By Mr. PICKLE (for himself, Mr. CORRADA, Mr. DERRICK, Mr. EILBERG, Mr. FLORIO, Mr. FUQUA, Mr. ICHORD, Mr. LEHMAN, and Ms. SPELLMAN):

H.R. 9244. A bill to amend the Social Security Act to include optometrists in the professional standards review organization; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. SCHULZE:

H.R. 9245. A bill to amend title 38 of the United States Code in order to extend from 10 years to 15 years the period in which veterans' educational assistance may be used; to the Committee on Veterans' Affairs.

By Mr. STARK (for himself, Ms. BOGGS, Ms. BURKE of California, and Ms. SCHROEDER):

H.R. 9246. A bill to amend the Indochina Migration and Refugee Assistance Act of 1975 to extend the period during which refugee assistance may be provided; to the Committee on the Judiciary.

By Mr. HAMMERSCHMIDT:

H. Res. 771. Resolution to declare a state of war against the dreaded disease, amyotrophic lateral sclerosis; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

255. By the SPEAKER: Memorial of the Legislature of the State of Texas, relative to section 14(b) of the Taft-Hartley Act; to the Committee on Education and Labor.

256. Also, memorial of the Legislature of the State of Texas, relative to establishment of a post office at K.ein, Tex.; to the Committee on Post Office and Civil Service.

257. Also, memorial of the Legislature of the State of Texas, relative to a national energy program; jointly, to the Committees on Interior and Insular Affairs, Interstate and Foreign Commerce, Science and Technology, and Ways and Means.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

246. By the SPEAKER: Petition of the Southern Legislative Conference of the Council of State Governments, Atlanta, Ga., relative to educational accountability; to the Committee on Education and Labor.

247. Also, petition of the Southern Legislative Conference of the Council of State Governments, Atlanta, Ga., relative to reorganization of the Law Enforcement Assistance Administration; to the Committee on the Judiciary.

248. Also, petition of the Southern Legislative Conference of the Council of State Governments, Atlanta, Ga., relative to section 404 of the Federal Water Pollution Control Act; to the Committee on Public Works and Transportation.

249. Also, petition of the Southern Legislative Conference of the Council of State Governments, Atlanta, Ga., relative to textile imports; to the Committee on Ways and Means.

250. Also, petition of the Southern Legislative Conference of the Council of State Governments, Atlanta, Ga., relative to the Federal forestry incentives program; jointly, to the Committees on Agriculture and Appropriations.

251. Also, petition of the Southern Legislative Conference of the Council of State Governments, Atlanta, Ga., relative to revenue for transportation projects; jointly, to the Committees on Public Works and Transportation, and Ways and Means.

252. Also, petition of the Southern Legislative Conference of the Council of State Governments, Atlanta, Ga., relative to energy policy; jointly, to the Committees on Banking, Finance and Urban Affairs, Interstate and Foreign Commerce, Public Works and Transportation, Science and Technology, and Ways and Means.

SENATE—*Wednesday, September 21, 1977*

The Senate met at 10:30 a.m., and was called to order by Hon. WENDELL R. ANDERSON, a Senator from the State of Minnesota.

PRAYER

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

O Lord our God, in the silence of this moment speak to our waiting hearts. Refresh us with Thy spirit to quicken our thinking, steady our nerves, control our emotions, sharpen our judgments, and strengthen our wills. Grant us wisdom and courage to do what must be done for our times, to do it as best we are able and as Thou dost give us light, to do all according to Thy will. With Thee may we begin, with Thee may we labor, and with Thee may we end the day. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 21, 1977.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable WENDELL R. ANDERSON, a Senator from the State of Minnesota, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. ANDERSON thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of yesterday, Tuesday, September 20, 1977, be dispensed with.

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

UNANIMOUS CONSENT CALENDAR

Mr. ROBERT C. BYRD. Mr. President, there are three measures on the Unanimous Consent Calendar that were cleared for action and placed on the Unanimous Consent Calendar yesterday. I ask unanimous consent that the Senate proceed to the consideration of those three measures.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. STEVENS. There is no objection.

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

THUY BACH KANTER

The bill (S. 1654) for the relief of Thuy Bach Kanter was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, the periods of time Thuy Bach Kanter, an alien lawfully admitted for permanent residence to the United States, has resided in the United States shall be held and considered to meet the residence and physical presence requirements of section 316 of such Act. Thuy Bach Kanter may file a petition for naturalization with any court having naturalization jurisdiction under section 310 of such Act.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–430), explaining the purposes of the measure.

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

PURPOSE OF THE BILL

The purpose of the bill is to enable the beneficiary to file a petition for naturalization.

STATEMENT OF FACTS

The beneficiary of the bill is a 26-year-old native and citizen of South Vietnam who was admitted to the United States for permanent residence on December 11, 1975. She currently resides in Dacca, Bangladesh, where her husband, a U.S. citizen employed with the International Rice Research Institute, is now stationed. Mr. Kanter's employment requires him to spend extensive periods of time abroad; his wife is now traveling with a reentry permit and desires expeditious naturalization so that she may obtain a U.S. passport and alleviate difficulties encountered in the course of their travels.

YOUNG SHIN JOO

The Senate proceeded to consider the bill (S. 1005) for the relief of Young Shin Joo, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 11, after the period, to insert the following:

Section 204 (c) of the Immigration and Nationality Act, relating to the number of petitions which may be approved, shall be inapplicable in this case.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Young Shin Joo may be classified as a child within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in her behalf by Mr. and Mrs. Ronald Taggart, citizens of the United States, pursuant to section 204 of the Act: *Provided,* That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act, Section 204(c) of the Immigration and Nationality Act, relating to the number of petitions which may be approved, shall be inapplicable in this case.

The amendment was agreed to.

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–431), explaining the purposes of the measure.

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

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to facilitate the admission into the United States as an immediate relative of the prospective adoptive child of U.S. citizens. The purpose of the amendment is to waive the provision of existing law relating to the number of petitions which may be approved.

STATEMENT OF FACTS

The beneficiary of the bill is a native and citizen of Korea who was born January 8, 1977. She is currently in the care of the Social Welfare Society of Korea; her natural parents are unknown. The prospective adoptive parents, Mr. and Mrs. Ronald Taggart, are U.S. citizens. They have two other adopted children who are natives of Korea.

WILLIAM H. SESSUMS III, ROBERT L. SESSUMS, AND GLORIA J. SESSUMS

The resolution (S. Res. 261) to pay a gratuity to William H. Sessums III, Robert L. Sessums, and Gloria J. Sessums, was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to William H. Sessums, III and Robert L. Sessums, sons of William H. Sessums and to Gloria J. Sessums, daughter to William H. Sessums, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum to each equal to two months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may move, en bloc, to reconsider the votes by which the measures were passed.

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

Mr. ROBERT C. BYRD. I so move.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

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

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

Mr. ROBERT C. BYRD. Mr. President, may I ask the distinguished acting Republican leader, are there any nominations to which anyone on his side objects?

Mr. STEVENS. There are no objections to any of the nominations on the Executive Calendar.

Mr. ROBERT C. BYRD. I thank the distinguished assistant Republican leader. I ask unanimous consent that the nominations on the Executive Calendar be considered and confirmed en bloc.

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

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF STATE

Arthur J. Goldberg, of the District of Columbia, to be Ambassador at Large and Representative to the Conference on Security and Cooperation in Europe (CSCE) and Chairman of the U.S. Delegation to the CSCE.

George W. Landau, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile.

Andrew J. Young, of Georgia, James F. Leonard, Jr., of New York, Lester L. Wolff, U.S. Representative from the State of New York, Charles W. Whalen, Jr., U.S. Representactive from the State of Ohio, and Coretta Scott King, of Georgia, to be Representatives of the United States of America to the 32d Session of the General Assembly of the United Nations.

Donald F. McHenry, of Illinois, Melissa F. Wells, of New York, Allard Kenneth Lowenstein, of New York, Marjorie Craig Benton, of Illinois, and John Clifford Kennedy, of Oklahoma, to be Alternate Representatives of the United States of America to the 32d Session of the General Assembly of the United Nations.

U.S. AIR FORCE

Maj. Gen. Abner B. Martin, U.S. Air Force, to be Lieutenant General.

Brig. Gen Walter D. Reed, U.S. Air Force, for promotion to the grade of major general and for appointment as the Judge Advocate General, U.S. Air Force.

Lt. Gen. John F. Gonge, U.S. Air Force, for appointment on the retired list, to Lieutenant general.

U.S. ARMY

Maj. Gen. George Gordon Cantlay to be lieutenant general.

Maj. Gen. Charles Calvin Pixley for appointment as the Surgeon General, U.S. Army, with the grade of lieutenant general.

Brig. Gen. Spencer Beal Reid, Brig. Gen. George Ivan Baker, and Brig. Gen. William Sinclair Augerson to the grade of major general Medical Corps.

Col. Quinn Henderson Becker, Col. William Raymond Dwyre, and Col. Edward James Huycke to the grade of brigadier general, Medical Corps.

Maj. Gen. William Albert Boyson and Maj. Gen. Charles Calvin Pixley to the grade of major general, Medical Corps.

Brig. Gen. Spencer Beal Reid, Brig. Gen. George Ivan Baker, and Maj. Gen. Kenneth Ray Dirks to the grade of brigadier general, Medical Corps.

Brig. Gen. William Emmett Ingram and Brig. Gen. James George Sieben to be major generals.

Col. Robert Lee Childers and Col. Francis Alphonse Ianni to be brigadier generals.

Lt. Gen. Richard Ray Taylor to be lieutenant general.

Col. James Julius Young to be brigadier general, Medical Service Corps.

U.S. NAVY

Rear Adm. James B. Stockdale to be vice admiral.

Rear Adm. William J. Crowe, Jr., to be vice admiral and senior Navy member of the Military Staff Committee of the United Nations.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE, ARMY, NAVY, AND MARINE CORPS

Air Force nominations beginning Peter J. Abadie, to be captain, and ending Gary A. Wandmacher, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on August 1, 1977.

Air Force nominations beginning William D. Bates, to be colonel, and ending Charles O. Titus, to be colonel, which nominations were received by the Senate on August 16, 1977, and appeared in the Congressional Record on September 7, 1977.

Air Force nominations beginning Alfred R. Abbatiello, to be lieutenant colonel, and ending Rita J. Wetzel, to be lieutenant colonel, which nominations were received by the Senate on August 16, 1977, and appeared in the Congressional Record on September 7, 1977.

Air Force nominations beginning Barry S. Abbott, to be first lieutenant, and ending Richard W. Siefke, to be first lieutenant, which nominations were received by the Senate on August 16, 1977, and appeared in the Congressional Record on September 7, 1977.

Air Force nominations beginning Robert O. Osborne, to be major, and ending Peter H. V. Winters, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on September 14, 1977.

Army nominations beginning Gasper V. Abene, to be lieutenant colonel, and ending Johnny L. Cokley, to be first lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on August 1, 1977.

Army nominations beginning Harold L. Albert, to be colonel, and ending Barbara J. Young, to be first lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on August 4, 1977.

Army nominations beginning James B. Baylor, to be colonel, and ending Robert T. Cummins, to be lieutenant colonel, which nominations were received by the Senate on August 29, 1977, and appeared in the Congressional Record on September 7, 1977.

Navy nominations beginning Farouk B. Asaad, to be lieutenant commander, and ending Deborah N. Moore, to be lieutenant (jg.), which nominations were received by the Senate and appeared in the Congressional Record on August 1, 1977.

Navy nominations beginning Thomas C. Adams, to be captain, and ending Marilyn A. Edgar, to be lieutenant, which nominations were received by the Senate on August 15, 1977, and appeared in the Congressional Record on September 7, 1977.

Marine Corps nominations beginning Joseph P. Holt, to be second lieutenant, and ending James P. Guerrero, to be second lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on August 4, 1977.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it

be in order to move to reconsider, en bloc, the votes by which the nominations on the Executive Calendar were considered and confirmed en bloc.

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

Mr. ROBERT C. BYRD. I make that motion.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask that the President be immediately notified of the confirmation of the nominations.

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

LEGISLATIVE SESSION

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

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

Mr. ROBERT C. BYRD. Mr. President, I have no further need for my time.

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

Mr. STEVENS. I yield back the minority leader's time.

LEGISLATIVE PROGRAM

Mr. ROBERT C. BYRD. I will say this, Mr. President—and the distinguished assistant Republican leader may certainly reserve any time that he has to respond—I would hope that we would begin to see some momentum today on the natural gas pricing bill, and I would hope that Senators on both sides of the aisle have been made fully aware of my statement and that of the minority leader to the effect that if the natural gas pricing bill has not been resolved by the close of business on Friday, there will be a Saturday session. There may also be some late, late, late, late sessions, and I would hope that in view of the statements, and also in view of the fact that we expect to adjourn in October, conferees for both houses will be working assiduously in efforts to get the conference reports back to the respective Houses on measures that are in conference.

The committees of the Senate might also be well advised to have early meetings and to work long and hard in the effort to report out such remaining measures as there be unreported at this time, which must be acted upon before we adjourn over until January.

I hope that the respective cloak rooms will alert Senators daily that if action on this pending bill is not completed on Friday and there has been no resolution thereof, there will definitely be a Saturday session.

I thank the Chair and I thank the Senate. I yield back the remainder of my time.

Mr. STEVENS. Mr. President, I had yielded back the time on this side, but if I may just comment before that is accepted? We endorse the majority leader's goal of completing action on this bill this week.

It is our hope that all Senators will realize that the leadership, and particularly the Senator from West Virginia in his role as majority leader, have tried to be very understanding with regard to the situation of those who went to the NATO Parliamentarians' meeting and also with respect to the calendar as far as the religious holiday this week is concerned. As a consequence, the time frame for voting has been severely limited during this week, and it will require the cooperation of all Senators involved if we are to avoid a Saturday session.

I, for one, hope we do, but at the same time I understand the urgency of completing action on this bill in order that we may continue progress on the overall energy package.

It is, of course, our hope that we will be able to bring the bill to a vote early on Friday, as far as the major issue is concerned.

I can assure the majority leader that those who are managing the bill on this side have indicated a desire to get on with the schedule and to have the votes occur as soon as possible. I yield back the remainder of our time.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished acting Republican leader.

COMMITTEE MEETING

Mr. ROBERT C. BYRD. Mr. President, I understand this request is necessary because witnesses have been notified to appear at the hearings to which I will refer. I am reluctant to seek unanimous consent for committees or subcommittees to meet during the session of the Senate at this stage of the session, as I indicated earlier—ample notice was given many, many weeks ago—except in instances where there are extenuating circumstances or the committees are being expected to report legislation that has to be acted upon before the Senate and House adjourn.

I ask unanimous consent that the Agricultural Production, Marketing, and Stabilization of Prices Subcommittee of the Agriculture, Nutrition, and Forestry Committee be authorized to conduct oversight hearings on Wednesday, September 28, to hear witnesses concerning the problems associated with the transportation of agricultural products.

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

ORDER OF BUSINESS

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

Mr. ALLEN. I thank the Chair. I yield to the distinguished Senator from South Dakota for a unanimous-consent request.

PRIVILEGE OF THE FLOOR—S. 2104

Mr. ABOUREZK. Mr. President, I ask unanimous consent that Bethany Weidner, of my staff, be granted the privileges of the floor during voting and consideration of the natural gas legislation.

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

Mr. ALLEN. Mr. President, for the information of the distinguished majority leader, I shall use no more than half of the time which has been alloted to me.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator. I apologize for having imposed on his time by my extended remarks this morning.

Mr. ALLEN. That is all right. I anticipated there would be some remarks.

THE PANAMA CANAL TREATY

Mr. ALLEN. Mr. President, last week I had occasion to speak from time to time on matters involving the proposed Panama Canal treaty and the proposed neutrality treaty for the Canal Zone. In my study of the terms of both treaties, I have relied heavily on Panamanian interpretations of the various documents involved inasmuch as the Panamanian negotiators have been somewhat more candid with the Panamanian National Assembly that our own negotiators have been with the U.S. Congress.

Too, Mr. President, the information we gathered as to the interpretation that the Panamanians put on these treaties is of vital concern to the Senate in reaching a determination as to whether it shall advise and give its consent to the ratification of these treaties. Because of the fact there has been no meeting of the minds between the two countries, the treaties would, in effect, be completely worthless if we had one interpretation and the Panamanians had another.

I might add also, Mr. President, that the dictator-controlled Panamanian Press, in many respects, has set forth more real information on this subject than has our own press. Over the weekend, I ran across an informative editorial in a U.S. newspaper, this week's Army Times, and this editorial does deserve high commendation for its very accurate assessment of one facet of the executive department's propaganda offensive for ratification of these treaties.

The Army Times editorial is entitled "Using the Chiefs"—having reference to the Joint Chiefs of Staff—and it points out the double standard, the inconsistency, and the impropriety of chastising military personnel on the one hand for speaking out against the policies of the executive branch yet coercing them on the other hand to speak out in favor of such policies. The editors of Army Times apparently share my own deep conviction that the professional military cannot be permitted to intervene publicly in politics and that grave danger is posed by deliberate misuse of the military for political advantage.

Army Times states its disapproval in this manner:

One of the reservations we have about the administration merchandising of the treaty is the early use of the Joint Chiefs of Staff to promote ratification.

In addition, JCS chairman Gen. George S. Brown, supposedly on his own accord, met with ranking military retirees in the Washington area in an attempt to win their support for the treaty.

We accept the contention that the chiefs acted out of honest conviction in their protreaty effort. But their presence among political figures who are endorsing the treaty is cause for concern. Critics of the pact already are charging that the military leaders acted out of loyalty to the Commander in Chief. Brown has denied the charge but probably has not laid it to rest.

We would rather have seen the military views given in that forum instead of the White House extravaganza preceding it.

I might state that while the Joint Chiefs have endorsed the treaty, four former Chiefs of Naval Operations have come out in strong opposition to the treaty, showing the direct contrast between those who are still on the payroll and in active military service who may have one view, but their equally distinguished colleagues, many of them, and certainly four former Chiefs of Naval Operations, have come out against the treaty.

You know, Mr. President, we have just recently been treated to the public spectacle of a senior military commander in Korea being summarily relieved of command for remarks thought inconsistent with the executive department's apparent determination to abandon South Korea, yet almost in the same breath we have had paraded before us assorted active-duty generals and admirals, all chorusing in unison the praise of the President and endorsing to a man this strategically disastrous treaty proposal. The irony, at least, has not been lost on the editors of Army Times who see danger in this obvious politicizing of the role of the military decisionmakers.

I again quote the Army Times:

It is fair, in our view, to criticize the President for the service leader's participation in the pre-debate "education" effort.

I welcome an education effort, educating the American people about these treaties, because the more they find out about the treaties, in my opinion, the harder and the more determined will the opposition of the American people be to the treaties.

When general officers have spoken out on other national policy matters, he and his representatives have been quick to remind them of the bounds of their military responsibilities.

"He," in this case, is the President.

In this case, however, the military leaders are showing approval of administration policy, not opposition. The difference may be difficult to explain and may result in some erosion in the military's traditional political neutrality.

Mr. President, I do believe that the fair and dispassionate views of our leading military officers should be considered by the Congress, but I trust the Members will recognize the unseemliness of ballyhooing active-duty military support for the new treaties, when such support is so obviously generated by a desire for job security and personal advancement rather than out of loyalty to the national interest of the United States, at least as I perceive it.

Mr. President, from time to time I have spoken out against these treaties, and I have pointed out reasons for my opposition. I am going to continue, week in and week out, until this matter comes before the Senate, with the approval of the distinguished majority leader and his graciousness in getting me this time, to speak out against these treaties and to give a backlog of information showing that approval by the Senate of these treaties will be contrary to our national interest.

I believe that the education process which the executive department is going to carry on in connection with trying to sell this treaty to the Senate and to the American people will be counterproductive insofar as getting approval of the treaties is concerned; and that public opinion will be stronger and stronger, as time goes on, against the treaties.

Mr. President, I ask unanimous consent that the editorial to which I referred be printed in the RECORD.

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

USING THE CHIEFS

The administration's selling job on the new Panama Canal treaty has to be one of the major political spectaculars of recent memory.

While Congress was on vacation in August, the President worked to rally support for the pact among legislators, key people in the former administration, union leaders, governors, business people and others. The signing brought more heads of foreign governments to Washington than have been here since the last state funeral.

The political activity gives the impression that the treaty is about to take effect. In fact, it still faces Senate ratification and what amounts to House endorsement through approval of related money bills. Heated debate on the issue is predicted.

The administration's effort may be good political strategy, but it tends to raise questions. If the treaty—actually two treaties are involved—is good, it may be asked, why the hard sell and why, until now, the lack of specifics?

We don't pretend at this point to know whether the treaty is the best arrangement the U.S. can make with Panama. Senate hearings and debate should provide light as well as heat on the issues involved. But it should be evident that overwhelming protreaty arguments are going to have to be made to persuade lawmakers and perhaps a majority of the American public that the U.S. should relinquish its Canal rights.

For many Americans the treaty surfaces at the wrong time. The U.S. has "lost" a war in Asia, and is preparing to withdraw ground combat forces from South Korea. Negotiating away American rights on the canal comes as the final straw.

One of the reservations we have about the administration merchandising of the treaty is the early use of the Joint Chiefs of Staff to promote ratification.

In addition, JCS chairman Gen. George S. Brown, supposedly on his own accord, met with ranking military retirees in the Washington area in an attempt to win their support for the treaty.

We accept the contention that the chiefs acted out of honest conviction in their protreaty effort. But their presence among political figures who are endorsing the treaty is cause for concern. Critics of the pact already are charging that the military leaders acted out of loyalty to the Commander in Chief. Brown has denied the charge but probably has not laid it to rest.

We would rather have seen the military views given in that forum instead of the White House extravaganza preceding it.

It is fair, in our view, to criticize the President for the service leaders' participation in the pre-debate "education" effort. When general officers have spoken out on other national policy matters, he and his representatives have been quick to remind them of the bounds of their military responsibilities.

In this case, however, the military leaders are showing approval of administration policy, not opposition. The difference may be difficult to explain and may result in some erosion in the military's traditional political neutrality.

Mr. ALLEN. I yield back the remainder of my time, Mr. President.

The ACTING PRESIDENT pro tempore. Who yields time?

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, for the purpose of committees submitting their reports, and Senators submitting statements and petitions and memorials, bills, and resolutions for introduction.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. ABOUREZK. Reserving the right to object, what was the request?

The ACTING PRESIDENT pro tempore. For morning business.

Mr. ROBERT C. BYRD. If the Senator will just not get excited about anything at this point, I assure him that no advantage is being taken of any Senator vis-a-vis the natural gas pricing bill.

Mr. ABOUREZK. I do not think the majority leader would try to take advantage. I only wanted to know what the request was.

Mr. ROBERT C. BYRD. The Senator is entitled to know.

I was asking that there be a brief period for the transaction of morning business so that committees could report and Senators could introduce bills and resolutions and make statements and so on, and that the period be limited to 15 minutes, with statements limited to 2 minutes each.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

PROPOSED AMENDMENTS TO NATURAL GAS LEGISLATION

Mr. ABOUREZK. May I be recognized, Mr. President?

The ACTING PRESIDENT pro tempore. The Senator from South Dakota.

Mr. ABOUREZK. I have a series of amendments, which I do not have prepared yet, to the natural gas legislation. I ask unanimous consent at this time that I be allowed to introduce those during the day today.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. STEVENS. Reserving the right to object, why does the Senator need unanimous consent to introduce them?

Mr. ABOUREZK. I do not want to sign every one of them. I want to do it from the floor and I do not have them all prepared yet. It is just to avoid signing every one of them before offering them to the desk. As the majority leader said, I shall not take advantage of anybody by so doing.

Mr. STEVENS. This Senator does not feel the Senator from South Dakota will take advantage, but I do not understand why he needs unanimous consent to introduce amendments that he can introduce at any time.

Let me inquire of the Chair, is unanimous consent required?

The ACTING PRESIDENT pro tempore. If the Senator is submitting amendments for printing, that is considered morning business, and if done from the floor would not have to be signed. Apparently, he wants to offer them later without the need to sign each one.

Mr. STEVENS. No, these are to the pending bill, so he will not need consent from anybody, as I understand it.

Mr. ROBERT C. BYRD. These are amendments to the natural gas pricing bill. The Senator can offer amendments and have them printed at any time during the day.

The ACTING PRESIDENT pro tempore. The Chair understands that he just wants to submit them for printing.

Mr. ABOUREZK. That is all.

Mr. STEVENS. If it is necessary to have unanimous consent, I have no objection. But if it is something extraordinary, I might have to look into it.

Mr. ABOUREZK. It is only to have them printed and I did not want to sign them all. That is the only reason I made the request.

Mr. STEVENS. I have no objection.

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

EXPRESSION OF APPRECIATION TO LEADERSHIP

Mr. ALLEN. Mr. President, in light of the colloquy just a moment ago between the distinguished majority leader and the distinguished Senator from South Dakota (Mr. ABOUREZK), I commend the distinguished majority leader for his manner and method of conducting the business of the Senate. In view of the fact that committees are necessarily in session during the time that the Senate is in session, if we did not have some way to register our objection to proceedings here in the Senate, the various steps that might be taken that would prejudice the interests of a particular Senator, we would all have to refrain from going to committee meetings. But the distinguished majority leader and the distinguished minority leader allow us to register objections, state positions, and urge that no steps be taken contrary to those positions, and we are able to depend absolutely on being protected in our positions on procedural matters by the two leaders. I express my commendation and my appreciation to the leaders for this fine policy that they have.

I yield the floor.

The ACTING PRESIDENT pro tempore. Is there further morning business?

UN-NATURAL GAS

Mr. STEVENS. Mr. President, I shall have statements later today concerning this matter, but I would like to call the attention of the Senate to this morning's Wall Street Journal editorial concerning un-natural gas. The first paragraph of that editorial ought to bring everyone in the Senate up short, because it states:

As it prepares to vote on the deregulation of natural gas, the Senate needs to understand that the much-touted pipeline to bring gas from Alaska will never be built.

I commend this editorial to the Members of the Senate because it accurately addresses the problem of uncertainty in gas pricing as it affects the ability to finance a project whose cost was originally estimated at $10 billion and now is projected for at least $14 billion. No one knows for sure what it will really cost. This editorial only deals with a few of the reasons why the pipeline through Canada to carry Alaska's gas from Prudhoe Bay to what we call the south 48 may never be built; but, certainly, the discussion of the pricing mechanisms as they affect the ability to finance a project which, admittedly, is going to cost more than $10 billion, ought to be considered by the Members of the Senate. Above all, they ought to be considered by the Members of the Senate who come from industrial States that are going to be relying upon Alaska resources, particularly Alaska natural gas resources, whether they like it or not. I think the question of pricing is a significant question that must be considered—not the price of gas at the Alaska wellhead, but the price of gas as it affects the stability of the gas industry and the price of gas, as it determines whether or not the resources that may be available in the south 48 have actually been inventoried so that investors can be sure that the cost of transporting Alaskan gas, particularly transporting Alaskan gas through Canada, is absolutely necessary.

Again, Mr. President, I commend the Wall Street Journal editorial to the Members of the Senate and ask unanimous consent that it be printed in the RECORD at this point.

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

UN-NATURAL GAS

As it prepares to vote on the deregulation of natural gas, the Senate needs to understand that the much-touted pipeline to bring gas from Alaska will never be built.

Oh, "never" may be a mite too strong. The Congress can build the pipeline if it is willing to soak the U.S. taxpayer for its cost of $10 billion and up. And in the far future the line will be built if it becomes clear that natural gas cannot be had for less than the $3.50 per thousand cubic feet (mcf) the Alaskan gas will cost crossing the U.S. border. But until we have exhausted the possibility that gas can be had right here in the Lower 48 at a cost below the $3.50 Alaskan price and above the $1.75 Carter control price, there will be no way the pipeline developers will be able to borrow $10 billion to build the project.

At $10 billion the pipeline will be the most expensive ever built, indeed the costliest private project ever devised by man. And when you consider that the Alaskan oil pipeline eventually cost 10 times the original estimate, the $10 billion estimate could prove to be far too modest. The sums involved are likely to dwarf the capitalization not only of the builders but the gas utilities that must pay back the cost by buying the gas. Raising such an enormous sum will be a problem simply because there are only so many financial institutions, each with prudent limits for investment in any one project.

The investment is huge, and the risk will be intolerable if Mr. Carter prevails with his $1.75 price ceiling. For then there will be no test of the possibility that if the price were ever decontrolled the nation would be awash in gas before it ever reached $3.50, a possibility suggested by resource estimates by some of the Carter administration's MOPPS experts and by the head of the United States Geological Survey. The administration can try to suppress or fog up the MOPPS estimates and fire the head of the USGS, but this is not much comfort to folks asked to shell out $10 billion to produce $3.50 gas.

The investors have to contemplate what would happen if come 1985, say, a President Simon succeeded in deregulating the price of gas. Presumably the Alcan line would at that point have long-term contracts with the gas utilities to buy $3.50 gas, and the utilities would have promises that they could roll this price into their rate base. But there is no guarantee that such promises and contracts would survive the political heat that would be generated if $2.50 gas floods the market.

The prudence of lenders always puts some limit on the folly of government. What sense does it make, after all, to cheer about spending $10 billion to bring gas from Alaska at a price of $3.50 while passing laws against getting gas from Oklahoma at $2? Mexico has also recently discovered huge reserves of gas, which probably will be imported into the U.S. at a price of $2.60 to $2.80. If you drilled straight down where those pipelines will cross the border, you could probably bring up gas at $2.

For that matter, there is right today a glut of gas in Alberta, which can and should be imported at $2. All you have to do is be willing to pay the Canadians a price it is illegal to pay the Texans. Don't be shocked, companies are already negotiating to pay $2.75 to buy liquefied natural gas from the Algerians. But Mr. Carter and Mr. Schlesinger don't want to deregulate because they're afraid someone might make a windfall profit.

Actually profits will in any event gravitate toward the same market return on investment everyone else gets, and in doing so will insure that the most economical resources will be exploited first. Conceivably it corresponds to someone's sense of social justice to take Alaska first even if Oklahoma would be cheaper. But if meeting the nation's energy needs means borrowing money for projects the size of the Alcan pipeline, you simply won't get the expensive resources so long as there is a risk that cheaper ones may be around. And the only way you can eliminate the risk is to deregulate the price and see what comes out of the ground.

(Routine morning business transacted and additional statements submitted will be printed later in today's RECORD.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business?

If not, morning business is closed.

COMPREHENSIVE NATURAL GAS POLICY

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of S. 2104, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 2104) to establish a comprehensive natural gas policy.

The Senate continued with the consideration of the bill.

AMENDMENT NO. 887

The ACTING PRESIDENT pro tempore. The pending question is amendment No. 887 in the nature of a substitute, by the Senator from Oklahoma.

AMENDMENT NO. 957

Mr. METZENBAUM. Mr. President, I call up amendment No. 957, introduced by Senator KENNEDY.

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

Mr. BUMPERS addressed the Chair.

Mr. STEVENS. A point of order, Mr. President. Is there not an amendment pending before the Senate?

The ACTING PRESIDENT pro tempore. Yes, there is, but it is in the nature of a substitute, and amendment 957 perfects the original bill and takes precedence.

Mr. STEVENS. The amendment called up by the Senator from Ohio will take precedence over the amendment offered by the Senator from Oklahoma?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. BUMPERS. Mr. President, if I may, I inquire of the Senator from Ohio, through the Chair, is this an amendment offered in the nature of a substitute to the Bartlett amendment?

Mr. METZENBAUM. The answer is no.

The ACTING PRESIDENT pro tempore. It is an amendment to the original bill.

Mr. STEVENS. A parliamentary inquiry, again, Mr. President.

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

Mr. STEVENS. Was the amendment of the Senator from Washington in the nature of a substitute adopted for the purpose of original text?

The ACTING PRESIDENT pro tempore. It has never been called up.

Mr. STEVENS. So that the amendment that is offered by the Senator from Ohio is in the nature of a substitute to the bill as reported from the committee?

The ACTING PRESIDENT pro tempore. It is a perfecting amendment to the bill as reported.

Mr. STEVENS. A perfecting amendment in the nature of a substitute?

The ACTING PRESIDENT pro tempore. No.

Mr. STEVENS. Is it a substitute?

The ACTING PRESIDENT pro tempore. No, it just perfects. It is not a complete substitute.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) on behalf of Mr. KENNEDY proposes an amendment numbered 957:

On page 8, beginning on line 18, strike out all through line 19 and insert in lieu thereof the following: "be the price which was determined to be just and reasonable by the Commission and was in effect on April 20, 1977.".

AMENDMENT NO. 958

Mr. METZENBAUM addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, at this time, I call up amendment No. 958 for Senator KENNEDY, which is an amendment to amendment No. 957.

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

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) on behalf of Mr. Kennedy proposes an amendment numbered 958 to amendment No. 957:

In lieu of the language proposed to be inserted, insert the following: "not exceed $1.45 per Mcf, plus the inflation adjustment as defined in section 3(a) (20).".

Mr. STEVENS. Mr. President, a parliamentary inquiry.

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

Mr. STEVENS. Is this also a perfecting amendment?

The ACTING PRESIDENT pro tempore. It is a second-degree amendment. It is in order.

Mr. STEVENS. It is a second-degree perfecting amendment?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. STEVENS. An amendment to the perfecting amendment?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. STEVENS. And is it my understanding that if this amendment is called up by the Senator from Ohio that no further amendments are in order at this time?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. STEVENS. And are there any other amendments that could be called up, or could the Chair state whether there are any amendments that could take precedence to the amendment that has been offered by the Senator from Ohio?

The ACTING PRESIDENT pro tempore. No, because it is in the second degree.

The PRESIDING OFFICER (Mr. METZENBAUM). The Chair should like to clarify an earlier response to the Senator from Alaska.

When the Senator from Alaska asked whether any further amendments were in order at this time, the Chair responded, "no." That was before the Chair had an opportunity to study the two pending amendments. Since they are a substitute for a section of the original bill, a perfecting amendment to that language to be stricken in the original bill would be in order at this time.

Mr. ROBERT C. BYRD. To be stricken by which amendment?

The PRESIDING OFFICER. By the first Kennedy amendment.

Mr. STEVENS. No. 958?

The PRESIDING OFFICER. 957, 958 being second.

Mr. ROBERT C. BYRD. As I understand what the Chair is saying—I have not seen the amendments, and I am in no position to have said—the perfecting amendment in the first degree is a "strike out and insert."

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. Which does mean, then, that the language of the bill which is to be stricken by the amendment in the first degree is open to perfecting amendments in two degrees.

The PRESIDING OFFICER. The Senator is absolutely correct.

Mr. ROBERT C. BYRD. So you could very easily have two amendments in that regard, in addition to the two amendments that now have been offered—that is four—plus the substitute by the Senator from Oklahoma which is also pending. You could have a plethora of amendments.

I think the Chair accurately has put the matter in focus. So the Senator from Alaska understands now that if he or any other Senator wishes to offer a perfecting amendment to the language to be stricken by the amendment in the first degree to the amendment offered by Mr. METZENBAUM, such amendment is in order.

Mr. STEVENS. I thank the Chair and the majority leader.

(This concludes proceedings which occurred subsequently.)

(Subsequently the following occurred:)

Mr. STEVENS. Is there a time agreement on this amendment?

The ACTING PRESIDENT pro tempore. There is not.

Mr. STEVENS. May I inquire whether it is possible to discuss the question of a time agreement on this amendment with the Senator from Ohio?

The ACTING PRESIDENT pro tempore. The Senator from Ohio.

Mr. METZENBAUM. I can only answer that it is not possible to discuss a time agreement with respect to these two amendments, the Senator from Ohio actually having acted at the request of the Senator from Massachusetts whose amendments they are, the Senator from Massachusetts being engaged in committee responsibilities at the moment, and whether or not he would or would not be agreeable to a time agreement is a matter that I am not in a position to address myself to.

Mr. BARTLETT. Will the Senator yield?

Mr. METZENBAUM. I am glad to.

Mr. BARTLETT. Would the Senator make an effort to find out whether a time agreement could be achieved?

As the Senator knows, the Senator from Oklahoma, whose amendment was pending, was hoping to have a time agreement. I think this would be in the interest of moving ahead. We would certainly welcome an opportunity to discuss a time agreement on this amendment, on both of these amendments.

Mr. METZENBAUM. The Senator from Ohio indicated yesterday, for myself, not speaking for any Senator other than myself, that I would not be agreeable to a time limit, particularly with

respect to the Senator from Oklahoma's amendment, as well as the matter that the Senate will be coming to, absent some understanding and discussion with reference to a unanimous-consent agreement that amendments would be accepted should either the Bartlett amendment in the nature of a substitute or the Pearson-Bentsen amendment in the nature of a substitute be agreed to.

I had that colloquy yesterday with the minority leader. The minority leader indicated that such a unanimous-consent agreement would not be acceptable, and absent that, I would not be prepared to agree to any time limit.

Mr. BARTLETT. My question also applies to the Senator from Ohio's amendments.

Would the Senator from Ohio be receptive to a time agreement on these two amendments called up?

Mr. METZENBAUM. The Senator from Ohio thought he made clear that I would not be in any position to make any agreement with respect to a time limit on these amendments.

These amendments actually being the amendments of the Senator from Massachusetts and not my amendments, I having called them up as an accommodation to him.

Mr. BARTLETT. The Senator probably did not understand my question. My question had to do with his own personal attitude about the matter and not the attitude of the Senator from Massachusetts.

I just wondered what his attitude would be. I assume that he is trying to expedite indications to the Senator from Massachusetts to find out what the Senator from Massachusetts' preference would be.

But I am asking about the position of the Senator from Ohio regarding a time agreement on these two amendments of the Senator from Massachusetts.

Mr. METZENBAUM. I would not be prepared to answer that question without discussing the subject further with the Senator from Massachusetts.

Mr. BARTLETT. The Senator from Oklahoma requests that the Senator from Ohio advise us at the earliest moment when this communication comes through so that we would know the desires.

We keep asking. We are not trying to bother the Senator from Ohio, but we would like to know just what the desires are.

Mr. METZENBAUM. I will try to accommodate the Senator from Oklahoma to that extent.

Mr. BARTLETT. I thank the Senator from Ohio.

Mr. STEVENS. Mr. President, for myself, I suggest that the Senator from Massachusetts and the Senator from Ohio permit us to go ahead and have a vote on the Bartlett amendment. That was anticipated by the leadership, I think. If my memory serves me correctly, the majority leader indicated he anticipated a vote on the Bartlett amendment today, too.

Certainly, this is not the Pearson-Bentsen amendment that we all know will be the subject of greater controversy. But I think the Senator from Oklahoma had reason to believe he would have a vote on his amendment today, and we should have it.

I hope that the Senator from Ohio will contact the Senator from Massachusetts and determine whether we can set this matter aside, these two amendments, and discuss and vote upon the Bartlett amendment, as was anticipated.

I, for one, have to express surprise at this action. I say to the Senator from Ohio that my nose tells me I smell a filibuster. I think if we are going to smell a filibuster, we better get a cloture motion in here pretty quickly. I do not know what the majority leader intends to do about it; but I personally do not want to spend Saturday here just to participate in a filibuster or to oppose a filibuster, either way.

I cannot understand a premature calling up of amendments that would block further consideration of any of the other amendments.

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

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, maybe I can help and somehow clarify the situation.

The amendment that was offered on yesterday by Mr. BARTLETT was an amendment in the nature of a substitute. That amendment is open to an amendment, it being a complete substitute for the bill.

Mr. BARTLETT. Yes.

Mr. ROBERT C. BYRD. So, then, it is open to amendment in two degrees.

The bill, in the meantime, however, is open to perfecting amendments in two degrees.

The Senator from Ohio was within his right to offer, on behalf of Mr. KENNEDY, a perfecting amendment to the bill itself and then to follow with an amendment to the perfecting amendment.

So he exercised his rights under the rules to offer both the amendment in the first degree and the amendment in the second degree. Disposition of those perfecting amendments will precede the disposition of the substitute amendment by the Senator from Oklahoma.

If the amendment in the second degree is disposed of, another amendment in the second degree may be offered to the pending amendment in the first degree. They are all subject to tabling motions.

In the event that the amendment in the first degree were tabled, it would carry with it the amendment in the second degree. In that event, another perfecting amendment to the bill would be in order.

So what I am saying is that perfecting amendments to the bill are in order prior to action on the substitute, because the desire is to perfect a bill, to make it as nearly perfect as possible, before voting on a substitute for the bill which was reported by the committee. I hope I have helped to clarify the matter.

I share the hopes that have been expressed by the distinguished acting Republican leader and the able Senator from Oklahoma that action will be taken on the amendments that have been offered on behalf of Mr. KENNEDY by Mr. METZENBAUM and that action will also be taken one way or the other on the amendment by Mr. BARTLETT today.

I must say that I do not see any filibuster occurring at the moment. I have been asked that question a number of times by the press, and I have been able to say truly that I have not heard that word used by Mr. METZENBAUM or anyone else, other than the representatives of the press. I have, however, the euphemistic term "extended debate" used by a Senator or some Senators, but that does not disturb me too much at this point. I know how these things go around here.

However, I have said that we are going to complete action on the energy package before this Congress adjourns; and that means if such a thing as a filibuster should develop—I do not believe it is going to develop—we just have to work our way through it.

Whether I win or lose on a given amendment, I make my fight, and that is it. It is the Senate's will that must be recorded.

So I believe that all Senators will approach the matter in that spirit. I know that all sides on a very controversial amendment do everything they possibly can to win for their respective position, but there comes a time when the Senate should vote. At this point, I do not want to believe, and have no reason to believe, that there will be any deliberate effort to kill this bill by a filibuster. If that becomes evident to me, then I will take recourse in any way I possibly can to see that the Senate finally works its will on the measure, and as soon as possible.

I hope that we are off to a good start now. I believe that before the day is over, we will see some votes on the floor, and that, in turn, may help open the way to more votes and—who knows—eventually perhaps a time agreement.

Mr. STEVENS. Mr. President, I ask unanimous consent that John Burnett and Douglas Logan, of my staff have the privilege of the floor during the consideration of this bill.

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

Mr. STEVENS. Mr. President, I make the same request for Donna West of Senator DOMENICI's staff.

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

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

Mr. STEVENS. I yield.

Mr. BUMPERS. Mr. President, I ask unanimous consent that Ark Monroe and Richard Arnold, of my staff, have the privilege of the floor.

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

Mr. STEVENS. Mr. President, I appreciate the consideration of the Chair and the clarification of the rights of Senators to offer further amendments. I appreciate the statement of the majority leader.

No one likes to smell filibusters. I do have a slight perception of the aroma of a filibuster, not that that is a bad aroma,

but it is something that is coming into my senses. I hope I am wrong. The majority leader believes I am wrong, and I believe we would be well advised to act on the basis that I am wrong.

I do not believe that this is a bill—a significant portion of the energy package—which should be the subject of a filibuster. I believe we should have some votes today.

As I said, we have been most considerate of the problems of other Senators, both on Monday and Tuesday, and we are maintaining more than a quorum of Senators in order to do business. We should have the opportunity to vote today on some of the amendments to this bill, particularly in view of the fact that we shall not vote from sundown tonight until sundown tomorrow.

Looking forward to the prospect of spending Saturday here, it is only fair to the Members of the Senate that we have been attempting to move forward on the bill in the meanwhile. If this is not to come to conclusion by any other means today, I, for one, shall offer a motion to table it before 6 p.m.

Mr. BARTLETT. Mr. President, I ask unanimous consent that Erich Evered of my staff be accorded the privileges of the floor during the consideration and votes on this bill.

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

Mr. BARTLETT. I would just like to say I am not going to offer my amendment as a perfecting amendment in the area to delete the language at this time, and may not at all. But I did want to say it is my understanding that the distinguished Senator from Massachusetts is agreeable to a time limitation. So I do hope that avenue will be pursued and we can at the earliest possible moment agree to such a time limitation.

