acquisition by agents of the United States of medical and dental records of patients who are not under a federally-assisted program unless inspection or acquisition is authorized by the patient.

H.R. 3332. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to prohibit income tax deductions for wages paid to aliens illegally working in the United States.

H.R. 3333. February 9, 1977. Small Business. Amends the Small Business Act to authorize the Small Business Administration to make loans to assist any small business concern to continue or reestablish its business or establish a new business if the Administration determines that such concern has been adversely affected by an economic disaster and has suffered or is likely to suffer economic injury without such assistance.

H.R. 3334. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to allow employers a limited, refundable income tax credit for 50 percent of the wages paid new employees working in the United States. Provides for future assessments of this credit by the Secretary of the Treasury.

H.R. 3335. February 9, 1977. District of Columbia. Creates the Saint Elizabeth Hospital Corporation to administer Saint Elizabeths Hospital. Directs the Secretary of the Interior to make available to the Board such sums as may be necessary for the renovation and restoration of certain historic buildings at Saint Elizabeths Hospital.

H.R. 3336. February 9, 1977. Merchant Marine and Fisheries. Amends the Ports and Waterways Safety Act of 1972 to apply the safety standards under such Act and other specified standards to all vessels entering into the United States Fishery Conservation Zone established under the Fishery Conservation Management Act of 1976. Requires (previously allowed) the Secretary of the department in which the Coast Guard is operating to implement the safety standards specified in such Act. Transfers the duty of investigating navigation accidents from the Secretary to the National Transportation Safety Board.

H.R. 3337. February 9, 1977. Post Office and Civil Service. Amends the Federal Salary Act of 1967 and the Legislative Reorganization Act of 1946 to specify when an adjustment in the rate of pay for Members of Congress proposed during any Congress shall take effect.

H.R. 3338. February 9, 1977. Post Office and Civil Service. Amends the Federal Salary Act of 1967 to make any recommendations of the President relating to the salaries of Members of Congress purely advisory.

Amends the Legislative Reorganization Act of 1946 to require that the annual rate of pay for Members of Congress and the House and Senate leadership be the rate payable for such positions on the date of enactment of this Act unless otherwise established by law.

H.R. 3339. February 9, 1977. Public Works and Transportation. Authorizes the Secretary of the Army to construct a lock and dam project on the Mississippi River near Alton, Illinois. Authorizes the Secretary to provide wildlife protection and recreational activities with such project.

Authorizes the study of bulk commodity freight requirements on the Upper Mississippi and Illinois waterway.

Withdraws authority (1) to study the deepening of navigation channels in the Minnesota River, Minnesota; Black River, Wisconsin; Saint Croix River, Minnesota and Wisconsin; Illinois River, Illinois; and the Mississippi River north of its junction with the Missouri River, Missouri; and (2) to study or construct a specified Mississippi River channel.

H.R. 3340. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to exempt trade or business expenses incurred in providing day care services on a regular basis in a taxpayer's dwelling unit from the prohibition on deducting expenses with respect to a dwelling unit which is used by the taxpayer as his residence.

H.R. 3341. February 9, 1977. Banking, Finance and Urban Affairs. Establishes a National Commission on Neighborhoods to study the factors contributing to the decline of city neighborhoods and to make recommendations for programs necessary to facilitate neighborhood preservation and revitalization.

H.R. 3342. February 9, 1977. Interstate and Foreign Commerce. Amends the Natural Gas Act to exempt transactions involving persons engaged in the production or gathering and sale of natural gas from regulation by the Federal Power Commission, provided such persons are not engaged in the transmission of natural gas.

H.R. 3343. February 9, 1977. Veterans' Affairs. Authorizes the Administrator of Veterans' Affairs to make grants to States, upon approval of their applications, to assist them in establishing, expanding, or improving veterans cemeteries owned by the State; to pay a portion of the cost of interment for each eligible person and the cost of perpetual care maintenance; and to pay the cost of transportation of a deceased veteran's body for burial in a national cemetery.

H.R. 3344. February 9, 1977. Interior and Insular Affairs. Authorizes the Secretary of the Interior to investigate the feasibility of the Trinity River Division, Whiskeytown Powerplant Central Valley Project, California.