Mr. BUMPERS. Mr. President, I have been absent for the past 2 days. Although I have not previously spoken about this subject of deregulation of natural gas, my position on it is fairly well known.

To the Senator from Alaska I would like to say I do not know of any devious plots going on in the Senate dealing with a filibuster. This is obviously, together with some of the tax measures, the centerpiece of the President's energy proposal. I feel strongly about it, so strongly that I certainly think the debate should not be cut short.

I have detected since I have been in the Senate the last 2½ years that filibusters only have an odor if you happen to be on the other side, and they smell quite differently to one who happens to be opposed to a measure that is about to go through.

I have never participated in one, and I can say here with a great deal of satisfaction I have voted for cloture every time it has ever been presented in the Senate for a very simple reason. I am always willing to face an issue up or down.

There are exceptions to my rule. I certainly would not vote for cloture if I thought a measure was going to have an unfair, disadvantageous effect on my home State. There will be instances where I may believe that a matter is unconstitutional, and I may not vote for cloture. There may even be a matter that I feel very strongly about—I am not sure that natural gas deregulation bill is such an issue—and would feel the Senate was making an impulsive, grave mistake, and that might cause me to vote against cloture.

But I have always believed the Senate ought to expedite debate in consideration of measures that come before it.

I know, however, the Senator from Alaska will agree with me. This matter is much too important to cut short the debate.

The Senator from Oklahoma's amendment is pending now. I know he feels as sincerely about that as anybody in this Senate feels about any measure he is going to offer here. I know the Senator from Colorado (Mr. HART) has an amendment which would exempt the independents, the independent gas producers in this country, and I know how strongly he feels about that because I have discussed it with him.

Then I know that the Pearson-Bentsen amendment is really the centerpiece of the debate here.

Then the Senator from Louisiana (Mr. JOHNSTON) feels very strongly about a measure he is going to propose which, as I understand, effectively deregulates gas over a 5-year period.

My point is there are divergent views in the Senate. A lot of the Senators feel very strongly about whatever their position is, and everybody ought to have the right to present his amendment in its best light, and he ought to be satisfied that all the Senators are well versed in whatever his position is. Then they can vote accordingly.

I do not think anybody here wants to impede the passage of some kind of measure here. I know the majority leader feels very strongly about getting us out of here by the middle of October. He also wants to accommodate the President by at least saying yes or no to the President on all of these energy matters. I think most Senators conscientiously feel we can and will do a satisfactory job on this energy legislation.

But, if I may, Mr. President, I would like to make some points. This is not a particularly good time to make them, because I think that with a few minor exceptions most people are fairly well locked in on how they are going to vote on this matter.

But this whole issue of deregulation of natural gas reminds me of Lucy holding the football for Charlie Brown every September. He insists that she is going to pull the ball out from him just the minute he gets there, and each September she swears she will not do it. She says, "This time I'm going to hold the ball and let you kick it." Every September Charlie falls for it, and every September Lucy pulls the football out, and Charlie takes a tumble.

Last winter was the harshest in modern history. We had gas curtailments everywhere, with industries shut down and people out of jobs. It was a golden opportunity for the oil and gas companies of this country to say, "See I told you. That mean old Congress has not deregulated the price of gas and oil and that is the reason for the big shortage. It just isn't enough incentive for us to go out and find all those trillions of cubic feet of natural gas that are waiting impatiently for us to find them, and unless you deregulate, the same thing is going to happen next winter."

Now, Mr. President, unfortunately a lot of my colleagues have fallen for that because they are afraid we are going to have another harsh winter, and the oil and gas companies are going to make these same arguments, and we are all going to get that same ton of mail we got last winter saying, "Why don't you let the oil companies find all this gas so I won't lose my job?"

There were, fortunately, some Members of the Senate last year who were ingenious enough to think up a counter argument. They argued that there really was no shortage, but the oil and gas companies withheld gas from the market, and that is the reason the shortage existed. They had it and refused to ship it because they saw they had the country in a stranglehold, and they could make their point a lot more dramatically by seeing people lose their jobs.

There are people in this Chamber who bought that argument. There was some substance to that argument.

But the truth of the matter is, Mr. President, neither of those arguments is worthy of our consideration. The truth of the matter is that in the last week of August there were 2,345 rotary drilling rigs in existence in this country, and all of them except 305 were in operation, and every rig in this country has been in operation for the last 2 years except those that were in the shop for repairs or those that were in transit from one location to another.

What have we gotten for it? Oil production has declined 500,000 barrels a day every year since the Arab oil embargo. The oil and gas companies in this country, if you raised the price of gas to $10 per Mcf tomorrow, could not drill an extra single hole because they do not have anything to drill them with.

The Congressional Budget Office says if we keep adding 20 to 30 new rotary rigs a week to the national supply, by 1985 we will indeed increase the supply of gas by 5 percent. God only knows what the price would be at that time if we passed the so-called Pearson-Bentsen amendment, but they will increase the supply of gas 5 percent.

Do you know what that 5 percent represents? It represents 5 percent of gas we are going to find faster than we otherwise would.

Mr. President, I have some strong philosophical feelings about this whole subject. We can solve the energy crisis of this country by mandate, by conservation, or we can solve it by price.

If we are going to pass a crude oil tax so that domestic oil costs the same price as some artificial price set by the OPEC nations and raise the price of gasoline 7 cents a gallon and home heating oil by that much or more, if we are going to deregulate natural gas and increase the winter gas bills next winter by 40 percent, if we are going to do those things and solve the energy crisis off the

hides and off the backs of the working people and the retired people on fixed income of this country, for heaven's sake let us have the decency to tell them that is the way we are going to solve it.

Let us tell them that there is not an ounce of sensitivity left in this body. All we are concerned with is what Franklin Roosevelt said at one time:

It is really an enigma of the human personality that the fat pocketbook groans louder than empty bellies.

That is what the Senate is listening to. It is listening to the groan of fat pocketbooks.

I do not know how this vote is going to come out, but I can tell you one thing. I am going to go home and look at the constituents in my State and tell them that I did everything in the world I could to solve this problem in a decent, sensitive, fair way so that those people who are legitimately engaged in producing more energy can do so and make a big profit and at the same time at least allow them to stay warm even though it is going to take an absolutely unbelievable proportion of their incomes to do so.

Mr. President, it is hard for me to accept the President's proposal to raise the price of gas to $1.75. I have no idea what it will go to if we agree to Pearson-Bentsen, and no one else in this Chamber does either. I do not care what anyone says here. God just made so much natural gas, and that is all we are going to find.

Let me give you an example. They are crying about how they cannot make any money. Let me give you an example. They come to my office saying: "Senator, it takes a million dollars to drill a gas well. We are having to drill 15,000 and 20,000 feet deep, and it costs a million dollars a well, and a lot of them are dry."

Under the President's proposal here is what that amounts to. Let us assume that they drilled five holes at $1 million each, and let us assume that four of them are dusters and only one produces. Assume further that the one that produces only produces 10 million cubic feet of gas a day.

Mr. President, I come from Franklin County, Ark., and there is a lot of gas around there. Arkansas is not considered a big gas-producing State. We import 80 percent of the gas we use in our State, and the other 20 percent is mostly produced around my home area.

But we have a lot of wells in that area that have produced more than 10 million cubic feet, and they are not considered big wells.

But assume you drill five wells. It costs you $5 million. And only one of them produces 10 million cubic feet a day.

Do you know what the return is at $1.75, the price the President is proposing? It is $6.4 million the first year.

How high is high? That is a pretty good return. I will sink my money into that kind of an operation any time. I have very few investments that pay 100 percent return the first year, and I doubt there are many people in this Chamber who have such investments. That is just about what the national drilling average is right now, about 1 out of 5.

I made a speech out in Michigan yesterday to a group of oil jobbers, and the oil jobbers' interests are not necessarily the same as the major oil and gas companies, as the Senator knows.

There was a fellow who came up to me after I had spoken and said:

Senator, how in the world can you champion $1.75 for natural gas that is produced in the United States when we just signed a contract to buy gas from Mexico for $2 or more an Mcf?

If you are sitting around the coffee shop in Charleston, Ark., that makes a lot of sense, because I used to do it. I tell you that the problems were so much simpler to solve before I got to the position of having to solve them. I just cannot believe the difference. We used to solve everything in the coffee shop every morning, and it was so simple, until I got to the Senate and all of a sudden things got more complicated.

But I tell you the short answer to that is the people of Mexico are not paying over $2 an Mcf. It is only that gas that the national oil company, owned by the Government of Mexico, ships across the border that they sell for $2.

Mr. President, if we are going to sell any of our natural gas across the border, even though it is privately owned, I think we should get $3 or $4 a Mcf for it because we do not have enough anyway. The reason Mexico is selling us gas is because they have a lot and we do not have enough. They know we can afford to pay it and will pay it. But they are not charging their own citizens that amount.

Do you know what the Congressional Budget Office said? They said that even under the President's proposal very shortly your winter gas bills are going to go up 20 percent. If you adopt deregulation your gas bills are going to go up 40 percent.

Mr. President, look at my mail last winter from the people who were trying to survive the harshest winter in recent times and pay their gas bills and stay warm. I am not going to write those people and say, "I voted for a bill that raised those prices still another 40 percent."

If it were a matter of not having the gas because the oil and gas companies could not make a profit, I would reevaluate my position. That is not what we are talking about here, and that is not what we are going to continue to be talking about.

Mr. President, that is probably about all I am going to have to say on this issue. I may make this speech a couple more times when I have a little larger audience because I like the speech. But that is about the sum and substance of my attitude about this bill we are debating here today.

Mr. HEINZ. Mr. President, I ask unanimous consent that Bill Reinsch, of my staff, be accorded the privilege of the floor.

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

Mr. STEVENS. Mr. President, because it pertains to the gas supply issue, I shall address the Senate for a few moments on the agreement that was signed with Canada yesterday concerning the pipeline to be built from the Prudhoe Bay deposit in Alaska to the South 48 through Canada.

I am sure it comes as no surprise. I have opposed that pipeline. I continue to oppose the pipeline through Canada for many reasons.

I do believe, however, it is incumbent upon those of us who are involved in this issue to try to get all the facts we can to our constituents.

Therefore, I ask unanimous consent that at the close of my remarks on this subject the agreement be printed in the RECORD at that point.

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

(See exhibit 1.)

Mr. STEVENS. Mr. President, it was my privilege this morning to meet with the President and Members of the Senate on general matters, and one of the subjects the President discussed with us was the alarming rate of the increased deficit in our balance of payments.

I find it incongruous at the time this deficit is increasing that we should be willing to export to our neighbor, Canada, the jobs and manufacturing capacity that will be lost as we send our resource through Canada.

The estimate of that pipeline that is being used now by the administration is $10 billion. Of that estimate $6 billion is attributed to the cost of the pipeline going through Canada, and that does not include that so-called Dempster latteral.

The portion that will go through Canada is the portion that is subject to the predicted cost overrun, mainly because the portion of that pipeline that would be built through my State parallels the existing oil pipeline right-of-way.

I think it is incumbent, as I said earlier today, for the Senate to realize that Alaska's natural gas resources are not going to be cheap. To the Senator from Arkansas, I would say it makes no sense, to me, to be fighting over an amendment that would limit the price of natural gas to $1.45 in lieu of the President's recommended price of $1.75, when we know that the cost alone of getting Alaska's gas to the South 48 will exceed that. What it means is that we will be committing our resources to guarantee a pipeline through Canada. We will be exporting our dollars; we will be denying our unemployed the right to work; we will be watching more steel plants close down while the Canadians tool up their steel plants to build a pipeline to carry our gas to our customers, and at a cost which far exceeds the price that apparently, in interstate commerce, would be paid for gas in the South 48.

I happen to believe that a free market is the best market we can deal with—at least a market which is as unregulated as possible in the circumstances that exist. But it is a strange national policy which exports jobs, exports dollars, and exports manufacturing demand, and at the same time places a limit on the amount that we pay for our gas, or at least proposes to, which is far below that which we are paying Canada for Canada's gas, or paying Algeria for Algerian

LNG, or Indonesia for Indonesian LNG, and will in fact increase the deficit in our balance of payments.

For years we have been worried about the problem of reliance upon foreign sources for our oil. Well, Mr. President, it is pretty obvious that we should become worried about relying upon foreign sources for liquefied natural gas. I wonder how many Americans know that there is no capacity in this country for liquefying large amounts of natural gas. The major plant is in Alaska already; it is the Kenai plant.

We see Savannah, Ga., in the process of building a billion-dollar plant to regasify LNG—imported liquified natural gas. There is no alternative source of supply of that product. We see California getting ready to approve regasification facilities for Indonesian liquefied natural gas, when they refuse to even consider approving a project for regasifying Alaska's liquefied natural gas. I am of the opinion that if that project had been approved, this pipeline would not have been approved to go through Canada.

The natural consequence of it, Mr. President, is that this country is not just drifting, it is being propelled, down a line which will lead to nationalization. I think that is what the proponents of these amendments, who want to limit the price of gas, really want: To force us into the circumstances that only the Federal Government will produce oil and gas in this country, and only the Federal Government will explore for oil and gas. I think they ought to take a good long look at what happened to England once that country started down the road to nationalization.

Mr. President, I really cannot be too strong in my disapproval of the pipeline decision to take our gas through Canada. But I also cannot be too strong in my opposition to these arbitrary limits on the price of gas. The homeowner in the eastern part of the United States who currently relies on gas may well be shut off this year because of the loss of about 10 percent of the supply—that 10 percent is not going to be there because the price was not sufficient to induce people to bring about the production that is necessary. The cost to that homeowner to convert to coal or oil is staggering. I estimate that it would cost him more to convert to another fuel than he could pay in the rest of his lifetime if we increased the price of natural gas tenfold, because we are only dealing with a 10-percent shortage on the east coast at the present time. It is not the same as if he were paying the full amount of the increase for all of his gas; he would be paying it only for the incremental amount that would be necessary to keep him onstream as a gas user. Therefore, if there is a 10-percent shortage, even if there were a tenfold increase he would still be paying only 10 percent more for his gas.

Somehow or other the economics of deregulating new natural gas has been so distorted in this body that it gets all out of proportion. But above all, I think it is incumbent upon us, particularly those who represent frontier areas—and there is no more frontier area in the country than my own—to realize that the cost of that natural gas from the Prudhoe Bay is going to be almost double the amount that would be provided by the amendment now pending before the Senate, and that is just the cost of getting it down here, without regard to what the wellhead price is.

Some people ask us why we care about the wellhead price; we never will get the high wellhead price that would be achieved by production that is near the major population centers for the country.

My answer is this: Alaskans will get the true value of their natural gas if there is a free market. We cannot hope to achieve the return that we should get from our natural resource as it is produced if there is an arbitrarily controlled market.

Mr. ABOUREZK. Mr. President, will the Senator yield for a question at this point?

Mr. STEVENS. Let me finish this one point, and then I will.

Mr. President, the question of going through Canada will again come before this body later this month. I think everyone concerned with the matter that is before us now, natural gas pricing, ought to realize that that issue involves not only pricing, but it involves the economy of this country, the exporting of some $6 billion to $10 billion in demand for our labor and manufacturing market, as I say, at a time when the administration and Congress together must recognize that the most pressing problem that we have on the domestic scene is in fact this continuing deficit in the balance of payments. We cannot continue to export these dollars, at a time when the demand from the rest of the world for our products is diminishing. The economies of the rest of the world cannot absorb any increased production from this country, and therefore, even if we did improve our own economic climate, we would be faced with the problem of what to do to earn money to pay this deficit in the balance of payments; and the money is not going to be there. It is not going to be there particularly if we pursue a policy of exporting to our neighbor to the north the demand for our manufactured products and the jobs that could have been associated with an all-American route for transporting Alaska's natural gas to the markets in the South 48.

EXHIBIT 1

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND CANADA ON PRINCIPLES APPLICABLE TO A NORTHERN NATURAL GAS PIPELINE

The Government of the United States of America and the Government of Canada,

Desiring to advance the national economic and energy interests and to maximize related industrial benefits of each country, through the construction and operation of a pipeline system to provide for the transportation of natural gas from Alaska and from Northern Canada,

Hereby agree to the following principles for the construction and operation of such a system:

1. Pipeline routes:

The construction and operation of a pipeline for the transmission of Alaska natural gas will be along the route set forth in Annex I, such pipeline being hereinafter referred to as "the Pipeline". All necessary action will be taken to authorize the construction and operation of the Pipeline in accordance with the principles set out in this Agreement.

2. Expeditious construction; timetable:

(a) Both Governments will take measures to ensure the prompt issuance of all necessary permits, licenses, certificates, rights-of-way, leases and other authorizations required for the expeditious construction and commencement of operation of the Pipeline, with a view to commencing construction according to the following timetable:

Alaska, January 1, 1980.

Yukon, main line pipe laying January 1, 1981.

Other construction in Canada to provide for timely completion of the Pipeline to enable initial operation by January 1, 1983.

(b) All charges for such permits, licenses, certificates, rights-of-way, leases and other authorizations will be just and reasonable and apply to the Pipeline in the same nondiscriminatory manner as to any other similar pipeline.

(c) Both Governments will take measures necessary to facilitate the expeditious and efficient construction of the Pipeline, consistent with the respective regulatory requirements of each country.

3. Capacity of pipeline and availability of gas:

(a) The initial capacity of the Pipeline will be sufficient to meet, when required, the contractual requirements of United States shippers and of Canadian shippers. It is contemplated that this capacity will be 2.4 billion cubic feet per day (bcfd) for Alaska gas and 1.2 bcfd for northern Canadian gas. At such time as a lateral pipeline transmitting Northern Canadian gas, hereinafter referred to as "the Dempster Line", is to be connected to the Pipeline or at any time additional pipeline capacity is needed to meet the contractual requirements of United States or Canadian shippers, the required authorizations will be provided, subject to regulatory requirements, to expand the capacity of the Pipeline in an efficient manner to meet those contractual requirements.

(b) The shippers on the Pipeline will, upon demonstration that an amount of Canadian gas equal on a British Thermal Unit (BTU) replacement value basis will be made available for contemporaneous export to the United States, make available from Alaska gas transmitted through the Pipeline, gas to meet the needs of remote users in the Yukon and in the provinces through which the Pipeline passes. Such replacement gas will be treated as hydrocarbons in transit for purposes of the Agreement between the Government of Canada and the Government of the United States of America concerning Transit Pipelines, hereinafter referred to as "the Transit Pipeline Treaty". The shippers on the Pipeline will not incur any cost for provision of such Alaska gas except those capital costs arising from the following provisions:

(i) the owner of the Pipeline in the Yukon will make arrangements to provide gas to the communities of Beaver Creek, Burwash Landing, Destruction Bay, Haines Junction, Whitehorse, Teslin, Upper Liard and Watson Lake at a total cost to the owner of the Pipeline not to exceed Canadian $2.5 million;

(ii) the owner of the Pipeline in the Yukon will make arrangements to provide gas to such other remote communities in the Yukon as may request such gas within a period of two years following commencement of operation of the Pipeline at a cost to the owner not to exceed the product of Canadian $2500 and the number of customers in the communities, to a maximum total cost of Canadian $2.5 million.

4. Financing:

(a) It is understood that the construction of the Pipeline will be privately financed.

Both Governments recognize that the companies owning the Pipeline in each country will have to demonstrate to the satisfaction of the United States or the Canadian Government, as applicable, that protections against risks of non-completion and interruption are on a basis acceptable to that Government before proof of financing is established and construction allowed to begin.

(b) The two Governments recognize the importance of constructing the Pipeline in a timely way and under effective cost controls. Therefore, the return on the equity investment in the Pipeline will be based on a variable rate of return for each company owning a segment of the Pipeline, designed to provide incentives to avoid cost overruns and to minimize costs consistent with sound pipeline management. The base for the incentive program used for establishing the appropriate rate of return will be the capital costs used in measuring cost overruns as set forth in Annex III.

(c) It is understood that debt instruments issued in connection with the financing of the Pipeline in Canada will not contain any provision, apart from normal trust indenture restrictions generally applicable in the pipeline industry, which would prohibit, limit or inhibit the financing of the constructon of the Dempster Line; nor will the variable rate of return provisions referred to in subparagraph (b) be continued to the detriment of financing the Dempster Line.

5. *Taxation and provincial undertakings:*

(a) Both Governments reiterate their commitments as set forth in the Transit Pipeline Treaty with respect to non-discriminatory taxation, and take note of the statements issued by Governments of the Provinces of British Columbia, Alberta and Saskatchewan, attached hereto as Annex V, in which those Governments undertake to ensure adherence to the provisions of the Transit Pipeline Treaty with respect to non-interference with throughput and to non-discriminatory treatment with respect to taxes, fees or other monetary charges on either the Pipeline or throughput.

(b) With respect to the Yukon Property Tax imposed on or for the use of the Pipeline the following principles apply:

(i) The maximum level of the property tax, and other direct taxes having an incidence exclusively, or virtually exclusively, on the Pipeline, including taxes on gas used as compressor fuel, imposed by the Government of the Yukon Territory or any public authority therein on or for the use of the Pipeline, herein referred to as "the Yukon Property Tax", will not exceed $30 million Canadian per year adjusted annually from 1983 by the Canadian Gross National Product price deflator as determined by Statistics Canada, hereinafter referred to as the GNP price deflator.

(ii) For the period beginning January 1, 1980, and ending on December 31 of the year in which leave to open the Pipeline is granted by the appropriate regulatory authority, the Yukon Property Tax will not exceed the following:

1980—$5 million Canadian.

1981—$10 million Canadian.

1982—$20 million Canadian.

Any subsequent year to which this provision applies—$25 million Canadian.

(iii) The Yukon Property Tax formula described in subparagraph (b)(i) will apply from January 1 after the year in which leave to open the Pipeline is granted by the appropriate regulatory authority until the date that is tne earlier of the following, hereinafter called the tax termination date:

(A) December 31, 2008; or

(B) December 31 of the year in which leave to open the Dempster Line is granted by the appropriate regulatory authority.

(iv) Subject to subparagraph (b) (iii), if for the year ending on December 31, 1987, the percentage increase of the aggregate per capita revenue derived from all property tax levied by any public authority in the Yukon Territory (excluding the Yukon Property Tax) and grants to municipalities and Local Improvement Districts from the Government of the Yukron Territory as compared to aggregate per capita revenue derived from such sources for 198 is greater than the percentage increase for 1987 of the Yukon Property Tax as compared to the Yukon Property Tax for 1983, the maximum level of the Yukon Property Tax for 1987 may be increased to equal the amount it would have reached had it increased over the period at the same rate as the aggregate per capita revenue.

(v) If for any year in the period commencing January 1, 1988, and ending on the tax termination date, the annual percentage increase of the aggregate per capita revenue derived from all property tax levied by any public authority in the Yukon Territory (excluding the Yukon Property Tax) and grants to municipalties and Local Improvement Districts from the Government of the Yukon Territory as compared to the aggregate per capita revenue derived from such sources for the immediately preceding year exceeds the percentage increase for that year of the Yukon Property Tax as compared to the Yukon Property Tax for the immediately preceding year, the maximum level of the Yukon Property Tax for that year may be adjusted by the percentage increase of the aggregate per capita revenue in place of the percentage increase that otherwise might apply.

(vi) The provisions of subparagraph (b) (i) will apply to the value of the Pipeline for the capacities contemplated in this Agreement. The Yukon Property Tax will increase for the additional facilities beyond the aforesaid contemplated capacity in direct proportion to the increase in the gross asset value of the Pipeline.

(vii) In the event that between the date of this Agreement and January 1, 1983, the rate of the Alaska property tax on pipelines, taking into account the mill rate and the method of valuation, increases by a percentage greater than the cumulative percentage increase in the Canadian GNP deflator over the same period, there may be an adjustment on January 1, 1983, to the amount of $30 million Canadian described in subparagraph (b)(i) of the Yukon Property Tax to reflect this difference. In defining the Alaska property tax for purposes of this Agreement, the definition of the Yukon Property Tax will apply *mutatis mutandis*.

(viii) In the event that, for any year during the period described in subparagraph (iii), the annual rate of the Alaska property tax on or for the use of the Pipeline in Alaska increases by a percentage over that imposed for the immediate preceding year that is greater than the increase in percentage of the Yukon Property Tax for the year, as adjusted, from that applied to the immediately preceding year, the Yukon Property Tax may be increased to reflect the percentage increase of the Alaska property tax.

(ix) It is understood that indirect socio-economic costs in the Yukon Territory will not be reflected in the cost-of-service to the United States shippers other than through the Yukon Property Tax. It is further understood that no public authority will require creation of a special fund or funds in connection with construction of the Pipeline in the Yukon, financed in a manner which is reflected in the cost of service to U.S. shippers, other than through the Yukon Property Tax. However, should public authorities in the State of Alaska require creation of a special fund or funds, financed by contributions not fully reimbursable, in connection with construction of the Pipeline in Alaska, the Governments of Canada or the Yukon Territory will have the right to take similar action.

(c) The Government of Canada will use its best endeavors to ensure that the level of any property tax imposed by the Government of the Northwest Territories on or for the use of that part of the Dempster Line that is within the Northwest Territories is reasonably comparable to the level of the property tax imposed by the Government of the Yukon Territory on or for the use of that part of the Dempster Line that is in the Yukon.

6. Tariffs and cost allocation:

It is agreed that the following principles will apply for purposes of cost allocation used in determining the cost of service applicable to each shipper on the Pipeline in Canada:

(a) The Pipeline in Canada and the Dempster Line will be divided into zones as set forth in Annex II. Except for fuel and except for Zone 11 (the Dawson-Whitehorse portion of the Dempster Line), the cost of service to each shipper in each zone will be determined on the basis of volumes as set forth in transportation contracts. The volumes used to assign these costs will reflect the original BTU content of Alaskan gas for U.S. shippers and Northern Canadian gas for Canadian shippers, and will make allowance for the change in heat content as the result of commingling. Each shipper will provide volumes for line losses and line pack in proportion to the contracted volumes transported in the zone. Each shipper will provide fuel requirements in relation to the volume of his gas being carried and to the content of the gas as it affects fuel consumption.

(b) It is understood that, to avoid increased construction and operating costs for the transportation of Alaskan gas, the Pipeline will follow a southern route through the Yukon along the Alaska Highway rather than a northern route through Dawson City and along the Klondike Highway. In order to provide alternative benefits for the transportation of Canadian gas to replace those benefits that would have been provided by the northern route through Dawson City, U.S. shippers will participate in the cost of service in Zone 11. It is agreed that if cost overruns on construction of the Pipeline in Canada do not exceed filed costs set forth in Part D of Annex III by more than 35 percent, U.S. shippers will pay the full cost of service in Zone 11.

U.S. shipper participation will decline if overruns on the Pipeline in Canada exceed 35 percent; however, at the minimum the U.S. shippers' share will be the greater of either two-thirds of the cost of service or the proportion of contracted Alaska gas in relation to all contracted gas carried in the Pipeline. The proportion of the cost of service borne by U.S. shippers in Zone 11 will be reduced should overruns on the cost of construction in that Zone exceeds 35 percent after allowance for the benefits to U.S. shippers derived from Pipeline construction cost savings in other Zones. Notwithstanding the foregoing, at the minimum, the U.S shippers' share will be the greater of either two-thirds of the cost of service or the proportion of contracted Alaska gas in relation to all contracted gas carried in the Pipeline. Details of this allocation of cost-of-service are set out in Annex III.

(c) Notwithstanding the principles in subparagraphs (a) and (b), in the event that the total volume of gas offered for shipment exceeds the efficient capacity of the Pipeline, the method of cost allocation for the cost of service for shipments of Alaskan gas (minimum entitlement 2.4 bcfd) or Northern Canadian gas (minimum entitlement 1.2 bcfd) in excess of the efficient capacity of the Pipeline will be subject to review and subsequent agreement by both Governments; provided however that shippers of either country may transport additional volumes without such review and agreement, but subject to appropriate regualtory approval, if such transportation does not lead to a higher

cost of service or share of Pipeline fuel requirements attributable to shippers of the other country.

(d) It is agreed that Zone 11 costs of service allocated to U.S. shippers will not include costs additional to those attributable to a pipe size of 42 inches. It is understood that in Zones 10 and 11 the Dempster Line will be of the same gauge and diameter and similar in other respects, subject to differences in terrain. Zone 11 costs will include only facilities installed at the date of issuance of the leave to open order, or that are added within three years thereafter.

7. Supply of goods and services:

(a) Having regard to the objectives of this Agreement, each Government will endeavor to ensure that the supply of goods and services to the Pipeline project will be on generally competitive terms. Elements to be taken into account in weighing competitiveness will include price, reliability, servicing capacity and delivery schedules.

(b) It is understood that through the coordination procedures in Paragraph 8 below, either Government may institute consultations with the other in particular cases where it may appear that the objectives of subparagraph (a) are not being met. Remedies to be considered would include the renegotiation of contracts or the repoening of bids.

8. Coordination and consultation:

Each Government will designate a senior official for the purpose of carrying on periodic consultations on the implementation of these principles relating to the construction and operation of the Pipeline. The designated senior officials may, in turn, designate additional representatives to carry out such consultations, which representatives, individually or as a group, may make recommendations with respect to particular disputes or other matters, and may take such other action as may be mutually agreed, for the purpose of facilitating the construction and operation of the Pipeline.

9. Regulatory authorities—consultation:

The respective regulatory authorities of the two Governments will consult from time to time on relevant matters arising under this Agreement, particularly on the matters referred to in paragraphs 4, 5 and 6, relating to tariffs for the transportation of gas through the Pipeline.

10. Technical study group on pipe:

(a) The Governments will establish a technical study group for the purpose of testing and evaluating 54-inch 1120 pounds per square inch (psi), 48-inch 1260 psi, and 48-inch 1680 psi pipe or any other combination of pressure and diameter which would achieve safety, reliability and economic efficiency for operation of the Pipeline. It is understood that the decision relating to pipeline specifications remains the responsibility of the appropriate regulatory authorities.

(b) It is agreed that the efficient pipe for the volumes contemplated (including reasonable provision for expansion), subject to appropriate regulatory authorization, will be installed from the point of interconnection of the Pipeline with the Dempster Line near Whitehorse to the point near Caroline, Alberta, where the Pipeline bifurcates into a western and an eastern leg.

11. Direct charges by public authorities:

(a) Consultation will take place at the request of either Government to consider direct charges by public authorities imposed on the Pipeline where there is an element of doubt as to whether such charges should be included in the cost of service.

(b) It is understood that the direct charges imposed by public authorities requiring approval by the appropriate regulatory authority for inclusion in the cost of service will be subject to all of the tests required by the appropriate legislation and will include only:

(i) those charges that are considered by the regulatory authority to be just and reasonable on the basis of accepted regulatory practice, and

(ii) those charges of a nature that would normally be paid by a natural gas pipeline in Canada. Examples of such charges are listed in Annex IV.

12. Other costs:

It is understood that there will be no charges on the Pipeline having an effect on the cost of service other than those:

(i) imposed by a public authority as contemplated in this Agreement or in accordance with the Transit Pipeline Treaty, or

(ii) caused by Acts of God, other unforeseen circumstances, or

(iii) normally paid by natural gas pipelines in Canada in accordance with accepted regulatory practice.

13. Compliance with terms and conditions:

The principles applicable directly to the construction, operation and expansion of the Pipeline will be implemented through the imposition by the two Governments of appropriate terms and conditions in the granting of required authorizations. In the event of subsequent non-fulfillment of such a term or condition by an owner of the Pipeline, or by any other private person, the two Governments will not have responsibility therefor, but will take such appropriate action as is required to cause the owner to remedy or mitigate the consequences of such non-fulfillment.

14. Legislation:

The two Governments recognize that legislation will be required to implement the provisions of this Agreement. In this regard, they will expeditiously seek all required legislative authority so as to facilitate the timely and efficient construction of the Pipeline and to remove any delays or impediments thereto.

15. Entry into force:

This Agreement will become effective upon signature and shall remain in force for a period of 35 years and thereafter until terminated upon 12 months' notice given in writing by one Government to the other, provided that those provisions of the Agreement requiring legislative action will become effective upon exchange of notification that such legislative action has been completed.

In witness whereof the undersigned representatives, duly authorized by their respective Governments, have signed this Agreement.

Done in duplicate at Ottawa in the English and French languages, both versions being equally authentic, this —— day of ————, 1977.

———, ———,

For the Government of the United States.

———, ———,

For the Government of Canada.

ANNEX I

THE PIPELINE ROUTE

In Alaska

The Pipeline constructed in Alaska by Alcan will commence at the discharge side of the Prudhoe Bay Field gas plant facilities. It will parallel the Alyeska oil pipeline southward on the North Slope of Alaska, cross the Brooks Range through the Atigun Pass, and continue on to Delta Junction.

At Delta Junction, the Pipeline will diverge from the Alyeska oil pipeline and follow the Alaska Highway and Haines oil products pipeline passing near the towns of Tanacross, Tok, and Northway Junction in Alaska. The Alcan facilities will connect with the proposed new facilities of Foothills Pipe Lines (South Yukon) Ltd. at the Alaska-Yukon border.

In Canada

In Canada the Pipeline will commence at the Boundary of the State of Alaska, and the Yukon Territory in the vicinity of the towns of Border City, Alaska and Boundary, Yukon. The following describes the general routing of the Pipeline in Canada:

From the Alaska-Yukon border, the foothills Pipe Lines (South Yukon) Ltd. portion of the Pipeline will proceed in a southerly direction generally along the Alaska Highway to a point near Whitehorse, Yukon, and thence to a point on the Yukon-British Columbia border near Watson Lake, Yukon, where it will join with the Foothills Pipe Lines (North B.C.) Ltd. portion of the Pipeline.

The Foothills Pipe Lines (North B.C.) Ltd. portion of the Pipeline will extend from Watson Lake in a southeasterly direction across the north eastern part of the Province of British Columbia to a point on the boundary between the Provinces of British Columbia and Alberta near Boundary Lake where it will interconnect with the Foothills Pipe Lines (Alta.) Ltd. portion of the Pipeline.

The Foothills Pipe Lines (Alta.) Ltd. portion of the Pipeline will extend from a point on the British Columbia-Alberta boundary near Boundary Lake in a southeasterly direction to Gold Creek and thence parallel to the existing right-of-way of the Alberta Gas Trunk Line Company Limited to James River near Caroline.

From James River a "western leg" will proceed in a southerly direction, generally following the existing right-of-way of the Alberta Gas Trunk Line Company Limited to a point on the Alberta-British Columbia boundary near Coleman in the Crow's Nest Pass area. At or near Coleman the Foothills Pipe Lines (Alta.) Ltd. portion of the Pipeline will interconnect with the Foothills Pipe Lines (South B.C.) Ltd. portion of the Pipeline.

The Foothills Pipe Lines (South B.C.) Ltd. portion of the Pipeline will extend from a point on the Alberta-British Columbia boundary near Coleman in a southwesterly direction across British Columbia generally parallel to the existing pipeline facilities of Alberta Natural Gas Company Ltd. to a point on the International Boundary Line between Canada and the United States of America at or near Kingsgate in the Province of British Columbia where it will interconnect with the facilities of Pacific Gas Transmission Company.

Also, from James River, an "eastern leg" will proceed in a southeasterly direction to a point on the Alberta-Saskatchewan boundary near Empress Alberta where it will interconnect with the Foothills Pipe Lines (Sask.) Ltd. portion of the Pipeline. The Foothills Pipe Lines (Sask.) Ltd. portion of the Pipeline will extend in a southeasterly direction across Saskatchewan to a point on the International Boundary Line between Canada and the United States of America at or near Monchy, Saskatchewan where it will interconnect with the facilities of Northern Border Pipeline Company.

ANNEX II

ZONE FOR THE PIPELINE AND THE DEMPSTER LINE IN CANADA

Zone 1—Foothills Pipe Lines (South Yukon) Ltd. Alaska Boundary to point of interconnection with the Dempster Line at or near Whitehorse.

Zone 2—Foothills Pipe Lines (South Yukon) Ltd. Whitehorse to Watson Lake.

Zone 3—Foothills Pipe Lines (North B.C.) Ltd. Watson Lake to point of interconnection with Westcoast's main pipeline near Fort Nelson.

Zone 4—Foothills Pipe Lines (North B.C.) Ltd. Point of interconnection with Westcoast's main pipeline near Fort Nelson to the Alberta-B.C. border.

Zone 5—Foothills Pipe Lines (Alta.) Ltd. Alberta-B.C. border to point of bifurcation near Caroline, Alberta.

Zone 6—Foothills Pipe Lines (Alta.) Ltd.

Caroline, Alta. to Alberta-Saskatchewan border near Empress.

Zone 7—Foothills Pipe Lines (Alta.) Ltd. Caroline to Alberta-B.C. border near Coleman.

Zone 8—Foothills Pipe Lines (South B.C.) Ltd. Alberta-B.C. border near Coleman to B.C.-U.S. border near Kingsgate.

Zone 9—Foothills Pipe Lines (Sask.) Ltd. Alberta-Saskatchewan border near Empress to Saskatchewan-U.S. border near Monchy.

Zone 10—Foothills Pipe Lines (North Yukon) Ltd. Mackenzie Delta Gas fields in the Mackenzie Delta, N.W.T., to a point near the junction of the Klondike and Dempster highways just west of Dawson, Yukon Territory.

Zone 11—Foothills Pipe Lines (South Yukon) Ltd. A point near the junction of the Klondike and Dempster highways near Dawson to the connecting point with the Pipeline at or near Whitehorse.

ANNEX III

COST ALLOCATION IN ZONE 11

The cost of service in Zone 11 shall be allocated to United States shippers on the following basis:

(i) There will be calculated, in accordance with (iii) below, a percentage for Zones 1–9 in total by dividing the actual capital costs by the filed capital costs and multiplying by 100. If actual capital costs are equal to or less than 135 percent of filed capital costs, then United States shippers will pay 100 percent of the cost of service in Zone 11. If actual capital costs in Zones 1–9 are between 135 percent and 145 percent of filed capital costs, then the percentage paid by United States shippers will be adjusted between 100 percent and 66⅔ percent on a straight-line basis, except that in no case will the portion of cost of service paid by United States shippers be less than the proportion of the contracted volumes of Alaskan gas at the Alaska-Yukon border to the same volume of Alaskan gas plus the contracted volume of Northern Canadian gas. If the actual capital costs are equal to or exceed 145 percent of filed capital costs, the portion of the cost of service paid by United States shippers will be not less than 66⅔ percent or the proportion as calculated above, whichever is the greater.

(ii) There will be calculated a percentage for the cost-overrun on the Dawson to Whitehorse lateral (Zone 11). After determining the dollar value of the overrun, there will be deducted from it:

(a) the dollar amount by which actual capital costs in zone 1, 7, 8 and 9 (carrying U.S. gas only) are less than 135 percent of filed capital costs referred to in (iii) below;

(b) in each of Zones 2, 3, 4, 5 and 6 the dollar amount by which actual capital costs are less than 135 percent of filed capital costs referred to in (iii) below, multiplied by the proportion that the U.S. contracted volume bears to the total contracted volume in that zone.

If the actual capital costs in Zone 11, after making this adjustment, are equal to or less than 135 percent of filed capital costs, then no adjustment is required to the percentage of the cost of service paid by United States shippers as calculated in (i) above. If, however, after making this adjustment, the actual capital cost in Zone 11 is greater than 135 percent of the filed capital cost, then the proportion of the cost of service paid by United States shippers will be a fraction (not exceeding 1) of the percentage of the cost of service calculated in (i) above, where the numerator of the fraction is 135 percent of the filed capital cost and the denominator of the fraction is actual capital cost less the adjustments from (a) and (b) above. Notwithstanding the adjustments outlined above, in no case will the percentage of the actual cost of service borne by United States shippers be less than the greater of 66⅔ percent or the proportion of the contracted volumes of Alaskan gas at the Alaska-Yukon border to the same volume of Alaskan gas plus the contracted volume of Northern Canadian gas.

(iii) The "filed capital cost" to be applied to determine cost overruns for the purpose of cost allocation in (i) and (ii) above will be:

"Filed capital cost" estimates for the pipeline in Canada

[Millions of Canadian dollars]

The pipeline in Canada (zones 1–9): [1]	
48"—1,260 lb. pressure pipeline	3,873
or 48"—1,680 lb. pressure pipeline	4,418
or 54"—1,120 lb. pressure pipeline	4,234

"Filed capital cost" estimates for the pipeline in Canada

[Millions of Canadian dollars]

Zone 11 of the Dempster Line: [2]	
30" section of Demptster line from Whitehorse to Dawson	549
or 36" section of Dempster line from Whitehorse to Dawson	585
or 42" section of Dempster line from Whitehorse to Dawson	705

[1] These filed capital costs include and are based upon (a) a 1,260 psi, 48-inch line from the Alaska-Yukon border to the point of possible interconnection near Whitehorse; (b) a 1,260 psi, 48-inch; or 1,680 psi, 48-inch; or 1,120 psi 54-inch line from the point of possible interconnection near Whitehorse to Caroline Junction; (c) a 42-inch line from Caroline Junction to the Canada-U.S. border near Monchy, Saskatchewan; and (d) a 36-inch line from Caroline Junction to the Canada-U.S. border near Kingsgate, British Columbia. These costs are escalated for a date of commencement of operations of January 1, 1983.

[2] The costs are escalated for a date of commencement of operations of January 1, 1985.

Details for Zones 1–9 are shown in the following table:

FILED CAPITAL COSTS FOR THE PIPELINE IN CANADA

[In millions of Canadian dollars]

	48 in 1,260 psi	48 in 1,680 psi	54 in 1,120 psi
Zone:			
1	707	707	707
2	721	864	805
3	738	850	803
4	380	488	456
5	677	859	813
6	236	236	236
7	126	126	126
8	83	83	83
9[1]	205	205	205
Total zones 1 to 9	3,873	4,418	4,234

[1] The last compression station in zone 9 includes facilities to provide compression up to 1,440 psi.

It is recognized that the above are estimates of capital costs. They do not include working capital, property taxes or the provisions for road maintenance in the Yukon Territory (not to exceed $30 million Canadian).

If at the time construction is authorized, both Governments have agreed to a starting date for the operation of the Pipeline different from January 1, 1983, then the capital cost estimates shall be adjusted for the difference in time using the GNP price deflactor from January 1, 1983. Similarly at the time construction is authorized for the Dempster Line, if the starting date for the operation agreed to by the Canadian Government is different from January 1, 1985, then the capital cost estimate shall be adjusted for the difference in timing using the GNP price deflator from January 1, 1985. The diameter of the pipeline in Zone 11, for purposes of cost allocation, may be 30", 36" or 42", so long as the same diameter pipe is used from the Delta to Dawson (Zone 10).

The actual capital cost, for purposes of this Annex will be the booked cost as of the date "leave to open" is granted plus amounts still outstanding to be accrued on a basis to be approved by the National Energy Board. Actual capital costs will exclude working capital, property taxes, and direct charges for road maintenance of up to $30 million Canadian in the Yukon Territory as specifically provided herein.

For purposes of this Annex above, actual capital costs will exclude the effect of increases in cost or delays caused by actions attributable to the U.S. shippers, related U.S. pipeline companies, Alaskan producers, the Prudhoe Bay deliverability or gas conditioning plant construction and the United States or State Governments. If the appropriate regulatory bodies of the two countries are unable to agree upon the amount of such costs to be excluded, the determination shall be made in accordance with the procedures set forth in Article IX of the Transit Pipeline Treaty.

The filed capital costs of facilities in Zones 7 and 8 will be included in calculations pursuant to this Annex only to the extent that such Facilities are constructed to meet the requirements of U.S. shippers.

DIRECT CHARGES BY PUBLIC AUTHORITIES

1. Crossing damages (roads, railroad crossings, etc.; this item is usually covered in the crossing permit).*
2. Road damages caused by exceeding design load limits.*
3. Required bridge reinforcements caused by exceeding design load limits.*
4. Airfield and airstrip repairs.
5. Drainage maintenance.
6. Erosion control.
7. Borrow pit reclamation.
8. Powerline damage.
9. Legal liability for fire damage.
10. Utility system repair (water, sewer, etc.)
11. Camp waste disposal.
12. Camp site reclamation.
13. Other items specified in environmental stipulations.
14. Costs of surveillance and related studies as required by regulatory bodies or applicable laws.

BRITISH COLUMBIA STATEMENT

The Government of the Province of British Columbia agrees in principle to the provisions contained in the Canada-United States Pipeline Treaty of January 28, 1977, and furthermore British Columbia is prepared to cooperate with the Federal Government to ensure that the provisions of the Canada-United States Treaty, with respect to non-interference of throughput and non-discriminatory treatment with respect to taxes, fees or other monetary charges on either the pipeline or throughput, are adhered to. Specific details of this undertaking will be the subject of a Federal-Provincial Agreement to be negotiated at as early a date as possible. Such Agreements should guarantee that British Columbia's position expressed in its telegram of August 31 is protected.

ALBERTA STATEMENT

The Government of the Province of Alberta agrees in principle to the provisions contained in the Canada-United States Pipeline Treaty of January 28, 1977, and furthermore, Alberta is prepared to cooperate with the Federal Government to ensure that the provisions of the Canada-United States Treaty, with respect to non-interference of

* In the case of these items and all other road related charges by public authorities, total charges in the Yukon Territory shall not exceed Canadian $30 million.

throughput and non-discriminatory treatment with respect to taxes, fees, or other monetary charges on either the Pipeline or throughput, are adhered to. Specific details of this undertaking will be the subject of a Federal-Provincial Agreement to be negotiated when the Canada-United States protocol or understanding has been finalized.

SASKATCHEWAN STATEMENT

The Government of Saskatchewan is willing to cooperate with the Government of Canada to facilitate construction of the Alcan Pipeline through southwestern Saskatchewan and, to that end, the Government of Saskatchewan expresses its concurrence with the principles elaborated in the Transit Pipeline Agreement signed between Canada and the United States on January 28, 1977. In so doing, it intends not to take any discriminatory action towards such pipelines in respect of throughput, reporting requirements, and environmental protection, pipeline safety, taxes, fees or monetary charges that it would not take against any similar pipeline passing through its jurisdiction. Further details relating to Canada-Saskatchewan relations regarding the Alcan Pipeline will be the subject of Federal-Provincial agreements to be negotiated after a Canada-United States understanding has been finalized.

Mr. STEVENS. Now I am happy to listen to my friend from South Dakota. Does he have a question, I might ask?

Mr. ABOUREZK. Yes, on a couple of points. I want to ask about the pipeline itself, because in my area of the country there is great interest in a trans-Canada pipeline of some sort.

But on the question of the cost of natural gas which might come out of Alaska, I understood the Senator to say that the cost of producing that gas is much more than what the marketplace is right now, the wellhead price; is that correct?

Mr. STEVENS. That is my understanding, yes.

Mr. ABOUREZK. Based on that, does the Senator from Alaska advocate deregulating the wellhead price of natural gas, for whatever purposes he might want that deregulation?

Mr. STEVENS. I am of the impression that the cost of transporting the frontier gas that will be produced on the Outer Continental Shelf and from Alaska down here to the south 48—and I remind the Senator that 70 percent of the Outer Continental Shelf is in fact off Alaska, so if we are talking about Outer Continental Shelf gas we are talking about Alaskan gas—will exceed the price we are currently debating for the market price in the south 48.

It does not seem to me to be good economics to recognize that it is going to cost us that much to go up there and get that gas when at the same time we are arbitrarily keeping the price for the south 48 produced gas so low that there is no incentive to produce whatever there is to produce here.

The incentive would be to loan the money to the people to build this pipeline because we will get more money out of investing in a regulated pipeline than from investing in gas where the only price increase would be subject to the normal inflationary spiral. I thought we were trying to control inflation.

This pricing mechanism proposed here is self-defeating, in my opinion. It increases demand for OCS gas and frontier gas and probably propels us into the development of it prematurely in some places, so far as I am concerned. We do not want to run pellmell into this production. We want to do it on a planned and orderly basis. But there is no alternative. No one will drill for gas down here at this price, in my opinion. I think it ought to be an unregulated price for new gas. I firmly support that.

Mr. ABOUREZK. If no one drills for gas down here, if what the Senator says is accurate, would that create an instant market for new gas from, say, Alaska?

Mr. STEVENS. We have to remember we will not get the wellhead price, as I said. We would much rather see it come into the market at a time when the market has adjusted to demand, when we are not that far out of line in terms of pricing. Does the Senator understand what I am saying?

Mr. ABOUREZK. I understand what the Senator is saying, but the question recurs, if nobody is going to drill for new gas down here, would there be an instant market for new gas coming from Alaska even though it might be at a higher price under the regulation procedures?

Mr. STEVENS. That is what I say. I do not want to see that happen. I do not want to see an arbitrary price setting for gas.

Mr. ABOUREZK. The alternative, as I see it, is to raise the price for all new gas down here, whatever might be produced here, plus all the new gas in Alaska. Why would the Senator want to do that? Why would he not want to keep some of the gas at as low a price as we possibly could, while still returning to producers whatever their cost might be, plus an adequate profit? Why would the Senator want to artificially raise the price here in the Lower 48?

Mr. STEVENS. I do not want to artificially raise the price. I want the price to be what the market determines it should be.

Mr. ABOUREZK. There is not much of a market when there is a limited supply of the resource and a limited number of people producing that resource. That is not much of a free market.

Mr. STEVENS. There is a limited supply and a limited number of people involved because of Government regulation.

Mr. ABOUREZK. Does the Senator think there would be more people involved without Government regulation?

Mr. STEVENS. Yes.

Mr. ABOUREZK. Where would they find the gas fields which are not already taken? How does one get into the gas business?

Mr. STEVENS. One puts together enough money to go and drill a well. I have seen it done. I assisted in drililng one once.

Mr. ABOUREZK. Where do we find the leases that are not already taken?

Mr. STEVENS. I think there are many places in this country that have not been fully explored for oil and gas.

Mr. ABOUREZK. Why would they not be explored?

Mr. STEVENS. Because they can make more money investing in Time magazine than in gas right now.

Mr. ABOUREZK. I will try and respond to that. If I were in the gas business, I would do it because I was assured under the present law I would get my cost of production plus an adequate profit. Do they want something more than an adequate profit?

Mr. STEVENS. They want what the market price should be.

Mr. ABOUREZK. It is not much of a market. It is not a free market. It is pretty much of a monopoly.

Mr. STEVENS. Why should we be in a position where Alaskan production should be forced to come onstream prematurely at a price which is arbitrarily low, as far as the wellhead is concerned, because the transportation costs are, by definition, much higher? I think the Senator should look at the thing from the point of view of the producing States for just a moment. The demand is increasing.

As I say, one of the reasons it is increasing is because we are now realizing how much more reliant we are on foreign sources for LNG. Why should we rely on Algeria and Indonesia to the extent we do? We have substantial portions of the country which will be completely reliant, to the tune of about a quarter of their demand, on offshore sources. If we have an embargo of that gas, the southern industrial establishment and the California industrial establishment will really be crippled. There is nothing to take its place. That is one reason we wanted the LNG system developed now for Alaska. We wanted to have the mobility that would come from the distribution of our gas where it is needed most.

During the last winter, for instance, the gas from the Kenai Peninsula was taken all the way up to Massachusetts. That is the only source of LNG they had beyond foreign sources.

Why should we be locked into a transportation system that locks us into going through Canada? There is no increased gas coming from Canada. The Canadians will not sell us any more gas. The Senator says his people are interested in it. Everyone I have talked to from his region say if we put the pipeline through Canada they will sell us more gas. They will not sell us more gas. They might anticipate deliveries of Alaskan gas but they will not increase by one cubic foot the commitment for the sale of gas in the United States as far as any public pronouncement I have seen.

This has to do with pricing ultimately because, again, the only place they are going to be able to produce gas will be from the frontier areas. The reason for it is they project the volumes will be so great that if they hit a Prudhoe Bay they will make money. They are not all Prudhoe Bays in California, Texas, and Louisiana to be discovered, which will be producible, but they ought to have the incentives to do it. Today there is no incentive. There is not a marketplace incentive.

Again I say the shortage which will take place on the east coast is around 10 percent. It will not do a homeowner much good to have 10 percent less than the amount of gas he needs to heat his home. He will have to convert. At least a

portion of the area will have to convert because there will be curtailments. Those curtailments make no sense if there could in fact be an incremental supply of gas brought to the market because of market forces. Rather than convert to oil or coal, let me tell the Senator if he faces that problem he would be more than willing to pay the market price of gas to get new gas.

This whole thing came about because of an arbitrary decision in the Phillips case in the fifties. It makes no sense. It made no sense then and it makes no sense now, in my opinion, for us to continue this type of regulation.

On the other hand, I recognize—and I support the amendment of Senator BARTLETT—that there is not overwhelming support for the position of my good friend. Probably deregulation of new natural gas makes a lot more political sense right now. That is what we are talking about, new gas coming on stream to meet these demands.

Let me ask the Senator, why should he invest now in the drilling equipment, and the whole package it would take to explore for gas, to find it, to produce it, if he knows that by the time he got it to market the only adjustment there would be in the price that he would get for gas currently being produced is the inflationary cost? Why would he put his money in that? Why would he not put it in Time magazine, or why not put it in some of these big earners on the big board? Who is going to invest in the gas industry?

Is there something special about people from resource States that they ought to invest in producing oil and gas in the national interest when all of the stock advisers say to put it with the people who are making money and paying large dividends? Is there some reason we should be motivated to put money into facilities to produce gas 5 or 10 years from now under a regulated market price?

Mr. ABOUREZK. Let me quote one of the advertising slogans by one of the oil companies which produces natural gas: "We are producing energy to help people."

What the Senator is saying is that that is not quite true, that they are doing it to make money.

Mr. STEVENS. Making money is helping people, as far as I am concerned.

Mr. ABOUREZK. Which people?

Mr. STEVENS. They pay taxes, they support Government when they make money, they employ people when they make money. That is helping people.

I do not think anyone ever wanted to accuse the Senate of trying to tell the oil and gas industry of the United States that they should not make a profit.

Mr. ABOUREZK. They have not done that. The Senate has said in the past, and I hope will continue to say in the future, that an adequate profit is what the gas industry is entitled to. What the Senate has said in the past is that gas producers are not entitled to exorbitant profits. I think that is fair.

I do not know why, with a very precious natural resource such as natural gas or oil or coal, the Senate, and Congress as a whole, ought to say that, since these people have the edge on everybody else, have gotten the leases or are in the gas business, they ought to be able to take whatever they can from the American people.

Mr. STEVENS. The Senator represents a farm State. Does he tell his farmers, "Go ahead and plant corn for next year and we are going to have a program that tells you that we will take into account what it costs you to plant and we are going to be sure that you get a fair rate of return on your investment. But, of course, you cannot have the market price based on demand. We are not going to let that happen. If there is more demand for corn than you produce, you are just not going to be able to raise the price of that corn"?

Does the Senator really practice that kind of economics on farmers?

Mr. ABOUREZK. That is exactly the kind of economics the Department of Agriculture practices with farmers.

Mr. STEVENS. Baloney. The price goes up on demand and the Senator knows it. There is no ceiling on the price of corn.

Mr. ABOUREZK. There is no ceiling on the price of corn, but there is a floor.

Mr. STEVENS. Why does the Senator want to put a ceiling on the price of my gas?

Mr. ABOUREZK. If the Senator will let me finish, I shall try to explain it.

There is no ceiling on the price of corn. There is a floor on the price of corn which operates as a ceiling. When the Agriculture Department tells the farmers that they are going to give them so much of a percentage of parity—parity being some sort of complicated formula for computing the cost of production of that particular corn crop—they always come well under the price. Especially this year, the price is well below the cost of production for those farmers. In some years, it is a little more. Sometimes it is a little less, sometimes it is a great deal less.

Mr. STEVENS. I have supported all the floors under the agricultural products since I have been here, even though we do not get any of the benefits of those agriculture programs in my State. I do it because I believe that those people should be assured that, if they meet the national urgency and they attempt to produce and something causes that price to fall, when they are our largest earner in the foreign field, as exporters of farm products, we owe it to them to have a floor under their economic system. But I think that farmers, above all, ought to understand this concept we are talking about now.

This is not a floor; this is a ceiling.

Mr. ABOUREZK. That is right. Farmers understand that very well.

Mr. STEVENS. This is a ceiling where, no matter what you produce, you are not going to get more than this amount. If you produce to meet demand and someone is willing to pay a nickel more an mcf, you cannot have it. You cannot be moved at all by any economic incentive. The whole concept of free enterprise does not work in the natural resources area.

If the Senator wants to take a look at an interesting map sometime, I have one in my office. He should take a look at Siberia and the mining properties that are under development in Siberia. Take a look at western Canada and see the mining properties under development in western Canada. Then look at my State, which has greater potential in mining metals and minerals than either Siberia or Canada, and see that there are two mines producing.

Does the Senator know why? They have incentives. Even in Siberia, they have incentives to develop mines and minerals that we do not have. Somehow or other, the whole concept of free enterprise goes out the door when we talk about nonrenewable natural resources. Somehow or other, we have a great fear of our ability to produce, I guess.

I cannot understand it. For the life of me, I cannot understand why the marketplace should not determine the price that we pay for oil and gas, why we must insist upon arbitrary limitations on the price of this production.

The net result, incidentally, is that the American public is paying more now for gas and oil than they would have had it not been for the Phillips decision and for the regulation that we put into effect, back in 1972, on the price of oil.

Mr. ABOUREZK. I cannot agree with my colleague from Alaska that gas costs more now under regulation than it would under a free market system. The fact is that there can be no free market system in gas and oil. The reason there cannot be is that it is a limited resource, controlled by a limited number of people. There is no way that any kind of free market system can operate that way.

I wonder if the Senator would respond to a question on that pipeline.

Mr. STEVENS. I shall be glad to do that.

Mr. ABOUREZK. I am concerned—I am interested, as are other people in my State—with a pipeline bringing gas produced in Alaska down through Canada, not necessarily Canadian natural gas being hooked onto the pipeline. We are concerned about where the end of that pipeline will be. If it goes through Canada, of course, that will be available to midwest States. If it does not go through Canada, if it goes down—I think it was anticipated that it would go through Valdez——

Mr. STEVENS. Gravina Point, near Cordova. It is about 70 miles away.

Mr. ABOUREZK. And it would have to be shipped down to the Gulf ports or through California?

Mr. STEVENS. It could be shipped anywhere in the United States where there is a regasification facility. There are currently about six under construction and the major one would have been in California.

Mr. ABOUREZK. That would mean that the Midwest, which has a need for natural gas, would not have an insured source of supply——

Mr. STEVENS. Ah, that is where my friend is wrong.

Mr. ABOUREZK. Let me finish asking the question.

—if the pipeline went anywhere else except through Canada and down through the Midwest. Does the Senator have other information?

Mr. STEVENS. The existing gas supply pipelines come out of the South—Louisiana, Texas, Oklahoma. They basically start around Midland, Tex.,

and go currently west and east from there. Those pipelines are operating sort of like fingers on a hand. They are operating today at less than full capacity because the supply is not there. When Alaska gas comes in, it is going to come in from the north under this proposal of the administration. It is going to come in at the top of the fingers; we cannot put gas in the existing pipelines. So there are going to have to be additional pipelines built in the United States, through the northern tier, to take care of them.

If it came down the way we want, and it came through California and went over to Midland, Tex., it would have been injected into the existing gas pipeline. If it were put in those pipelines—as I said, they are operating at less than full capacity—the existing consumers of gas would get an incremental supply.

That was the system we wanted. That way, that would have linked Alaska gas into the existing gas supplies and provided the incremental supply that most areas of the country need. What this does is come down into the Midwest, into the Ohio Valley. There is no question that the great automobile and steel industries are wise to support that proposal. That is where the majority of the support comes from, the automobile industry and the steel industry and the steelworkers and automobile workers. There is no question that they want that gas to come in for industrial use.

The way we see it is that Alaska's gas is pretty well committed to industrial use now by virtue of this decision. It is not just an incremental supply, it is a stable supply for the two major industries of the country. That is going to be one of the things that those in this body 10 years from now are going to have to tussle with: When do we break the hold of major industries on gas supply and make certain it is available for residential users, who really should get the first priority? I think they do in any area where we have curtailment. But in this instance, there will not be any curtailment in those areas, because they will have more gas than they need now, because our gas cannot go any place other than the Midwest and East now, if that project is approved.

Mr. ABOUREZK. Were not those outlets operating at full capacity during the January emergency?

Mr. STEVENS. There was a release by California of some gas that enabled those pipelines to operate at full capacity, where some of the intrastate gas was made available for interstate use.

There again, I hope that phrase turns on a light for my good friend from South Dakota, because the reason that gas got into those interstate pipelines was because the price was a little higher than it had been previously. The gas came out of intrastate commerce and went into interstate commerce.

Mr. ABOUREZK. It turned on a light sometime ago for me when I learned, for example, that Exxon was not in business solely to establish wildlife refuges. They are there to get as much profit as the market will bear. That is why they need regulation. That is exactly what the Senator from Alaska reminded me of. I appreciate that.

Mr. STEVENS. I hope the Senator will live long enough to see an oversupply of gas. I think I will, and I believe it will come. We have one-fifth the supply of the United States. Only two of the basins have currently been explored for gas. There are many different zones in United States that have not been fully explored for gas. I think we will see an oversupply of gas, and we will see an adjustment of the gas price for the marketplace when that comes.

I also think we will see a substitution come about to thermal energy from the differential temperatures of the ocean, and to solar energy much quicker. We will go to the forms of energy that are most efficient quicker by virtue of the marketplace than we will get by virtue of some bureaucrat coming up asking us for money to bring about the conversion.

The substitution came from cordwood to oil and oil to gas naturally through the marketplace. No government ever told all these people in the East to change from oil to gas, but they did because gas was available and it was cheaper.

Solar will not be cheaper than gas as long as we keep it artificially regulated to the point where we will not have any gas in the first place.

Second, people will be unwilling to pay the price for solar heating or for differential thermal heating. The differential thermal heating we will get from the ocean offers the greatest hope for mankind, in my opinion.

They will never pay the price as long as we think some bureaucrat will hand us gas at less than what the market price will be.

This is the great fallacy of this regulatory program—it prevents the substitution of more efficient forms of energy according to the demands and dictates of the marketplace. We shifted our energy forms at least twice in the history of this country and without any great economic trauma, and we did so to our advantage, in terms of our productive capacity.

Mr. ABOUREZK. If we try to establish what the Senator calls the market price for gas—I wonder if I might have the Senator's attention to ask him this question.

Mr. STEVENS. I criticized the filibuster, so I will yield in a minute to my good friend. Someone might be filibustering. I do not want to participate in anything that looks like it, or sounds like it, or walks like it, or smells like it.

Mr. ABOUREZK. The Senator does not want to answer any question?

Mr. STEVENS. I will answer the Senator's questions, yes.

Mr. ABOUREZK. If the Senator intends to talk about a free market for natural gas, what would the Senator's definition of a free market be? Would it be a willing buyer and a willing seller with plenty of resources available for all the buyers who want it?

Mr. STEVENS. We are talking about wellhead price. I know the Senator knows there will be plenty of room for regulatory control and, in effect, its impact on the price the consumers pay because they bear a portion of the cost of transportation.

But I am talking about determining the price of gas the way the price of corn is. We want a floor under it. But if we want ceilings on it, the same thing will happen to corn as to the gas, if we put an arbitrary ceiling on it.

I am happy to yield to the Senator.

Mr. ABOUREZK. Not an arbitrary ceiling because there has been an adequate supply of corn.

Mr. STEVENS. I am not criticizing farmers. I support them. I think they responded to demand. I hope we never treat them the way we have gas producers and put a ceiling on instead of a floor.

Mr. ABOUREZK. We never associated the——

Mr. STEVENS. Do I have the floor, Mr. President?

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

Mr. STEVENS. I yield to my good friend.

Mr. DOMENICI. Mr. President, just for 2 or 3 minutes, I want to make a comment on one of the Senator's statements.

I would like the RECORD today, Mr. President, to reflect my view on an issue that I think is subtly involved in some people's minds as we talk about natural gas supply, and I want to make this particular comment and give this observation.

I hope that no one is seriously talking about regulating the price of new natural gas with the idea in mind that there is not a lot of natural gas around for Americans and humankind to use, thus saying, "Let's leave this wonderful product in the ground rather than take it out." Because 30, 40, 50, 60 years from now we might need that tremendous source of energy because we use it for some very high-valued human purposes—medicinal. We use it in many of the synthetics, feed stocks, and the like.

So some people might want to leave the impression that we ought to really hold down the demand and the supply in a regulated manner so it will be around 30, 40, 50, 100 years from now for high-valued uses.

I want to make this point because I think anyone that studied it will agree with me, that is a rather irrational approach to this resource.

Why? Because everyone knows right now we can convert coal to natural gas, and everyone should understand that that natural gas that comes from coal is exactly the same product as the natural gas we get from under the ground.

Everyone admits the supply of coal in America is not the 10 years, the 20 years. We may have as much as 100 years' supply if it was to supply us with all our energy needs.

So the point I want to make is that we can, indeed, if we need small quantities of natural gas, almost for as far down the line as we could conceive of a use, it will be available through the conversion of coal to natural gas which most certainly will happen in large quantities. The technology is available. It has been done in Germany and other countries

and it will be done here. We have done it at demonstration projects.

So we should not approach it in any subtle manner or on any misconceived ideas prompting us to try and abuse the American consumer on the present needs that have been developed around natural gas by saying, "Let's make them pay an inordinate price by regulating and controlling it, let's get them off natural gas quicker than we ought to, let's force houses to get completely off natural gas because we want to leave some of that supply in the ground for 100 years from now."

There is no need for that. Anyone that studied it would say there is no need for that. It is a false issue in the debate on regulation or deregulation of some or all of the natural gas available, potential or probable, from lands under and by the United States, which can be developed to supply this tremendous product.

I have had occasion to talk about this issue with a number of experts and with people in the administration, including Dr. Schlesinger, and I do believe the issue of preserving natural gas in mother earth for generations yet unborn because of the high quality of use is not very logical in light of the potential to have that available almost forever under the conversion of coal to natural gas.

Mr. BARTLETT. Will the Senator yield?

Mr. DOMENICI. I am delighted to yield to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I would like to ask a couple of questions of the distinguished Senator from South Dakota.

One, is the distinguished Senator from South Dakota interested in a time agreement on this amendment?

We would very much like to have one. We think it is important to have an early consideration of the amendment and a vote.

I just ask if that might be negotiated.

Mr. ABOUREZK. To answer the question, I am not interested in a time agreement; no.

May I ask a parliamentary inquiry, Mr. President?

Mr. BARTLETT addressed the Chair.

Mr. ABOUREZK. Mr. President, a parliamentary inquiry.

Mr. BARTLETT. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Alaska yielded to the Senator from New Mexico.

Mr. ABOUREZK. I raise a point of order that the Senator from Alaska has lost the floor and I ask for recognition.

Mr. DOMENICI addressed the Chair.

Mr. BARTLETT addressed the Chair.

Mr. ABOUREZK. I seek recognition.

Mr. BARTLETT addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. BARTLETT. Will the Senator from New Mexico yield?

Mr. DOMENICI. I am pleased to yield to the Senator from Oklahoma.

Mr. ABOUREZK. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. ABOUREZK. How did the Senator from New Mexico get the floor when it was held by the Senator from Alaska who has left the floor?

I say to the Senator, it is up for grabs, and I seek recognition.

The PRESIDING OFFICER. The Senator from New Mexico has the floor, having been recognized.

Mr. BARTLETT. Mr. President, the Senator from New Mexico yielded then to the Senator from Oklahoma and left his desk.

Mr. DOMENICI. I had not left the floor. If I have the floor, does the Senator from Oklahoma desire the Senator from New Mexico to yield to him?

Mr. BARTLETT. I do.

Mr. DOMENICI. I yield to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BARTLETT. I have one other question to ask the distinguished Senator from South Dakota, and then I will yield the floor. I should like the attention of the Senator from South Dakota. I request the attention of the Senator from South Dakota. I should like to ask a second question.

I asked him a minute ago about a time certain to vote on this, and he declined. The next question is this: What is the purpose and the intent of the two amendments? Is the purpose to establish a price of $1.45 per mcf, a price less than that in the administration bill as reported by the committee? In other words, my question has to do with whether the price is higher or lower. Is the price lower than would be expected from the administration bill?

Mr. ABOUREZK. Is the Senator asking me the question?

Mr. BARTLETT. I would be glad to have it answered by the Senator from Ohio. I just want an answer to the question.

Mr. METZENBAUM. The answer is "Yes."

Mr. BARTLETT. Yes, that the price that the amendment offered by the Senator from Massachusetts, with the support of the Senator from Ohio, would establish would be less than the price of the administration bill, as the Senator from Ohio understands it.

Mr. METZENBAUM. As the Senator from Ohio said yesterday, it does not make good sense to have the price of natural gas at $1.45 today. It was 17 cents just a few years ago. The Federal Power Commission raised the price to 51 cents and at that time said they were going to allow a 15-percent return on the investment of the natural gas producers. Then, without any cost base relationship whatsoever, the Federal Power Commission increased the price to $1.41 or $1.42, and now the price is something like $1.45 or $1.46.

As I stated yesterday in the debate on this measure, I would favor rolling back the price, and the natural gas producers still would get more than an adequate return on their investment.

The Carter proposal provides that the price will go to $1.75 or an equivalent related to the oil price in this country. But under the proposal that has been offered by the Senator from Massachusetts, it would indeed cause a holding of the line instead of permitting it to go up another 30 cents per thousand cubic feet. I think that is entirely meritorious. It is in the best interests of the economy of this Nation. It will help to hold down the increasing unemployment that actually is taking place in this country. It will help us in moving forward so far as the gross national product is concerned.

The amendment is proposed by the distinguished Senator from Massachusetts (Mr. KENNEDY), and I think there is no question as to what the thrust of that amendment is. It is to establish a price lower than that proposed by the Carter administration. I do, indeed, support it. If I thought it were at all practical or pragmatic, or possible to do, I would support a rollback of the price, because there was no reason under the sun for the Federal Power Commission to establish a price of $1.41. It had no cost base relationship.

There recently has been a determination by a distinguished accounting firm that Gulf, which is complaining about the price they were getting, could have made a profit at 27 cents per thousand cubic feet.

So, indeed, the intention is to hold the line and not to permit any further increases as proposed by the Carter administration. If that position did not hold, I would support the $1.75 price of the Carter administration. If that did not hold, I would support $1.76 or $1.77. But I would not support—because there is no evidence of any reason to support—a deregulation of natural gas prices as is proposed by the distinguished Senator from Oklahoma, my good friend. Although he is my good friend, in this particular issue he and I have strong disagreement as to what would be in the best interests of our country.

Mr. BARTLETT. I thank the distinguished Senator from Ohio for answering my question. I am not going to comment on what he said, other than to say that, obviously, I strongly disagree.

Certainly, the FPC did make cost-base considerations in their testimony—which he knows is in the testimony—and if he observed it very closely, he would find out that the replacement cost of the gas was actually higher than the figures arrived at.

I have accomplished my purpose. I just wanted an answer to that question, as to what the intent was of the proposal by the Senator from Massachusetts.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

RECESS UNTIL 1:30 P.M.

Mr. ROBERT C. BYRD. Mr. President, I have had the cloakrooms try to determine whether or not any Senator wishes to come to the floor at the moment and speak on the pending question or on the pending bill, and there has been no indication of such desire. Senator KENNEDY at the moment is at the White House, and naturally cannot be here to speak on his amendment.

In consideration of these factors, I shall shortly ask that the Senate recess until 1:30 p.m. today. I believe that by that time Senator KENNEDY will have returned and will be able to speak to his amendment; and other Senators may be ready also at that time.

Therefore, if no Senator wishes the floor at this time, I ask unanimous consent that the Senate stand in recess until the hour of 1:30 p.m. today.

There being no objection, at 12:50 p.m. the Senate took a recess until 1:30 p.m., whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. MCINTYRE).

COMMITTEE MEETING

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be permitted to sit during the sessions of the Senate on October 10 through October 14, to consider the Panama Canal Treaties and other matters pending before the committee which might have to be shifted to the afternoons to accommodate morning sessions on the canal treaties.

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

COMPREHENSIVE NATURAL GAS POLICY

The Senate continued with the consideration of S. 2104.

The PRESIDING OFFICER. What is the will of the Senate?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that John I. Brooks and Jack F. Davis, of my staff, be granted the privilege of the floor during the consideration of the pending measure.

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

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

INTERNATIONAL FINANCIAL INSTITUTIONS

Mr. SPARKMAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 5262.

The PRESIDING OFFICER (Mr. MCINTYRE) laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 5262) to provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Asian Development Bank, and the Asian Development Fund, and for other purposes, as follows:

In lieu of the matter proposed by said amendment, insert:

TITLE I—PURPOSE AND POLICY; DECLARATION OF CONGRESSIONAL INTENT IN RESPECT TO CONTINUED PARTICIPATION OF THE UNITED STATES GOVERNMENT IN INTERNATIONAL FINANCIAL INSTITUTIONS FOSTERING ECONOMIC DEVELOPMENT IN LESS DEVELOPED COUNTRIES

SEC. 101. (a) It is the sense of the Congress that—

(1) for humanitarian, economic, and political reasons, it is in the national interest of the United States to assist in fostering economic development in the less developed countries of this world;

(2) the development-oriented international financial institutions have proved themselves capable of playing a significant role in assisting economic development by providing to less developed countries access to capital and technical assistance and soliciting from them maximum self-help and mutual cooperation;

(3) this has been achieved with minimal risk of financial loss to contributing countries;

(4) such institutions have proved to be an effective mechanism for sharing the burden among developed countries of stimulating economic development in the less developed world; and

(5) although continued United States participation in the international financial institutions is an important part of efforts by the United States to assist less developed countries, more of this burden should be shared by other developed countries. As a step in that direction, in future negotiations, the United States should work toward aggregate contributions to future replenishments to international financial institutions covered by this Act not to exceed 25 per centum.

(b) The Congress recognizes that economic development is a long-term process needing funding commitments to international financial institutions. It also notes that the availability of funds for the United States contributions to international financial institutions is subject to the appropriations process.

TITLE II—INTERNATIONAL BANK RECONSTRUCTION AND DEVELOPMENT

SEC. 201. The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is further amended by adding at the end thereof the following new section:

"SEC. 27. (a) The United States Governor of the Bank is authorized—

"(1) to vote for an increase of seventy thousand shares in the authorized capital stock of the Bank; and

"(2) if such increase becomes effective, to subscribe on behalf of the United States to thirteen thousand and five additional shares of the capital stock of the Bank: *Provided, however,* That any subscription to additional shares will be made only after the amount required for such subscription has been appropriated.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there are hereby authorized to be appropriated, without fiscal year limitation, $1,568,856,318 for payment by the Secretary of the Treasury.".

TITLE III—INTERNATIONAL FINANCE CORPORATION

SEC. 301. The International Finance Corporation Act (22 U.S.C. 282 et seq.) is further amended by adding at the end thereof the following new section—

"SEC. 11. (a) The United States Governor of the Corporation is authorized—

"(1) to vote for an increase of five hundred and forty thousand shares in the authorized capital stock of the Corporation; and

(2) if such increase becomes effective, to subscribe on behalf of the United States to one hundred and eleven thousand four hundred and ninety-three additional shares of the capital stock of the Corporation: *Provided, however,* That any commitment to make payment for such additional subscriptions shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the increase in the United States subscription to the Corporation provided for in this section, there is hereby authorized to be appropriated, without fiscal year limitation, $111,493,000 for payment by the Secretary of the Treasury.".

TITLE IV—INTERNATIONAL DEVELOPMENT ASSOCIATION

SEC. 401. The International Development Association Act, as amended (22 U.S.C. 284 et seq.), is further amended by adding at the end thereof the following new section:

"SEC. 16. (a) The United States Governor is hereby authorized to agree on behalf of the United States to pay to the Association $2,400,000,000 as the United States contribution to the fifth replenishment of the Resources of the Association: *Provided, however,* That such amounts for contributions are provided in appropriation Acts.

"(b) In order to pay for the United States contribution provided for in this section, there is hereby authorized to be appropriated, without fiscal year limitation, $2,400,000,000 for payment by the Secretary of the Treasury.".

TITLE V—ASIAN DEVELOPMENT BANK AND ASIAN DEVELOPMENT FUND

SEC. 501. The Asian Development Bank Act, as amended (22 U.S.C. 285–285r), is further amended by adding at the end thereof the following new sections:

"SEC. 22. (a) The United States Governor of the Bank is authorized to subscribe on behalf of the United States to sixty-seven thousand and five hundred additional shares of the capital stock of the Bank: *Provided, however,* That any subscription to additional shares shall be made only after the amount required for such subscription has been appropriated.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there are hereby authorized to be appropriated without fiscal year limitation $814,286,250 for payment by the Secretary of the Treasury.

"SEC. 23. (a) The United States Governor of the Bank is hereby authorized to contribute on behalf of the United States $180,000,000 to the Asian Development Fund, a special fund of the Bank: *Provided, however,* That any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contribution to the Asian Development Fund provided for in this section, there are hereby authorized to be appropriated without fiscal year limitation $180,000,000 for payment by the Secretary of the Treasury.".

TITLE VI—AFRICAN DEVELOPMENT FUND

SEC. 601. The African Development Fund Act (22 U.S.C. 290g–4(a)) is amended by adding the following new section:

"SEC. 212. (a) The United States Governor is hereby authorized to contribute on behalf of the United States $50,000,000 to the African Development Fund, which would represent an additional United States contribution to the first replenishment. The Secretary of the Treasury is directed to begin discussions with other donor nations to the African Development Fund for the purpose of setting amounts and of reviewing and possibly changing the voting structure within the Fund: *Provided, however,* That any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contribution to the African Development Fund provided for in this section, there are authorized to be appropriated without fiscal year limitation $50,000,000 for payment by the Secretary of the Treasury.".

TITLE VII—HUMAN RIGHTS

SEC. 701. (a) The United States Government, in connection with its voice and role in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the African Development Fund, and the Asian Development Bank, shall advance the cause of human rights, including by seeking to channel assistance toward countries other than those whose governments engage in—

(1) a consistent pattern of gross violations of internationally recognized human rights, such as torture or cruel, inhumane or degrading treatment, or punishment, prolonged detention without charges, or other flagrant denial to life, liberty, and the security of person; or

(2) provide refuge to individuals committing acts of international terrorism by hijacking aircraft.

(b) Further, the Secretary of the Treasury shall instruct each Executive Director of the above institutions to consider in carrying out his duties:

(1) specific actions by either the executive branch or the Congress as a whole on individual bilateral assistance programs because of human rights considerations;

(2) the extent to which the economic assistance provided by the above institutions directly benefit the needy people in the recipient country;

(3) whether the recipient country has detonated a nuclear device or is not a State Party to the Treaty on Nonproliferation of Nuclear Weapons or both; and

(4) in relation to assistance for the Socialist Republic of Vietnam, the People's Democratic Republic of Laos and Democratic Kampuchea (Cambodia), the responsiveness of the governments of such countries in providing a more substantial accounting of Americans missing in action.

(c) The Secretaries of State and Treasury shall report annually to the Speaker of the House of Representatives and the President of the Senate on the progress toward achieving the goals of this title, including the listing required in subsection (d).

(d) The United States Government, in connection with its voice and vote in the institutions listed in subsection (a), shall seek to channel assistance to projects which address basic human needs of the people of the recipient country. The annual report required under subsection (b) shall include a listing of categories of such assistance granted, with particular attention to categories that address basic human needs.

(e) In determining whether a country is in gross violation of internationally recognized human rights standards, as defined by the provisions of subsection (a), the United States Government shall give consideration to the extent of cooperation of such country in permitting an unimpeded investigation of alleged violations of internationally recognized human rights by appropriate international organizations including, but not limited to, the International Committee of the Red Cross, Amnesty International, the International Commission of Jurists, and groups or persons acting under the authority of the United Nations or the Organization of American States.

(f) The United States Executive Directors of the institutions listed in subsection (a) are authorized and instructed to oppose any loan, any extension of financial assistance, or any technical assistance to any country described in subsection (a)(1) or (2), unless such assistance is directed specifically to programs which serve the basic human needs of the citizens of such country.

SEC. 702. Section 28 of the Inter-American Development Bank Act, as amended (22 U.S.C. 283y), section 211 of the Act of May 31, 1976 (22 U.S.C. 290g–9), and section 15 of the International Department Association Act, as amended (22 U.S.C. 284m), are repealed.

SEC. 703. (a) The Secretary of State and the Secretary of the Treasury shall initiate a wide consultation designed to develop a viable standard for the meeting of basic human needs and the protection of human rights and a mechanism for acting together to insure that the rewards of international economic cooperation are especially available to those who subscribe to such standards and are seen to be moving toward making them effective in their own systems of governance.

(b) Not later than one year after the date of enactment of this Act, the Secretary of State and the Secretary of the Treasury shall report to the President of the Senate and the Speaker of the House of Representatives on the progress made in carrying out this section.

SEC. 704. The President shall direct the United States Executive Directors of such international financial institutions to take all appropriate actions to keep the salaries and benefits of the employees of such institutions to levels comparable to salaries and benefits of employees of private business and the United States Government in comparable positions.

TITLE VIII—LIGHT CAPITAL TECHNOLOGY

SEC. 801. (a) The United States Government, in connection with its voice and vote in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the African Development Fund, and the Asian Development Bank, shall promote the development and utilization of light capital technologies, otherwise known as intermediate, appropriate, or village technologies, by such international institutions as major facets of their development strategies, with major emphasis on the production and conservation of energy through light capital technologies.

(b) The Secretary of the Treasury shall report to the Congress not later than six months after the date of enactment of this section and annually hereafter on the progress toward achieving the goals of this title. Each report shall include a separate and comprehensive discussion, with examples of specific projects and policies, of each institution's activity in light capital technologies and of United States efforts to carry out subsection (a) with respect to each institution.

TITLE IX—HUMAN NUTRITION IN DEVELOPING COUNTRIES

SEC. 901. (a) The Congress declares it to be the policy of the United States, in connection with its voice and vote in the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the African Development Fund, the Asian Development Fund, and the Asian Development Bank, to combat hunger and malnutrition and to encourage economic development in the developing countries, with emphasis on assistance to those countries that are determined to improve their own agricultural production, by seeking to channel assistance for agriculturally related development to projects that would aid in fulfilling domestic food and nutrition needs and in alleviating hunger and malnutrition in the recipient country. The United States representatives to the institutions named in this section shall oppose any loan or other financial assistance for establishing or expanding production for export of palm oil, sugar, or citrus crops if such loan or assistance will cause injury to United States producers of the same, similar, or competing agricultural commodity.

(b) The Secretaries of State and Treasury shall report annually to the Speaker of the House of Representatives and the President of the Senate on the progress towards achieving the goals of this title.

TITLE X—EFFECTIVE DATE

SEC. 1001. This Act shall take effect on the date of its enactment, except that no funds authorized to be appropriated by any amendment contained in title II, III, IV, V, or VI may be available for use or obligation prior to October 1, 1977.

Mr. SPARKMAN. The House has rejected the conference report on H.R. 5262, a bill to authorize contributions to various international financial institutions, and has sent the bill back to the Senate with an amendment which affects the human rights provisions of the bill.

The House has amended only subsection 701(f) of the version agreed to in the conference committee. As recommended by the committee of conference, that subsection stated:

(f) In addition, where other means have proven ineffective in achieving the purpose of subsection (a), the United States Executive Directors of the institutions listed in subsection (a) are authorized and instructed to oppose any loan, any extension of financial assistance, or any technical assistance to any country described in subsection (a)(1) or (2), unless such assistance is directed specifically to programs which serve the basic human needs of the citizens of such country or unless the President certifies that the cause of international human rights would be more effectively served by actions other than voting against such assistance.

The House amendment deletes the words "In addition, where other means have proven ineffective in achieving the purpose of subsection (a)," at the beginning of the subsection and the words, "or unless the President certifies that the cause of international human rights would be more effectively served by actions other than voting against such assistance," at the end of the subsection.

No part of this legislation was more carefully considered and debated in committee, in this Chamber and in the com-

mittee of conference than the human rights provisions. The Senate, the House, and the President agree that one of the objectives of our participation in the international financial institutions is to advance the cause of human rights. At issue here is how best to achieve that objective.

I would have preferred the language recommended by the committee of conference on which I served. The bill, as amended by the House, does reduce the flexibility of the President in his efforts to advance the cause of human rights. However, I believe that, as amended, the human rights provisions of this bill are acceptable and should be approved by the Senate.

Before the Senate votes on the House amendment, it is important to be clear about the meaning of the word "oppose" as it is used in subsection 701(f).

Subsection 701(f) requires U.S. Executive Directors of specified international financial institutions to oppose assistance to any country described in subsection (a) (1) or (2) of the bill. Subsection 701(f) does not require the U.S. Executive Director to vote "no" on any assistance. This distinction is a fine one but important because it provides the Executive Director with some flexibility as they represent the United States in the international financial institutions.

The term "oppose" is both broader and more flexible than a simple directive to vote against assistance. "Oppose" is broader because the opposition of the U.S. Executive Director may come at any point in the process of the institution's consideration of a loan or other forms of assistance—not just when a loan comes to the Board of Directors for a formal vote. The term is more flexible because the U.S. Executive Director is not required to vote against a loan. The Executive Director could, for example, engage in informal efforts to persuade his counterparts representing other governments that a loan should not be extended because of the human rights record of the recipient government. Such persuasive representations could stop a loan before it is presented to the Board. It was the clear intention of the conference that "oppose" meant voting against, abstaining, or voting "present."

We must keep the objective of subsection 701(f) clearly in mind—that objective is to advance the cause of human rights. How the U.S. Executive Directors as representatives of the U.S. Government achieve that objective is less important than the achievement of that objective itself.

We have had some experience with the impact of a mandated "no" vote on the effectiveness of U.S. Executive Directors. Section 15 of the International Development Association Act now requires the U.S. representative to IDA to vote against any loans to any country which develops a nuclear explosive device unless the country becomes a party to the Nonproliferation Treaty. In reviewing the effects of that provision, we found that it has neither led to the modification of the policies of recipient governments as intended nor has it stopped the flow of loans to them because we lack a blocking percentage in the Banks. Instead, the U.S. Executive Director has not been able to participate effectively in the institution's internal negotiations affecting proposed loans.

Experience with that provision is one of the reasons why the Senate modified that section to enlarge the scope of possible action in such cases and insisted that the U.S. Executive Directors retain flexibility in their actions concerning assistance to governments which violate the basic human rights of their citizens.

If the Congress had intended to instruct the Executive Directors to vote "no" on assistance to a country which is described in subsection 701(a) (1) or (2) the legislation would say so. But it does not. The legislation, as modified by the House, does not require the U.S. Executive Directors to vote "no."

They could, for example, not vote at all or formally abstain if that is permitted within the rules of the institution. Opposition may also take place as the loan is being processed prior to formal approval by the Board.

After review and consideration of the House change, I have concluded that the Senate can accept the House amendment. Passage of this bill will make an important contribution to the objectives of our foreign policy and will help to advance the cause of human rights.

I move to concur in the House amendment to the Senate amendment to the House bill.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. Yes, I yield.