H.R. 3345. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to allow individuals whose income consists solely of employee compensation and interest to elect to have the Internal Revenue Service compute their income tax liability.

H.R. 3346. February 9, 1977. Post Office and Civil Service. Abolishes the Commission on Executive, Legislative, and Judicial Salaries established by the Federal Salary Act of 1967.

H.R. 3347. February 9, 1977. Appropriations. Rescinds budget authority for the Bureau of Mines' Helium Fund recommended in House document 94–620, transmitted to Congress by the President pursuant to the Impoundment Control Act of 1974.

H.R. 3348. February 9, 1977. Merchant Marine and Fisheries. Increases the appropriations authorization for the Canal Zone biological area.

H.R. 3349. February 9, 1977. Banking, Finance and Urban Affairs. Amends the Federal Reserve Act to extend the authority of Federal Reserve banks to purchase and sell obligations fully guaranteed by the United States until April 1, 1978.

H.R. 3350. February 9, 1977. Merchant Marine and Fisheries; Interior and Insular Affairs. Prohibits the development of hard mineral resources of the deep seabed except under international conventions or pursuant to a license issued by the Secretary of Commerce. Prescribes requirements and imposes limitations of the granting of such licenses by the Secretary.

H.R. 3351. February 9, 1977. Judiciary. Imposes mandatory minimum prison sentences for certain offenses. Requires increased sentences for certain repeat offenders.

H.R. 3352. February 9, 1977. Judiciary. Amends provisions imposing additional sentences for commission of a Federal felony with the use of, or while unlawfully carrying, a firearm to (1) reduce the maximum authorized sentence, (2) increase the minimum authorized sentence for second and subsequent convictions, and (3) prohibit suspended and probationary sentences with respect to first, as well as to subsequent, convictions.

H.R. 3353. February 9, 1977. Public Works and Transportation. Amends the Local Public Works Capital Development and Investment Act of 1976 to revise the formula for allocation of grants to States and localities by giving greater priority to areas of higher unemployment. Increases the amount authorized to be appropriated under such Act.

H.R. 3354. February 9, 1977. Interior and Insular Affairs. Declares that specified land of the United States shall be held in trust for specified communities of the Mdewakanton Sioux in Minnesota.

H.R. 3355. February 9, 1977. Interstate and Foreign Commerce. Requires packaged foreign dairy products to be labeled in such a manner as to be readily identifiable as being imported.

Permits the Federal Trade Commission to establish labeling requirements for foreign dairy products and to grant exemptions from such requirements.

Prohibits any person from importing, offering to import, distributing, or causing to be distributed any improperly labeled imported dairy product.

Grants enforcement powers under this Act to the Federal Trade Commission and the Secretary of the Treasury.

H.R. 3356. February 9, 1977. Banking, Finance and Urban Affairs. Requires appropriate Federal financial supervisory agencies to develop programs and procedures which will encourage financial institutions to help meet the credit needs of the local communities in which they are chartered.

H.R. 3357. February 9, 1977. Banking, Finance and Urban Affairs. Amends the Housing and Community Development Act to provide that units of general local government receiving grants under the hold-harmless provisions of such Act, shall be entitled, after fiscal year 1977, to continue to receive at least the amount to which they are presently entitled.

H.R. 3358. February 9, 1977. Government Operations. Amends the Public Works Employment Act of 1976 to extend for five additional calendar quarters authorization for the appropriation of funds for payments to States and local governments for the maintenance of basic services to assure that Federal efforts to stimulate economic recovery are not hindered.

Increases the base amount authorized to be appropriated for each calendar quarter for such payments.

H.R. 3359. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to restrict the tax exclusion of proceeds on industrial development bonds to certain types of issues, the proceeds of which will be used within economic development areas. Allows national banks to deal in, and underwrite, such bonds.

H.R. 3360. February 9, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to provide that whenever cost-of-living increases are made in benefits, such amounts shall be further increased for individuals residing in high cost areas by a formula set forth in the Act.