Mr. TOWER. I assume this matter has been cleared with the ranking Republican, Senator Case?

Mr. SPARKMAN. Yes, it has been cleared on both sides.

Mr. TOWER. I thank my distinguished friend.

Mr. SCOTT. Mr. President, will the Senator yield briefly?

Mr. SPARKMAN. Yes.

Mr. SCOTT. I am not familiar with this bill by number. Is this the general foreign aid bill the distinguished Senator is talking about?

Mr. SPARKMAN. Yes, it is, dealing with contributions to various international organizations.

Mr. SCOTT. Does the Senator recall the vote by which this bill was passed by the Senate? Was it a divided vote on this?

Mr. SPARKMAN. I cannot give the Senator the exact vote, but it was, shall I say, a very one-sided vote. It was overwhelmingly——

Mr. SCOTT. Overwhelmingly favorable?

Mr. SPARKMAN. Yes.

Mr. SCOTT. I thank the Senator.

Mr. SPARKMAN. I therefore move, Mr. President, that the Senate concur in the House amendment to the Senate amendment to the House bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

Mr. SPARKMAN. Mr. President, I move that the Senate recede from its amendment to the title.

The motion was agreed to.

ORDER OF BUSINESS

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. ZORINSKY. Mr. President, I ask unanimous consent that Mr. Kent Wolgamott, a member of my staff, be accorded the privilege of the floor during debate and rollcall votes on the bill before us.

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

Mr. ZORINSKY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. PEARSON. Mr. President, I ask unanimous consent that Mr. Steve McGregor and Mr. John Kirtland, of the staff of the Committee on Commerce, Science, and Transportation, be accorded the privilege of the floor during the discussion and voting on this measure.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. SCHMITT. Will the Senator yield for a unanimous-consent request?

Mr. KENNEDY. I yield without losing my right to the floor.

Mr. SCHMITT. Mr. President, I ask unanimous consent that Dick Burdette and Hayden Bryant be granted privilege of the floor for the duration of the debate on this bill.

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

The Senator from Massachusetts.

AMENDMENT NOS. 957–958

Mr. KENNEDY. Mr. President, the purpose of my amendment is to retain the present price of $1.45 per thousand cubic feet of natural gas.

Mr. President, the $1.45 figure I propose must be compared to either the price set in the administration proposal which would now be $1.75, and to the unregulated price that would rise to substantially more than that. The best estimates suggest the price will rise to at least $3 and probably higher. These figures can be placed in better content when we consider that every 1 cent in-

crease in the price of natural gas costs the American consumer at least $225 million in increased bills and higher prices for goods.

Even the $1.45 price set in my amendment is considered by most experts to be significantly greater than what would represent a fair, even a generous, return on investment for producers. It is likely much higher than any strictly cost-based price would be, and it is not in any sense a market-determined price. But it does represent the Federal Power Commission's latest conclusions, and in the absence of any better yardstick, that is where I think we should draw the line.

But once again, Mr. President, the American people are being confronted with insistent demands by the oil and gas industry for still higher prices for energy products. At a recent FEA hearing, producers came forward one after another and complained about the "low" crude oil prices in the United States. And now Congress is being asked by the industry's supporters to remove controls on natural gas prices so that the U.S. domestic natural gas prices can zoom up until the oil companies' appetites for higher profits are satiated.

I want to emphasize at the start that natural gas prices already have risen by several hundred percent. Even in interstate commerce, regulated by the Federal Power Commission, prices for new natural gas have been permitted to go up by about 500 percent since 1972. Ceilings that were at 22 cents per thousand cubic feet in 1972 are now at $1.45.

But the producers say that is not enough. We must pay more, they say, if we want more output. In fact, they suggest that Congress should abandon consumers to take their chances in an unregulated market with the OPEC cartel, a highly concentrated domestic oil industry, and the prospect of rigid physical shortages of gas staring us right in the face. This is really like asking us to hold a gun at the heads of American consumers while the oil companies empty their pockets.

Will deregulation of natural gas prices really get us more gas? I think that is a very basic and fundamental question. Most objective studies have concluded that they will not. Let me review the recent major studies one by one.

The Congressional Budget Office, in a study just completed for the Energy Committee, compared the administration price proposal—$1.75 Mcf plus escalation—with deregulation, and concluded that by 1985 very little additional gas would be produced—and at much higher cost. While the study did not specifically look at lower price alternatives, it did have this to say about the recent past:

> By CPO calculations, deregulation of natural gas prices two years ago would not have yielded significantly more gas than has actually been found. Yet deregulated prices of new gas would be much higher today than they are, because of bidding by interstate consumers.

In other words, with the rise in the FPC's price for new gas to $1.42 a thousand cubic feet plus escalation, the industry did as much as it would have with deregulation.

The General Accounting Office got into this matter in its July 25 report, "An Evaluation of the National Energy Plan." Referring to an earlier report, GAO stood by its conclusion that "due to physical limitations it was unlikely that higher prices for natural gas, even under total deregulation, would result in increased gas supplies over current levels at least through 1985." GAO's conclusion is that the administration likewise has hopelessly overestimated the response of supply to prices which it has proposed.

ERDA's market oriented program planning study included a workshop on conventional gas supplies. The participants concluded that ". . . the bulk of the proven reserves can presumably be sold profitably at the current $1.42 ceiling."

Finally, the Joint Economic Committee staff study released last weekend compared supply curves estimated by the Federal Energy Administration at various times. FEA hired the best talent it could get as consultants on these projections. The 1974 Project Independence supply curve indicated that no additional gas would be available by 1985 for any price boosts beyond $1 per 1,000 cubic feet. Allowing for inflation since then we still have a price well below $1.45 mcf, beyond which there will be virtually no supply response. The 1976 FEA estimate is not much better.

What all of this means is that last year the FPC had been able to cost-justify new gas prices of about 55 cents/mcf. It went ahead and introduced a price of $1.42 with automatic escalation—without cost justification—primarily to give the industry all the incentive it needed. Now, there is simply no reason for raising this price another 30-odd cents. It will raise costs to consumers—directly in their home heating bills and indirectly in the prices of almost everything they buy—without providing enough additional gas to even think twice about.

How can it be that higher prices yield no more output? The answer is that the large volume of gas that is supposed to be brought forth with deregulation is a figment of the gas industry's imagination. Very little new onshore gas exists. But while these promised bonanzas may dance like sugarplums in industry official's dreams, the deregulated prices that they would conjure forth would haunt consumers like recurring nightmares.

To begin with, oil and gas producers already are engaged in a full-blown drilling boom in response to the enormous increases in prices and profitability that have taken place since 1972. The number of new gas wells drilled annually has risen by 85 percent since 1972 and has substantially more than doubled since 1971. In fact, the number of gas wells drilled set a new all-time record in 1973 and in each year since that time. A table in the new Joint Economic Committee staff study shows the record of accelerated drilling activity in the United States since 1957.

I ask unanimous consent to have the table printed in the RECORD.

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

DRILLING ACTIVITY IN THE UNITED STATES

Year	Total well completions					Total feet drilled (million feet)
	Oil	Gas	Dry	Service	Total	
1957	28,612	4,626	20,893	1,409	55,024	233.1
1958	24,578	4,803	19,043	1,615	50,039	198.2
1959	25,800	5,029	19,265	1,670	51,764	209.2
1960	21,186	5,258	17,574	2,733	46,751	190.7
1961	21,101	5,664	17,106	3,091	46,962	192.1
1962	21,249	5,848	16,682	2,400	46,179	198.6
1963	20,288	4,751	16,347	2,267	43,653	184.4
1964	20,620	4,855	17,488	2,273	45,236	189.9
1965	18,761	4,724	16,025	1,922	41,432	181.5
1966	16,780	4,377	15,227	1,497	37,881	166.0
1967	15,329	3,659	13,246	1,584	33,818	144.7
1968	14,331	3,456	12,812	2,315	32,914	149.3
1969	14,368	4,083	13,736	1,866	34,053	160.9
1970	13,020	3,840	11,260	1,347	29,467	142.4
1971	11,858	3,830	10,163	1,449	27,300	128.3
1972	11,306	4,928	11,057	1,464	28,755	138.4
1973	9,902	6,385	10,305	1,010	27,602	138.9
1974	12,784	7,240	11,674	1,195	32,893	153.8
1975	16,408	7,580	13,247	1,862	39,097	178.5
1976	16,996	9,045	13,690	1,690	41,421	185.2

Source: Independent Petroleum Association of America.

Mr. KENNEDY. Mr. President, in other words, oil and gas producers are drilling flat out right now. The active rig count has risen steadily as new rigs become available. Producers could not drill any more at twice the price than they are drilling now.

In truth, prices may be too high already. Profits are certainly high enough. The oil companies in constant dollar terms earned in the first 6 months of this year 45 percent more than they earned during the same period in 1972. And there is ample capital in the industry to stretch the available physical resources as far as they will go. Oil and gas producers are already investing heavily in other resources and industries, looking for new places to put their money down.

More money for the producers will just inflate costs in the industry again. Steel producers will be glad to raise the prices of oil field goods again. Shipyards and other steel fabricators will eagerly raise the prices of new drilling rigs. If there are excess profits left after these cost increases, landowners will simply charge more for mineral rights. But there will not be much more output to show for it.

Another reason why the prospect of large amounts of high-cost gas is not very plausible is that really large deposits of gas are almost by definition low in cost per thousand cubic feet. This is because the drilling costs of a prolific find are spread over its many units of output. The JEC staff study concludes that very few gas finds will be so high in development costs or so low in productivity that they will not pay at today's high prices. Any find that is uneconomic to develop at today's prices will not be very large. And these would not add up to much additional output.

If supply curves for natural gas are as inelastic as FEA and CBO believe them to be, then an increase in gas prices from $2 to $2.50 per thousand cubic feet in constant dollars will call forth only about 1 trillion cubic feet of additional gas by 1985. This would be roughly a 5 percent increase in annual production. Under deregulation, however, the price increase would apply to virtually all gas produced by 1985 including old, already flowing gas. Therefore, this 5 percent supply boost would cost consumers about 30 percent more in overall gas costs.

The extra output would cost no less

than about $12 per thousand cubic feet in aggregate price increases.

The President's gas pricing proposal also is designed to entice this extra increment of high-cost natural gas out of the ground. While it would do so at a fraction of the cost of the deregulation approach, the price it sets is still substantially higher than necessary to provide an incentive for full exploration and development of our Nation's gas resources. Under the President's proposal and my amendment, a special price category would be established for gas from wells that are found to involve exceptionally high costs. But these special prices would not be permitted to spread to all gas, including that discovered and developed at yesteryear's much lower costs.

THE NEED FOR A FIRM GAS PRICE CEILING

The best thing Congress can do to increase gas production is to put a firm ceiling on natural gas prices that cannot be expected to rise by more than the rate of inflation. I say this because there is much circumstantial evidence that expectations of rapid gas price increases over the past decade have resulted in underreporting of reserves and reduced output. Indeed, with the Federal Power Commission's repeatedly approved large increases in new gas prices and the previous administration's pushing hard for total deregulation of gas prices, producers with any business sense would have been foolish not to hoard as much gas as possible for higher prices—or at least to make investment decisions regarding increasing production accordingly. I think it is fair to assume that gas producers are smart businesspeople and have responded to the market prospects facing them where they could do so without incurring legal penalties.

In support of these suppositions, I submit for the record two more tables from the new JEC staff study. The first one shows how revisions of estimated reserves in existing gas fields, which made substantial positive contributions to reserves before 1969, turned negative in that year and have remained so except for one year since then. Thus, as expectations of major price increases arose, producers systematically cut back the estimated outputs that they could produce from reservoirs already committed to customers at old prices. The second table shows how rapidly reserves have been revised downward in specific Texas and Louisiana gas fields.

I ask unanimous consent to have the tables printed in the RECORD.

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

ANNUAL ESTIMATES OF PROVED NATURAL GAS RESERVES IN THE UNITED STATES, 1965 THROUGH 1976, TOTAL ALL TYPES

[Millions of cubic feet—14.73 lb/in²a, at 60° F.]

Year	Changes in reserves during year							Proved reserves at end of year	Net change from previous year
	Revisions	Extensions	New field discoveries	New reservoir discoveries in old fields	Total of discoveries, revisions and extensions	Net change in underground storage	Production*		
1965	†14,775,570		†6,543,709		21,319,279	150,483	16,252,293	286,468,923	5,217,469
1966	4,937,962	9,224,745	2,947,329	3,110,396	20,220,432	134,523	17,491,073	289,332,805	2,863,882
1967	6,570,578	9,538,584	3,170,520	2,524,651	21,804,333	151,403	18,380,838	292,907,703	3,574,898
1968	3,016,146	7,758,821	1,376,429	1,545,612	13,697,008	‡118,568	‡19,373,427	287,349,852	(5,557,851)
1969	(1,238,261	5,800,489	1,769,557	2,043,219	8,375,004	107,169	20,723,190	275,108,835	(12,241,017)
1970	(99,721)	6,158,168	27,770,223	3,367,689	37,196,359	402,018	21,960,804	290,746,408	15,637,573
1971	(1,227,400)	6,374,706	1,317,574	3,360,541	9,825,421	310,301	22,076,512	278,805,618	(11,940,790)
1972	(1,077,791)	6,153,683	1,462,539	3,096,132	9,634,563	156,563	22,511,898	266,084,846	(12,720,772)
1973	(3,474,756)	6,177,286	2,152,151	1,970,368	6,825,049	**(354,282)	22,605,406	249,950,207	(16,134,639)
1974	(1,333,285)	5,847,251	2,013,745	2,151,473	8,679,184	**(178,424)	21,318,470	237,132,497	(12,817,710)
1975	383,449	6,027,433	2,423,382	1,649,424	10,483,688	**302,561	19,718,570	228,200,176	(8,932,321)
1976	(1,197,119)	5,337,707	1,421,013	1,993,867	7,555,468	(187,550)	19,542,020	216,026,074	(12,174,102)

*Preliminary net production.
†Separation of revisions from extensions of new field discoveries from new reservoir discoveries in old fields not available prior to 1966.
‡This value has been changed to correct a numerical error made in vol. 23.
**See footnote e, table I.

( ) Denotes negative volume.

Source: American Petroleum Institute. Reserves of Crude Oil, Natural Gas Liquids and Natural Gas in the United States and Canada as of Dec. 31, 1976.

AMERICAN GAS ASSOCIATION ESTIMATES OF ULTIMATE RECOVERY OF NATURAL GAS, SELECTED YEARS OF RESERVOIR DISCOVERIES AND ESTIMATES

[Billion cubic feet (BCF)]

	Years			Estimates (BCF)	
	Discovery	From	Through	From	To
A. Nonassociated:					
Texas:					
District 1	1953	1970	1974	390.4	206.0
District 2	1963	1967	1970	430.2	187.1
District 3	1935	1970	1973	5,809.5	3,828.3
District 4	1940	1970	1975	1,504.4	854.5
District 7B	1929	1966	1967	74.0	7.4
District 7C	1965	1969	1971	694.1	365.8
District 9	1950	1968	1969	2,442.7	2,204.7
Louisiana:					
North	1927	1966	1967	647.1	.4
South	1959	1969	1973	5,391.4	593.3
B. Associated dissolved:					
Texas:					
District 3	1929	1966	1974	543.7	82.0
District 4	1939	1970	1975	1,714.4	1,147.6
District 5	1933	1969	1970	192.0	142.0
District 6	1930	1967	1974	1,958.1	1,414.5
District 8	1949	1966	1968	1,509.1	76.5
Louisiana: South	1937	1969	1975	2,939.3	1,925.3

Source: Tabulations prepared by Joseph Lerner from Reserves of Crude Oil, Natural Gas Liquids, and Natural Gas . . ., American Petroleum Institute & American Gas Association, various editions

In several cases, three-quarters or more of the reserves remaining in these fields were "depleted" within one to three years. Such depletion rates are completely implausible, except in terms of the strong incentives to manipulate figures so as to avoid delivering this gas at the prices contracted for earlier. Clearly, if we want to maximize production now, we must put an end to the incentive to withhold that pervades this market. And this requires a firm price ceiling that covers both the intrastate and interstate markets.

Deregulation today would continue this atmosphere of higher price expectations because it would free domestic wellhead prices to rise in response to any OPEC oil price increase.

It also would permit them to go to extreme scarcity levels in the event that another harsh winter or an oil embargo should again result in a sudden physical shortage.

It is my own suspicion that the imposition of a fair but firm nationwide natural gas price ceiling will lead to more output in the next few years than many experts believe is possible. This is because most supply forecasts nowadays are based on reserve data of the past several years when the incentive to underreport reserves has been very strong. While I am not suggesting that a burst of output from secret reserves will solve the Nation's gas shortage, I suspect that we will be pleasantly surprised at the trends in production if we can end the current price uncertainty with a fair but firm price ceiling.

WILL HIGHER GAS PRICES EFFECTIVELY CURB CONSUMPTION

Industry spokesmen as well as many disinterested economists point out that higher gas prices would help to elimi-

nate the present gas shortage by encouraging conservation and switching by consumers to other fuels.

The best recent information to come to my attention on the price sensitivity of natural gas demand is from my attention on the price sensitivity of natural gas demand from a model constructed by economists at FEA which, among other things, takes into account the economics of equipment replacement by commercial, residential, and industrial users. I am submitting another table drawn from the JEC staff study showing the elasticities of demand estimated by FEA for each of these three sectors for periods up to 8 years. This table shows that the conservation response to a price increase today increases modestly over the years but remains quite limited even in the longer run. It shows that every 1 percent rise in prices will yield much less than a 1 percent cutback in gas consumption even by 1985. These low elasticities imply furthermore that gas price increases will continue to pack an inflationary wallop even as far as 1985, because consumers will not be able to cut consumption by nearly enough to offset the price increases.

The lowest elasticities, in fact, are estimated for the industrial sector, which under most plans would incur the largest gas price increases. This sector's long-run demand elasticity is estimated at −0.36. This means that only 36 percent of the price increase would be offset through conservation. Sixty-four percent would constitute a cost increase, and most of this would be passed through in the form of higher prices. If these elasticities are accurate—and they are based on the best analysis I have seen—then radically higher gas prices to industrial users will have the primary effect not of saving gas but of aggravating the inflation rate.

PRICE ELASTICITIES OF NATURAL GAS DEMAND BY CONSUMING SECTOR, 1977–85

Year	Commercial	Residential	Industrial	Total
1977	−0.403	−0.332	−0.213	−0.268
1978	−.490	−.388	−.264	−.331
1979	−.559	−.428	−.297	−.358
1980	−.614	−.458	−.318	−.382
1981	−.659	−.481	−.333	−.399
1982	−.696	−.499	−.343	−.411
1983	−.726	−.514	−.350	−.420
1984	−.751	−.526	−.356	−.426
1985	−.773	−.535	−.360	−.431

Source: Federal Energy Administration.

These projected price elasticities of demand imply that increases in gas prices should not be imposed in large near-term jumps. Instead they should be programed in advance but stretched over several years so as to put consumers on notice to emphasize conservation when replacing their gas-using equipment without burdening the national economy in the initial years when little can be done to conserve. Further, they should be approached by the Government's capturing the addition to price, not through giving the industry a windfall.

The administration's gas pricing plan, as modified by the House, aims to do just this by imposing its taxes on oil and gas over several years. In addition to these taxes, regulatory controls on wasteful uses of gas and a more rational system of priorities for allocating gas during shortages should be adopted. I know that administrative controls are awkward and unpopular, but they can get the job done without the kind of pervasive damage to the economy that a chronically higher inflation rate involves.

WHAT WILL GAS PRICES DO UNDER DEREGULATION?

Price in a deregulated gas market probably would go much higher than today's new intrastate gas prices—$1.80 per mcf, and even higher than the equivalent of OPEC oil prices—around $2.40 per mcf. Today's intrastate prices, for instance, have been held down by the influence of controlled interstate prices and the fact that regulated interstate pipelines have been almost entirely precluded from bidding for intrastate gas. If these pipelines are permitted to enter intrastate markets without restraint, prices probably would be bid up until a substantial class of users switches to other fuels, relieving the shortage.

The first category of gas users likely to switch out of natural gas would be large commercial and industrial users, who could change to coal or oil. Few of them would do so, however, until gas reaches a price substantially above that of, say, middle distillate fuel oil. Such a switching price is estimated by the Joint Economic Committee staff to be in the range of $3 per mcf. Indeed, if the rigid physical shortage of gas were aggravated again by a severe winter or a new oil embargo, prices of gas without controls could rise to desperation levels of $5 per mcf, or even more for a period. The impact on the economy of rationing such a shortage using scarcity pricing would be pure disaster.

In my judgment, it would be far wiser to maintain Government control over prices in this volatile market and to reduce and ultimately eliminate the excess demand through deliberate and systematic substitution of other fuels for natural gas, using regulatory methods focused on certain large volume commercial and industrial uses.

THE MACROECONOMIC CONSEQUENCES OF DEREGULATION

The world economy still is staggering under the impact of the energy price revolution of 4 years ago. These price increases raised crude energy price directly by an estimated $58 billion annually by 1975, with markups and other second-round ripple effects accounting for substantially more. Data Resources, Inc., a leading economic consulting firm in Lexington, Mass., has estimated that energy price increases, aggravated by a very harsh monetary policy adopted in response to them, contributed perhaps one-half of the alarming inflation rate of the 1974–75 period. It contributed a considerably larger fraction of the increase in the inflation rate that year. DRI also attributed perhaps one-half of the decline in output and the rise in unemployment likewise to the energy shocks.

Even now, it is estimated that the continuing rise in energy prices has contributed 1 full percentage point to the rise in the Consumer Price Index over the past year. This consists of increases in gasoline prices, increases in electric rates, and sharp rises in natural gas prices even under FPC controls. These energy price increases are a major reason for which the so-called underlying rate of inflation remains at a higher level than it used to be.

The energy price increases incorporated in this bill would add to this dangerously high rate of inflation. Some of them are perhaps necessary in putting together an effective energy policy. But an outright deregulation of natural gas prices in this context would seem to me to be throwing all caution to the winds.

Let us be perfectly clear about the magnitude of the danger to the economy in any ill-advised measure that increases inflation. Higher inflation tends to push up interest rates, choking off the economy's growth. It tends to undermine business confidence and the investment that we need to create jobs and boost productivity. And I have no doubt that radical increases in gas prices would cause some enterprises simply to close their doors and let their labor forces go.

There can be no doubt about the drastic nature of the price increases we are talking about. By 1985 the administration's plan will be adding $16.7 billion a year and about $51 billion cumulatively to the cost of gas, according to the Joint Economic Committee study. The Congressional Budget Office estimates that deregulation will cost a cumulative $162 billion more than the administration's proposal leaving a potential total difference between present prices and what I propose of more than $200 billion. Subtracting for the fact that the CBO study included offshore gas which Pearson-Bentsen would not deregulate for 5 years, the increase is still over $150 billion.

The proposal I advance is clearly the responsible course. It concludes a cost-of-living inflation adjustment. It includes a provision allowing higher prices for high-price gas. It pegs the price well above the historic cost of producing gas. It saves consumers money. It reduces inflation. It fixes a firm price which will, once and for all, tell the oil and gas companies that this Congress has taken a stand and there is no benefit to them to withhold production any longer.

If the commodity we were discussing were any one other than gas or oil this debate could hardly take place. After a 350-percent increase in one jump just 14 months ago would we seriously stand here and vote for a further increase if the commodity were potatoes or automobiles or coffee? Yet that is exactly what we might do.

The oil and gas companies are spending tens of millions of dollars to excite this country to the possibility that American ingenuity, the spirit of discovery, and a few tens of billions of dollars for them will somehow put us back in command of our destiny. The imagery is appearing. The challenge excites possibilities. But the gas companies are not going to tell you what it costs. They will not tell you we are talking about tens of billions of dollars.

My amendment offers the only alternative to higher prices, the only opportunity to stop before we use gas to fuel—not more homes or industries—but inflation. That is the choice before us.

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

Mr. KENNEDY. I just have a few more comments and then I would be glad to yield.

Mr. President, I ask unanimous consent to have included in the RECORD the tables to which I made reference in terms of the costs we are considering in this particular bill.

The Joint Economic Committee, in its review and study—and I will include this particular study—on page 75 of the Joint Economic Committee staff study is a very clear indication of exactly what will be the cumulative effect in moving toward the $1.75 per mcf with the gradual inflator going through 1985.

And then you can also see from this table what would be the normal inflationary factor. If we take my amendment at $1.45 and move it over the period of 1985, as you see clearly that the saving during that period would be approximately $40 billion in saving over the present administration's proposal.

Before we get into talking about what the extraordinary cost would be if we go toward the deregulated price, I think it is important that there be an understanding from that particular table what the cost of the administration's proposal would be.

I also will refer to two tables on page 45 about the long-term effect of price on natural gas production in 1985.

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

COMPARISON OF THE ADMINISTRATION PLAN WITH DEREGULATION, 1978, 1980, AND 1985

	1978		1980		1985	
	Administration plan	Deregulation	Administration plan	Deregulation	Administration plan	Deregulation
Wellhead price of new gas (cents per thousand cubic feet)	175	400	189	317	208	280
Average price of all gas (cents per thousand cubic feet)	103	149	121	178	156	220
Net annual production (trillion cubic feet)	19.2	19.5	18.7	19.1	18.9	19.8
Revenues to industry (billions of dollars) [1]	20	28	23	32	29	41
Total consumer costs (billions of dollars) [2]	46	54	49	58	57	69
Typical monthly winter heating bill (dollars per month)	42.80	55.60	43.20	61.60	47.20	70.00

[1] Revenues to industry are measured at the wellhead and are computed on the basis of the quantity produced under the administration's plan. The difference in cumulative revenues by 1985 comes to $76,500,000,000.

[2] The difference in cumulative costs by 1990 comes to $162,000,000,000. These costs include wellhead prices, pipeline costs, and substitute fuels. Consumer costs are measured after shipment to the point of consumption.

Note: Prices are expressed in 1977 dollars.

Mr. KENNEDY. Mr. President, on the one side of the graph they have the dollars per mcf and on the other the increase in production. What any person can understand from this is the inelasticity of production in response to price. Even the most optimistic estimates about what can be realized show dramatically what the increase in cost was going to be. In other words, you are not going to discover dramatically more with the much higher cost.

If you look at those particular charts, you will see that at the outer limitations of productivity all the chart does is go straight up. That is the price. The horizontal bar of the chart shows the increase in productivity of natural gas and the vertical line is the increase in costs. I will tell you that no matter how high the increase in costs goes, you just do not see much increase in production.

These conclusions are based upon the most extensive studies that were done, based upon the figures which were available at this time. There are those who suggest all we have to do is just increase the cost and we are going to find all the gas that we effectively need. That is just not true.

The other chart refers to the natural gas pricing proposals. This is a comparative analysis done for the Committee on Energy. The chart, on page 13 in its studies, shows the comparison of the programs between the administration plan with 1978, 1980, and 1985. It also shows the typical monthly winter heating bills going up under deregulation. For a family home it will create increases from the administration's proposals of $42.80, to $55.60. By 1980, under the administration program it creeps up to $43.20 over the $42.80, but the deregulation increased from $55 to $61. By 1985 the administration estimates show a $47.20 price, about $4.50 increase, but the deregulation has increased by 1985 to $70.

It seems to me that no matter how we look at this particular issue in billions of dollars or in the cost for home heating oil the situation is very clear, and that is, that the American consumer is going to be at an extraordinary disadvantage.

I am glad to yield to Senator BARTLETT.

The PRESIDING OFFICER (Mr. MCGOVERN). The Senator from Oklahoma.

Mr. BARTLETT. I thank the distinguished Senator from Massachusetts.

I heard the Senator say that he favored price controls on natural gas. I ask the distinguished Senator if he is of the opinion that this will increase or decrease the amounts of gas available to citizens in Massachusetts and the rest of the country.

Mr. KENNEDY. The proposal I am supporting would maintain the price which exists at the present time. With regulation we already have a 300-percent increase in about the last 14 months. This price will get all the production that we can possibly expect and a very substantial profit for the major gas companies. I do not believe that the case has been made by those who support deregulation that would convince the people of this country or of my region. Although we are not a major consumer in terms of heating oil, we are only about a 10-percent consumer of natural gas. We are basically a consuming part of the country. When you have dramatic increase in inflation we are going to see it very amply expressed in terms of inflation in goods that we purchase.

I think all the new gas that could be discovered would be developed under my proposal since it would clearly be understood that we were not going to see enormous increases by Congress in tampering with the price. If we were to pass what I have proposed here today and the natural gas producers and developers will understand that they could not say, "all we have to do is wait for another year or 2 and we can jack up that price another 300 percent," as we have seen in the recent years. I think the suggestion of the Senator from Oklahoma might see a lot of gas produced if we take a strong stand and a firm position, and say, "This is where we are going." I am completely satisfied that we will get the production. It is not only my own review, but, as the Senator I am sure is familiar with the study that was done by the Energy Committee, that study which would indicate that.

On page 13 they do the comparison by 1985 between what they think will be produced under the administration program and under deregulation, even though the cost will be billions of dollars higher—close to $150 billion from the American consumer—it would only produce, an additional 900 million Mcf. There is a difference, referring to this chart, of going from 18.9 trillion cubic feet up to 19.8. So there is some validity that there will be some increase. It is not insignificant, or unimportant, but look at the price we have to pay for it. We probably can reach nearly that amount by making a firm decision.

Mr. BARTLETT. Will the Senator yield further?

Mr. KENNEDY. Yes.

Mr. BARTLETT. I am very much aware that in the State of Massachusetts the citizens of Massachusetts are very successful in obtaining a lot of fish from the Atlantic Ocean.

Mr. KENNEDY. Not as many as we like. We are doing better.

Mr. BARTLETT. We in Oklahoma like the fish very much, and I know the people here do in Washington, D.C. I am just wondering if the Senator favors control of prices on fish that are produced by the fishermen from Massachusetts and if he would favor a rollback in those prices as this would be in comparison with the administration bill?

Mr. KENNEDY. I fail to see any possible tie-in with the issue that we are

talking about here or any possible comparison. If the Senator were talking about a small cartel of the North American shores which had 25 percent of the total known resources of fish product and if by some means all the United States fishermen were able to get together and combined with the other great fish-producing countries of the world, perhaps China, and perhaps a small group of other nations, and fix that particular price, then I think there might be some relevancy to the Senator's question. But the fact of the matter is we are not talking about fish.

If I may just take 1 minute of the Senate's time, the problem would be similar if farmers who live in the distinguished Senator's State were able to get together with the peanut farmers of Georgia and the highland farmers of Montana. We cannot get the fishermen of New England together and the shrimpers of Louisiana and the gulf with the tuna people of the west coast.

So the comparisons have absolutely no relationship here. We are talking about relating the price—as I understand the administration proposal—to the price of crude oil. The crude oil price is an administered price, the international price as a result of the cartel, and has absolutely no relevance to market forces. So obviously the answer would be in the negative. These is no comparison.

Mr. BARTLETT. If the Senator will yield further, I should like to point out the relevancy this way: The price of natural gas, of course, is not a cartel price fixed by American companies. The cartel price, of course, is on oil, and gas from Algeria that we import, on which we pay a higher price.

But the question first was whether the Senator's proposal of price controls would bring on additional gas. He indicated it would. I was wanting to ask him whether price controls on fish would bring on additional fish, if the price were reduced. I would assume it would not.

I think it is very relevant to point out that we are not going to have additional gas for the State of Massachusetts if the price is less than it otherwise would be with the administration bill, any more than we in Oklahoma would expect to have more fish available at a reasonable price if the price were rolled back. The people of Oklahoma might like to buy their fish at a lesser price, but I think they know that if they want fish, they are going to have to pay the price.

To carry the comparison a little farther, if the State of Massachusetts were selling fish both in an interstate market and an intrastate market, and the prices for fish were established in the same way that price controls were established on natural gas, then you would be paying a higher price in your own State than you would receive for the fish sent to Oklahoma, and you would be sending Oklahoma fish in the interstate market at prices lower than it is possible to catch or produce those fish.

So I think there is a good corollary here, which brings out that while you favor your price controls program when it does not have anything to do with industry in your State, primarily, it still affects it very much, in my opinion, because it affects the supply you would otherwise have. If Massachusetts is to have a supply of natural gas, other than domestic supplies, the price would be critical, because otherwise you would have only a choice between Algerian imported gas, synthetic gas, or imported gas from Canada, all at prices higher than the price of domestic natural gas. So your choice is limited by your desire to have available additional reserves of natural gas that could be available to Massachusetts.

If the utilities in Massachusetts do not want to purchase that gas, they do not have to, but it would be available if they were permitted and wished to do so.

Mr. KENNEDY. I would say to my good friend from Oklahoma that the comparison between the fishing industry and the oil industry really escapes me. Any student of the fishing industry in our part of the country knows it is highly competitive. There have been a number of things that have disadvantaged it, aside from the market and availability of resources. We have been faced, for example, with the 1894 act that has prevented New England fishermen from being able to purchase their ships overseas, and therefore they are limited in the number of ships they can afford.

The difference between the oil and gas industry and the fishing industry is the difference between night and day. The Senator knows we are dealing with administrative prices in the petroleum industry. Natural gas prices are related on a Btu equivalence basis, under the terms of the President's proposal. That is an administrative price; and the fact of the matter is that the Senator from Oklahoma, I do not think, has been convincing that we would see a production increase with deregulation.

We in New England have been glad for the natural gas we have been able to receive. When the producers in the southern part of the country were flaring that gas, they were glad to ship it up to New England, a gas-starved area of the country. Now we have become about 10 to 12 percent dependent on that product. When they had a surplus, they got us hooked on it, and I do not want to see that part of the population disadvantaged, any more than other people who have become dependent upon petroleum supplies.

But I respect the comments of the Senator, and will be glad, at some time, to exchange ideas with him in greater detail as to the relationship between the oil and gas industry and the fishing industry.

Mr. BARTLETT. I thank the distinguished Senator from Massachusetts. I think if we had a Kennedy-Bartlett fishing and oil company, we would get something done.

Mr. DURKIN. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. I yield.

Mr. DURKIN Does the Senator's amendment contemplate phasing out controls over a 3 or 4 year period?

Mr. KENNEDY. No. The price would increase with the inflationary index.

There is another provision which is extremely important for us to understand: That where a gas development project is going to require a substantially higher price, then the Secretary can make an independent decision. If this flexibility and authority he would have would mean a substantially higher price for development of a particular fuel or a particular resource, we want to give him that flexibility, instead of providing the broad sweep and scope of a market price under the Bartlett amendment, which would mean an additional $150 billion——

Mr. DURKIN. But your amendment has no fixed decontrol provision?

Mr. KENNEDY. The Senator is correct.

Mr. President, I yield the floor.

Mr. BENTSEN. Mr. President, I ask unanimous consent that a member of my staff, Mr. Ed Knight, be accorded the privilege of the floor during the debate on this measure.

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

Mr. BENTSEN. Mr. President, I have had quite an education on the fishing industry in the discussion between the Senator from Oklahoma and the Senator from Massachusetts. About the only analogy I could think of was that of the fellow who caught a catfish down home and said, "Don't wiggle, little catfish; all I am going to do is gut you." That is about how I feel about this amendment, when they talk about rolling the price back to $1.45.

The price of new gas found in Texas today is from $2 to $2.25. We have had commitments made on that basis; we have had loans committed, wells drilled, and pipelines laid. Then the Senator comes in and talks about cutting it back to $1.45.

I have heard the JEC report quoted here. One of the problems with the JEC report is that it anticipates things that are not in the Pearson-Bentsen amendment, or that the Pearson-Bentsen amendment specifically prohibits. One of the things it assumes is that we have total deregulation. That is not the case at all. What we are talking about is deregulation of new gas. We are talking about 6 to 7 percent of the gas that might come onstream, of totally deregulated new gas.

Another thing which is not really considered too often is the fact of what the effect at the wellhead is when it finally gets to the burner tip. We are talking about 20 to 30 percent of the final cost at the wellhead that results in a cost at the burner tip. The rest is taken up by taxes, by distribution, by transporting it all the way to the markets to the north and to the northeast.

Another assumption under the JEC study which is specifically prohibited by the Pearson-Bentsen amendment is that they are going to redrill all the old fields. The Pearson-Bentsen amendment does not allow that at all. That would have cost $5 billion in additional cost, and what would have been classified as new gas under the JEC study. But it is not applicable and that is not the case.

Another thing the JEC study anticipates is that there would be a deregula-

tion of interstate contracts, and that that is going to cost another $3.5 billion.

Our amendment specifically applies the present regulations on that, so there would not be that kind of a deregulation.

The study is not valid.

We talk about paying foreign producers, paying the Canadians, $2.5 billion to $3.5 billion, whatever figures one wants to come up with, to build a $10 billion pipeline to bring gas from Alaska and Canada into this country. We speak of paying those kinds of costs, but we do not want to pay that to domestic producers. We do not want to spend the additional money to bring in the marginal fields and the deep holes that have to be drilled. No, we would rather go down to Mexico and help them finance a major pipeline, help them with their balance of trade, when we will have $45 billion worth of oil products imported into this country this year; when we are going to have a deficit in our balance of trade of almost $25 billion.

No, do not spend it here, to find reserves in this country. Let us pay it to someone else. Let us get down on our knees to the Arabs and pay them for it, but do not pay the additional amount of money that could take care of the problem here.

The MOPPS study said we would be awash with deregulated gas at the prices we would expect to see.

Let us talk about increased drilling. If they want to talk about the last 4 years we have had increased drilling, but if we go back to 1956 we have only recovered a fraction of the amount of drilling that was taking place then. Why has there been an increase in drilling in the last 4 years? Because we have seen the price of gas go up where it is making it economically viable to drill more wells. The problem is it still has not reached the price, in some of the instances, necessary to go after some of the marginal fields and some of the deep tests.

Where have we seen most of the drilling taking place? Over 90 percent of that drilling is taking place in areas that include where we think 70 percent of the new reserves will be found, because the potential new reserves we believe to be in those deeper areas and some of those high risk areas that have not been effectively drilled yet.

The argument has been made that these oil companies have so much money they are investing in other fields; they are going out and buying department stores and chain stores, that type of thing, instead of drilling. Why do Members think they are doing that? One of the reasons is because they find a more profitable place to put their money than putting it into the ground and drilling for oil and gas.

Drilling these oil wells and gas fields cannot be mandated. It will be done if there are the economic incentives there for them to do it. That is what the Pearson-Bentsen amendment would bring about.

Let me give an example of what has happened to some of the increased costs of drilling. The cost of just cracking a well today is over $300,000. Wells are costing as much as $5 million. Those are major commitments. Exploratory drilling has been going downhill for several years. Only in the last 4 years have we seen exploratory drilling beginning to pick up again. One of the reasons for that is because of the increased price being paid for gas.

If we have low prices we are going to do two things; and we are going to work at counterproductive purposes: If we force the prices lower than they are today, we are going to increase the use of a very cheap fuel, of a finite resource, and at the same time we are going to curtail the drilling to bring it on stream. So we achieve exactly the opposite kind of result than we are trying to achieve in our national energy policy.

I hope the Senate has the good wisdom to defeat this amendment.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. ABOUREZK. I wonder if the Senator from Texas would discuss the costs increasing a great deal for the exploration and production of natural gas.

The price of natural gas at the wellhead has gone up in the last 5 years some 500 percent. It was 22 cents some 5 or 6 years ago and jumped up to 42 cents, 72 cents, and it is now $1.45, or somewhere in there. I wonder if the Senator might advise the Senate how much additional natural gas has been found as a result of that 500-percent increase in the wellhead price?

Mr. BENTSEN. There is a substantial amount which has been found but the overall reserves have gone down. I assume that is the point the Senator wants to make. One of the specific reasons for that is that we have seen developed wells generally being drilled, not really exploratory wells. We have seen the costs go up to the point where they have not been willing to drill the deep wells, which are extremely expensive.

Mr. ABOUREZK. But is the cost of drilling those deep wells included in the price set for that gas? Is that what the law requires, that the price of the wellhead gas is based on the cost of production?

Mr. BENTSEN. No, that is not correct.

Mr. ABOUREZK. That is my understanding.

Mr. BENTSEN. No, that is not correct. If we are dealing in unregulated gas, as we would have in Texas, for example, the price would not be based on that.

Mr. ABOUREZK. Upon what is it based?

Mr. BENTSEN. It is finally a free market system in the unregulated market.

Mr. ABOUREZK. I am talking about regulated gas.

Mr. BENTSEN. But I am making the argument on the other side, for the unregulated gas. If the Senator is getting into regulated gas, then we have an arbitrary fix put on it that I really do not think correlates with the cost of gas.

Mr. ABOUREZK. If we are talking about unregulated gas, that should not be debatable because, presumably, unregulated gas can sell for whatever they can get out of it. Is that correct?

Mr. BENTSEN. That is correct.

Mr. ABOUREZK. So, presumably, they are charging somewhat more than what their costs are.

Mr. BENTSEN. I would hope so or they are not going to stay in business very long.

Mr. ABOUREZK. That is right. But on regulated gas they are charging more than what their costs are because that is what the law requires, that the price at the wellhead be based upon the cost of production plus an adequate profit.

Mr. BENTSEN. But the problem they are running into there is they are living off their old reserves and that is figured into that cost, reserves which were brought in at very cheap prices, and they are not being paid the cost of replenishing those reserves. That is the serious problem we face in this country.

Mr. ABOUREZK. Does the Senator mean for new exploration?

Mr. BENTSEN. That is correct, to add to those reserves.

Mr. ABOUREZK. Why are they not being paid for new exploration? I cannot imagine that gas companies would not demand that as part of the price.

Mr. BENTSEN. As I stated before, they are paying them for their overall costs based on an inventory which was acquired at a very cheap cost. Let me give an example. I will put it in terms which might be more easily understood.

In a situation where you have a shoestore and the price of shoes had gone up substantially, but you were allowed a price that you could charge the customers coming in, based on the average price, which included shoes bought at a very low price some time in the past but substantially less than what you had to pay for new inventory and new shoes, you would have a self-liquidating process. You cannot continue to buy new shoes for your inventory at the price that you were required to sell it to the customer for. So down goes your stock and finally, you are out of business.

Mr. ABOUREZK. My question, then, is, What does it cost to produce gas per mcf right now?

Mr. BENTSEN. That depends on the depth of the well and how expensive a well it is and it depends on how fortunate you are in finding gas. I can give no easy answer. That is one that ought to be dictated by the marketplace.

Mr. ABOUREZK. What is the most expensive cost of producing a well?

Mr. BENTSEN. I would say the most expensive cost of producing a well is when you put $5 million in a well and do not get anything. That gets quite expensive.

Mr. ABOUREZK. Is there a tax write-off?

Mr. BENTSEN. That reminds me of my wife, when she tells me, "You can expense it." I still have to have the funds for the purchase.

Mr. ABOUREZK. I have to be very honest; I have not yet heard of an oil company that produces gas or a gas company that produces gas that has gone broke.

Mr. BENTSEN. I shall bring in a list of them.

Mr. ABOUREZK. I would be happy to see it.

Mr. BENTSEN. I shall be happy to bring one in, because a lot of them have gone broke.

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

Mr. KENNEDY. Mr. President, will the Senator let me proceed to address a few remarks in response to the Senator from Texas, if he will be good enough?

Mr. METZENBAUM. Yes.

Mr. KENNEDY. I wanted to respond to some of the remarks that the Senator from Texas made concerning the study of natural gas pricing questions by the staff of the Joint Economic Committee, issued by the Joint Economic Committee's Subcommittee on Energy. I regret to say that the Senator seriously misconstrued the contents of that study in his remarks yesterday. The study addresses the issue of deregulation of new natural gas pricing in its broadest form. Then it attempts to show how various limiting provisions would affect the cost of this action.

The Senator refers to the study as a "remarkable exercise in erroneous assumptions." but he, himself, seems to make the erroneous assumption that the study refers only to him. In fact, the report is not intended to comment on a particular variant of the deregulation provision. It is not targeted toward the Pearson-Bentsen amendment. Nowhere does it contain any description of the proposals of the Senator from Texas. It tabulates all the potential costs that deregulation of new gas prices would pose so that Members of Congress would be informed of the many pitfalls to be faced in considering the proposal.

The Senator from Texas was not correct, when he concluded that the Joint Economic Committee staff study deals with the immediate deregulation of all gas. In fact, the study limits deregulation only to so-called new gas. But that is precisely the joker in this deck. How is new gas to be defined? The study outlines in some detail the great significance of the new gas definition.

The Senator from Texas contends that his deregulation proposal contains a narrow definition of new gas. I agree that his current definition is somewhat tighter than the one he proposed to this body 2 years ago. He now concedes that gas from old wells for which delivery contracts have expired should not be reconstituted as new gas at many times the price. He also has made an attempt to exclude new gas prices for output from infield wells in old production areas, the easiest method of circumventing the new gas definition.

Nonetheless, the Pearson-Bentsen deregulation amendment would permit new gas prices for gas from extensions of old reservoirs and from new reservoirs in old fields. As we know very well from past experience, moreover, it has been very difficult to anticipate the ingenuity of the producers in circumventing the intention of the new-old gas definition. They have found many ways of getting their output out from under lower price ceilings in the past, and I see no reason to believe that they will behave differently in the future. That is one major reason why I oppose the major increase in the new gas price that the Pearson-Bentsen deregulation provision would usher in.

To avoid ambiguity about the new gas definition, the administration's natural gas pricing proposal would require a well producing new gas to be at least 2½ miles away from or 1,000 feet deeper than any existing well. But the Pearson-Bentsen amendment has no such restrictions in its definition. I gather, therefore, that even a shallower well in an old field, which would cost little to drill, would qualify for the new gas price if it had not been produced before. Also, production from an extension well adjacent to an old producing field would qualify. Indeed, production from already well-known and even proven gas reserves would get the new gas price, if the first production from the reservoir occurs after last April 20. This would mean, of course, that output from any reserves that have been hoarded during the past 10 years of rapidly rising gas prices now would benefit from deregulation under the Pearson-Bentsen language.

Finally, I would say that in regard to the estimates of cost and price, we could move very comfortably from the Joint Economic study to the Congressional Budget Office study. They are virtually identical when you find the comparable basis of comparison. CBO shows a cumulative cost of $162 billion.

When we talk about getting down on our knees to foreigners, with all the bleeding hearts that we hear from in the oil industry, we see that their profits have increased 45 percent over 1972—50 percent over 1972. In spite of all the heartache that we hear about of those rough and ready pioneers going out there to face the elements, they are doing pretty well. They are doing very well.

It is against this background that we find that, just about every one of the studies that have been done by various congressional groups shows that we just cannot give the assurance that the Senator from Texas has been willing to give us that those increased prices are going to mean that we are going to have the kind of natural gas needed to respond to the needs of this country. Quite to the contrary, they reach different conclusions. If the Senator has more information, either from studies or reports, that could give us some idea about elasticity of pricing or what he believes we are going to need in increased production, rather than the general hope that it would, I would be interested in hearing from the Senator.

Mr. BENTSEN. I say to the Senator from Massachusetts that when we are talking about bringing in a new reserve in a new formation, of course, it is classified as new gas, be it deep or be it shallow. That is really not the problem and should not be.

Then, insofar as heartaches, I do not know of any heartaches being expressed. These people are competent people who are able to stay in the business, able to survive in the business. But, again, they cannot be mandated, they cannot be directed to drill these wells. If they can find a more advantageous place to invest this money, they are going to do it. That is what some of them have done. I think that is a serious mistake when we are trying to develop energy self-sufficiency in this country.

I know of no other situation where we are willing to pay foreigners more than we are willing to pay our domestic producers or domestic manufacturers, whether we are talking about shoes that are manufactured in Massachusetts or Texas or something else. We generally hope to see that our domestic producers do equally well, at least, as foreign manufacturers. This is the one instance where we find a variance.

Mr. METZENBAUM. Will the Senator from Texas yield for a question?

Mr. BENTSEN. I am pleased to yield.

Mr. METZENBAUM. The Senator from Massachusetts has addressed himself to the cost of deregulation and the recent Joint Economic Committee figures. I asked Mr. David Schwartz, who was formerly assistant chief economist for the Federal Power Commission, to do an analysis for me with respect to the cost of the Pearson-Bentsen bill as compared to the Bartlett measure, which is for total deregulation at this time.

I would like to ask the Senator from Texas whether he would agree with the following paragraph which Mr. Schwartz included in a report to me, and I quote:

> In contrast to the JEC deregulation cost impact of $20.8 billion in 1978, the adjustment for roll-over gas which reduces the impact from $2.7 billion to $700 million will result in a cost of Pearson-Bentsen of $18.8 billion instead of $20.8 billion. For 1979, the adjustment for roll-over gas which reduces the total deregulation cost of $3.4 billion to $868 million and reduces the total impact of $30.7 billion to $27.6 billion.

Or, in other words, that whereas total deregulation would cost $20.8 million, according to the JEC report, in 1978, the measure which the Senator coauthors would cost $18.8 billion, approximately 10 percent less, and for 1979 the Pearson-Bentsen measure would cost again about 10 percent less, $27.6 billion instead of $30.7 billion.

Would the Senator agree with that analysis or does he have any——

Mr. BENTSEN. No, I do not agree with that analysis and the Senator knows that. The question of renegotiation of contracts, favored nation clauses, we vitiated that, Pearson-Bentsen as finally introduced.

The question of a redrilling of the old wells, as the Senator from Massachusetts stated, that is not in this bill as it was in the Pearson-Bentsen that passed in October of 1975. That has been changed. The same situation on rolled over gas.

So, no, I do not agree.

Mr. METZENBAUM. Would the Senator from Texas be good enough to advise the Senate as to what his staff or such analysts as he has used have determined would be the cost to the American consumers if Pearson-Bentsen is enacted for the years 1978, 1979, and 1980?

Mr. BENTSEN. I will be happy to do that. I will produce that in the debate as we go into the Pearson-Bentsen amendment.

Mr. METZENBAUM. I will look forward to that.

Mr. BENTSEN. I will also try to give him some idea as to being able to cut

back on some of the shortages he would experience in Ohio if we do not pass it.

Mr. METZENBAUM. I will be very happy to learn that information inasmuch as the head of one of the two major companies in Ohio has indicated that, whether or not there is deregulation, there will not be any additional gas available for a period of at least 5 years. That comes from one who is a strong supporter of deregulation.

I would hope also that at the time the Senator addresses himself to this question and the ensuing debate that he would also address himself to the fact that although the price of natural gas in his home State has increased, I think, tenfold, the actual amount of reserves and production presently available, or the production during this, has in fact decreased in spite of those price increases.

Mr. BENTSEN. I have stated to the Senator that most of the drilling has been in development wells because of the concern about what was going to happen here in the Senate, what the politics would be if the Government was going to take over the regulation, if they were going to roll prices back, as the attempt is being made in this amendment.

So what we have seen them spending money on is development wells in the less costly fields with the least risk because when they find that Congress and the Senators and regulators can come back in and change the rules of the game after they have invested millions of their investors' dollars and stockholders' dollars, it means they will play it as close to the chest as they can and not take the high risk.

The studies have shown that 90 percent of these wells are being drilled in those kinds of locations, rather than in those areas where most of the geologists and petroleum engineers think the great potential reserves will be found.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I rise in support of the amendment offered by the Senator from Massachusetts. The purpose of the Kennedy amendment is to retain the existing $1.45 Mcf price ceiling for new natural gas. This price established in July 1976 by the Federal Power Commission, would replace the Btu related price proposed in the administration's bill.

The logic of this amendment is compelling. The regulated price of new natural gas has increased five times over in the last 4 years, and despite these unprecedented price increases, natural gas production has declined.

Let me review the facts. In August 1965 the price of new gas was set in the Permian Basin area rate case at 16.5 cents per Mcf. By July 1971, the price was adjusted by the southern Louisiana area II rate decision to 26 cents per Mcf, a level which gas producers testified would enable them to increase production and obtain a generous rate of return through October 1977. In August 1973 in the second Permian Basin area rate, new gas was allowed the price of 35 cents per Mcf and 1 year later a 43-percent increase was permitted, revising the price to 50 cents per Mcf. Less than 2 years after the 50-cent price was fixed, the FPC in a very controversial decision, set a nationwide rate for new gas of $1.42 Mcf.

I realize that this information is familiar to many of my colleagues, but I think that it is crucial to remember that if we were proposing a price increase of this magnitude in any other necessity, such as food, clothing, or housing, it would be considered outrageous and would be universally opposed. Yet strangely, increasing the price of natural gas is somehow acceptable to many.

At $1.75 Mcf, gas will be selling at: 10 times what producers were getting for gas a decade ago; 6½ times the 26-cent price agreed to by producers in 1970 as an incentive price to bring forth additional supplies and meet the demands of consumers; almost 3½ times the last court-approved just and reasonable rate of 50 cents; almost 3 times the 60-cent range which the FPC staff has said would produce ample returns and incentives; well above the levels in recent years of the uncontrolled intrastate gas prices which President Carter called "exorbitant," about 25 percent above the most recently set rate of $1.42 Mcf.

Is it not logical, therefore, that we support the Kennedy amendment, which would say that indeed the $1.75 price is better than the Pearson-Bentsen amendment; the $1.75 price is better than total deregulation? But the $1.75 price cannot be justified, and the price that should be set is that which is in existence today.

It is argued that increased profits are required for increased production, but over the last 4 years, a fourfold increase in gas prices has accompanied a 12-percent decrease in production over the same time period.

The increased profits that resulted from price increases do not go to struggling companies. They go to Houston Natural Gas, whose earnings rose 35 percent in 1976 over 1975—Texas Gas Corp., whose earnings rose 35.7 percent in 1976—and Columbia Transmission Co., the pipeline subsidiary of the Nation's largest integrated company, whose earnings rose an amazing 85.5 percent in 1976. They also go to the oil companies who own 13 of the 14 largest natural gas companies.

Recently, during a hearing before the Senate Energy Committee, I asked FEA Administrator O'Leary how the administration determined the $1.75 price for natural gas. He responded that the price was established through a "give and take" by interested parties and was set to eliminate any uncertainty.

I am still unclear why we cannot have the same degree of certainty if we establish a 52-cent price—or a $1 price—or even $1.25.

But the facts are that the administration simply does not have the data to determine producer's costs, despite their authority to get it. When the chairman of the Energy Committee, Senator JACKSON, recently asked Mr. O'Leary how soon the administration could get data with respect to the actual costs of discovery and production, his answer was: "Three or four years."

I was a businessman for a long time and I know that no business would tolerate this kind of practice. This information is available. As a matter of fact, I have received a copy of a confidential accounting study of a major Gulf Oil natural gas field. The study was conducted by the prestigious accounting firm of Price Waterhouse. It showed that Gulf's average total exploration and production costs will be 24 cents per Mcf during the 20-year contract. I want to note that the study was dated January 1976. The 24 cents per Mcf price was broken down as follows: 10.09 cents for investment; 8.6 cents for expenses; and 4.7 cents for royalty purchaser costs.

These figures show beyond a doubt that high natural-gas prices are not justified. While natural-gas companies will respond to this by saying that these figures are the exception—I challenge them to prove their point. Let them submit to Congress their detailed expense figures and profits on other contracts.

There has been an effort over a period of years to obtain these figures from the natural-gas producers. There has been double talk as to why the figures could not and would not be made available. But if they really have economic needs, then I think Congress is entitled to know about that fact, if Congress is expected to act on a measure such as the Pearson-Bentsen proposal or the Bartlett proposal to decontrol natural-gas prices totally.

I have no argument with the notion that producers require adequate incentives to deliver a sufficient quantity of natural gas to meet the needs of America. I am convinced that more than adequate incentives will be available at the $1.45 price, increased by an automatic cost-of-living inflator as provided by Senator Kennedy's amendment. I urge support for this amendment which I believe will serve both consumers and producers well in meeting their needs.

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

Mr. METZENBAUM. I yield.

Mr. PEARSON. Mr. President, a parliamentary inquiry. Is the pending matter now before the Senate the Kennedy amendment No. 957?

The PRESIDING OFFICER. The pending amendment is the Kennedy amendment, but it is No. 958.

Mr. PEARSON. And that is subject to a further amendment in the second degree, 957?

The PRESIDING OFFICER. No, it is not.

Mr. PEARSON. Mr. President, it is my intention to move to table the Kennedy amendment, if all debate has been concluded.

Mr. President, I move to table the Kennedy amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. To clarify—if the Senator from Kansas will withhold that—the pending amendment is No. 958, which is an amendment to No. 957.

Mr. PEARSON. I move to table the amendment in the first degree which is

pending before the Senate, which I understand would carry with it the amendment in the second degree.

The PRESIDING OFFICER. The Senator is correct in that interpretation.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

Mr. PEARSON. I ask for the yeas and nays.

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

The yeas and nays were ordered.

Mr. BAKER. Mr. President, a parliamentary inquiry.

I did not quite understand the Chair's announcement. Are we now about to vote on a tabling motion against amendment No. 957, which would take 958 with it?

The PRESIDING OFFICER. Yes, the Senator is correct in that interpretation.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

(Mr. PELL assumed the chair.)

Mr. CRANSTON. I announce that the Senator from Minnesota (Mr. ANDERSON), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Arkansas (Mr. MCCLELLAN), and the Senator from North Carolina (Mr. MORGAN) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN) would vote "yea."

I further announce that, if present and voting, the Senator from Minnesota (Mr. ANDERSON) would vote "nay."

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The result was announced—yeas 73, nays 21, as follows:

[Rollcall Vote No. 389 Leg.]

YEAS—73

Allen	Ford	Melcher
Baker	Garn	Muskie
Bartlett	Glenn	Nunn
Bayh	Goldwater	Packwood
Bellmon	Gravel	Pearson
Bentsen	Griffin	Pell
Biden	Hansen	Percy
Brooke	Hart	Randolph
Bumpers	Haskell	Roth
Burdick	Hatch	Schmitt
Byrd, Harry F., Jr.	Hatfield	Schweiker
	Hathaway	Scott
Byrd, Robert C.	Hayakawa	Sparkman
Cannon	Heinz	Stafford
Chafee	Helms	Stennis
Chiles	Huddleston	Stevens
Church	Inouye	Stevenson
Curtis	Johnston	Stone
Danforth	Laxalt	Talmadge
DeConcini	Leahy	Thurmond
Dole	Long	Tower
Domenici	Lugar	Wallop
Durkin	Matsunaga	Weicker
Eagleton	McClure	Zorinsky
Eastland	McIntyre	

NAYS—21

Abourezk	Javits	Nelson
Case	Kennedy	Proxmire
Clark	Magnuson	Ribicoff
Cranston	McGovern	Riegle
Culver	Metcalf	Sarbanes
Hollings	Metzenbaum	Sasser
Jackson	Moynihan	Williams

NOT VOTING—6

Anderson	Mathias	Morgan
Humphrey	McClellan	Young

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So Mr. PEARSON's motion to lay on the table Mr. KENNEDY's amendment (No. 957) was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the motion to lay the amendment on the table was agreed to.

Mr. BUMPERS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ALLEN and Mr. JAVITS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I yield to the distinguished Senator from Indiana.

The PRESIDING OFFICER. The Senate will please come to order.

Mr. BAYH. Mr. President, I ask unanimous consent that Eve Lubalin, of my staff, be granted the privilege of the floor during the debate and votes on S. 2104.

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

Mr. BAYH. I thank the distinguished Senator from Alabama.

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

Mr. ALLEN. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I ask unanimous consent that Gary Klein, of the committee staff, be accorded the privilege of the floor during debate and votes on S. 2104.

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

Mr. ALLEN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Alabama is recognized.

TAXPAYER ATTORNEY FEES

Mr. ALLEN. Mr. President, during the last Congress, I offered an amendment to the Civil Rights Attorneys' Fee Award Act. My amendment was intended to permit taxpayers to recover attorney fees from the Government in lawsuits involving the Internal Revenue Service if the court hearing the case in its discretion felt that an award of fees would be justified. My amendment became law as part of Public Law 94–559 and has been codified in the United States Code at 42 U.S.C. 1988.

Although the new statute was given an unfortunate and overly restrictive construction by the Tax Court in the case of *Key Buick* v. *Commissioner*, 68 Tax Court No. 17 decided in 1977, the measure nevertheless is finding application in many cases in which the Government is behaving vexatiously or frivolously in pursuing meritless claims against U.S. taxpayers.

Yesterday I learned that a court in my own State has made perhaps the first fee award under the statute, and in my judgment, Senators should find the decision in the case interesting inasmuch as it demonstrates the potential broad applicability of the statute.

The case is styled *United States and Wayne E. Jackson, Internal Revenue Service Agent* v. *Garrison Construction Company, Inc.*, Civil Action No. 77–MO334, Northern District of Alabama, decided in 1977, and involves an attempt by the IRS to enforce a summons for a second audit of the taxpayer's business records. In an opinion dated September 13, 1977, Chief Judge Frank McFadden of the northern district of Alabama held that the Government had behaved vexatiously and that its suit against the taxpayer amounted to harassment which would support an award of an attorney fee to the successful taxpayer-defendant.

Accordingly judgment was entered against the Government in the amount of $1,000 so that the taxpayer would not be required to bear the burden of paying attorney fees for the defense of an action filed for no good purpose.

Although the taxpayer's attorney fee statute refers only to the court's discretion and makes no reference whatsoever to bad faith, the Government, in Garrison Construction, asserted that bad faith must be demonstrated before a fee could be awarded. Judge McFadden, to his great credit, apparently relied more on the actual wording of the statute than he did on the less-than-persuasive arguments of the Government. In short, the Judge found that it was "not necessary to show bad faith" and that an award would be supported by "vexatious or harassing treatment not amounting to bad faith."

Mr. President, this is a landmark decision and promises to shape the law in this area in a manner which reflects the intention of Congress in enacting the statute in the first instance and in a manner which will encourage the Internal Revenue Service to behave toward taxpayers with greater courtesy and respect.

Mr. President, some time ago the distinguished majority whip, Senator CRANSTON, and I introduced a bill, S. 1610, to correct the narrow construction given to 42 U.S.C. 1988 by the Tax Court in the Key Buick case. The bill was referred to the Subcommittee on Separation of Powers of the Committee on the Judiciary. At the present time the Department of the Treasury is consulting with the members of the Subcommittee on Separation of Powers and with the distinguished majority whip in an effort to draft legislation based on S. 1610 designed to broaden the scope of 42 U.S.C. 1988 without doing any damage to the ability of the IRS to collect just taxes.

I am, indeed, hopeful, that these discussions and consultations will produce a measure worthy of the support of the Congress and of the executive department, because I do believe virtually all of us now see the necessity for some rectification of the serious imbalance in resources which exists between the Government and the average taxpayer when a question of tax liability or some related question of procedure is disputed in Federal court. Garrison Construction shows we have made progress in establishing a balance, but more work remains to be done.

I understood the distinguished Senator from South Dakota wished to offer an amendment to S. 2104 at this time, so I yield the floor.

COMPREHENSIVE NATURAL GAS POLICY

The Senate continued with the consideration of S. 2104.

AMENDMENT NO. 889

Mr. McGOVERN. Mr. President, I call up my amendment No. 889 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Dakota (Mr. McGOVERN) proposes amendment No. 889.

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

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

The amendment is as follows:

On the first page, between lines 2 and 3, insert the following:

"TITLE I—NATURAL GAS".

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

"TITLE II—FEDERAL OIL AND GAS CORPORATION ACT

"SHORT TITLE

"SEC. 201. This title may be cited as the 'Federal Oil and Gas Corporation Act'.

"PURPOSE

"SEC. 202. The purpose of this title is to establish a public corporation to explore and develop all natural gas and oil resources on Federal lands to assure adequate supplies of these fuels to American consumers at reasonable and competitive prices and to assure that the Nation's energy requirements are met without degradation to the environment.

"ESTABLISHMENT OF THE CORPORATION

"SEC. 203. (a) In order to provide for the exploration and development in the public interest of natural gas and oil resources on Federal land, there is hereby created a body corporate by the name of the 'Federal Oil and Gas Corporation' which shall establish and administer on Federal land a national program of natural gas and oil exploration and development.

"(b) The Corporation shall have a Board of Directors, which shall consist of three members appointed by the President, by and with the advice and consent of the Senate. In appointing the members of the Board, the President shall designate the Chairman. Not more than two members of the Board shall be appointed from the same political party. All members of the Board shall be individuals who believe and profess a belief in the feasibility and wisdom of this title, and who believe and profess a demonstrable belief in environmental protection and the purposes of the antitrust and consumer protection laws of the United States.

"(c) The members of the Board first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the Board.

"(d) Members of the Board shall be appointed for terms of seven years, except that the terms of office of the members of the Board first taking office after the date of enactment shall expire as designated by the President at the time of nomination, one at the end of the fifth year, one at the end of the sixth year, and one at the end of the seventh year after such date. A successor to a member of the Board shall be appointed in the same manner as the original member and shall have a term of office expiring seven years from the date of expiration of the term for which his predecessor was appointed.

"(e) Any member appointed to fill a vacancy in the Board occurring pior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. Vacancies in the Board, so long as there are two members in office, shall not impair the powers of such Board to execute its functions, and two of the members in office shall constitute a quorum for the transaction of the business of such Board.

"(f) Each of the members of the Board shall be a citizen of the United States. His compensation shall be paid at the rate provided for level III of the Executive Schedule (5 U.S.C. 5315). Each member of the Board shall be employed on a full-time basis and in addition to his salary shall be reimbursed by the Corporation for actual expenses (including traveling and subsistence expenses incurred by him in the performance of the duties vested in the Board by this title. No member of the Board shall, during his continuance in office, be engaged in any other business.

"(g) No Director shall have a financial interest in any corporation engaged in the business of distributing and selling natural gas or oil to the public nor in any corporation engaged in the business of natural gas or oil exploration, development, transportation, or use, nor shall any Director have any interest in any business which may be affected by the activities of the Corporation.

"(h) The Board shall direct the exercise of all the powers of the Corporation.

"(i) Each member of the Board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this title.

"(j) Any member of the Board may be removed from office for cause at any time by joint resolution of the Senate and the House of Representatives. No member of the Board shall within one year after leaving office receive compensation directly or indirectly from any private source for activities directly related to the Corporation and further to assure the equity of this restriction and to assure the independence of the Board, the departing member's compensation shall be continued for one year at the same level as existed at the end of his term.

"(k) Any member of the Board who is found by the President of the United States to be in violation of any provision of this title shall be removed from office by the President of the United States.

"OFFICERS AND EMPLOYEES OF CORPORATION

"SEC. 204. (a) The Board may, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, appoint such managers, assistant managers, officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation (without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates), define their duties, and require bonds of such of them as the Board may designate. Any appointee of the Board may be removed in the discretion of the Board. No officer or employee of the Corporation may receive a salary in excess of that received by the members of the Board.

"(b)(1) For purposes of the Act of March 3, 1931 (Davis-Bacon Act; 40 U.S.C. 276a), each contract to which the Corporation is a party shall be considered a contract to which the United States is a party. The Board shall not enter into any such contract without first obtaining assurance that required labor standards will be maintained on the construction work. Health and safety standards promulgated by the Secretary of Labor pursuant to section 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 333) shall be applicable to all construction work performed under such contracts.

"(2) If work, which if let by contract would be subject to paragraph (1) of this subsection, is done directly by the Corporation, the prevailing rare of wages shall be paid in the same manner as though such work had been let by contract. In the determination of such prevailing rate or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employees and employers

"(c) Insofar as applicable, the benefits of chapter 81 of title 5, United States Code, shall extend to persons given employment under the provisions of this title.

"(d) In the appointment of officials and the selection of employees for the Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency without regard to race or sex. Any appointee of the Board who is found by the Board to be guilty of a violation of this subsection may be removed from office by such Board.

"CORPORATE POWERS GENERALLY

"SEC. 205. (a) Except as otherwise specifically provided in this section, the Corporation—

"(1) shall have succession in its corporate name;

"(2) may sue and be sued in its corporate name;

"(3) may adopt and use a corporate seal, which shall be judicially noticed;

"(4) may make contracts, as herein authorized;

"(5) may adopt, amend, and repeal bylaws;

"(6) may purchase, or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal or real property held by it;

"(7) shall have such powers as may be necessary or appropirate for the exercise of the powers herein specifically conferred upon the Corporation;

"(8) shall have the power to explore for natural gas and oil on Federal, State, foreign, or private lands: *Provided*, That exploration on State lands shall be in accord with leasing or other State land disposition or utilization program;

"(9) shall have the power to develop and sell natural gas or oil discovered by exploration, or otherwise obtained by sale, lease, purchase, exchange, or contract, and to build and operate all those facilities necessary for the development or sales of such resources, as herein authorized;

"(10) shall have the power to explore, develop, acquire, or sell natural gas and oil alone or on a joint or cooperative basis with any private or other public entity or entities: *Provided*, That no joint or cooperative basis is authorized if there is any likelihood that exploration, development, acquisition, or sale jointly or cooperatively with another entity or entities may adversely affect competition, restrain trade, further monopolization, or violate the spirit or content of any Federal statute respecting trade or commerce;

"(11) shall have the power to engage in research directed toward the development or utilization of abundant and nonpolluting supplies of energy, from whatever source, and may build, own, and operate research, testing, or demonstration facilities, alone or on a joint or cooperative basis with private or other public entities;

"(12) shall have the power to build, lease, purchase, or otherwise obtain and operate facilities necessary for the sale, purchase, transportation, or delivery of natural gas or oil except no facility may be constructed or operated unless such facility meets and com-

plies with all of the requirements of any Federal statute relating to environmental quality, or any regulation issued under such statute, including those aspects of life and objectives which are delineated in section 101(b) of the National Environmental Policy Act of 1969 (42 U.S.C. 4331(b)) and which it is the purpose of such Act to protect; and

"(13) shall have the power to sell commerically valuable minerals which may be mined or extracted or discarded incidental to the production of natural gas or oil on Federal lands.

"(b) In order to enable the Corporation to exercise the powers and duties vested in it by this title:

"(1) The exclusive use, possession, and control of all property to be acquired by such Corporation in its own name or in the name of the United States of America are entrusted to such Corporation for the purposes of this title.

"(2) The President of the United States may provide for the transfer to such Corporation of the use, possession, and control of such other Federal land or personal property of the United States as he may from time to time deem necessary and proper for the purposes of such Corporation.

"(c) The Corporation shall maintain its principal office at a place determined by it.

"(d) Section 101 of the Government Corporation Control Act is amended by inserting 'Federal Oil and Gas Corporation;' after 'Tennessee Valley Authority;'.

"(e) The Corporation may contract with any person or public agency which it deems qualified, to design, prepare specifications and bidding documents, recommend the award of contracts, or supervise the construction and installation of equipment and facilities of any required type anywhere in the United States.

"TRANSMISSION PIPELINES

"SEC. 206. In order to place the Corporation upon a proper basis for the sale of oil and gas products on Federal lands, it may, either with funds appropriated by Congress or from funds secured from the sale of such oil and gas, or from funds secured by the sale of bonds construct, lease, purchase, or authorize the construction of transmission pipelines within transmission distance from the place where such oil and gas is produced and to interconnect with other systems. The Board may lease to any person the use of any transmission pipeline owned and operated by the Corporation, but no such lease shall be made that in any way interferes with the use of such transmission pipeline by the Board.

"OBLIGATIONS

"SEC. 207. (a) The Corporation is empowered to incur debt for capital purposes. Such debt may be incurred in the form of bonds, debentures, equipment trust certificates, conditional sale agreements, or any other form of securities, agreements, or obligations (hereinafter collectively referred to as 'obligations').

"(b) Payment of principal and interest on obligations issued by the Corporation under this section is guaranteed by the United States. Such guarantee shall be expressed on the face of the obligation. The Corporation may also incur debt not guaranteed by the United States. Proceeds realized by the Corporation from issuance of its obligations and the expenditure of such proceeds shall not be subject to apportionment under the provisions of section 3679 of the Revised Statutes (31 U.S.C. 665).

"(c) Obligations issued by the Corporation under this section may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein and shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as shall be determined by the Board.

"(d) At least thirty days before selling any issue of obligations other than obligations having a maturity of less than one year, the Board shall so advise the Secretary of the Treasury in the greatest possible detail, including the amount, proposed date of sale, maturities, terms and conditions of and the expected rate of interest on such issue. If the Secretary of the Treasury so requests, representatives of the Corporation shall consult with him or his designee with respect to the proposed issue: *Provided*. That the issuance and sale of obligations of the Corporation is not subject to approval by the Secretary of the Treasury. If the Corporation determines that a proposed issue of obligations cannot be sold on reasonable terms, it may issue interim obligations to the Secretary of the Treasury, which such Secretary is authorized to purchase. Such interim obligations of the Corporation issued to the Secretary of the Treasury shall mature on or before one year from the date of issuance. Such obligations shall bear interest at a rate of no less than the current average yield on outstanding marketable securities or obligations of the United States of comparable maturity, as determined by the Secretary of the Treasury. For the purpose of any purchase of obligations of the Corporation, and to enable him to carry out the responsibility relating to guarantees of obligations made pursuant to this section, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the obligations of the Corporation under this section. The Secretary of the Treasury may at any time sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations of the Corporation acquired by him. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Corporation shall be treated as public debt transactions of the United States.

"(e) The Board may—

"(1) sell its obligations by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids;

"(2) designate trustees, registrars, and paying agents in connection with obligations of the Corporation and the issuance thereof;

"(3) arrange for audits of its accounts and for reports concerning its financial condition and operations by certified public accounting firms in addition to audits and reports required by the Government Corporation Control Act;

"(4) invest, subject to any covenants contained in any obligation contract, the proceeds of any obligations and other funds under its control in any securities approved for investment of national bank funds and deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and

"(5) perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section.

"(f) Obligations of the Corporation issued under this section shall contain a recital to that effect which shall be conclusive evidence that the underlying obligation is in compliance with the provisions of this title and valid. Obligations of the Corporation issued under this section shall be lawful investments and may be accepted as security for all fiduciary trust, and public funds, the investment or deposit of which shall be under the authority or control of any officer or agency of the United States and shall be exempt securities within the meaning of laws administered by the Securities and Exchange Commission. The limitations and restrictions as to a National or State bank dealing in, underwriting, or purchasing investment securities for its own account, as provided in section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), and section 5(c) of the Act of June 16, 1933 (12 U.S.C. 335), shall not apply to obligations guaranteed under this section.

"(g) There are authorized to be appropriated to the Secretary of the Treasury such sums as may be necessary to pay the principal and interest on notes or obligations issued by him as a consequence of any guarantee under this section.

"(h) In the event of any default on any guaranteed obligation, and payment in accordance with a guarantee by the United States, the Attorney General shall take appropriate action to recover the amount of such payments, with interest, from the Corporation or other persons liable therefor.

"MISCELLANEOUS PROVISIONS

"SEC. 208. (a) The Corporation may request the right to develop natural gas or oil which is or may be located on any Federal lands, including offshore rights, to the extent necessary to carry out its authorized activities: *Provided*, That the Corporation shall not request or be granted more than 10 per centum of such rights as are offered at that time for sale or lease to other qualified persons.

"(b) Except as provided in subsection (c) of this section, any Federal agency or department having authority to lease, sell, or otherwise dispose of Federal lands or rights to natural gas or oil which is or may be located on Federal lands, including offshore rights, shall, upon the receipt of a request of the Corporation under subsection (a) of this section, grant the Corporation such right to develop without payment within ninety days after the receipt of such request. Rights to develop under this subsection shall not be subject to any other Federal statute or regulation governing the lease, sale, or other disposition of any such lands or rights by any Federal agency or department.

"(c) Notwithstanding the provisions of section 644 of title 10, United States Code, the Secretary of Defense, acting for the Secretary of the Navy, shall transfer possession of certain properties inside the naval petroleum and oil shale reserves, which are subject to such Secretary's jurisdiction and control, to the Corporation in accordance with this subsection. Within one year after the date of incorporation of the Corporation, the Secretary of Defense shall prepare and submit to the President a report which specifies the petroleum and oil shale reserves which he finds are necessary for retention to accomplish the purposes of such section 644. Within six months after receiving such report, the President shall designate those petroleum and oil shale reserves which are necessary for retention under such section. Such properties may not be transferred to the Corporation, except on such terms and conditions as may be set by the President.

"(d) The provision of this section shall not apply to any Federal lands or rights within any national park, forest, wilderness, seashore, monument, or wildlife refuge area, or to any lands held by the United States in trust for any Indian or Indian tribe.

"(e) All rights granted and properties transferred to the Corporation shall be explored, developed, and produced in the most rapid manner practicable without excessive risk of losses in recovery in accordance with the purposes of this title and subject to the authorized powers and limi-

tations of the Corporation under section 203 of this title.

"LEASES

"SEC. 209. (a) The Corporation shall build, lease, or purchase refining facilities for the crude oil it produces or otherwise obtains only if it is unable to make sales of such oil in a manner which will promote competition among suppliers of crude oil.

"(b) The Corporation shall build, lease, or purchase transportation facilities for the natural gas or oil it produces or otherwise obtains only if it is unable to arrange for delivery of such natural gas or oil in a manner which will promote competition among suppliers of natural gas or oil.

"SALES OF NATURAL GAS

"SEC. 210. (a) Sales of natural gas or oil by the Corporation shall be made at fair and reasonable prices designed to promote competition among suppliers of these energy resources.

"(b) Sales and transportation of natural gas or oil by the Corporation shall be subject to the jurisdiction of the Commission to the same extent and subject to the same requirements as sales and transportation of these energy resources by other suppliers.

"(c) In selling natural gas or oil, the Corporation shall give price, supply, or delivery preference to States, political subdivisions of States, and independent refiners.

"TAXATION

"SEC. 211. Whenever the Corporation owns land, facilities, equipment, or other items, which would normally be subject to taxation by a State or political subdivision thereof, the Corporation shall pay an amount to such entity in lieu of such taxes on the same basis and in like amount as would be paid in the form of taxes by a private owner.

"ROYALTY

"SEC. 212. (a) The Corporation shall make available, by license or otherwise, on a nonexclusive basis, upon payment of a reasonable royalty, and without territorial limitation, the use of any patent, trade secret, and copyrighted or other information obtained or developed by the Corporation in the performance of any of its activities under this section.

"(b) Copies of any written or oral communication, document, intelligence, report, or other information received, prepared, or sent by the Corporation or any of its personnel and, in the case of oral communications, reduced to writing in whole or in summary, shall be made available to any interested person upon receipt of a specific and identifiable request in writing, except that nothing in this subsection shall be deemed to require the release of any information required by law to be kept secret in the interest of the national defense or foreign policy; personnel and medical files and similar files the disclosure of which would constitute an unwarranted invasion of personal privacy; or information pertinent to a pending negotiation or transaction until the completion thereof.

"STATE AND LOCAL STATUTES

"SEC. 213. Except for compliance with Federal statutes which may be administered by the States, the Corporation shall be exempt from State and local statutes or controls which would impede, affect its ability to perform the activities authorized by this title: *Provided*, That the Corporation shall submit a prior report, together with reasons therefor, to the Congress with respect to each incident of noncompliance with any State or local statute or control.

"ENVIRONMENTAL IMPACTS

"SEC. 214. (a) It shall be the objective of the Corporation to prevent all adverse environmental impacts associated with the activities of the Corporation which will likely impose an unacceptable cumulative burden of pollution or degradation upon the natural resources of the vicinity and the region.

"(b) In exploring and developing natural gas or oil resources and in the construction and operation of any production or transmission facility, the Corporation shall administer such programs so as to promote the conservation of lands and other natural resources, to preserve and enhance the environment, to maintain ecological balances, to protect the public health, safety, and welfare, and to restore and rehabilitate, as far as practicable, any lands from which natural gas and oil resources have been taken and which will no longer be needed by the Corporation for such use.

"(c) The Corporation shall treat all decisions regarding the siting and design of any facility which may be constructed under this title as a significant aspect of land use planning in which all environmental, social, economic, and technical issues with respect to such facility should be resolved in an integrated fashion. In the resolution of these possible competing demands, the Corporation shall give all possible weight to the protection of the environment and full compliance with all applicable Federal laws and regulations.

"(d) To guide the Corporation in its consideration of the factors listed in subsections (b) and (c) of this section, the President shall appoint an environmental advisory committee (hereafter referred to as the "committee") consisting of ten members who may each serve for a period of no more than five years on a staggered basis and having equal representation from:

"(1) public interest and environmental groups having a regional or national scope; and

"(2) Federal agencies, including the Environmental Protection Agency and the Energy Research and Development Administration.

"(e) Members of the advisory committee who are not Federal employees shall receive adequate per diem compensation for days spent in actual performance of duties for the committee, not to exceed $100 per day, and shall be reimbursed by the Corporation for actual expenses in the performance of such duties, including costs of travel for necessary inspection of sites. In addition, the Corporation shall provide the committee with an adequate staff.

"(f) Prior to the initiation of any program of exploration or the construction of any major facility under this title, the Corporation shall prepare with the approval of the committee an environmental impact statement pursuant to section 102 of the National Environmental Policy Act of 1969. After adequate public notice, the Corporation shall make the impact statement available to all interested agencies and to the general public and shall hold such public hearings in places convenient to the area affected and shall allow interested persons to submit comments on the statement.

"ANNUAL REPORT

"SEC. 215. (a) The Corporation shall transmit to the President and the Congress, annually, commencing one year from the date of incorporation, and thereafter on February 1 of each year, and at such other times as it deems desirable, a comprehensive and detailed report of its operations, activities, and accomplishments under this title, including a statement of receipts and expenditures for the previous year. At the time of such annual report, the Corporation shall submit a statement of the amount of financial assistance needed, if any, for its operations and for capital improvements, the manner and form in which the amount of such assistance should be computed, and the sources from which such assistance should be derived. The Corporation shall make this annual report readily available to the public.

"(b)(1) The Comptroller General of the United States shall audit the transactions of the Corporation at such times as he shall determine, but not less frequently than once each governmental fiscal year, with personnel of his selection. In such connection he and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation, and shall be afforded full facilities for counting all cash and verifying transactions with and balances in depositories. He shall make report of each such audit in quadruplicate, one copy for the President of the United States, one for the Chairman of the Board, one for public inspection at the principal office of the Corporation, and the other to be retained by him for the use of the Congress.

"(2) Such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer such errors, and to file a statement which shall be submitted by the Comptroller General with his report. Nothing in this title shall relieve the Treasurer or other accountable officers or employees of the Corporation from compliance with the provisions of existing law requiring the rendition of accounts for adjustment and settlement pursuant to section 236 of the Revised Statutes (31 U.S.C. 71) and accounts of all receipts and disbursements by or for the Corporation shall be rendered accordingly.

"OFFENSES; FINE AND PUNISHMENT

"SEC. 216. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States entrusted to the Corporation.

"(b) Any person who, with intent to defraud the Corporation, or to deceive any Director, officer, or employee of the Corporation or any officer or employee of the United States (1) makes any false entry in any book of the Corporation, or (2) makes any false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than five years, or both.

"(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than $10,000 or imprisoned not more than five years, or both.

"CONDEMNATION PROCEEDINGS

"SEC. 217. The Corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights-of-way, or of any transmission capacity which, in the opinion of the Corporation, are necessary to carry out the provisions of this title. The proceedings shall be instituted in the United States district court for the district in which the land, easement, rights-of-way, or other interest, or any part thereof, is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America. In any such eminent domain proceeding (including a proceeding in the District of Columbia) a corporation may file with the complaint or at any time before judgment a declaration of taking in the manner and with the consequences

provided by the first section and sections 2 and 4 of the Act entitled 'An Act to expedite the construction of public buildings and works outside the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain', approved February 26, 1931 (46 Stat. 1421).

"SEVERABILITY

"SEC. 218. If any provision of this title or the applicability thereof to any person or circumstance is held invalid, the remainder of this title and the application of such provision to other persons or circumstances shall not be affected thereby.

"AUTHORIZATION OF APPROPRIATION

"SEC. 219. (a) All appropriations necessary to the Corporation for each fiscal year to carry out the provisions of this title are hereby authorized.

"(b) When the annual revenues of the Corporation exceed the amounts necessary to satisfy, in accordance with customary business practices, the obligations and expenses incurred by the Corporation and to maintain the financial reserves necessary for Corporation activities, the Corporation shall pay its remaining funds to the United States.

"REVIEW

"SEC. 220. On or before January 15, 1982, the President shall prepare and submit to the Congress a comprehensive review, in accordance with the provisions of sections 1001 and 1002 of the Department of Energy Organization Act, of the provisions of this title."

The following Senators requested and, by unanimous consent, the privilege of the floor was granted in behalf of the following staff members: Mr. WALLOP: Rob Wallace; Mr. MCGOVERN: Paul Skravel and John Holum; Mr. DOMENICI: Darla West and Charles Gentry; Mr. CHAFEE: Nancy Barrow.

Mr. MCGOVERN. Mr. President, just to identify this matter for the benefit of Senators present, it has been referred to as a "yardstick amendment."

In brief, what the amendment would do would be to create a small government gas and oil corporation, not for the purpose of nationalizing the energy industry in this country, but, quite the contrary, to provide a public yardstick by which we can measure accurately what it costs to produce gas and oil, to bring it to production, and to market it.

To avoid any fear that this is an effort to take over the production of gas by Government ownership and production, the amendment would limit to 10 percent those reserves that could be developed under public direction, even though the Government owns vast quantities of gas and oil that belong to all of the American people. This amendment's purpose is not to nationalize the production of those energy resources, but, along the lines of the Tennessee Valley Authority, which provided a useful yardstick in determining the cost of the development and marketing of hydroelectric power, this amendment would provide the same authority with regard to gas and oil; and, as I have indicated, would be limited to 10 percent of the reserves available to the Government.

Mr. President, as debate continues over the nature of the energy crisis and our possible responses to it, there are at least two questions that remain at the forefront, that are unanswered. One of those is the question of how much oil and gas there is yet to be developed. As Senators know, who have been following this debate in recent days and at earlier times, that is a question that is wide open. You can get as many opinions on that question as there are experts.

The second question is, What will it cost to produce the oil and gas? Here again, as we were reminded just a few minutes ago in the remarks of the Senator from Ohio (Mr. METZENBAUM), when this question of cost determination was directed to the Federal Energy Administrator, he said it might be 3 or 4 years before they really had accurate cost estimates in hand.

So these questions remain unanswered, and I think in part they remain unanswered because the information used in preparation of the analysis is suspect. It is suspect because the statistics are supplied by parties with a vested interest in generating the right kind of answers: namely, those answers that best serve their purposes, answers which may be tailored to serve predetermined objectives. In the case now before us, the oil and gas industry supplies the economic data which are used to determine or to estimate the remaining reserves of gas and oil, as well as information concerning the cost of production. We are pretty much dependent on what the industry is willing to tell us with regard both to the extent of reserves and also to what the cost factors are.

Yet this statistical base supplied by industry must then be used by various Government agencies to determine what is a fair price level, which will serve as adequate incentive to bring forth new gas and oil. If the numbers indicate that it would be more expensive to bring new gas and oil on line, then, of course, prices would have to rise to provide the necessary incentives. I think it is obvious to any fair-minded person that it would be tempting if not irresistible for those providing the underlying data to shade it, at least, in some way that best served their interests. Thus the numbers, at least in some quarters, are suspect. Presently there is little that one can do to dispel the suspicion. That is why I offer this so-called yardstick amendment at this time.