H.R. 3361. February 9, 1977. Judiciary. Permits Federal agencies to award fees and costs of participation of persons who contribute substantially to the agency's decisionmaking process and whose interest in the outcome is comparatively small, or who could not participate but for such an award. Permits courts of the United States to award litigation costs to parties seeking judicial review of an agency's action if such person is afforded the relief sought, an important public purpose is served by such action, and such person's economic interest in the outcome is comparatively small or such person could not bring such action but for such award.

H.R. 3362. February 9, 1977. Judiciary. Permits Federal agencies to award fees and costs of participation of persons who contribute substantially to the agency's decisionmaking process and whose interest in the outcome is comparatively small, or who could not participate but for such an award. Permits courts of the United States to award litigation costs to parties seeking judicial review of an agency's action if such person is afforded the relief sought, an important public purpose is served by such action, and such person's economic interest in the outcome is comparatively small or such person could not bring such action but for such award.

H.R. 3363. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to allow joint employers of an employee to avoid duplicative tax payments under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act where the employers are separate corporations utilizing a common paymaster by limiting each employer's tax payment to the liability arising from the amounts actually paid the employee.

H.R. 3364. February 9, 1977. Ways and Means. Amends the Tariff Schedules of the United States to repeal the customs duty on loose glass prisms used in chandeliers and wall brackets.

H.R. 3365. February 9, 1977. Banking, Finance and Urban Affairs. Extends the authorization of flexible regulation of maximum interest rates on deposits and accounts in depository institutions. Designates three additional States as exempt from the prohibition against withdrawals by check against interest earning accounts.

Amends the Federal Credit Union Act with respect to the extension of credit and the duties and powers of the credit union's board of directors and credit committee.

Amends the Federal Reserve Act to extend the limitation on the aggregate amount of United States obligations which may be purchased or sold.

H.R. 3366. February 9, 1977. Agriculture. Directs the Secretary of Agriculture, under the Agricultural Act of 1949, to provide extensions of the repayment period for wheat and feed grain loans. Prohibits, with specified exceptions, any sale of wheat or feed grain by the Commodity Credit Corporation for less than 150 percent of the current loan level for such commodity.

H.R. 3367. February 9, 1977. Agriculture. Directs the Secretary of Agriculture, under the Agricultural Act of 1949, to administer through the Commodity Credit Corporation a special wheat acreage grazing and hay program in each of the crop years 1977 through 1981.

H.R. 3368. February 9, 1977. Science and Technology. Amends the Energy Reorganization Act of 1974 to direct the Administrator of the Energy Research and Development Administration to include studies of mixtures of gasoline and grain alcohol as part of the alternate fuels research and development program.

H.R. 3369. February 9, 1977. Agriculture. Establishes a temporary advisory committee to advise the Administrator of the Federal Grain Inspection Service. Amends the United States Grain Standards Act of 1976 to repeal the requirement that the State and other official agencies designated to perform inspection or weighing functions pay fees to the Administrator to cover certain supervisory costs.

Directs the Secretary of Agriculture to establish a single system of recordkeeping by grain storage or handling facilities which will meet the requirements of Federal law and the regulations of the Commodity Credit Corporation.

H.R. 3370. February 9, 1977. Judiciary. Amends the Clayton Act to prohibit specified concentrations of control in the energy-producing industries. Prohibits joint ventures between large producers, transporters or refiners of petroleum, petroleum products, or natural gas.

H.R. 3371. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to allow an additional investment tax credit for machinery and equipment placed in service on existing manufacturing plants or in nearby areas.

H.R. 3372. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to allow an additional investment tax credit for machinery and equipment placed in service on existing manufacturing plants or in nearby areas.

H.R. 3373. February 9, 1977. Ways and Means. Amends the Tariff Schedules of the United States to extend until June 30, 1978, the suspension of customs duties on yarns of noncontinuous silk fibers.

H.R. 3374. February 9, 1977. Interstate and Foreign Commerce. Prohibits franchisors from prematurely cancelling or failing to renew motor fuel franchises unless written notification is provided and the franchisee has failed to comply with reasonable terms of the agreement.

Specifies that refiners may not increase the percentage of gasoline distributed through refiner operated retail outlets for a two-year period. Directs the Federal Trade Commission (FTC) to report to Congress on methods to promote competition in the marketing of gasoline.

Requires the FTC to prescribe rules for determining octane ratings of gasoline and to display requirements for such ratings.