The amendment would establish a public corporation with the authority to explore and develop natural gas and oil resources on Federal lands. In the process of its operation, this corporation would generate independent economic data—independent data, data which could then be used to determine how much gas and oil remains to develop, and at what cost. It would then be possible to compare the numbers generated by the oil and gas companies to those provided by the public corporation called for in this amendment.

Mr. President, let me just say this: If I were the chairman of the board of one of our large energy companies, and I had nothing to hide, I would urge support for this amendment as a further means of building public confidence in the estimates provided by my company. It would provide a means of removing the widespread suspicions surrounding the current system of estimating reserves and costs.

I am frankly not in any position, Mr. President, to say that we are being given dishonest information with regard to reserves or with regard to cost factors, but I think we are in a position to say that we really do not know whether the data being furnished to us by the private corporations are accurate; and this amendment would provide a further measuring rod to make that determination. A corporation board or executive, confident of their estimates, should further recommend the comparison and be eager to show how their company and the whole oil and gas industry measure up to the yardstick of a public corporation.

As the sponsor of the amendment, I would like to anticipate some of the questions and perhaps some of the charges that may be raised against it. I think Senators know that this is not a new proposal; it is one that has been considered at various times when we have discussed energy matters. Based on the previous questions that have been raised, and others one could anticipate, I would like to consider what some of those possible objections might be, and then at least briefly attempt to respond to them.

First, there doubtless will be those who will insist that this will be the first step in the nationalization of the domestic energy industry. While it is indeed true that it is impossible to know what will happen in the next Congress or in Congresses 10 to 20 years down the road, and therefore no one could give any absolute assurance that we will not one day consider the nationalization of the energy industry, that is not the purpose of this amendment.

Certainly, nationalization is not a step that would be taken lightly or without considerable thought and study. I cannot conceive of this Congress registering a strong vote in that direction.

While it is difficult to predict what the future holds, the involvement of this limited public corporation in the domestic energy industry does not present any such threat. The terms of the amendment would limit it to not more than 10 percent of such oil and gas rights as are offered at the time for sale or lease to other qualified persons.

I reiterate, the intent of this amendment is to provide us with a yardstick by which the performance of private industry can be judged. It is not an effort to get a foot in the door toward nationalization.

I might just say parenthetically, Mr. President, that one of the problems, very frankly, that the private oil and gas industry has in this country is the widespread public suspicion about its fairness and about the cost factors it submits by which the price is determined. As I said earlier, this ought to be a way of increasing public confidence, not destroying public confidence, in the way we set oil and gas prices in the United States.

Second, others may express the fear that public agencies, public corporations, bureaucracies, whatever, will grow beyond their intended size. I would simply point out, Mr. President, that we have the means to control such growth if we

choose to do so, and this corporation would be subject to all of the traditional controls available to the Congress. It would be subject to new legislation; it would be subject to the power of the purse; it would be subject, and should be, to oversight hearings, and it would be subject to the General Accounting Office and other restraints the Congress sees fit to deal with a public or quasi-public corporation of this kind.

In addition, the amendment would subject the corporation to a comprehensive review by the President, who would then prepare a report which would be submitted to the Congress for its consideration.

Third, some may say that while this sounds like a reasonable idea, it is not, in practice, feasible. That is, can a Federal oil and gas corporation successfully enter into the highly developed and sophisticated energy industry?

It has been pointed out that the key considerations here are: Can the corporation attract qualified personnel against the rival claims of private industry? Can it obtain sufficient capital? Can it establish a satisfactory market?

While one must, before the fact, of course, be content to answer those questions based on reasoning rather than actual proof, it can be said that the history of the Tennessee Valley Authority suggests that affirmative answers are possible; that it is possible, based upon the history of TVA, for an agency of that kind to recruit and maintain competent personnel; that it can be operated efficiently; that it can be operated competitively; that it can serve the public interest in providing a public measuring rod against which we have some test as to the reasonableness of the cost factors given to us by a purely private operation of the energy industry.

Fourth, the whole point of creating this public corporation is to act as a yardstick against which private companies can be measured. That being the case, will this corporation operate under conditions which are sufficiently similar to those of the private companies so that the yardstick has some meaning? I think that is a legitimate question and one which needs to be addressed.

While it is true that the two environments would not be identical—for example, the public corporation would not pay Federal taxes; its capital costs will be different; environmental safeguards may be given greater prominence in the public corporation, and so forth, all of these factors would be present—it is likely that they will be sufficiently similar to provide at least some rough comparison.

There would be ways of comparing cost factors, taking into consideration these different factors I have just mentioned. Those comparisons could be very useful at least in making general judgments about the performance of the private companies. At least, it would be one further indication which is not now present to us as to whether the cost figures being supplied by private energy are reasonable or not.

In a 1974 congressional research service study of the feasibility of a public energy corporation, it was concluded:

> The evidence suggests that a Federal oil and gas corporation would certainly be economically viable. There is no reason why it could not run at a high level of technical competence and general efficiency.

Mr. President, if anything has changed in the intervening years since 1974, it is the even greater urgency of the need for reliable information which could be provided by such a public corporation. If we are to provide the answers to the two questions at the forefront of our energy debate, the question of what our reserves are and what the cost factors are, and if these answers are to be free of the suspicion of being self-serving, then it seems to me the acceptance of this yardstick amendment is in the public interest, and I hope very much the Senate will see fit to adopt it.

Mr. President, this week I sent a letter to all of my colleagues in the Senate, setting forth the purposes of this amendment. I would like to briefly summarize this letter because I believe it does present a succinct statement Senators may wish to look at in getting a quick overview of what the amendment does.

Many of the key features of the major bill now before us, to which this amendment is offered as an amendment, call upon the President to calculate a variety of prices for new natural gas. In part, under the language of the bill, S. 2104, now before us, the President is called upon to calculate the Btu-related price for natural gas.

He is asked to calculate the maximum lawful price for new natural gas.

He is called upon to set a special incentive price for high-cost natural gas, and to calculate a price ceiling in the event of extraordinary supply and demand conditions.

Mr. President, to accurately calculate such prices requires intimate knowledge of underlying economic data, data which is in addition to but independent of that provided by the energy companies themselves. That, if seems to me, make the case for the yardstick amendment. That amendment establishing a public corporation with limited authority to explore and develop natural gas and oil resources on Federal lands seems to me to be the most reasonable way to get at this question of the independent data that we need to have to make these other calculations called for in S. 2104. I hope very much that the Senators will look at the terms of this amendment and see it as a reasonable effort not to subvert the private development and marketing of energy in this field, but to make that private operation more responsive to the public need and also to build the degree of public confidence that is going to be necessary to make workable the responsibilities that this legislation places on the President to develop a rational system of pricing for natural gas and other energy resources.

Mr. President, I yield the floor.

Mr. ALLEN. Will the Senator yield?

Mr. McGOVERN. Yes, I yield to the Senator from Alabama.

Mr. ALLEN. There are a number of Senators, as the distinguished Senator knows, who are interested in this bill and will be interested in this amendment, who are not present at this time because they are conferring elsewhere in an effort to expedite consideration of amendments and of the bill. So, in their absence, I might ask a few additional questions to elicit as much information as we can about this amendment which the Senator has before us.

Mr. McGOVERN. I shall be happy to respond to the Senator. I also think that, in view of what the Senator just said, it might be useful to defer a vote on this until a later time. I would be perfectly happy to make that kind of arrangement.

Mr. ALLEN. I appreciate the Senator's saying that because I would—and I know the Senator would—in deference to the absent Senators, not wish the amendment to come to a vote.

Mr. McGOVERN. As I say to the Senator, I even prefer that it not come to a vote today because I think if Senators have a chance of studying it overnight, we shall have a much better chance of passing it with a resounding margin.

Mr. ALLEN. I am not sure that, no matter how much time they have to study the amendment, they will come around to the view of supporting it. Nevertheless, I would like to find out a little more about the amendment.

What would be the taxpayers' investment in this public corporation? What would be the authorized capitalization, shall we say?

Mr. McGOVERN. The bill does not establish that figure, I say to the Senator. It is an effort to get the concept adopted in this legislation to authorize such a corporation. But it does not attempt to set cost figures.

Mr. ALLEN. Would that mean that such amount as Congress might appropriate would be authorized under the amendment?

Mr. McGOVERN. That is the intent.

Mr. ALLEN. Would it run $1 billion, $2 billion, $5 billion? What would be the Senator's best judgment?

Mr. McGOVERN. The limiting factor in the legislation is that in no case could this corporation be involved in the development of more than 10 percent of the available oil and gas being offered to other bidders.

What I am trying to establish in this amendment is the authority for such a corporation to be created. I realize that Congress would then, at a later date, have to approve of this concept and have to set a limit of how much we want to invest in it and how far we want to carry the principle. It is designed to carry the principle of a public yardstick. That would then later have to be evaluated in terms of how much we want to invest in carrying out that concept.

Mr. ALLEN. Would a ballpark figure be somewhere in the neighborhood of $5 billion?

Mr. McGOVERN. I would not want to make an estimate on it at this point.

Mr. ALLEN. Would the corporation be limited to exploration and production of oil and gas on Federal lands?

Mr. McGOVERN. That is correct.

Mr. ALLEN. After exploration and development and production of oil or gas, what disposition, then, would be made of the oil or gas?

Mr. McGOVERN. Will the Senator repeat that?

Mr. ALLEN. What disposition would be made of the oil or gas that might be explored for and produced?

Mr. McGOVERN. Up to the 10 percent level that the corporation is authorized to develop, it could be sold in the private market.

Mr. ALLEN. Would it entail, then——

Mr. McGOVERN. Let me say to the Senator, perhaps the best analogy I can give him as to how it would work would by the Tennessee Valley Authority. I would not envision that this is anything like that size an operation, but that is the principle. In the same sense that the Tennessee Valley Authority has been authorized by Congress to market a certain amount of hydroelectric energy, this corporation would be permitted, on Government-owned lands and reserves, to develop up to 10 percent of those reserves for marketing in normal commercial channels.

Mr. ALLEN. Would it be necessary to build pipelines to get the oil to market?

Mr. McGOVERN. It might be in some cases. The corporation presumably would have the same authority to do that that a private corporation would have. It would not be given special privileges that are not available to other corporations, because the purpose is to determine costs of exploration, production, and distribution. The Government corporation would be tailored, insofar as we could do it, to give us an accurate measuring rod to determine what these costs really are.

I want to stress to the Senator that, while this is sometimes a charge that is made against a proposal like this, it is not designed as an opening wedge to take over the energy industry of this country, but, rather, to provide the kinds of data that I think are now being challenged by a great many people.

We really do not know whether the data we are now being given by the major oil companies as to what it costs them to produce energy are reliable or not. While a public corporation of this kind is not going to give us absolute proof, it would give us one further indication by which we could measure the private estimates that we are now being given.

Mr. ALLEN. Could this yardstick, then, work both ways? There would be figures on the production costs—and I assume a provision for taxes which the corporation would not have to pay, but which private enterprise would have to pay—and then return on the investment.

Mr. McGOVERN. We would have to factor that in.

Mr. ALLEN. If those figures showed that such regulated figure at which oil or gas might be sold was too low, would it be the Senator's notion that, based on these yardstick figures, Congress then should enact legislation raising these ceilings?

Mr. McGOVERN. Absolutely.

Mr. ALLEN. So it would work both ways?

Mr. McGOVERN. Absolutely. It is the only fair way to do it. I would have to say, as one who does not claim to be an expert on the oil industry, that I really do not know whether these cost estimates that we are being given by the major oil companies are right or not. They may very well be. As the Senator has indicated, it is conceivable that they may be too low. I do not think that is the case, but if it turns out, after a reasonable test by the kind of public yardstick I have suggested here, that the cost factors are even higher than we have been led to believe, I would say it ought to work both ways.

Mr. ALLEN. Does the Senator think that the areas in which Government corporations have entered and established such a record of performance on the part of Government activity have been so good as to encourage one to think that this public corporation for exploring for and developing oil and gas would be better than the experience we have had with other intrusions by the Government into the area of private enterprise?

Mr. McGOVERN. I think it depends on the quality of the people that we would bring in to staff such a corporation.

Sometimes those things have worked well, sometimes they have not.

I do not think the corporation we set up a few years ago has been a great success. I would say on the other side that I do not think private enterprise has done a very good job of running the Penn Central Railway or the Lockheed Aircraft Corp.

So these things depend a lot on the personnel we get, whether it is in the private sector or the public sector.

The Tennessee Valley Authority, by a contrast, which I had the privilege to visit and look at firsthand, and I have come to know some of the men and women who work in that agency, I think has been run rather well.

Mr. ALLEN. I agree on that Tennessee Valley Authority.

Mr. McGOVERN. I think if we could use that as a kind of model of the way we staff up a Government gas and oil corporation, take some of the lessons we have learned in TVA which, as the Senator knows, has attracted the respect of people from all over the world, it is one of the great engineering and technological wonders of the United States, they come from all over the world to see it. If we can take that as a standard by which to measure the quality of the staff and the directors and the way we structure a gas and electric corporation, I would feel the chances are pretty good and we could maintain an efficient operation.

Mr. ALLEN. Of course, the Senator realizes the Tennessee Valley Authority does a whole lot more than produce power. They have flood control, navigation, and recreation facilities.

Mr. McGOVERN. Yes.

Mr. ALLEN. And reclamation of land. It does a whole lot more than merely provide electric power.

Mr. McGOVERN. I did not think the Senator would want me to get this Government oil corporation into too many different activities, so I have limited it.

Mr. ALLEN. I just wonder if it needs to get into any activity at all. I am not worried about how many, just about whether it ought to get into one.

But I do appreciate the information the Senator has given us on this subject. I am sure there will be other Senators who wish to question the distinguished Senator, or else make independent comments. But due to the absence of the Senators who are most interested in managing the bill, unless someone else wishes to question the Senator, I want to suggest the absence of a quorum.

Mr. SPARKMAN. Will the Senator withhold that?

Mr. ALLEN. Yes, I will.

Mr. SPARKMAN. I have listened to this with a great deal of interest and listened to the comparison or contrast, whichever it might be, with the TVA.

I live in the TVA area, as does my colleague.

Of course, the TVA, as the Senator has recognized, goes far beyond in public service, I think, than the proposed corporation would go.

But what about the matter of taxation? Would it pay taxes to the Federal Government in the area it represents?

Mr. McGOVERN. As it is presently structured, it would not. As I tried to explain earlier, if we were using this corporation as a yardstick, which is its purpose, we would have to factor in the tax cost as one of those things that would have to be an add-on in terms of figuring what private industry should be entitled to.

I think that while the corporation would not operate tax free, its prices ought to take into consideration, so that it does not have an unfair competitive advantage, what would be a price factor sufficient to allow for taxes to the Federal Government.

But I do not think it would make sense to the Federal Government to tax its own entity, its own Federal entity.

TVA, for example, does not pay any Federal taxes.

Mr. SPARKMAN. As a matter of fact, when the TVA was just beginning, I was a Member of the House of Representatives and I was a member of the Military Affairs Committee which at that time had jurisdiction over TVA because it began as an offspring of the Federal operation there in the Muscle Shoals District. Wilson Dam was really the beginning of it.

I sponsored a bill as a member of that committee. First of all, it authorized TVA to issue bonds. But we also dealt with the matter of taxation. It was decided that the TVA would pay taxes—I cannot say the basis on which they would pay it—to the States in the area.

I was the author of that bill.

Mr. McGOVERN. Would that be an income tax, or a tax on——

Mr. ALLEN. A payment in lieu of taxes.

Mr. SPARKMAN. In lieu of taxes.

Just a few days ago, this article appeared in the paper:

> TVA's payments in lieu of taxes to be $68 million in this fiscal year.

The fiscal year that this applied to.

Mr. McGOVERN. I just have been advised here by counsel that while I answered the question correctly, that the corporation would not pay Federal taxes, it does in fact follow the TVA formula in requiring it to make payments to the States in lieu of taxes.

Mr. SPARKMAN. In the area in which it operates.

Mr. McGOVERN. The same formula as in the TVA system.

Mr. SPARKMAN. I am pleased to hear that because I think this has been a real constructive action that was taken back in the early days of the TVA.

As I say, it appeared in the press just a few days ago that the Tennessee Valley Authority's payments to State and local governments in lieu of taxes this year will be $20 million more than fiscal 1976, and in the headline it says that it will pay $68 million in lieu of taxes during the present fiscal year.

Mr. McGOVERN. I am glad the Senator pointed that out because, as I say, we did make some effort in discussing the amendment to profit from the lessons of the TVA experience, and the formula is the same in the amendment.

Mr. SPARKMAN. I am pleased to hear that.

Mr. ALLEN. I say to my distinguished colleague that TVA pays to the Federal Government a large amount each year—in the tens of millions of dollars—on the Government's capital investment in the Tennessee Valley Authority.

So they are paying the money back.

Mr. SPARKMAN. The Senator is correct, and that was a part of that bond issue.

Mr. ALLEN. Yes. Of course, the bond issue is private capital investing in TVA.

But aside from that, TVA each year makes a payment to the U.S. Treasury as interest on the Government's capital investment in the Tennessee Valley Authority.

Mr. SPARKMAN. That is the point I was going to make. Not called an income tax, but it is a payment in lieu of taxes.

Mr. ALLEN. Yes, it is.

Mr. SPARKMAN. Based on the financing, individually, of the project.

Mr. ALLEN. That is correct.

Mr. SPARKMAN. And in addition to that, it pays in the present fiscal year $68 million to State and local governments.

Mr. ALLEN. That is correct.

Mr. McGOVERN. On that point, if the Senator will yield here again, there is a similar provision that if the sale of oil and gas in the Government corporation goes beyond cost, which it is expected it would, anything above cost would revert back to the Government.

Mr. SPARKMAN. I may say further in this connection, the States to which it pays taxes are listed.

In our own State of Alabama, 2 years are given, and this year's figures are $16,362,231 to the State of Alabama. It goes on and names the various States.

If the Senator will permit, I would like this news item to be printed in the RECORD.

Mr. McGOVERN. Mr. President, I ask unanimous consent that the item that the Senator from Alabama referred to be printed in the RECORD.

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

TVA's PAYMENTS IN LIEU OF TAXES TO BE $68 MILLION IN FISCAL YEAR

KNOXVILLE, TENN.—The Tennessee Valley Authority's payments to state and local governments in lieu of taxes this year will be $20 million more than fiscal 1976.

The agency's Division of Navigation Development and Regional Studies said Thursday the payments to states, counties and cities will total more than $68 million by Sept. 30, when the federal fiscal year ends.

Since TVA is a federal agency, state and local governments cannot levy taxes against it. However, the in-lieu-of-tax payments make it the single largest taxpayer in Tennessee and one of the largest in Alabama.

As required by law, the payments represent five percent of the government utility's power revenues for the previous year, excluding sales to government and military installations.

Spokesman Lee Sheppeard said more than another $40 million in taxes and tax equivalents will be paid to state and local governments by municipal and cooperative electric systems that distribute TVA power.

Except for Alabama, Virginia and Illinois, all or part of the amount the states receive from TVA is redistributed to counties and cities. Local governments also will get most of the $40 million paid by local electric systems.

The payments are divided among the states under a formula that takes into consideration revenues from customers and the value of property in each state. They are made monthly on a preliminary basis.

The payment for each state, with this year's figures listed first and fiscal 1976 amounts second, are:

Alabama $16,362,231–$11,437,335; Georgia $657,812–$473,934; Illinois $10,000–$10,000; Kentucky $5,375,000–$4,280,790; Mississippi $2,953,407–$2,059,883; North Carolina $373,337–$300,756; South Dakota $35,376–$35,376; Tennessee $42,155,388–$29,591,935; Virginia $256,808–$179,632.

Mr. SPARKMAN. I thank the Senator.

Mr. McGOVERN. I thank the Senator from Alabama.

Mr. ALLEN. Mr. President, the distinguished majority leader was anxious that no action be taken on the bill or any of the amendments until the conference between the managers of the bill and those interested in some phase of the bill had concluded and those Senators had returned to the Chamber.

RECESS UNTIL 5:15 P.M.

At this time, I take the liberty of asking unanimous consent that the Senate stand in recess until 5:15 this afternoon.

The PRESIDING OFFICER (Mr. MATSUNAGA). Is there objection?

There being no objection, the Senate, at 5:01 p.m., recessed until 5:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. MATSUNAGA).

The PRESIDING OFFICER. The Senator from Alabama.

RESIGNATION OF BERT LANCE

Mr. ALLEN. Mr. President, the President of the United States has just announced the resignation of the Honorable Bert Lance as the Director of the Office of Management and Budget and, further, that he, as President, has accepted his resignation.

I personally hate to see Mr. Lance retire from this position. I think it is significant that not one single word of criticism has been leveled at Mr. Lance's record as Director of the Office of Management and Budget. Apparently he has done an outstanding job in that position.

I heard him testify at the hearings that all of the work of the department was up to date. In spite of his many difficulties and handicaps under which he was working, the work of the Office of Management and Budget had not been neglected, and there is no statement of any sort that he had not done an outstanding job.

Back last Wednesday, I believe, here on the floor of the Senate I stated if Mr. Lance had done nothing other than to encourage the President to drop his $50 rebate earlier this year, he would have justified his being named Director of OMB.

I think, too, Mr. Lance was and is the architect of the President's balanced budget by fiscal year 1981 goal, and I feel that Mr. Lance represents, despite his personal financial dealings, a demand for fiscal sanity and fiscal conservatism in the operation of our Federal Government.

I do not know where the Government is going to be headed with Mr. Lance absent from this position. I believe the course he was directing in his capacity as Director of OMB was one toward fiscal responsibility, fiscal sanity, and movement in the direction of a balanced budget. All of us admired the goal of a balanced Federal budget, although few of us felt there was much chance of that being achieved in the near future. But I am hopeful the President will name someone equally as sound as Bert Lance to this position.

I regard Mr. Lance as a honorable man, an able man, a man of high principles, and I think it is entirely possible that a person can be somewhat lax in his personal financial management and still demand on the part of the Government strict adherence to the best principles of fiscal management.

There was much support throughout the country and in Congress for a retention of Mr. Lance. Some of us felt that the demand for Mr. Lance being given a hearing and then that he resign was somewhat like the frontier justice of old where the vigilantes would say that, "We are going to give this horse thief a fair trial and then we are going to hang him." So it looked like that was the impression that was left. He was going to be given an opportunity to be heard and then he was going to be fired.

Apparently the decision was Mr. Lance's decision. The President did not say what he would have done had Mr. Lance not resigned, whether he would have discharged him or not.

But this is not something that gives me a great deal of comfort as I ponder the future of this administration.

I feel that Senator EAGLETON had a whole lot to be said in his favor when he said that Mr. Lance was the victim of guilt by, not association, but by accumulation, accumulation of rumors, accumulation of charges, that even if answered would not restore the confidence that had been lost as a result of these charges.

But I am apprehensive of the great power of the media to influence the course and direction of Government. I do not know who their guns will be turned on next. It will be somebody because that is what the media thrives on. Who it is going to be we will just have to wait and see.

It would have been difficult for President Carter to have retained Mr. Lance in office with the continuing charges leveled against him. There seemed to be no end to the clamor incited by the media for his scalp. Well, they have gotten his scalp. But I seriously question whether the best interest of the Government has been served by the fact that they have gotten his scalp.

I am wondering if that is going to be the fate of others in the administration. The President having caved in to the media demands, I am wondering if he can ever recover from this sad situation. If another attempt arises will he give in to the demands of the media or will he stand firm? I do not know whether this was the place to make a stand or not. I feel that it was.

But I do not believe that this is an unmixed blessing that this matter has now been resolved because it opens up more questions about the direction of our Government than have been solved by the resignation of Mr. Lance and the acceptance of his resignation by the President.

There was much support here in the Senate for the retention of Mr. Lance. The decision had to be made by the President or by Mr. Lance. Certainly in the ultimate by the President himself.

I think this is a sad day for the country and for the prospects of success in this administration. I really think that this was a testing time for the administration, whether the President was going to stand firm or not. Where we are going, I do not know. I do not believe the cause of fiscal conservatism and fiscal sanity in Government has been well served because from the impression I gained of Mr. Lance's record in office, and I am speaking of his record in office and I do not excuse or exonerate him from the practices in which he engaged—I do not say that that was not wrong—but I do say that he was doing a good job as Director of the Office of Management and Budget. He was instituting the requirement of zero-based budgeting that has a good chance of saving many billions of dollars in the operation of our Government. He was doing a good job and many of us here in the Senate hate to see him removed from office.

I am pleased that we are informed that the people of Georgia and I will say much of the Nation continue to admire and respect Bert Lance and his performance in office. This man sacrificed much.

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

Mr. ALLEN. I am delighted to yield.

Mr. SPARKMAN. I want to say that I fully agree with my colleague in what he has been saying. By the way, I am sorry that our session comes at the same time that the press conference is going on, but I think it has been a remarkable job that President Carter has been performing out there, answering questions of all kinds, and I admire his standing up and defending his personal friend, his long-time friend and his selection to head up the Office of Management and Budget.

After all, that office under our setup is the President's office. I mean it is under his jurisdiction. I remember when the act was passed making these divisions. The General Acounting Office was set up as an agency of Congress. The Budget Office was the counterpart under the President. In the past they performed well and even now I think they perform well, both of them, in those respective capacities.

I just want to say that President Carter is standing by his friend, and he is doing it on sound ground, in making those pronouncements. This Senator was out watching the TV until he had to come back in here. I think it is a wonderful display, and I wish that all Senators could be seeing it.

I thank my colleague for the remarks he has made, and I join him completely in them.

Mr. ALLEN. Mr. President, I thank my distinguished senior colleague. We have not consulted on this matter, and I doubt that we had even had any conversation at all about it up to this time.

Mr. SPARKMAN. We did not mention it.

Mr. ALLEN. No, that is true.

Mr. SPARKMAN. We were sitting in there watching it, but you were in one part of the room and I was in another, and I had not mentioned it to you.

Mr. ALLEN. I am certainly pleased that our separate and independent thinking in this matter has brought us so close to the same conclusion.

Mr. SPARKMAN. By the way, I watched on TV a good part of Mr. Lance's appearance before the committee, and I felt that he put up a very fine, honest, and honorable performance, even when the attacks against him were quite heavy. They never broke him.

Mr. ALLEN. That is certainly true.

Mr. SPARKMAN. And I admire the way the man has been able to handle himself under such difficulties.

Mr. ALLEN. I thank the distinguished Senator.

Mr. President, I wonder what the comparative results of the decision to let Mr. Lance go would have been in comparison with a decision to retain him in office, whether letting him go would be more advantageous to the administration than holding him in office. Over a period of years, over the 3 to 7 years of the Carter administration remaining, I would feel, just in my own personal opinion, that to have held on to him would have portended better for the ultimate success of the administration than the decision to let him go, because this will encourage the media to attack at another point, and it will lessen the President's resolve to withstand such attacks in the future, whereas standing firm in the matter, I believe, would have greatly strengthened this administration and added to the respect of the Nation and of the Congress for the administration.

Certainly that is my own view, because I do not know of anything that the President has done that has caused me to admire him more than his holding on to Mr. Lance during the time that he did.

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

Mr. ALLEN. I will be delighted.

Mr. GOLDWATER. Mr. President, I have listened to the statement of my friend from Alabama, and I just wanted to make a comment or two on the subject that he is addressing himself to.

I felt and I said that I thought if Mr. Lance resigned, it would help the office of the President, which is the most important thing. It does not make any difference who the President is; it is the office. Now he has done that.

The thing that bothers me is not the media, although no one is a great admirer of the total media. Their job is to report, and that is what they have done. I think they have been, in some few cases, overly vicious. But the thing that disturbs me, and again this is not a criticism of the television and the media, is the fact that we have now found out that all you need to do to attract a large collection of television cameras is to find something that sounds a bit out of the ordinary, something that might even have the odor of illegality, and then it is "Katy bar the door," because the American people begin to be shown the weaknesses that every one of us has, I do not think there is a man in this body who could stand the kind of scrutiny that Bert Lance was subjected to. And whether we were wrong or right, we could be made to look wrong in the eyes of the American people.

I am afraid that we have opened a door that we are going to be sorry for, when we see the proliferation of televised hearings in the future based not just on what might grow out of a hearing on one person, but based on matters that sound newsworthy. We have been subjected this week to a television show on matters that were made news 2 years ago, and I am just fearful that we have now turned the stone and we are going to live to regret it.

Getting back to Mr. Lance, I have respect for his business ability. I do not think he made the right judgments at times, but have we made the right judgment every time? No.

So I commend the Senator from Alabama, and I will end by saying it might sound strange for a Republican to be talking like this about a Democrat, when Democrats were overjoyed when similar occasions occurred within the Republican ranks, but I just hope that this is not going to make it impossible to go out into the country and get the kind of men that we have to have back here to help us in our sometimes futile efforts to run this Government.

Mr. ALLEN. I thank the distinguished Senator from Arizona for the wisdom of his comments and his contribution to this discussion.

Mr. President, unless someone else wishes to speak at this time, I am going to suggest the absence of a quorum in accordance with the wishes of the distinguished majority leader.

The PRESIDING OFFICER (Mr. MATSUNAGA). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

COMPREHENSIVE NATURAL GAS POLICY

The Senate continued with the consideration of the bill (S. 2104).

Mr. ROBERT C. BYRD. Mr. President, very shortly, after some calls are made to three Senators, I would hope to be in a position to propound a unanimous-consent request that would have to do with a rollcall vote on a motion to table the Pearson-Bentsen amendment tomorrow evening, circa 6 p.m., 6:15 p.m., 6:30, 6:45 p.m., or 7 p.m. I believe we will shortly have the answer to that question.

Pending hearing from those Senators, and we are making that effort now, I wish to impose on the time of the Senate for about 3 minutes.

RESIGNATION OF OMB DIRECTOR BERT LANCE

Mr. ROBERT C. BYRD. Mr. President, the decision by Bert Lance that he resign as Director of the Office of Management and Budget was clearly one of great personal agony for both the President and Mr. Lance.

Like the President, I believe that the decision was the right one. It is not easy to look beyond the kind of deep and long personal friendship shared by the President and Mr. Lance. But they managed to put that friendship aside. They recognized that from a national standpoint, the personal problems of Mr. Lance were of secondary importance to the great issues facing our country. The President and Mr. Lance are to be commended for their decision. The difficulty of the decision makes it all the more commendable.

One of the things that made the decision especially difficult, aside from the close friendship of the two men, was the fact that Mr. Lance's performance as Director of OMB during these several months was not in question. Indeed, every word of testimony about Mr. Lance's performance of his duties as OMB Director has been favorable.

His testimony before the Governmental Affairs Committee was important. The charges against Mr. Lance had been aired publicly, and he asked for an opportunity to answer them in a similarly public fashion and in a public forum. The President, I think rightfully, concluded that Mr. Lance should have that opportunity before any final decision was reached on his future as OMB Director, and the Governmental Affairs Committee afforded him that opportunity.

Despite the fact that Mr. Lance's testimony put some questions to rest, others remained unanswered.

The public reports on his personal financial situation could have seriously impaired his future performance in office.

Mr. Lance and the President obviously recognized that fact—as well as the fact that other unresolved questions, and the length of time needed to resolve them—could divert Mr. Lance's attention to his own personal affairs and could divert the attention of the President and Mr. Lance away from issues critical to the future of the Nation.

The Office of Management and Budget is a highly sensitive and extremely important agency. The Nation cannot afford to have as Director of OMB a man whose personal financial problems are of such magnitude that they detract from the time he can spend on his public duties.

Under other circumstances perhaps Mr. Lance might have continued to be an excellent executive as the Nation's fiscal leader. So it is to his credit and to the President's credit that Mr. Lance and the President recognized the several factors that could have hampered Mr. Lance in the effective fulfillment of his duties.

Mr. Lance and the President realized that the interests of the Nation must come first. Mr. Lance and the President put those interests first in this decision.

COMPREHENSIVE NATURAL GAS POLICY

The Senate continued with the consideration of the bill.

UNANIMOUS-CONSENT AGREEMENT—BARTLETT AMENDMENT AND PEARSON-BENTSEN AMENDMENT

Mr. ROBERT C. BYRD. Mr. President, the distinguished minority leader and I, and several Senators on both sides of the aisle and on both sides of the question as it pertains to the Pearson-Bentsen amendment, have been in consultation for the last hour, give or take a few minutes. It is the consensus of that group that Mr. BARTLETT will withdraw his amendment shortly and that Mr. BENTSEN and Mr. PEARSON will lay down their amendment.

It is the consensus of that group that a vote occur on a motion to table the Pearson-Bentsen amendment.

I therefore ask unanimous consent that at 6:30 p.m. tomorrow Mr. JACKSON be recognized for the purpose of offering a motion to table the Pearson-Bentsen amendment. That will be a rollcall vote. I further ask unanimous consent that that rollcall vote be a not-to-exceed 30-minute rollcall vote, which means that the rollcall vote can extend as long as 30 minutes, but in the meantime, if all Senators have voted, the Chair may announce the vote at any time prior to the expiration of the 30 minutes, but no sooner than the expiration of 15 minutes.

I am glad to yield to the distinguished minority leader.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Reserving the right to object, Mr. President, I thank my friend, the majority leader.

First I say that I think this is a good agreement and I commend, I congratulate, the adversaries on this measure for reaching the agreement. I think it significantly advances the work of the Senate. I think that it gives us a fair test of the issues involved in this important controversy.

Mr. President, I ask the majority leader if I understand correctly now that, at 6:30 tomorrow evening, as the first rollcall vote, we shall vote on the tabling motion to be made by the Senator from Washington against the Pearson-Bentsen amendment, and no other amendment or rollcall vote on another amendment will come ahead of that tabling motion?

Mr. ROBERT C. BYRD. The Senator is eminently correct.

Mr. BAKER. And that rollcall, for the sake of protecting certain Senators who might have trouble with their plane schedules or otherwise, will extend for not more than 30 minutes, so the rollcall, in any event, will be terminated by 7 p.m.

Mr. ROBERT C. BYRD. The Senator from Tennessee is preeminently correct.

Mr. BAKER. I am improving.

Mr. President, I have no objection.

Mr. ABOUREZK. Reserving the right to object, Mr. President. As to this agreement, I should like the majority leader to state for the record that it does not foreclose any of the rights any Senator might have on the amendments to the Pearson-Bentsen amendment should the tabling motion fail, or any procedural matters which might be available to different Senators.

Mr. ROBERT C. BYRD. Should it fail?

Mr. ABOUREZK. Should it fail.

Mr. ROBERT C. BYRD. The Senator from South Dakota is also preeminently correct.

Mr. ABOUREZK. There are no time agreements on debate or anything included in this? We shall only recognize the Senator from Washington for the purpose of making that tabling motion?

Mr. ROBERT C. BYRD. That is all that is contained in the request.

Mr. ABOUREZK. I thank the Senator.

Mr. BAKER. Reserving the right to object once again, Mr. President, I have such great respect for the Senator from South Dakota and his procedural prowess that I am concerned a little about his question about other procedural matters. I ask the majority leader, then, to reassure me on this point: That, regardless of any procedural matter other than a motion to adjourn, which might be so privileged that we might not preclude it, I assume, there will be a rollcall vote on a motion to table to be made by the Senator from Washington against the Pearson-Bentsen amendment to begin at 6:30 tomorrow night.

Mr. ROBERT C. BYRD. The distinguished minority leader is correct.

Mr. BAKER. I thank the distinguished majority leader.

I have no objection.

The PRESIDING OFFICER. Is there objection?

Mr. BARTLETT. Reserving the right to object——

Mr. BUMPERS. Reserving the right to object, if I may just clarify it, Mr. President, I want to address one additional question to the leader. I think I know the answer, but this is for clarification purposes.

The Pearson-Bentsen amendment will be subject to amendments after it becomes the pending business and, should the motion to table fail, we could start voting on those amendments immediately thereafter. We could even ask for, or would it be in order to ask for a unanimous-consent request, for example, that an amendment be voted on, in the event the motion to table fails, immediately thereafter?

Mr. ROBERT C. BYRD. Such a unanimous-consent request would be in order.

Mr. METZENBAUM. Will the leader yield for another question?

Mr. ROBERT C. BYRD. Yes.

Mr. METZENBAUM. The unanimous-consent-request though, would only be made after the time set for the vote with respect to the Pearson-Bentsen tabling motion?

Mr. ROBERT C. BYRD. No, that unanimous-consent request could be made prior thereto, but it would require unanimous consent for it to be implemented.

Mr. METZENBAUM. But am I correct in my understanding that those of us who will not be present tomorrow will have an opportunity to be on the floor should such a unanimous-consent request be made?

Mr. ROBERT C. BYRD. That kind of unanimous-consent request—the Senator would be protected on a unanimous-consent request of that nature.

Mr. METZENBAUM. I appreciate the assurance of the majority leader.

I assume that, likewise, we shall be protected with respect to any time agreement request that might be made during the day.

Mr. ROBERT C. BYRD. With respect to this bill.

Mr. METZENBAUM. With respect to this bill.

Mr. ROBERT C. BYRD. Yes, the Senator will be protected.

Mr. METZENBAUM. I thank the majority leader.

Mr. BARTLETT. Will the majority leader yield?

Mr. ROBERT C. BYRD. Yes.

Mr. BARTLETT. As far as laying my amendment 887 aside, I would like to say it would be with the understanding that it could be brought up at another time to not interfere with Pearson-Bentsen. It would be done in the spirit that this would facilitate and bring to a time certain a vote on the Pearson-Bentsen amendment. It would be done, also, with the understanding that there be a spirit prevailing on both sides that this would not be exposing the Pearson-Bentsen amendment to unfair treatment or extended debate. I would certainly count on the spirit prevailing that it would be considered expeditiously, properly, with all rights for amendments being preserved by the individual Senators. With that understanding, that feeling, I do ask unanimous consent that amendment No. 887——

Mr. ROBERT C. BYRD. Mr. President, I should like the ruling first.

The PRESIDING OFFICER. There is a unanimous-consent request pending.

Is there objection? The Chair hears none. Without objection, it is so ordered.

The text of the agreement is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That at 6:30 p.m. on Thursday, September 22, 1977, the Senator from Washington (Mr. JACKSON) be recognized for the purpose of moving to table the amendment in the nature of a substitute, No. 862, by the Senator from Kansas (Mr. PEARSON) and the Senator from Texas (Mr. BENTSEN).

Ordered further, That the rollcall vote on the motion to table shall not exceed 30 minutes, and the results of the vote may not be announced before 15 minutes have expired on the vote.

Mr. ROBERT C. BYRD. Mr. President, I yield now to the distinguished Senator from Oklahoma to withdraw his amendment. Then I should like to be recognized again.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. BARTLETT. Mr. President, I firmly believe that the answer to the evils of regulation is most certainly not more regulation.

It is in that spirit that I have offered for consideration as a substitute amendment No. 887, identical to Senate bill 110, which I introduced during the opening days of this first session of the 95th Congress.

The following of my colleagues have asked to be added as cosponsors of amendment No. 887: Senators GARN, HANSEN, LAXALT, TOWER, and WEICKER.

Mr. President, one of the most important goals of an energy plan for the United States must be to increase the supplies of natural gas available to our consumers across the land. The specter of last winter's bitter cold forcing school shutdowns, factory layoffs, and worse, will not soon fade from our memory.

The tragedy of last winter's emergency is that it need not have happened. This country has no shortage of natural gas resources. What we are painfully low in are deliverable reserves.

Resources represent the physical presence of natural gas in some form or other in the ground. Reserves are those resources which have been found, quantified, and connected to a delivery system to carry it to where it is needed.

Resources need three things in order to be converted to reserves: Technology, time, and favorable economics.

We have the technology to locate and tap much of the vast resource of natural gas we know is there. We are learning how to drill deeper, to drill in greater water depths offshore, to squeeze more and more gas out of tight Western sandstones and impermeable Eastern shales. We can get substitute natural gas from coal, and now we hear of a possible new source of natural gas dissolved in geopressurized brines.

The technology is burgeoning and is not a limiting factor to getting more gas.

Time is on our side only if we act now to create the favorable economic climate to put technology to work.

Mr. President, S. 110 will create that necessary economic climate.

S. 110, as embodied in amendment No. 887 in the form of a substitute, would deregulate the wellhead price of new natural gas, defined in a straightforward sense.

Any natural gas dedicated to interstate commerce for the first time after the first of this year would qualify for a market-clearing price. This includes gas from properties just beginning production, as well as gas formerly in intrastate commerce being newly dedicated to the interstate market following expiration of the intrastate contract.

Natural gas produced from any well completed after the first of this year would command a free market price. In addition, any new gas production resulting from a well being deepened or recompleted into a new reservoir would be free of price controls.

Finally, regarding natural gas reserves remaining upon the expiration of a contract in interstate commerce, if that gas is continued in interstate commerce it would be entitled to an unregulated wellhead price.

There is no distinction between onshore and offshore natural gas.

The bill as introduced contains no provisions with respect to most favored nation clauses, allocation authority, curtailment priorities, incremental pricing, or a so-called windfall profits tax.

The bill does place some reasonable precautionary limitations on the Federal Power Commission, or rather its successor in the new Department of Energy, the Federal Energy Regulatory Commission. These limitations are as follows:

First. The Regulatory Commission may not disallow any portion of the price a pipeline pays for unregulated gas at the wellhead in determining what it may charge to its customers.

Second. The Commission may not deny, or condition the grant of, a pipeline certificate on the basis of the price of deregulated natural gas.

The purpose of these provisions is to prevent whatever regulatory body inherits the Federal Power Commission jurisdictions from "back-door" regulation of wellhead natural gas prices. Wellhead prices would be outside their authority, of course, but the temptation would be great for them to attempt to manipulate wellhead prices through other powers they do have.

There are two other restrictions:

Third. The Regulatory Commission may not disallow any portion of what a company charges an affiliate for gas, as long as the amount is not greater than comparable charges to nonaffiliates.

This is to preserve the integrity of "arm's-length" contracts.

Fourth. The Commission may not roll back any price it has previously determined as "just and reasonable."

This last provision is intended to guarantee the producer some dependability of price, something he has not often enjoyed in the past.

Mr. President, this amendment is simple and straightforward. I believe it represents the optimum solution to our country's dangerous shortage of natural gas reserves.

Mr. President, I ask unanimous consent that my amendment be withdrawn with the spirit and the conditions that I have mentioned. I realize that this is not a compelling matter on the part of any Senator, but I think it is very important that the Pearson-Bentsen amendment not be unfairly attacked or held up in any way. I realize that having it brought up in this way could lead to a filibuster, which I certainly hope will not be the case. It could lead to many unimportant amendments being considered. So it is my hopes that this will not occur.

The PRESIDING OFFICER. The Senator from Oklahoma has a right to withdraw his amendment.

The amendment was withdrawn.

Mr. ROBERT C. BYRD. Mr. President,

I express, on my own personal behalf and I believe on behalf of the Senate, gratitude to the very able, distinguished and dedicated Senator from Oklahoma (Mr. BARTLETT) for the fine spirit of accommodation and cooperation that he has exemplified by agreeing to withdraw his amendment.

Mr. President, I believe that, under the agreement, Mr. PEARSON and Mr. BENTSON were to be allowed to lay down their amendment at this time.

Mr. President, I ask unanimous consent that it be in order to offer the Bentsen-Pearson amendment.

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

AMENDMENT NO. 862

Mr. BENTSEN. Mr. President, I send to the desk an amendment in the nature of a substitute on behalf of the Senator from Kansas (Mr. PEARSON) and myself and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN), for himself and Mr. PEARSON, proposes an amendment in the nature of a substitute numbered 862.

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

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

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

"That this Act may be cited as the 'Natural Gas Act Amendments of 1977'.

"SEC. 2. The Natural Gas Act (15 U.S.C. 717 et seq.) is amended by (1) striking out section 24 thereof (15 U.S.C. 717w); and (2) amending section 1 thereof by redesignating subsections (a), (b), and (c) as subsections (b), (c), and (d), respectively, and inserting therein the following new subsection:

"'(a) This Act may be cited as the "Natural Gas Act".'.

"SEC. 3. Section 1(c) of the Natural Gas Act, as redesignated by the Natural Gas Act Amendments of 1977 (15 U.S.C. 717(b)), is amended (1) by deleting 'The' at the beginning thereof and by inserting in lieu thereof immediately after '(c)' the following: '(1) Except as provided in paragraph (2) of this subsection, the'; and (2) by inserting at the end thereof the following new paragraph:

"'(2) Subject to the provisions of section 24 of this Act, after the date of enactment of the Natural Gas Act Amendments of 1977, the authority of the Commission to regulate the sale of natural gas to a natural-gas company for resale in interstate commerce pursuant to this Act shall cease to exist with respect to, and shall not apply to, new natural gas: *Provided*, That nothing contained in the Natural Gas Act Amendments of 1977 shall modify or affect the authority of the Commission in effect prior to the date of enactment of such amendments to (A) regulate the transportation in interstate commerce of natural gas or the sale in interstate commerce for resale of old natural gas or (B) regulate the sale for resale of natural gas by any natural-gas company which transports natural gas in interstate commerce.'.

"SEC. 4. (a) Section 2 of the Natural Gas Act (15 U.S.C. 717(a) is amended by redesignating paragraphs (7) through (9) as paragraphs (13) through (15), respectively, and by inserting the following new paragraphs:

"'(7) "New natural gas" means (A) natural gas sold or delivered in interstate commerce for the first time on or after January 1, 1977: *Provided*, That such natural gas was not sold or delivered in intrastate commerce for the first time prior to January 1, 1977: *Provided further*, That new natural gas contracted for sale or delivery from offshore Federal lands shall be committed for an initial contract term of not less than 15 years or for the life of the reservoir from which it is produced if less than 15 years: *Provided further*, That any natural gas sold or delivered in interstate commerce prior to the date of enactment of the Natural Gas Act Amendments of 1977 pursuant to limited term certificates (5 years or less) or temporary emergency contracts shall not be considered, for the purpose of this provision, as having been committed to interstate commerce, or (B) (1) natural gas produced from a reservoir discovered on or after January 1, 1977 (including a reservoir discovered by the deeper drilling of an existing well), as determined by rule by the Commission, regardless of whether or not the leases covering such newly discovered reservoirs were committed by contract or otherwise dedicated to the interstate market, or (2) natural gas produced from a well or wells initiated on or after January 1, 1977, and completed within an extension of a previously discovered reservoir, as determined by rule by the Commission regardless of whether or not the leases covering such previously discovered reservoirs were committed by contract or otherwise dedicated to the interstate market.

"'(8) "Old natural gas" means natural gas sold or delivered in interstate commerce other than new natural gas: *Provided*, That old natural gas sold or delivered in intrastate commerce for the first time prior to January 1, 1977 shall, if sold or delivered in interstate commerce for the first time after January 1, 1977, be deemed by the Commission as having been sold or delivered from wells commenced on or after January 1, 1975.

"'(9) "Boiler fuel use of natural gas" means the use of natural gas as the source of fuel for the generation of steam or electricity.

"'(10) "Affiliate" means any person directly or indirectly controlling, controlled, by or under common control or ownership with any other person, as determined by rule by the Commission.

"'(11) "Offshore Federal lands" means any land or subsurface area within the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)).

"'(12) "Intrastate commerce" means commerce within the United States other than interstate commerce.'.

"SEC. 5. Section 4(e) of the Natural Gas Act (15 U.S.C. 717c(e)) is amended by adding at the end thereof the following new sentence: 'Notwithstanding the foregoing, the Commission shall have no power to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of natural gas, or that portion of the rates and charges of such natural-gas company which relates to such purchase or sale, except (A) to the extent that such rates or charges, or such portion thereof, for new natural gas sold or delivered from offshore Federal lands exceed the national ceiling or interim ceiling established or modified by regulation of the Commission pursuant to section 24 of this Act or (B) in any case where a natural-gas company which transports natural gas in interstate commerce purchases new natural gas from an affiliate or produces new natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by persons not affiliated with such natural-gas company.'.

"SEC. 6. Section 5(a) of the Natural Gas Act (15 U.S.C. 717d(a)) is amended by striking the period at the end thereof and by adding the following: ': *Provided further*, That the Commission shall have no power (1) to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such natural-gas company which relates to such purchase or sale except (A) to the extent that such rates or charges, or such portions thereof, for new natural gas sold or delivered from offshore Federal lands exceed the national ceiling or interim ceiling established or modified by regulation of the Commission pursuant to section 24 of this Act, or (B) in any case where a natural-gas company which transports natural gas in interstate commerce purchases new natural gas from an affiliate or produces new natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by persons not affiliated with such natural-gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas or new natural gas produced from offshore Federal lands by a natural-gas company if such rate or charge has been previously determined or deemed to be just and reasonable pursuant to this Act.'

"SEC. 7. Section 7 of the Natural Gas Act (15 U.S.C. 717f) is amended by adding at the end thereof the following new subsection:

"'(i) Subject to the provisions of section 24 of this Act, after the date of enactment of the Natural Gas Act Amendments of 1977, the provisions of this section shall not permit the Commission to condition the grant of, or to deny, a certificate of public convenience and necessity to a natural-gas company which transports natural gas in interstate commerce for the transportation in interstate commerce or for the sale in interstate commerce for resale of natural gas, or for the facilities used therefor, based on the price of new natural gas: *Provided, however*, That any contract for new natural gas shall be filed with the Commission by the purchasing natural-gas company which transports natural gas in interstate commerce.'

"SEC. 8. Section 14 of the Natural Gas Act (15 U.S.C. 717m) is amended by adding at the end thereof the following three new subsections:

"'(h) The Commission is further authorized and directed to conduct studies of the private or public exploration, production, sale, transportation, distribution, and consumption of natural gas, produced in the United States or in any State, whether or not otherwise subject to the jurisdiction of the Commission, and to make an annual independent estimate of total natural-gas reserves. The Commission shall, insofar as practicable, obtain and keep current information regarding (1) the ownership, operation, management, and control of all facilities for such exploration, production, sale, transportation, distribution, and consumption; (2) the independent estimate of total natural-gas reserves in the United States as required by this subsection, the current utilization of natural gas, and the relationship between the two; (3) the rates, charges, and contracts for natural-gas service to residential, rural, commercial, and industrial consumers, and private and public agencies; and (4) the relationship of any and all such information to the requirements of conservation, industry, commerce, and the national defense. Notwithstanding the provisions of section 1 of this Act (15 U.S.C. 717), the provisions of sections 20, 21, and 22 of this Act (15 U.S.C. 717s, 717t, and 717u) shall be applicable to the enforcement of this section. The Commission shall report annually to the Congress and shall publish and make available

the results of studies, investigations, and estimates made pursuant to this subsection.

"'(i) In making studies, investigations, and reports pursuant to this section, the Commission shall utilize, insofar as practicable, the services, studies, reports, information, and programs of existing agencies and other instrumentalities of the United States, of the several States, and of the natural-gas industry. Such agencies or instrumentalities of the United States shall cooperate with the Commission to the maximum extent practical to carry out the purposes of this subsection. Nothing in this section shall be construed as modifying, reassigning, or otherwise affecting the investigative and reporting activities, duties, powers, and functions of any other agency or instrumentality of the United States.

"'(j) The reports and information made public by the Commission shall be so composited and published as to preserve the confidentiality of trade secrets and other proprietary information obtained by the Commission as provided by law.'.

"SEC. 9. The Natural Gas Act, as amended by the Natural Gas Act Amendments of 1977, is further amended by adding at the end thereof the following four new sections:

"'NATIONAL CEILING FOR RATES AND CHARGES

"'SEC. 24. (a) The Commission shall by rule, as soon as practicable after the date of enactment of the Natural Gas Act Amendments of 1977, establish, and may from time to time modify, a national ceiling for rates and charges for new natural gas sold or delivered from offshore Federal lands on or after January 1, 1977, through December 31, 1982. In establishing such national ceiling, the Commission shall consider the following factors and only these factors:

"'(1) the prospective costs attributable to the exploration, development, production, gathering, and sale of new natural gas from offshore Federal lands;

"'(2) the rates and charges necessary to encourage the optimum levels of (A) the exploration for natural gas, (B) the development, production, and gathering of natural gas, and (C) the maintenance of proved reserves of natural gas;

"'(3) the promotion of sound conservation practices in natural-gas consumption necessary to contribute to the maintenance of a supply of energy resources at reasonable prices to consumers; and

"'(4) the rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives of paragraphs (1) through (3) of this subsection.

"'(b) The Commission shall monitor the national ceiling established pursuant to subsection (a) or the interim ceiling established pursuant to subsection (d) during the period such ceiling is in effect, and commencing on January 1, 1978, the Commission shall report to the Congress not less than annually on the effectiveness of such national ceiling or interim ceiling in meeting the factors set forth in subsection (a).

"'(c) The Commission may authorize a person to charge an amount in excess of the national ceiling established pursuant to subsection (a) or the interim ceiling established pursuant to subsection (d) for new natural gas produced from offshore Federal lands from any high cost production area or vertical drilling depth, as designated by the Commission by rule.

"'(d) Pending the establishment of a national ceiling pursuant to subsection (a) by a final Commission order which is no longer subject to judicial review and within 30 days after the date of enactment of the Natural Gas Act Amendments of 1977 and on January first of each year thereafter until such establishment of a national ceiling, the Commission shall establish an interim ceiling for rates and charges for new natural gas sold or delivered from offshore Federal lands which shall be effective January 1, 1977, and which shall be equivalent on a British thermal unit (Btu) basis to the average first sale price for new crude oil produced in the United States in effect on the date of enactment of the Natural Gas Act Amendments of 1977 as determined by the Secretary of the Department of Energy or the Federal Energy Regulatory Commission pursuant to section 8 of the Emergency Petroleum Allocation Act of 1973, as amended (15 U.S.C. 757). After the establishment of a national ceiling pursuant to subsection (a) by final Commission order which is no longer subject to judicial review, any person who has sold or delivered new natural gas from offshore Federal lands during the period the interim ceiling price was in effect shall thereafter have the benefit of the national ceiling: *Provided, however*, That the Commission shall have no power to order a reduction in the rates and charges for such sale or delivery below the interim ceiling price in effect on the dates of the establishment of the national ceiling.

"'(e) From and after January 1, 1982, there shall be no ceiling price applicable to the sale or delivery of new natural gas from offshore Federal lands.

"'(f) No price established by or pursuant to the Natural Gas Act Amendments of 1977 for new natural gas produced from offshore Federal lands shall be retroactive so as to affect any price for any natural gas sold or delivered in interstate commerce prior to January 1, 1977.

"'(g) The rates and charges made, demanded, or received by any natural-gas company for, or in connection with, a contract for new natural gas sold or delivered from offshore Federal lands shall be deemed to be just and reasonable for the purposes of this Act, if they do not exceed the applicable national ceiling or interim ceiling established by regulation of the Commission, or subsequently modified by the Commission pursuant to this section, in effect at the time when such new natural gas is either first sold or first delivered under such contract to a natural-gas company.

"'NATURAL GAS FOR ESSENTIAL AGRICULTURAL AND OTHER PURPOSES

"'SEC. 25. (a) Except to the extent that natural-gas supplies are required to maintain natural-gas service to residential users, small users, hospitals, and similar users vital to public health and safety, as defined by the Commission, and notwithstanding any other provision of law (other than the provisions of this Act) or of any natural-gas curtailment plan in effect under existing law, the Commission shall within 120 days of the date of enactment of the Natural Gas Act Amendments of 1977, by rule, prohibit curtailment by a natural-gas company, to the maximum extent practicable, of natural gas for essential agricultural, food processing, and food packaging purposes for which natural gas is necessary, including but not limited to irrigation pumping, crop drying, and the use of natural gas as a raw material feedstock or process fuel in the production of fertilizer and essential agricultural chemicals in both existing plants (for present or expanded capacity) and new plants. The Secretary of Agriculture shall determine by rule, within 60 days of the date of enactment of the Natural Gas Act Amendments of 1977, the agricultural, food-processing, and food-packaging purposes for which natural gas is necessary. The Secretary of Agriculture shall certify to the Commission the amount of natural gas which is necessary for such essential uses to meet requirements for full food and fiber production.

"'(b) Except to the extent that natural-gas supplies are required to maintain natural-gas service for purposes specified under subsection (a) of this section, the Commission shall prohibit curtailment by a natural-gas company, to the maximum extent practicable, of natural gas for industrial purposes for which natural gas is essential for uses (other than boiler fuel) for which there is no practicable substitute.

"'(c) The Commission shall decide applications for special relief from a curtailment plan as soon as practicable, but in no event later than 120 days after the date such applications are accepted for filing.

"'LIMITATION ON CURTAILMENT

"'SEC. 26. (a) Except as expressly provided in subsection (b) of this section, the Commission under the authority of this Act, shall not for a period of at least 10 years after the date of enactment of the Natural Gas Act Amendments of 1977 (1) modify, amend, or abrogate contracts entered into prior to January 1, 1977, for the sale or transportation of natural gas for boiler fuel use, (2) modify, amend, or abrogate the supply terms of certificates of public convenience and necessity issued pursuant to section 7 of this Act that authorize the sale or transportation of natural gas under such contracts, except upon application duly made by the holder of a certificate under section 7 of this act; or (3) prevent, impair, or limit, either directly or indirectly, the deliveries under any such contract or certificate except upon application duly made by the holder of a certificate under section 7 of this Act.

"'(b) The provisions of this section shall not modify or limit the authority of the Commission to effectuate curtailments of natural gas transported and sold by a natural-gas company.

"'EFFECT OF CERTAIN CONTRACTUAL OBLIGATIONS

"'SEC. 27. Any contract for or related to the sale of natural gas in interstate or intrastate commerce entered into after September 1, 1977, shall not be taken into account for purposes of any contractual provision which determines the price of any natural gas (or terminates the contract for the sale of natural gas) on the basis of sales of other natural gas.'.

"SEC. 10. The Emergency Natural Gas Act of 1977 (15 U.S.C. —) is amended as follows:

"(a) in section 2, by striking out in paragraph (4), the following: 'or which would be required to be so certificated but for section 1(c) of such Act';

"(b) in section 4(a)(1), by striking out 'April 30, 1977' and inserting in lieu thereof 'April 20, 1979';

"(c) in section 4(f)(2)(A), by striking out 'by August 1, 1977, to the maximum extent practicable,' and inserting in lieu thereof 'as expeditiously as practicable,';

"(d) in section 6(a), by striking out 'as the President determines' and inserting in lieu thereof 'which the President shall determine from time to time, in advance of any such sales';

"(e) in section 6(a), by striking out 'August 1, 1977' and inserting in lieu thereof 'April 20, 1979, and for a delivery period not to exceed 180 consecutive days';

"(f) in section 9(c), by striking out 'August 1, 1977' and inserting in lieu thereof 'April 20, 1981'; and,

"(g) in section 12(b), by striking out 'October 1, 1977,', and inserting in lieu thereof 'January 1, 1978, and January 1, 1979,'".

Amend the title so as to read: "A bill to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and for other purposes.".

Mr. DOMENICI. Mr. President, will the Senator yield for a request?

Mr. BENTSEN. I am delighted to yield to my distinguished friend.

Mr. DOMENICI. Mr. President, I ask the Senator from Texas if he would request that I be shown as an original co-

sponsor of the amendment which has just been laid before the Senate.

Mr. BENTSEN. Mr. President, I request that the distinguished Senator from New Mexico be shown as an original cosponsor.

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

Mr. DOMENICI. I thank the Senator from Texas.

Mr. BENTSEN. I am very pleased to have him as a cosponsor.

Mr. BENTSEN. Mr. President, 2 years ago the U.S. Senate passed the Pearson-Bentsen bill deregulating the price of new natural gas by a vote of 58 to 32. We debated this proposal almost 2 months, off and on. Every possible argument, for and against deregulation of new gas was considered, analyzed, and discussed by this body. And the overwhelming verdict was that deregulation made sense for the country.

The Pearson-Bentsen bill was defeated by four votes in the House of Representatives. As a result we lost 2 years of increased incentives to production. We suffered through the so-called natural gas shortage in the winter of 1977. We have increased our dependence on expensive, imported sources of energy, and we have raised havoc with our balance-of-payments in the process.

Today the Senate again has the opportunity to redress the repressive, counterproductive regulatory policies of the past 23 years; policies that have clearly inhibited our inability to produce natural gas—the cleanest, most efficient, least expensive source of energy in general use.

Let me ask a question, Mr. President. Let me ask what has transpired since our vote of 2 years ago to suggest that deregulation of the price of new natural gas is less desirable, less logical, or less beneficial to America today than it was when last approved by the Senate.

We have had a striking demonstration of what it means to run short of natural gas. We saw schools and industries shut down across the country last winter, at a time we were struggling out of a recession.

We have seen a trend toward increased imports of expensive natural gas and oil.

And we have seen vast reserves of natural gas remain underground because it is not economic for the producers to explore, drill for, and market these hard-to-find reserves that are absolutely essential to our economic well-being.

To answer my own question, Mr. President, deregulation of the price of natural gas was a good idea 2 years ago. Today it has become a compelling national necessity.

There is one new element bearing on the equation of natural gas pricing in this country—the President's energy plan. Last April, when this plan was issued, I commended the President for his courage and foresight in bringing an important issue before the American people and for proposing a comprehensive national energy plan.

I said in April that there should be changes in the President's proposals, and events of the past few months, in both houses of Congress, have demonstrated that there is nothing sacrosanct about the President's program.

It can be improved. One way it can be improved is for Congress to recognize and accommodate the clear requirement for production incentives. The President implicitly realized that we have been holding the price of natural gas artificially low, but he merely proposed continued regulation at a higher peg, at $1.75.

Mr. President, this will not do the trick. Natural gas is to alternative sources of energy as sirloin steak is to chopped chuck. It is clean; it is cheap to produce and transport; it is readily available with current technology. In any rational system of pricing, one would expect to pay a premium price for the benefits of natural gas.

But we have chosen instead to price our sirloin steak lower than chopped chuck, and then we scratch our heads and wonder why we cannot get enough of it. We cannot get enough of it because there are not enough incentives to produce it.

The advantage of deregulation is increased natural gas production at a price still below that of other fuels.

It is interesting to sit in the Finance Committee and hear them talking about adding $3 a barrel to produce gasoline out of shale, or adding $3 a barrel, or 20 percent, to do it out of coal, but then to talk about proposing natural gas at a cost less than the cost of replenishing the supply.

The advantage of deregulation is decreased dependence on imported energy and a consequent improvement in our balance-of-payments position.

The advantage of deregulation is increased conservation of our most precious fuel; people will be less inclined to use natural gas in a wasteful or inefficient manner.

The advantage of deregulation is decreased reliance on expensive, environmentally risky coal and nuclear power plants.

The advantage of deregulation is that we bring the dynamics of the free market to bear on our energy problem. We permit our traditional system of economic incentives and rewards to function effectively.

In the Finance Committee I have supported the idea that we give an extra premium for coal where it is converted into gasoline, that we give an extra subsidy for doing it from oil shale, but I also think we should not be ignoring natural gas. That helps us buy time. We have a finite resource, but one of the ways we can stretch it is by incentives to drill the marginal supplies that should be brought into production.

The advantages are clear. They are not denied, even by opponents of deregulation. Some, however, would maintain that the benefits of deregulating the price of new natural gas are outweighed by the consequences of this policy.

Mr. President, the most compelling argument against deregulation of new gas is also the most politically potent. It is that, with deregulation, the average citizen who heats his home with natural gas will confront higher utility bills. The corollary of this position is that it is better to continue to subsidize this homeowner by holding natural gas prices artificially low and pray that the supply will somehow hold out in the absence of measures to improve the economics of production. This is not a proposition I would like to bet on.

It is true that deregulated new gas will cost more than regulated old gas. It is true, Mr. President, because the current pricing structure of natural gas does not reflect the realities of the marketplace.

However, deregulation of new natural gas will not—cannot—double or triple the utility bill of the American homeowner as some might suggest. There has been a great deal of misrepresentation and scare tactics on that point.

Let us be clear on one point: We are talking about new natural gas, not existing supplies. The cost of this new gas will be rolled in with the lower cost natural gas under long-term contracts and subject to Federal price controls. By the most optimistic projections, new gas will account for perhaps 15 or 20 percent of domestic consumption by 1985.

We should also understand that no more than one-third of the American homeowner's gas bill is attributable to the wellhead price of gas; two-thirds of the price reflects pipeline and retail transmission expenses, distribution, and taxes.

In 1976, the average homeowner's gas bill was about $240; let us assume for the sake of argument that it was in fact $300. Only $100 of this figure is directly related to the wellhead price. If the average consumer obtained 15 percent of his fuel from new, deregulated gas at a price that was double that of old gas, the impact of deregulation on his gas bill would be only $15 per year; 1.4 cents less than the current rate of inflation. Compare that to a much more assured supply, and I think the answer is obvious as to what the consumer would want.

For this 5 percent, the consumer would have a far greater certainty of supply.

The second major argument levied against deregulation of new gas is that the concept is not worth the candle because there is not enough unrecovered gas in this country to make much difference. The Congressional Budget Office Report, "Natural Gas Pricing Proposals," for example, suggests that new gas would result in only about 0.9 trillion cubic feet per year additional production in 1985, or about 5 percent of current consumption.

It is difficult to credit this estimate. It is apparently based on recent drilling and productivity experience which has been largely confined to shallow, inexpensive onshore areas precisely because with regulation these are the only wells that are economical to drill. Improve the economics, and you will increase exploration, drilling, and production.

By every reliable estimate available there are between 700 and 1200 trillion cubic feet of natural gas in this country waiting to be recovered. A supply that, at current production rates, will last for 35 to 60 years. A supply that should help us get over the hump of the energy crisis and give us additional time to develop

alternative sources of energy. A supply that, if tapped, will reduce our dependence on imported energy.

One of the true ironies of the energy crisis is that this country, with its rich reserves of natural gas, is increasingly looking abroad for supplies—to Canada, to Mexico, and to Algeria. Imports of natural gas are expected to be more than 3 billion cubic feet per day this year. The best thing we can do to check expensive foreign supplies which impact on our balance of payments would be to provide the incentives to encourage increased domestic production.

Finally, Mr. President, there is a glaring inconsistency in the CBO study that has given rise to the canard that deregulation of natural gas will somehow be a multibillion dollar rip-off of the American public.

In calculating the additional supplies that would be made available to the market by deregulation, the CBO cites the very pessimistic, unrealistic figure of .9 trillion cubic feet per year by 1985. But in calculating the cost of deregulation, the CBO unaccountably assumes that 4 trillion cubic feet of gas will be priced at $4/mcf in the year 1978. There is no new gas pricing formula I know of that would permit such a loose definition of new gas. No more than 4 to 6 percent of new marketed gas would receive deregulated prices during the first year of the program. The CBO study has accordingly bloated and distorted the cost to the consumer of deregulation of new gas.

Natural gas is a fuel for today; it is probably the best source of energy available to us.

We are currently in a period of energy transition. We are looking increasingly to coal; we are attempting to conserve; we are developing new sources of energy. Available natural gas can ease this transition; it can make us more self-reliant in an era of increased dependence.

In the absence of deregulation of new natural gas, we shall squander a valuable national resource. We will permit trillions of cubic feet of natural gas to remain underground because we balk at providing the incentives necessary to exploit it. Because we are reluctant to market natural gas at a price that reflects the true costs of production.

Mr. President, a recent New York Times survey suggested that 57 percent of the American people do not believe that we have an energy shortage—57 percent of the American people are wrong. We have an energy shortage, but we also have the means to overcome it.

In the final analysis, resources are not things. They are a process; the application of human knowledge to nature. Fossil oil was not a resource until people, compelled by a whale oil crisis, learned to drill for it and put it to productive use.

With the proper economic climate, interaction between human knowledge and nature works to produce new resources and new technology. Nowhere has this process worked more effectively or more consistently than in the United States of America. I am convinced that the ultimate answer to the energy problem lies in the development of new resources.

Until these technological breakthroughs occur, we confront a very real and very dangerous problem. We must make maximum use of available resources. We must do everything in our power to stem the hemorrhage of dollars—$45 billion in this year alone—that we send abroad to pay for our energy requirements.

The deregulation of new natural gas is one important tool at our disposal. It is a step that makes sense for America and it deserves the continued support of the Senate.

Mr. SCHMITT. Mr. President, I intend to support the Pearson-Bentsen substitute for S. 2104 for a number of technical and economic reasons. Most importantly, it is a proposal oriented toward consumers who want assured supplies of gas. My colleagues have been privately debating the issues raised by the bill for some weeks, and publicly on this floor, since Monday. Having listened to this discussion, I would like to focus my remarks in a slightly different area; the problems faced by our State governments.

The past few weeks have produced several resolutions from regional organizations representing the Nation's Governors calling for the deregulation of new natural gas prices at the wellhead. Only five State Governors voted against the standing resolution of the National Governor's Association supporting deregulation. While the details of the various statements differ, the essential point which they make is that we cannot afford to subject individual States and the Nation to the unemployment and shortages of home gas which would be forthcoming should proven natural gas supplies continue to diminish rapidly under continued price regulation.

Let me ask the rhetorical question: Why is there nearly unanimous support in our 50 statehouses over an issue that is so closely divided in both Houses of our Federal Government? Deregulation would not create financial windfalls for our States, nor can it be argued that 45 State Governors are in the vest pockets of the natural gas lobby.

The answer to this question is plain: Our State Governors fear the effects of a reduction in the supply of natural gas as much as they fear the effects of an increase in price. I believe this is true for a number of reasons.

First, the States face an enormous loss of revenue when a major portion of their industrial tax base is put out of business by natural gas curtailments. At the same time, they are confronted with increased liabilities in the form of unemployment compensation. While the national legislators and the administration can simply crank up the money presses to deal with this situation, the State governments cannot. They are not permitted the luxury of long-term deficit spending. As a result, natural gas curtailments can create a severe financial crisis for State and local governments.

Second, State governments are very sensitive to the size and stability of their respective long-term industrial tax bases. Continued shortages of natural gas will cause some industries to move in search of more stable energy supplies. There are relatively few States and municipalities which are willing to gamble their tax revenues by allowing Federal regulatory agencies to make decisions which will effect the exodus of State industries. Such Federal agencies are notoriously unresponsive to State problems.

Third, State governments are much closer to the hardships caused by industrial displacement. In addition to unemployment, they must deal with increasing crime rates, deteriorating services and a host of other social problems. State and local governments are not able to write off these costs in terms of national average statistics. They must deal first hand with idle workers in Cincinnati, Detroit, Boston, New York, and the thousands of small towns heavily dependent upon the availability of natural gas. Last winter's shortages were nothing more than the first gusts of what promises to be a major national storm if our gas supply picture is not improved. Cities and States know that and they also know who will take the brunt of the resulting public reaction.

Finally, State governments also face problems with residential utility customers. Many State public service commissions are unable to answer the growing number of consumers who ask, "Why can't I have natural gas to heat my home?" Moratoriums force new customers to install expensive electrical heat at nearly 10 times the cost of gas per Btu—or solar heat if they are particularly well off—while those customers who are fortunate enough to already have gas continue to receive a generous subsidy from federally enforced artificially low prices. Contrary to the President's intentions, this is not equitable. State governments are called upon far too often to answer for Federal policies on which they had no input.

Last week, I began to insert in the RECORD resolutions prepared by the State Governors. Today, I would like to offer section D.9, dealing with natural gas policy, of a statement prepared by the National Governor's Association. As with the previous resolutions, there are parts of section D.9 with which I cannot agree, but the call for deregulation is clear and unmistakable.

Mr. President, it appears to me that the overwhelming number of State governments view the deregulation of natural gas prices as the most effective long-term solution to the gas supply problem. I agree, and I ask that my colleagues consider deregulation from this unique consumer-oriented perspective.

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

NATIONAL GOVERNORS' ASSOCIATION STATEMENT ON NATURAL GAS POLICY

D.9—NATURAL GAS

The total resource of domestic fossil fuels is finite, and the total annual production of energy from these sources is limited. Natural gas is the most environmentally acceptable, readily usable and least expensive fuel, which has led to the rapid exploitation of available supplies.

Since 1968, production of natural gas has exceeded additions to inventory. Future natural gas curtailments are expected to cause increased distortion and dislocation in the

economy. Even with stringent conservation, discovery of new gas fields will be needed to provide lead-time while alternate energy resources are developed.

Federal price policies in the face of mounting prices for rival fuels have undervalued interstate gas with respect to other fuels, which results in lowered incentives for exploration, an artificially high demand and few incentives for conservation.

The National Governors' Conference supports the deregulation of new gas wellhead prices. Such deregulation should not affect contracts in force on the date of enactment of legislation, but the purchase of gas at the end of a contract should not be subject to federal wellhead price control. This phased process will serve to mitigate abrupt increases to existing customers. To determine the effects of deregulation, the federal government should provide for continued monitoring and evaluation of the performance of the natural gas industry, and report its findings to Congress.

The deregulation of producers' prices for new natural gas would offer an incentive for exploration and would provide the nation's oil and gas operators with the ability to attract needed capital. Such deregulation would encourage sales in the interstate market and ease the specter of sharp curtailments in the many States relying on interstate supplies. Increased average prices should encourage conservation and the conversion to alternate energy sources.

The deregulation of natural gas will result in an increase in the price of new gas. These higher prices create the possibility of excessive profits. It is highly desirable that any excess profits be used to explore for, find and develop new natural gas supplies.

If the price of new natural gas is deregulated, the Governors believe that Congress should simultaneously enact an effective excess profits tax which contains a plow-back provision that provides relief from such tax if excess earnings are dedicated to the exploration and development of new natural gas supplies.

To prevent accelerated depletion of remaining supplies of natural gas which could result from deregulation, such action should be accompanied by legislative and executive commitments to determine national priorities of use of natural gas, specific programs designed to promote natural gas conservation, and a major effort to convert and phase out as rapidly as possible those existing natural gas facilities which do not represent the wisest and best use of natural gas under current circumstances.

A program should be developed which would commit new supplies of gas sold to interstate pipeline carriers in such a way that inequities among regions are reduced.

There is evidence of vertical and horizontal integration and interlocking relationships among natural gas producers and purchasing pipelines. There is also evidence of integrated and interlocking relationships among natural gas, petroleum, coal and uranium mining firms.

There is a strong concern that this may result in an anti-competitive aspect of the energy industry which could cause an artificial inflation of the price of natural gas and other energy supplies.

It is the position of the Governors that developments of the energy industry should be closely monitored to determine whether the letter and spirit of national antitrust laws are fully respected.

The Conference urges prompt action by the Administration and Congress to facilitate the earliest availability of natural gas from the Arctic slope to markets in the Midwest, East, Middle South and Pacific Coast States. This resource, essential to the health of these sections of the United States, must not be withheld because of delays in administrative agency approval or unnecessarily extended court proceedings.

The Conference supported neutral procedural legislation which would achieve the above goals by providing:

1. A limit to court challenges to orders allowing construction of the pipeline.

2. A March 1, 1977 deadline for a Federal Power Commission recommendation of a pipeline system.

3. An April 1, 1977 deadline for other affected federal agencies to file their reports.

4. July 1, 1977 deadline for the President to issue a final decision.

5. The concurrent approval by both Houses of Congress of the route selected by the President with congressional analysis and review of the environmental impact of the proposed route as a critical part of the process.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MELCHER). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. ROBERT C. BYRD. Mr. President, I yield to the distinguished majority whip.

DISABILITY PENSIONS

Mr. CRANSTON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 7345.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 7345) 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, as follows:

Page 6 of the Senate engrossed amendment, after line 8, insert:

SEC. 202. Section 541 of title 38, United States Code, is amended by adding at the end thereof the following paragraph:

"(g) The monthly rate of pension payable to any surviving spouse under any of subsections (b), (c), and (d) of this section, including the increase, if any, payable under section 544 of this title, shall be increased by 25 per centum beginning on the first day of the month in which the surviving spouse attains age seventy-eight.".

Mr. CRANSTON. Mr. President, I rise to urge that the House amendment to H.R. 7345 not be agreed to, and that the measure be returned to the House.

As originally passed by the House on July 13, 1977, H.R. 7345, the Veterans and Survivors Pension Adjustment Act of 1977, contained a 7-percent cost-of-living increase and a provision increasing the pension rates for surviving spouses age 78 or over by 25 percent. The Senate Committee unanimously voted to report the bill on July 21, 1977, with an amendment in the nature of a committee substitute providing for a 6.5-percent increase and without the 25 percent add-on for surviving spouses age 78 or over.

As reported by the committee and unanimously passed by the Senate on August 3, 1977, this bill will have—

First, provided an increase of approximately 6.5 percent in the rates of disability and death pension under current law, including the additional amount authorized for dependents;

Second, increased by approximately 6.5 percent the rates of dependency and indemnity compensation (DIC) payable to parents;

Third, increased by the same percentage the maximum income limitations applicable to pensioners and parents entitled to DIC under current law, and to beneficiaries under the protected pension law;

Fourth, increased by the same percentage the amount of additional pension and DIC payable to those recipients so entitled based upon aid and attendance or housebound status; and

Fifth, increased additional allowances for recipients of wartime death compensation by the same percentage based upon need for regular aid and attendance.

On September 21, 1977, Mr. President, the House agreed to the Senate amendment with an amendment. In effect, the House has agreed to the 6.5-percent increase contained in the Senate-passed bill, and it has amended the bill to restore its 25-percent increase in pension rates for surviving spouses age 78 or over.

Mr. President, as chairman of the Veterans' Affairs Committee, I am deeply concerned with the difficulties experienced by elderly wartime veterans and their surviving spouses who must live on low fixed incomes. In many instances, these persons are forced to turn to income-assistance or in-kind programs such as supplementary security income or food stamps merely to survive. The veterans' and survivors' pension rates are scaled too low to enable many pensioners to live their lives in dignity. They are particularly vulnerable to hardship caused by inflation, which diminishes the purchasing power of their incomes. The 6.5 percent cost-of-living increase provided by H.R. 7345 will alleviate, to some extent, the harsh effects of continuing inflation for the vast majority of elderly pensioners.

The problem experienced by many pensioners, of suffering a reduction in pension in January attributable to the social security cost-of-living increase in July, will also be largely alleviated by this pension rate increase.

Nevertheless, a rate increase in and by itself does not restructure the present pension program, which contains numerous inequities, anomalies, and inconsistencies. In the 94th Congress I cosponsored, together with all the other members of the committee, S. 2635, a bill to reform the present pension program. Although that bill was unanimously passed by the Senate, the House did not act on it.

Subsequently, in Public Law 94-432, the VA was required to conduct a thorough study of the pension program and various alternatives to the program. I am sure that this study—which the VA has advised will be submitted by Novem-

ber 1—will provide extremely valuable information to the Congress about the present program. Moreover, I intend to introduce within 2 weeks, on behalf of the Veterans' Affairs Committee, a comprehensive bill which will provide for a thoroughgoing restructuring of the pension program including the following provisions intended to meet the particular needs of elderly veterans and surviving spouses receiving pension:

First. Substantially increased pension rates for needy veterans and surviving spouses age 65 or over based on the national minimum standard of need and sufficient to prevent their having to turn to income-assistance and in-kind programs.

Second. Substantially increased pension rates for needy surviving spouses age 65 or over who require aid and attendance.

Third. Annual automatic cost-of-living increases in the restructured pension program combined with a provision that the Veterans' Administration determine the increased pension amount in such a way as to prevent any reduction in pension attributable to a cost-of-living increase in social security benefits.

I am very hopeful that this bill will receive wide bipartisan support, and that it will be favorably received in the House. Hearings will be scheduled on this forthcoming measure early next year.

Mr. President, the Veterans' Administration opposed the House's 25 percent add-on because it is not need-based. The VA and the Senate committee prefer that any modifications in the basic pension program be deferred until such time as a comprehensive restructuring of the pension program—which would address the various inequities, anomalies, and inconsistencies of the program—can be considered. The bill which I will shortly introduce will provide for comprehensive restructuring in a way which will substantially improve the situation of elderly surviving spouses eligible for pension.

In view of this, I respectfully request that the Senate disagree with the House amendment to H.R. 7345, and that the measure be returned to the House.

Mr. President, I move that the Senate disagree to the amendment of the House to the amendment of the Senate to the bill (H.R. 7345) to amend title 38 of the United States Code to increase the rates of disability and death pensions and to increase the rates of dependency and indemnity compensation for parents, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

DISABILITY COMPENSATION FOR VETERANS

Mr. CRANSTON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 1862.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the amendment of the Senate to the bill (H.R. 1862) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes, as follows:

Page 6, strike out line 12 and all that follows over to and including line 12 on page 7.

Page 7, line 13, strike out "402." and insert: 401.

Page 7, strike out lines 19 and 20 and insert: pulsion as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair,".

Page 7, line 21, strike out "403". and insert: 402.

Page 8, strike out line 22 and all that follows over to and including line 4 on page 9.

Page 9, line 5, strike out "(c)" and insert: (b)

Page 9, line 13, strike out "(d)" and insert: (c)

Page 9, line 15, strike out "404." and insert: 403.

Mr. CRANSTON. Mr. President, I rise to urge the Senate to agree to the House amendments to H.R. 1862, a bill to provide a 6.6-percent cost-of-living increase in disability compensation for service-connected disabled veterans, in the rates of dependency and compensation rates for their survivors, and for other purposes and send it to the President.

Mr. President, on September 9, 1977, the Senate unanimously passed and sent to the House H.R. 1862, the Veterans Disability Compensation and Survivor Benefits Act of 1977. This bill was reported to the Senate by the Committee on Veterans' Affairs, which I am privileged to chair, with an amendment in the nature of a committee substitute, and with the full support of all of the members of the committee. The committee report, No. 95–412, provides a thorough explanation and discussion of each provision of the bill. As passed by the Senate, H.R. 1862 would have:

First, provided a 6.6-percent cost-of-living increase in basic compensation rates and those payable for more serious disabilities; in the additional allowances for spouses, children, and dependent parents paid to veterans rated 50-percent disabled or more; in dependency and indemnity compensation benefits payable to surviving spouses of veterans whose deaths were service-connected, including the additional allowances payable for dependent children and to those in need of aid and attendance; in benefits payable to the children of veterans whose deaths were service-connected, when there is no surviving spouse; in benefits payable to surviving children who have become permanently incapable of self-support prior to the age of 18; and in the annual clothing allowance paid to certain seriously disabled veterans whose disability tends to tear or wear out their clothing.

Second, extended to February 28, 1979, the date for submission to Congress of the study mandated by Public Law 94–433 on the relationship between amputation and cardiovascular disorders, and clarified other provisions of the study.

Third, in a provision derived from S. 1141, introduced by the Senator from Florida (Mr. STONE), extended eligibility for specially adapted housing grants to permanently and totally service-connected disabled veterans with certain severe disabilities.

Fourth, in response to a request from the Veterans' Administration, authorized the VA to cooperate with the Department of the Treasury's electronic fund transfer system so that benefit payments could be automatically deposited in a recipient's account if the recipient elects payment in this manner.

Fifth, incorporate the basic provisions of S. 543, cosponsored by the Senator from Rhode Island (Mr. PELL) and the Senator from Maine (Mr. HATHAWAY), so as to require, for any month in which the first of the month falls on a Saturday, Sunday, or legal public holiday, the Veterans' Administration to mail or otherwise transmit benefit payments so that they arrive, to the maximum extent practicable, on the Friday immediately preceding such Saturday or Sunday, or in the case of a legal public holiday, on the weekday—other than Saturday—immediately preceding the holiday, and required a VA report on actions under this provision.

Sixth, reaffirmed, by a clarifying amendment, the intent of the Congress not to permit garnishment or attachment of VA employees' salaries except as authorized in 42 U.S.C. 659—permitting garnishment for alimony and child support.

After negotiations between the Veterans' Affairs Committees of both bodies resulting in a compromise agreement, Mr. President, the House this morning unanimously concurred in the Senate amendment to H.R. 1862 without amending the first three titles of the bill, relating to the 6.6 percent cost-of-living increases. However, the House amended the fourth title of the bill in several particulars. First, section 401 has been deleted in its entirety. This section would have extended the date for the cardiovascular-amputation study mandated by Public Law 94–433 and now underway at the Veterans' Administration, and it would also have added some clarifying amendments to section 403 of Public Law 94–433.

Although I regret that the House did not find it necessary to include these clarifying amendments in its bill, I am satisfied that the study now underway will be a statistically valid analysis of the possible causal relationship between service-connected amputation and the development of subsequent cardiovascular disorders, as Public Law 94–433 requires. In addition, the Veterans' Administration has assured me that the study will analyze the cases of veterans with amputations below the knee as well as those with above-knee amputations; that the control group will consist of those veterans who have service-connected disabilities other than amputation; and that the VA will facilitate, to the maximum extent feasible, the conduct of the statistical analysis, so that the study will be completed and the VA report submitted to the Congress by February 28, 1979.

The House also amended the section dealing with eligibility for specially adapted housing grants for permanently and totally disabled veterans who have

suffered the service-connected loss of one upper and one lower extremity. Under the House amendent, which we have agreed to, clause (3) of section 801 of title 38, United States Code, would provide eligibility for such grants to veterans who have lost, or lost the use of, one lower extremity, together with residuals of organic disease or injury, or together with the loss or loss of use of one upper extremity, affecting the functions of balance and propulsion so as to preclude locomotion without the aid of braces, canes, crutches, or a wheelchair.

Mr. President, the Senate amendment used the phrase "without resort to" rather than "without the aid of", but I am satisfied that the phrase "without the aid of" in our agreed upon provision, which is precisely the same as that in clause (1) of section 801, has the same meaning as the phrase "without resort to" found in the Senate amendment.

We have also deleted the phrase "or render medically inadvisable," and added the words "braces" and "canes", the same words that appear in existing clause (1) of section 801 of title 38. This section, as it will now be amended, then, would slightly liberalize the law with respect to the eligibility of veterans who have lost, or lost the use of one lower extremity and who have residuals of organic injury or disease, and it would extend eligibility to those veterans whose loss or loss of use of one upper and one lower extremity severely impairs their ability to ambulate without the aid of mechanical devices such as braces, canes, crutches, or a wheelchair.

A third amendment in our agreed-upon measure deletes the requirement that the VA report to the Veterans' Affairs Committee of both congressional bodies on its efforts to implement the provision in H.R. 1862 requiring the VA to mail or electronically transmit benefit payments, in any month in which the first of the month falls on a Saturday, Sunday, or legal public holiday, so that they arrive on the preceding Friday, or the preceding weekday other than Saturday in the case of a legal public holiday.

The deletion of the requirement that the VA submit a report on its implementation of this provision will, of course, not have any effect on its duty to implement this provision to the maximum extent practicable. As chairman of the Senate Veterans' Affairs Committee, I will urge the VA to take steps to minimize the possibility of any overpayments resulting from this provision, and I will request a report to the committee promptly regarding plans for implementation.

Mr. President, I strongly favor the prompt enactment of this critical legislation, and I thus recommend that the Senate concur in the House amendments.

Mr. President, I move that the Senate agree to the amendments of the House to the amendment of the Senate to H.R. 1862, a bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

Mr. CRANSTON. I thank all Senators for their cooperation.

ORDER EXTENDING TIME TO FILE REPORT ON S. 897

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the deadline for the Committee on Foreign Relations and the Committee on Governmental Affairs to report S. 897, the Nuclear Nonproliferation Act of 1977, be extended from September 23, 1977 to September 30, 1977.

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

COUNCIL ON WAGE AND PRICE STABILITY AMENDMENTS OF 1977

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 368.