Prohibits specified unfair practices in the marketing of automotive gasoline.

H.R. 3375. February 9, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to revise the eligibility requirements for disability insurance benefits for blind persons. Revises the method of computing the primary insurance amount for blind persons under such Act.

H.R. 3376. February 9, 1977. Veterans' Affairs. Provides that recipients of veterans' pensions and compensation will not have the amount of such pension or compensation reduced because of increases in social security benefits.

H.R. 3377. February 9, 1977. Interior and Insular Affairs. Confers jurisdiction upon the Indian Claims Commission to hear any claims of the Wichita Indian Tribe of Oklahoma with respect to lands taken without compensation by the United States from that tribe. Declares that previous awards with respect to lands that are the subject of a claim under this Act shall have no effect on such a claim.

H.R. 3378. February 9, 1977. Armed Services. Directs the Secretary of Defense to take measures to insure that military discharges do not indicate the conditions under which separation from the armed forces occurred and to maintain the confidentiality of all records pertaining to the reason for such separation. Sets forth the conditions under which a less than honorable discharge may be given. Sets forth procedures for the establishment of review boards to determine whether a member should be given less than an honorable discharge and appeal boards and regional boards of review to review military discharges.

H.R. 3379. February 9, 1977. Banking, Finance and Urban Affairs. Requires any person who makes a federally related mortgage loan to maintain facilities to insure availability of information concerning such mortgages, and to provide adequate notification of foreclosure proceedings.

H.R. 3380. February 9, 1977. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare to establish and maintain a program to reimburse providers of utility services to certified households and landlords for a percentage of the cost of such utility services.

H.R. 3381. February 9, 1977. Education and Labor; Ways and Means.

Directs the Secretary of Labor to enter into contracts with national community-based organizations for the provision of employment services, career education, and job opportunities to unemployed persons, particularly youths.

Directs the head of each agency exercising authority under specified programs to give preference to community-based organizations in providing employment services.

Amends the Comprehensive Employment and Training Act to provide year-round work experience to urban and rural youths.

Amends the Internal Revenue Code to allow a tax credit for part of the wages paid to previously unemployed persons during the first 12 months of employment.

H.R. 3382. February 9, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to permit the payment of child's insurance benefits to a great-grandchild legally adopted by a retired or disabled worker, the same as such benefits would be payable under present law to the worker's legally adopted grandchild.

H.R. 3383. February 9, 1977. Education and Labor. Stipulates that it shall not be an unfair labor practice under the National Labor Relations Act for an employer engaged in the performing arts, other than an employer in the broadcasting or motion picture industry, to enter into an agreement with a labor organization on the grounds that (1) the majority status of the organization has not yet been established in accordance with usual petition and election procedures, or (2) the agreement requires union membership as a condition of employment as of seven days after being employed or the effective date of the agreement, whichever occurs later.

H.R. 3384. February 9, 1977. Education and Labor. Exempts members of bona fide religions which historically hold conscientious objections to joining or financially supporting labor organizations from compulsory membership or support of such an organization under the National Labor Relations Act.

Stipulates that such persons may be required to pay in accordance with specified guidelines sums equal to applicable union dues and initiation fees to nonreligious charitable funds.

H.R. 3385. February 9, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to increase to a minimum of $3,000 the amount of outside earnings which is permitted an individual each year without any deduction from benefits under such Title.

H.R. 3386. February 9, 1977. Ways and Means. Amends Title II (Old-Age, Survivors, and Disability Insurance) of the Social Security Act to raise the amount by which an individual's social security benefits are to be increased on account of delayed retirement.

H.R. 3387. February 9, 1977. Ways and Means. Amends the Tariff Schedules of the United States to extend for three years the suspension of customs duties on synthetic rutile.

H.R. 3388. February 9, 1977. Ways and Means. Amends the Tariff Schedules of the United States to repeal the customs duty on synthetic rutile and to decrease the customs duty on certain metal-bearing materials used for the extraction of metal or the manufacture of chemical compounds.

H.R. 3389. February 9, 1977. Banking, Finance and Urban Affairs. Establishes a Federal Housing Bank (1) to purchase certain mortgages from the Federal National Mortgage Association and the Federal Home Bank System, (2) to refinance certain mortgages of families stricken by unemployment, and (3) to provide emergency mortgage relief.

H.R. 3390. February 9, 1977. Public Works and Transportation. Amends the Federal Water Pollution Control Act to extend until September 30, 1978, the period of time during which funds allotted to States for the construction of treatment works shall remain available.

H.R. 3391. February 9, 1977. Public Works and Transportation. Authorizes the Secretary of the Army, acting through the Chief of Engineers, to plan and establish wetland areas as part of water resources development projects. Authorizes the establishment of such an area in connection with dredging for such a project where the Chief of Engineers finds that: (1) the environmental, economic, and social benefits of the area justify increased cost; (2) the cost will not exceed $300,000; and (3) the area to be established will not be substantially altered by natural or man-made causes. Requires certain reports by the Secretary of the Army to the Congress regarding water resources development projects to include consideration of wetland areas.

H.R. 3392. February 9, 1977. Public Works and Transportation. Amends the Federal Water Pollution Control Act to extend various authorization provisions of such act through fiscal year 1978.

Allows the Administrator of the Environmental Protection Agency to accept State certification as discharging his responsibilities under certain compliance deadlines contained in the act.

Revises the scope of permit authority with respect to discharges of dredged or fill material. Exempts farming and related activities from such permit requirements. Redefines the term "navigable water" as applied to such permits.

Establishes an emergency contingency fund to deal with imminent threats to public health and welfare.

H.R. 3393. February 9, 1977. Ways and Means. Amends the Emergency Unemployment Compensation Act of 1974 to extend for one year the emergency compensation program thereunder so as to permit benefits to be paid with respect to weeks ending before March 31, 1978.

H.R. 3394. February 9, 1977. Ways and Means. Amends the Emergency Unemployment Compensation Act of 1974 to extend for one year the emergency compensation program thereunder so as to permit benefits to be paid with respect to weeks ending before March 31, 1978.

H.R. 3395. February 9, 1977. Judiciary. Amends the Immigration and Nationality Act to remove specified aliens from the class of aliens whose status may be adjusted to that of an alien lawfully admitted for permanent residence.

Makes it unlawful to knowingly hire an alien not lawfully admitted into the United States. Requires that employees of the Department of Health, Education, and Welfare disclose the names of illegal aliens who are receiving assistance under the Social Security Act.

Makes punishable by a fine or imprisonment the making of false border crossing cards, alien registration receipt cards, and other documents used for entry into the United States.

H.R. 3396. February 9, 1977. Veterans' Affairs. Authorizes the Administrator of Veterans' Affairs to assist veterans with a permanent and total service-connected disability due to the loss or loss of use of one upper and one lower extremity in acquiring specially adapted housing.

H.R. 3397. February 9, 1977. Science and Technology. Establishes a 5-year program in the Energy Research and Development Administration designed to develop advanced automobile propulsion systems. Directs the Secretary of Transportation and the Administrator of the Environmental Protection Agency to evaluate test vehicles for compliance with applicable environmental, energy efficiency, and motor vehicle safety requirements.

H.R. 3398. February 9, 1977. Science and Technology. Establishes a 5-year program in the Energy Research and Development Administration designed to develop advanced automobile propulsion systems. Directs the Secretary of Transportation and the Administrator of the Environmental Protection Agency to evaluate test vehicles for compliance with applicable environmental, energy efficiency, and motor vehicle safety requirements.

H.R. 3399. February 9, 1977. Science and Technology. Directs the Secretary of Commerce to coordinate the establishment and operation of a Federal climate program for the collection, analysis, and dissemination of data concerning climatic states and the influence of human activities on climatic dynamics. Empowers the Secretary, in order to carry out the purposes of this act, to: (1) establish advisory committees composed of experts in climatology and related fields and of representatives of interested Federal departments; and (2) transfer funds and make grants to governmental bodies and to nonprofit and educational institutions.

H.R. 3400. February 9, 1977. Ways and Means. Amends the Internal Revenue Code to exempt aircraft used primarily for agricultural operation from the excise tax imposed on the use of civil aircraft.

Provides for the refund of the tax on gasoline and aircraft to the aerial applicator who is the ultimate purchaser thereof.