The PRESIDING OFFICER. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (S. 2056) to amend the Council on Wage and Price Stability Act.

The Senate proceeded to consider the bill.

Mr. TOWER. Mr. President, S. 2056 amends the Council on Wage and Price Stability Act by extending the Council's authority from September 30, 1977 to September 30, 1979, and incorporating several new provisions into that act. Those new provisions are relatively minor. They include a statement that full employment is one objective of the anti-inflation program, directions to the Council in the course of its public hearings to emphasize the purpose of controlling inflation, and directions to the Council to review information about the effect of inflation in this country's participation in the world economy.

I have no major objection to this bill. I am skeptical over the Council's effectiveness in dealing with inflation, however, because I believe inflation is caused by overly stimulative fiscal and monetary policies more than anything else. The Council, of course, has no authority to impose mandatory controls in any form whatsoever and, in my opinion, should never be given such authority. The Council serves strictly as a monitoring agency and I would oppose any effort to expand its authority beyond that function.

I have been concerned, however, over recent press accounts that the administration may be developing wage/price standards or guidelines. For example, an article appearing in the Washington Post on September 1, 1977, noted that—

An administration source was widely quoted Tuesday as saying the Carter administration would begin work within a month on drafts of voluntary wage and price increase standards that would vary from industry to industry.

I ask unanimous consent that the article as it appeared in the Washington Post be printed at this point in the RECORD.

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

BUSINESS, LABOR OPPOSE VOLUNTARY WAGE STANDARDS

NEW YORK, Aug. 31.—The Carter administration's reported interest in drafting voluntary wage-price standards is being met with opposition from major business groups and skepticism from labor.

A spokesman for the United Steelworkers said he was certain that labor would oppose wage and price guidelines. He said the reports sounded like "somebody's floating a trial balloon out of the White House."

"It's been shown in the past that they don't work. It's impossible to police prices," he said.

Economists for the U.S. Chamber of Commerce and National Association of Manufacturers said they feared that even discussion of some form of government wage-price system might further dampen business interest in capital investment because of the uncertainties it would raise.

Presidential spokesman Jody Powell said today that Carter was unaware of any study on wage-price standards and had given no instructions to develop one. But Powell left open the possibility that such a study might be progressing at some level of the administration below that of the President's attention.

An administration source was widely quoted Tuesday as saying the Carter administration would begin work within a month on drafts of voluntary wage and price increase standards that would vary from industry to industry.

The source described the step as preliminary and said voluntary wage-price standards were only one anti-inflation option under consideration. If approved by Carter, they could be ready within six months, the unidentified source said.

Major steel and auto companies, which have been key elements in previous administrations' wage-price efforts, declined to comment on the administration source report. Officials of the United Auto Workers were not available for comment.

Jack W. Carlson, chief economist for the U.S. Chamber of Commerce, and a former deputy member of the Cost of Living Council under the Nixon administration, said he believed any move in the direction of wage-price standards or guidelines could only harm the economy.

"The administration is making a mistake in talking about wage and price controls and in talking about six months from now because that will tend to discourage investment and make the economy less healthy," said Carlson.

Carlson, who predicts that the level of business fixed investment will average 6 or 7 per cent over the next 18 months, said there should be efforts to increase that to 10 or 12 per cent in order to lower unemployment and encourage a healthier economy.

George Hagedorn, chief economist for the National Association of Manufacturers, said that if the report is true—he also found it disturbing and detrimental to the economy to have the subject cropping up again even as a voluntary system.

"Either the program is a disguised form of compulsory controls or it is something that nobody pays any attention to," said Hagedorn.

"It (wage-price control) never has worked in peacetime and I don't think it ever will."

Mr. TOWER. The accounts in the press raised the specter of the wage/price guidelines, that were in vogue during the 1960's. The development of those guidelines during that period reflected an in-

creasing desire to involve the Federal Government in private wage and price decisions. As early as 1957, the economic report of the President stated that fiscal and monetary policies must be supported by private policies to assure a high level of economic activity and a stable dollar. By 1962, formal guideposts were outlined in the economic report of the President. By 1966, the report of the Council of Economic Advisers claimed that "in the years since 1962, the guideposts have gained increasing significance," and that the guideposts had become an "essential pillar for price stability."

The growing significance of guideposts in wage and price decisions over that period is outlined below:

EXCERPTS FROM THE ECONOMIC REPORTS OF THE PRESIDENT AND COUNCIL OF ECONOMIC ADVISERS 1957–66

1957. Statement that proper governmental fiscal and monetary policies must be supported by appropriate private policies to assure a high level of economic activity and a stable dollar.

1958. Statement that price increases should be warranted by increases in costs and that wage increases should not exceed productivity gains.

1959. Restatement of the public interest in settlements of contracts between business and management. Congress asked to make reasonable price stability an explicit goal of federal economic policy.

1960. Statement that the national average of wage increases should not exceed sustainable rates of growth in national productivity and that price reductions warranted by especially rapid productivity gains should be frequent.

1961. Statement focusing on the responsibility of government not to create inflationary pressures through fiscal or monetary policy. The control of unit labor costs is primarily a private responsibility.

1962. Formal statement of guideposts. Price level stability does not rule out flexible relative prices. Government policies must increase, not limit, private freedom. Guideposts "are not concerned primarily with the relation of employers and employees to each other, but rather with their joint relation to the rest of the economy." Productivity is a guide rather than a rule for appraising wage and price behavior.

1963. Restatement of the 1962 guideposts, with indication they are designed to provide standards for evaluating the normal processes of free private decisions and negotiations and are not to replace them.

1964. Restatement with some modifications. Productivity trend change defined as the five-year moving average of the annual percentage change in output per man-hour in the private economy. Government will strive to reinforce competition and notes that it is "the economy's single largest buyer of goods and services." A freezing of labor and nonlabor shares is not intended; and the guideposts call for price reductions in some instances.

1965. Restatement.

1966. Restatement recommending the continuation of 3.2 per cent as "trend productivity" rather than the five-year moving average.

SOURCE.—Guidelines, Informal Controls, and the Market Place: Policy Choices in a Full Employment Economy, 1966.

The point of all this is that the road to mandatory controls is paved with little steps of good intentions. Wage and price guidelines cannot be expected to deal with inflation. Inflation is caused by inappropriate fiscal and monetary policies. Failure to bring fiscal and monetary policies under control means that inflation cannot be brought under control, and failure to bring inflation under control through voluntary guidelines only encourages ever-widening and engulfing search for other, less voluntary means of controlling inflation. Ruinous mandatory controls are the end result.

In view of my concern over the possibility of wage and price guidelines, as reported in the press, I requested the administration to outline its intentions regarding the adoption of wage/price guidelines. I ask unanimous consent that a letter I sent to the President on September 13, 1977, be reprinted in the RECORD at this point.

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

SEPTEMBER 13, 1977.

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

DEAR MR. PRESIDENT: According to recent press accounts, the Administration may be considering the adoption of wage/price standards or guidelines as a means of controlling inflation.

I find these press accounts disturbing. I am greatly concerned over the presently high rate of inflation and the lack of progress in continuing to bring the rate of inflation down. However, I am also concerned over the effect which wage/price standards and guidelines, voluntary or otherwise, would have in shattering business confidence, reducing capital investment and creating uncertainties, inequities and distortions throughout the economy. The mere discussion of possible wage/price standards and guidelines in the press already appears to have created a great deal of concern on the part of wage earners and businessmen, particularly in view of legislation pending in the Senate to extend the life of the Council on Wage and Price Stability until September 30, 1979.

I am, therefore, writing to you for the purpose of determining the Administration's intentions regarding the adoption of wage/price standards or guidelines. An indication of the Administration's intentions would be particularly helpful to members of the Senate who will be expected to vote before the end of this month on the legislation to extend the Council's life. If the Administration could provide assurances that such standards or guidelines will not be adopted, I feel that this would go a long way towards reducing uncertainty and instilling confidence in the private sector.

Sincerely,

JOHN TOWER.

Mr. TOWER. On September 19, 1977, I received a reply from Mr. Stuart E. Eizenstat, Assistant to the President for Domestic Affairs and Policy. Mr. Eizenstat, writing on behalf of the President, stated that "a program under which the Federal Government promulgates formal numerical guidelines such as those of the early 1960's would not be a desirable or effective remedy of inflation." I ask unanimous consent that the letter from Mr. Eizenstat be reprinted at this point in the RECORD.

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

THE WHITE HOUSE,
Washington, September 19, 1977.

The Honorable JOHN TOWER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR TOWER: The President has asked me to reply to your letter of September 13. The President regrets that recent newspaper accounts suggesting the Administration's attitude toward developing formal numerical guidelines or standards as an anti-inflation tool have caused you concern. He is particularly disturbed because the news accounts were misleading and inaccurate. You will recall that the White House press office immediately denied the stories.

The Administration formally opposes mandatory wage and price controls including standby controls. Moreover, it is our judgment that a program under which the Federal Government promulgates formal numerical guidelines such as those of the early 1960's would not be a desirable or effective remedy for inflation. Instead, the President has stressed the importance of meeting with business and labor leaders and other groups in the private sector to seek voluntary ways to deal with the serious problem of inflation. Members of the Cabinet and presidential advisors have been doing so. That effort, of course, will continue.

Sincerely,

STUART E. EIZENSTAT,
Assistant to the President for Domestic Affairs and Policy.

Mr. TOWER. I am encouraged by this letter from the administration. Not only does it describe guidelines as undesirable and ineffective, but it restates the administration's opposition to mandatory wage and price controls, including standby controls.

I agree that wage and price guidelines would not be a desirable or effective solution to the problem of inflation. The American public should be wary of wage and price guidelines, or any other seemingly-simple and deceptive solution to controlling inflation.

Inflation is a very serious problem that can be best solved by avoiding overly-stimulative fiscal and monetary policies. It cannot be solved by wage/price guidelines or controls, which only cause distortions, create gross inequities and discourage us from pursuing noninflationary fiscal and monetary policies. Moreover, informal and voluntary guidelines have a way of becoming something more than originally intended and they seduce us into thinking that mandatory controls will work where voluntary controls have failed. And mandatory controls are a bankrupt economic policy for any nation.

Mr. PROXMIRE. Mr. President, the bill before the Senate, S. 2056, would amend the Council on Wage and Price Stability Act of 1974 to extend the Council to September 30, 1979. Without this legislation the Council will expire on September 30 and the administration and the Congress would lose the services of a small agency, with an appropriation of only slightly more than $2 million, whose sole job is to monitor inflationary pressures and developments in the private sector and within the Government.

When the Council was created it was very clear that the Congress did not intend to create a powerful agency. It also had no intentions of making any move toward the establishment of mandatory wage and price controls in order to control inflation and with good reason: mandatory controls have not been successful in the past and cannot be successful in the future. The Congress intended the Council on Wage and Price Stability to perform its mission by means of intensive investigations into

the causes of inflation at the point where inflationary pressures develop and decisions to increase prices and wages and other cost factors are made—at the level of the individual firm and industry. Moreover, the Congress intended the Council to investigate the inflationary impact of Government regulations and current regulations that have been proposed.

The Council has a very limited staff to do the important job of monitoring and analyzing inflationary developments in the economy. Inflation is a very serious problem that we must come to grips with, and it has been quite evident that monetary policy almost alone cannot stop inflation to any significant degree without exacting an enormous toll on the economy in terms of lost jobs, income, and output, to say nothing of the loss of human dignity that goes along with unemployment.

The Council's work is that of a highly talented research group, and its output comes in the form of published reports and public filings on situations which it has closely reviewed. The job of the Council is to educate the participants in the economy as to the causes of rising prices and to engage the public interest in strengthening voluntary compliance with its findings in order to prevent cost pressures from being magnified as they are transmitted through the economy. Public opinion was considered, and still is, the key to reinforcing the Council's efforts in restraining inflationary actions by business or unions or Government agencies.

It is painfully evident that we are making only slow progress in beating down the underlying inflation rate to less than its present 6-percent annual rate. There have been encouraging signs that prices in certain areas have been going up at a more reasonable rate, but I think that we must all recognize that we still have a very serious problem and that we must take steps, even if they are small steps, to prevent return to the double digit rates of inflation that plagued us only 2 years ago.

We must also be realistic in what we expect from the Council on Wage and Price Stability. It cannot be expected to deliver any stunning victories in this long fight against inflation. It is, after all, primarily a watchdog agency. But it can work within the Government and with business and labor to develop new ideas and possible courses of action that will help to moderate price increases.

Nearly everyone recognizes that the current situation is bad, that new methods must be found to help, that traditional macro-economic policies that work by decreasing demand exact intolerable tolls. But nearly everyone involved in making decisions to increase prices and wages is somewhat adverse to change for fear that they will be losers in the process. This need not be the case at all. And it is in this respect that the Council can perform its most important job.

President Carter, in his reorganization of the White House and the executive office of the President, chose to retain the Council and to name the Chairman of the Council of Economic Advisors as the Chairman of the Council. This arrangement should foster a coordinated effort against inflation within the Administration.

Mr. President, by approving an extension of the Council on Wage and Price Stability, the Senate will indicate its deep concern with inflation. And its understanding that we must seek new ways to moderate price increases with reliance on macro-stabilization policies. I urge the Senate to support the fight against inflation by approving S. 2056.

Mr. STEVENSON. Mr. President, although I support passage of S. 2056, I do so reluctantly because I believe this bill does not address the principal deficiencies in the Council's structure—its inability to delay excessive wage and price decisions and its small staff. It lacks the resources to monitor effectively $1 trillion economy.

The Council on Wage and Price Stability was created to identify the causes of inflation, expose inflationary behavior to public scrutiny, and temper irresponsible wage and price increases. To fulfill its mandate, the Council is required to review and analyze economic concentration, anticompetitive practices, and the inflationary impact of governmental policies and programs. It is required to work with labor and management in sectors of the economy having special economic problems in order to improve the structure of collective bargaining, as well as to improve the performance of those sectors in restraining prices. The Council is required to improve wage and price data bases in order to improve collective bargaining and encourage price restraint. It is required to conduct public hearings in order to provide public scrutiny of inflationary problems. And it is required to monitor the economy as a whole by acquiring reports on wages, costs, productivity, prices, sales, profits, imports, and exports.

Obviously the Council does not have the tools to do its job. It cannot require prenotification of wages or price increases that would significantly increase inflation. It cannot, as the Chairman of the Federal Reserve Board has proposed, delay temporarily excessive wage or price increases. Its staff resources are grossly inadequate. It does not have the tools because government still lacks the courage of its professed concern about inflation.

I considered again introducing amendments to strengthen the Council, but learned they would receive no more support from this administration than its predecessors, such amendments being, as they are, opposed by powerful interests which might be exposed by a Council competent to do so.

S. 2056 contains a worthwhile improvement in the Council's mandate. The Council will be required to review and analyze international factors that play an increasingly important role in the health of our domestic economy. But once again, the Senate is asked to renew the Council's authority, to make a few technical and other amendments, and to continue its modest budget. We still lack the conviction that irresponsible inflationary behavior is a grave danger to our economy and one that must be subject to the strongest public scrutiny and pressure.

I submit that prenotification and delay authority would put teeth in the jawbone by giving the Council, the President, and the Congress time to fashion appropriate remedies before the public is made to suffer the consequences of irresponsible inflationary behavior. It would also afford the pressure of public opinion time to effect restraint. I believe such powers would be far preferable to the sporadic cries for wage and price controls which are ill suited to today's world, creating, as controls do, inequities and shortages.

We, as public policymakers, cannot approach today's economic problems in the lockstep of outmoded economic orthodoxy or in the dazzle of complex econometric models that tend more to confuse than clarify.

We must face up to our responsibilities and be willing to take actions that permit the democratic will to be exerted on market behavior—whether by business, labor, or government—that threatens our stability and economic growth. Sadly, approval of S. 2056 is but a shuffle step in that direction. I hope that the next time around, the administration and Congress will demonstrate their conviction and give the Council authority to wage a fight against inflation.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–408), explaining the purposes of the measure.

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

INTRODUCTION

The committee bill reported herein amends the Council on Wage and Price Stability Act to extend the expiration date of the Council on Wage and Price Stability from September 30, 1977, to September 30, 1979. The legislation would also authorize the appropriation of $2,210,000 for the Council's activities for the fiscal years 1978 and 1979.

The committee had referred to it S. 1542 which contained some of the same provisions as the committee bill herein. In addition, the committee considered several of the provisions contained in H.R. 6951 as reported (Rept. 95–316) by the House Committee on Banking, Finance and Urban Affairs. Those provisions would include full employment as one objective of the anti-inflation program, would direct the Council in the course of its public hearings to emphasize the purpose of controlling inflation, and would direct the Council to review information about and analyze the effects on the U.S. economy of U.S. participation in the world economy.

The committee conducted a single day of hearings on S. 1542 on July 19, 1977, and considered the legislation in markup session on August 4, 1977. The committee agreed without objection to approve a clean bill which contained a number of changes from S. 1542. The committee ordered a clean bill introduced and reported the bill by a unanimous vote of 15 to 0.

NATURE AND PURPOSE OF THE BILL

The Council on Wage and Price Stability Act provides for the establishment of the Council on Wage and Price Stability which was established on August 24, 1974, to monitor inflationary wage and price developments in the private sector of the economy, as well as the inflationary activities of the agencies and departments of the Federal Government.

As originally introduced on May 16, 1977, S. 1542 would have extended the life of the

Council to September 30, 1978, and increased its expenditure authorization from $1,700,000 to $2,500,000 for fiscal years 1978 and 1979. The additional authorization would have allowed the Council to increase its staff by 10 professionals. However, President Carter indicated in his reorganization plan that the size of the Council's staff would be held to 39. The administration advised the committee subsequently that a reduced expenditure authorization of $2,210,000 per year would be sufficient to cover the Council's activities for fiscal year 1978 and fiscal year 1979. The committee agreed to the lower authorization request.

S. 1542 would have deleted reference to the Deputy Director of the Council. In his testimony on July 19, 1971, Dr. Barry Bosworth, on Wage and Price Stability at that time, indicated that he would like the title retained. In a letter to Chairman Proxmire who was the Director-designee of the Council dated August 3, 1977, Dr. Bosworth requested formally that the title be retained so that in the Director's absence, authority would be delegated to the Deputy Director for the Council's day-to-day operations. Since one of the Council's senior staff members will be designated as Deputy Director the size of the Council's staff will not be affected by retaining the title.

The other sections of S. 1542 would have made technical clarifying amendments to the Council on Wage and Price Stability Act. Those amendments would have made it clear that (1) the Council is authorized to collect data relating to "inventories, shipments, orders, and other similar aspects of business operations," (2) the Council could resort to the courts for enforcement of its authority to require periodic reports as well as its authority to subpena data, and (3) data submitted voluntarily to the Council is afforded the same degree of protection and confidentiality as data that the Council subpenas. S. 1542 would also strengthen the present language of the act by requiring the Council to maintain the confidentiality of trade secrets and other confidential business information submitted to it.

The administration indicated by letter to Chairman Proxmire that it wanted to study further the amendments that would have clarified the Council's authorization to collect data and to resort to the courts to enforce its request for periodic reports. The committee agreed to delete that section of S. 1542. The amendments on confidentiality of information submitted to the Council were approved by the committee.

The committee also considered three provisions contained in H.R. 6951 as reported by the House Committee on Banking, Finance and Urban Affairs. Those provisions would include full employment as one of the objectives of the anti-inflation program, would have the Council in the course of its public hearings emphasize the purpose of controlling inflation, and would have the Council review information about and analyze the affects of the U.S. economy of U.S. participation in international trade and commerce, changing patterns of supplies and prices of commodities in the world market, investment of U.S. capital in foreign countries, short- and long-term weather changes in the world, interest rates, capital formation, and changing patterns of world energy supplies and prices.

The committee agreed to the three provisions contained in H.R. 6951. The committee indicated, however, that it did not feel the Council should initiate any forecasting of short- or long-term weather conditions in the world, but rather that it merely analyze existing information about weather conditions as they may affect the supply of raw materials and food stuffs. Nor does the committee expect the Council to intervene in the conduct of overall fiscal and monetary policies in carrying out the proposed directive to consider full employment as part of its anti-inflation program.

ESTIMATED COST OF THE LEGISLATION

Enactment of the legislation will result in an increase in authorized expenditures from $1,700,000 to $2,210,000 in each of the fiscal years 1978 and 1979.

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

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Council on Wage and Price Stability Amendments of 1977."

SEC. 2. Section 3(a) of the Council on Wage and Price Stability Act is amended—

(1) by inserting "for the purpose of controlling inflation" immediately before the semicolon at the end of clause (4);

(2) by inserting "and focus attention on the need to move toward full employment" immediately before the semicolon at the end of clause (5);

(3) by striking out "and" at the end of clause (7);

(4) by striking out the period at the end of clause (8) and inserting in lieu thereof "; and"; and

(5) by adding at the end thereof the following new clause:

"(9) review information about and analyze the effects on the United States economy of—

"(A) the participation of the United States in international trade and commerce;

"(B) the changing patterns of supplies and prices of commodities in the world market;

"(C) the investment of United States capital in foreign countries;

"(D) short- and long-term weather changes in the world;

"(E) interest rates;

"(F) capital formation; and

"(G) the changing patterns of world energy supplies and prices.".

SEC. 3. Section 4(f) of the Council on Wage and Price Stability Act is amended—

(1) by inserting in paragraph (1) after "section 2(g)" the following: "or submitted voluntarily pursuant to a Council request and judged by the Council to be confidential information";

(2) by striking out all that follows "United States Code" in paragraph (1) and inserting in lieu thereof a period and the following sentence: "Neither the Director nor any member of the Council may permit anyone other than sworn officers, members, and employees of the Council to examine such data."; and

(3) by inserting after "section 2(g)" in paragraph (2) the following: "or submitted voluntarily pursuant to a Council request".

SEC. 4. Section 6 of the Council on Wage and Price Stability Act is amended by inserting after "October 1, 1977," the following: "not to exceed $2,210,000 for the fiscal year ending September 30, 1978, and not to exceed $2,210,000 for the fiscal year ending September 30, 1979,".

SEC. 5. Section 7 of the Council on Wage and Price Stability Act is amended by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1979".

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the following Calendar Orders numbered 391, 392, 393, and 396.

INTRAVENOUS FAT EMULSION

The Senate proceeded to consider the bill (H.R. 1904) to suspend until July 1, 1980, the duty on intravenous fat emulsion which had been reported from the Committee on Finance with amendments as follows:

On page 1, line 3, following "That" insert "(a)";

On page 2, line 1, strike "SEC. 2." and insert "(b)";

On page 2, line 1, strike "the first section of this Act" and insert "subsection (a)";

On page 2, beginning with line 5, insert the following:

SEC. 2. (a) Subpart B of part 1 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by inserting immediately before item 907.60 the following new items:

" 907.10	Cyclic organic chemical products in any physical form having a benzenoid, quinoid, or modified benzenoid structure (provided for in item 403.60, part 1B, schedule 4) to be used in the manufacture of photographic color couplers	Free	No change.	On or before 6 30 80.	
" 907.12	Photographic color couplers (provided for in item 405.20, part 1C, schedule 4)	Free	No change.	On or before 6 30 80.	"

(b) The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of the enactment of this Act.

SEC. 3. (a) Subpart B of part 1 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by inserting immediately after item 912.05 the following new item:

" 912.06	Field glasses; opera glasses, prism binoculars, and other telescopes not designed for use with infrared light (provided for in item 708.51, 708.52, or 708.53, part 2A, schedule 7)	Free	No change	On or before 12 31 78	"

(b) The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of the enactment of this Act.

SEC. 4. (a) Schedule 8 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended—

(1) by striking out ", or 300 cigarettes," in item 812.20; and

(2) by amending item 812.25 to read as follows: "Not exceeding $100 in value of articles (including not more than 100 cigars but not including alcoholic beverages except for 1 wine gallon of such beverages accompanying residents of American Samoa, Guam, or the Virgin Islands arriving directly or indirectly therefrom) accompanying such person to be disposed of by him as bona fide gifts (except that cigarettes may be entered under this item 812.25 for such person's

own consumption or as bona fide gifts), if such person has not claimed an exemption under this item 812.25 within the 6 months immediately preceding his arrival and he intends to remain in the United States for not less than 72 hours.".

(b) The amendments made by subsection (a) shall apply with respect to articles entered on or after the thirtieth day after the date of enactment of this Act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read:

An Act to suspend until July 1, 1980, the duty on intravenous fat emulsion, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95-432), explaining the purposes of the measure.

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

I. SUMMARY

H.R. 1904, as amended, would accomplish four objectives:

Temporarily permit (through June 30, 1980) duty-free treatment of imports of intravenous fat emulsion, a product used as a source of calories and essential fatty acids for patients requiring intravenous nutrition for an extended period;

Temporarily permit (through June 30, 1980) duty-free treatment for imports of color couplers and coupler intermediates which are chemicals used in the manufacture of color photographic paper, film, and graphic arts materials;

Temporarily permit (through December 31, 1978) duty-free treatment of imports of certain field glasses, opera glasses, binoculars, and other telescopes; and

Eliminate differences in the tariff treatment of cigarettes and liquor brought into the United States by nonresidents and residents of the United States for personal use or as gifts.

II. REASONS FOR THE BILL

The provisions of the bill regarding intravenous fat emulsions are intended to reduce the cost of those imports. There is no domestic production of the product.

The provisions regarding color coupler and coupler intermediates would eliminate an unnecessary cost of such products at a time when there is insufficient domestic production. Additional domestic production is scheduled to be in place by mid-1980, by which time the duty-free treatment provided in this bill will have ended.

The provisions of the bill regarding field glasses, opera glasses, binoculars, and other telescopes are intended to remove the present duty on the imports to permit savings to consumers. There is very little domestic production of the products.

The provisions of the bill regarding liquor and cigarette imports are intended to eliminate differences in the customs treatment accorded nonresidents and residents of the United States on imports of those products under the personal exemption provisions of the Tariff Schedules of the United States. Nonresidents now may bring in significantly larger amounts of cigarettes and liquor duty free for their own use or as gifts than may U.S. residents.

III GENERAL EXPLANATION

A. Intravenous fat emulsion

The first section of the bill would add a new item 907.75 to the Appendix of the Tariff Schedules of the United States (TSUS) providing duty-free treatment for column 1 (MFN) and column 2 (non-MFN) imports of intravenous fat emulsion entered, or withdrawn from warehouse, for consumption before July 1, 1980. Imports of intravenous fat emulsion are now classified under TSUS item 440.00 with a column 1 rate of duty of 5 percent ad valorem and a column 2 rate of duty of 25 percent ad valorem. If produced in a beneficiary developing country, column 1 imports of intravenous fat emulsion are eligible for duty-free treatment under the Generalized System of Preferences.

Intravenous fat emulsion is used as a source of calories and essential fatty acids for patients requiring intravenous nutrition for an extended period. It is especially valuable in treating infants and patients under cancer therapy or extensive burn treatment. Only one intravenous fat emulsion, imported from Sweden, is marketed in the United States. The product is imported and marketed in the United States by one company. There has been no production of intravenous fat emulsion in the United States in the last 5 years. Annual imports are valued at $2.5 million.

The Subcommittee on International Trade of the Committee on Finance held a public hearing on H.R. 1904 on July 14, 1977. No objections were heard. The Department of Commerce submitted a report favoring enactment of this provision and the International Trade Commission submitted an information report.

B. Color couplers and coupler intermediates

Section 2 of the bill, which is a committee amendment containing the substance of H.R. 5052, 95th Congress, would add new items 907.10 and 907.12 to the Appendix to the TSUS, providing duty-free treatment for imports of color couplers and coupler intermediates entered under column 1 before July 1, 1980. Color intermediates are now classified under item 403.60 of the TSUS at a column 1 duty rate of 1.7 cents per pound plus 12.5 percent ad valorem. Color couplers are classified under item 405.20 of the TSUS at a column 1 duty rate of 3 cents per pound plus 19 percent ad valorem. Column 1 imports of color couplers from designated beneficiary developing countries are eligible for duty-free treatment under the Generalized System of Preferences. The ad valorem duty rate for imports of color intermediates and couplers must be assessed on the American selling price of a similar competitive article if such an article is produced in the United States.

Color coupler intermediates are chemicals used to make color couplers, which are chemicals used to make color photographic paper, film, and graphic arts materials. Color couplers and intermediates are produced in the United States by two firms which do not offer the chemicals for sale. One firm imports the couplers and intermediates from an Italian subsidiary and accounts for the bulk of the imports. This bill would enable the firm to import the articles duty free from its subsidiary for a temporary period in order to supply their requirements photographic paper production. The firm anticipates building a plant near its photographic paper plant to produce these chemicals domestically. This plant is scheduled to be in place by mid-1980.

The Subcommittee on International Trade held a public hearing on H.R. 5052 on July 14, 1977. No objections to the bill were received from any source. The Department of Commerce submitted a report stating no objections to the bill. The U.S. International Trade Commission submitted an information report.

C. Field glasses, opera glasses, binoculars, and other telescopes

Section 2 of the bill is a committee amendment containing the substance of S. 1519, 95th Congress. It would add new item 912.06 to the Appendix to the TSUS providing duty-free treatment for imports of field glasses, opera glasses, prism binoculars, and other telescopes, all not designed for use with infrared light, entered, or withdrawn from warehouse, for consumption under column 1 before January 1, 1979.

These products are now dutiable under TSUS items 708.51, 708.52, and 708.53 at column 1 rates ranging from 8.5 percent to 20 percent ad valorem. Column 1 imports under all three items are eligible for duty-free treatment if imported from a designated beneficiary developing country under the Generalized System of Preferences.

There is no U.S. production of most of the imported articles. U.S. producers use imported prisms for high quality, expensive spotting scopes and telescopic sights for rifles for a limited market. The bulk of imports are from Japan. During 1976, the value of imports was $36 million.

The Subcommittee on International Trade held a public hearing on S. 1519 on July 14, 1977. Favorable testimony was heard. The Departments of State, of the Treasury, and of Commerce submitted reports opposing enactment of S. 1519 because the President may be able to secure in the Multilateral Trade Negotiations concessions from Japan in return for reduced duties on these articles. The committee believes the short period of this duty suspension will not reduce the value of the duties affected in the Multilateral Trade Negotiations. The U.S. International Trade Commission submitted an information report.

D. Cigarettes and liquor

Current law permits nonresidents to bring in more liquor and cigarettes duty free for personal use or as gifts than may residents. Adult nonresidents now may enter duty free, under TSUS item 81220, for personal consumption, not over 1 quart of alcoholic beverages and not over either 50 cigars, 300 cigarettes, or 3 pounds of smoking tobacco. Nonresidents now may also bring in duty free under TSUS item 812.25 not over 1 wine gallon of alcoholic beverages and not over 100 cigars if they are to be disposed of as bona fide gifts and various other restrictions are satisfied. Residents now may enter duty free under TSUS item 813.30 upon arrival in the United States from abroad not more than 1 quart of alcoholic beverages (1 wine gallon if an individual arrives from American Samoa, Guam, or the Virgin Islands of the United States) and not more than 100 cigars if acquired abroad as an incident of the journey from which they are returning and if for personal or household use. There is no quantitative limit on the number of cigarettes a resident may enter duty free subject to the $100 limitation for all duty-free items provided in item 813.30.

Sections 4(a) (1) and (2) of the bill would amend TSUS items 812.20 and 812.25. Item 812.20, as amended would no longer permit non-residents to enter up to 300 cigarettes duty free for their personal consumption. However, under item 812.25, as amended, nonresidents, within the $100 limitation applicable, could enter duty-free cigarettes for their own consumption or as bona fide gifts. Item 812.25, as amended, would also provide that nonresidents may no longer bring into the United States duty free any alcoholic beverages for gifts, except that residents of American Samoa, Guam, and the Virgin Islands could still enter duty free up to 1 wine gallon of such beverage as gifts. The remainder of present law discussed above regarding nonresidents is unchanged.

Because of the differences in the treatment

accorded residents and nonresidents of the United States described above a returning resident may enter 1 quart of liquor duty-free while a visitor to the U.S. may enter 6 fifths of liquor duty free. The possibility exists for the development of a "black market" in duty free liquor brought in by non-residents to the detriment of tax revenues to U.S. States. This factor, along with the more favorable tariff treatment accorded nonresidents over U.S. residents as regards the personal exemption on liquor and cigarettes, convinced the committee that more equal treatment was required.

IV. COST OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the committee estimates the customs revenue effect of carrying out the bill as it relates to intravenous fat emulsion at a $126,000 loss per annum; as it relates to color couplers and coupler intermediates a $550,000 loss per annum; as it relates to field glasses, opera glasses, prism binoculars, and other telescopes, a $3 million loss per annum; and as it relates to cigarettes and liquor, an indeterminant revenue gain each year.

V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that the bill, as amended, will not regulate any individuals or businesses.

RUBBER LATEX MATTRESS BLANKS

The Senate proceeded to consider the bill (H.R. 2849) to suspend until July 1, 1978, the rate of duty on mattress blanks of rubber latex which had been reported from the Committee on Finance with amendments as follows:

On page 1, line 3, after "That" insert "(a)";

On page 1, line 7, strike "SEC. 2. (a)" and insert "(b)";

On page 1, line 7, strike "the first section of this Act" and insert "subsection (a)";

On page 2, line 1, strike "(b)" and insert "(c)";

On page 2, line 8, strike "the first section of this Act" and insert "subsection (a)";

On page 2, beginning with line 15, insert the following:

SEC. 2. (a) Subpart D of part 5 of schedule 7 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by striking out item 734.97 and inserting in lieu thereof the following:

" 734.98	Bobsleds and luges of a kind used in international competition	Free	Free
734.99	Other	9% ad val.	45% ad val. "

(b) The amendments made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Act.

SEC. 3. (a) Section 4946(a)(2) of the Internal Revenue Code of 1954 (relating to substantial contributors) is amended to read as follows:

"(2) SUBSTANTIAL CONTRIBUTOR.—For purposes of paragraph (1), the term 'substantial contributor' means a person who is described in section 507(d)(2), except that, for purposes of section 4941 (relating to taxes on self-dealing), contributions made before October 9, 1969, which were made on account of or in lieu of payments required under a lease in effect prior to such date and which were coincident with or by reason of the reduction in the required payments under such lease shall not be taken into account for purposes of applying section 507(d)(2).".

(b) For the purposes of applying section 507(d)(2)(B)(iv) of the Internal Revenue Code of 1954, the amendment made by subsection (a) shall be treated as having taken effect on January 1, 1970.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read:

An Act to suspend until July 1, 1978, the rate of duty on mattress blanks of latex rubber, and for other purposes.

YARNS OF SILK

The Senate proceeded to consider the bill (H.R. 3373) to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk which had been reported from the Committee on Finance with amendments as follows:

On page 1, line 3, after "That" insert "(a)";

On page 1, line 7, strike "SEC. 2. (a)" and insert "(B)";

On page 1, line 7, strike "the first section of this Act" and insert "subsection (a)";

On page 2, line 1, strike "(b)" and insert "(c)";

On page 2, line 8, strike "the first section of this Act" and insert "subsection (a)";

On page 2, beginning with line 15, insert the following:

SEC. 2. (a) Headnote 1(b) of the headnotes to schedule 1, part 15, subpart C of the Tariff Schedule of the United States is amended to read as follows:

"(b) the term 'mixed feeds' and 'mixed-feed ingredients' in item 184.70 embrace products which are admixtures of grains (or products, including byproducts, obtained in milling grains) or of soybeans (or products, including byproducts, obtained in processing soybeans) with molasses, oil cake, oilcake meal, or other feedstuffs, except that there shall not be included in the terms 'mixed feeds' and 'mixed-feed ingredients' in item 184.70 products which are admixtures of soy beans or soybean products with other soybean products, or of soybeans or soybean products with milk products, or with products containing milk or milk derivatives; and which consist of not less than 6 percent by weight of said grains or grain products or of said soybeans or soybean products.".

(b) The amendments made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Act.

SEC. 3. (a) Section 4254 of the Internal Revenue Code of 1954 (relating to computation of tax on communications services) is amended to read as follows:

"SEC. 4254. Computation of tax.

"(a) GENERAL RULE.—The amount on which a tax imposed by section 4251 is based shall not include, if separately stated, any tax on the amount paid for such service imposed by a State or political subdivision of a State or by the District of Columbia.

"(b) BILLS RENDERED FOR LOCAL TELEPHONE SERVICE OR TOLL TELEPHONE SERVICE.—If a bill is rendered the taxpayer for local telephone service or toll telephone service—

"(1) the amount on which the tax with respect to such services shall be based shall be the sum of all changes for such services included in the bill; except that

"(2) if the person who renders the bill groups individual items for purposes of rendering the bill and computing the tax, then (A) the amount on which the tax with respect to each such group shall be based shall be the sum of all items within that group and (B) the tax on the remaining items not included in any such group shall be based on the charge for each item separately.

"(c) WHERE PAYMENT IS MADE FOR TOLL TELEPHONE SERVICE IN COIN-OPERATED TELEPHONES.—If the tax imposed by section 4251 with respect to toll telephone service is paid by inserting coins in coin-operated telephones, tax shall be computed to the nearest multiple of 5 cents, except that, where the tax is midway between multiples of 5 cents, the next higher multiple shall apply.".

(b) Section 4254(a) of the Internal Revenue Code of 1954, as amended by subsection (a), shall apply with respect to amounts paid pursuant to bills first rendered on or after the first day of the first month which begins more than twenty days after the date of enactment of this Act, but such section, as so amended, shall not apply with respect to amounts paid for services rendered more than two months before such first day and for which a bill has not been rendered before such first day.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read:

An Act to extend for an additional temporary suspension of duties on certain classifications of yarns of silk, and for other purposes.

SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

The resolution (S. Res. 243) authorizing supplemental expenditures by the Committee on Banking, Housing, and Urban Affairs for inquiries and investigations, was considered and agreed to, as follows:

Resolved, That section 2 of S. Res. 164, Ninety-fifth Congress, agreed to June 14 (legislative day, May 18), 1977, is amended by striking out the amount "$610,000" and inserting in lieu thereof "$670,000".

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BUDGET ACT WAIVER

Mr. ROBERT C. BYRD. Mr. President, there is a budget waiver to Calendar Order No. 394 at the desk.

I ask unanimous consent that the Senate proceed to the consideration of that resolution of budget waiver.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1682, legislation to provide for the implementation of treaties for the transfer of offenders to or from foreign countries. Such waiver is necessary to allow for the authorization of $900,000 of fiscal year 1978 funds for use in the implementation of these treaties. Compliance with section 402(a) of the Congressional Budget Act of 1974, was not possible by May 15, 1977, because the treaties with Canada and Mexico which this legislation implements were not ratified until July 19 and July 21, 1977.

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

There being no objection, the resolution was considered and agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSFER OF OFFENDERS FOR ADMINISTRATION OF FOREIGN PENAL SENTENCES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 394, S. 1682.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 1682) to provide for the implementation of treaties for the transfer of offenders to or from foreign countries.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert the following:

That title 18, United States Code, is amended by inserting after chapter 305 the following new chapter:

"Chapter 306.—TRANSFER TO OR FROM FOREIGN COUNTRIES

"§ 4100. Scope and limitation of chapter

"(a) The provisions of this chapter relating to the transfer of offenders shall be applicable only when a treaty providing for such a transfer is in force, and shall only be applicable to transfers of offenders to and from a foreign country pursuant to such a treaty. A sentence imposed by a foreign country upon an offender who is subsequently transferred to the United States pursuant to a treaty shall be subject to being fully executed in the United States even though the treaty under which the offender was transferred is no longer in force.

"(b) An offender may be transferred from the United States pursuant to this chapter only to a country of which the offender is a citizen or national. Only an offender who is a citizen or national of the United States may be transferred to the United States. An offender may be transferred to or from the United States only with the offender's consent, and only if the offense for which the offender was sentenced satisfies the requirement of double criminality as defined in this chapter. Once an offender's consent to transfer has been verified by a verifying officer, that consent shall be irrevocable. If at the time of transfer the offender is under eighteen years of age the transfer shall not be accomplished unless consent to the transfer be given by a parent or guardian or by an appropriate court of the sentencing country.

"(c) An offender shall not be transferred to or from the United States if a proceeding by way of appeal or of collateral attack upon the conviction or sentence be pending.

"(d) The United States upon receiving notice from the country which imposed the sentence that the offender has been granted a pardon, commutation, or amnesty, or that there has been an ameliorating modification or a revocation of the sentence shall give the offender the benefit of the action taken by the sentencing country.

"§ 4101. Definitions

"As used in this chapter the term—

"(a) 'double criminality' means that at the time of transfer of an offender the offense for which he has been sentenced is still an offense in the transferring country and is also an offense in the receiving country. With regard to a country which has a federal form of government, an act shall be deemed to be an offense in that country if it is an offense under the federal laws or the laws of any state or province thereof;

"(b) 'imprisonment' means a penalty imposed by a court under which the individual is confined to an institution;

"(c) 'juvenile' means—

"(1) a person who is under eighteen years of age; or

"(2) for the purpose of proceedings and disposition under chapter 403 of this title because of an act of juvenile delinquency, a person who is under twenty-one years of age;

"(d) 'juvenile delinquency' means—

"(1) a violation of the laws of the United States or a State thereof or of a foreign country committed by a juvenile which would have been a crime if committed by an adult; or

"(2) noncriminal acts committed by a juvenile for which supervision or treatment by juvenile authorities of the United States, a State thereof, or of the foreign country concerned is authorized;

"(e) 'offender' means a person who has been convicted of an offense or who has been adjudged to have committed an act of juvenile delinquency;

"(f) 'parole' means any form of release of an offender from imprisonment to the community by a releasing authority prior to the expiration of his sentence, subject to conditions imposed by the releasing authority and to its supervision;

"(g) 'probation' means any form of a sentence to a penalty of imprisonment the execution of which is suspended and the offender is permitted to remain at liberty under supervision and subject to conditions for the breach of which the suspended penalty of imprisonment may be ordered executed;

"(h) 'sentence' means not only the penalty imposed but also the judgment of conviction in a criminal case or a judgment of acquittal in the same proceeding, or the adjudication of delinquency in a juvenile delinquency proceeding or dismissal of allegations of delinquency in the same proceedings;

"(i) 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;

"(j) 'transfer' means a transfer of an individual for the purpose of the execution in one country of a sentence imposed by the courts of another country; and

"(k) 'treaty' means a treaty under which an offender sentenced in the courts of one country may be transferred to the country of which he is a citizen or national for the purpose of serving the sentence.

"§ 4102. Authority of the Attorney General

"The Attorney General is authorized—

"(1) to act on behalf of the United States as the authority referred to in a treaty;

"(2) to receive custody of offenders under a sentence of imprisonment, on parole, or on probation who are citizens or nationals of the United States transferred from foreign countries and as appropriate confine them in penal or correctional institutions, or assign them to the parole or probation authorities for supervision;

"(3) to transfer offenders under a sentence of imprisonment, on parole, or on probation to the foreign countries of which they are citizens or nationals;

"(4) to make regulations for the proper implementation of such treaties in accordance with this chapter and to make regulations to implement this chapter;

"(5) to render to foreign countries and to receive from them the certifications and reports required to be made under such treaties;

"(6) to make arrangements by agreement with the States for the transfer of offenders in their custody who are citizens or nationals of foreign countries to the foreign countries of which they are citizens or nationals and for the confinement, where appropriate, in State institutions of offenders transferred to the United States;

"(7) to make agreements and establish regulations for the transportation through the territory of the United States of offenders convicted in a foreign country who are being transported to a third country for the execution of their sentences, the expenses of which shall be paid by the country requesting the transportation;

"(8) to make agreements with the appropriate authorities of a foreign country and to issue regulations for the transfer and treatment of juveniles who are transferred pursuant to treaty, the expenses of which shall be paid by the country of which the juvenile is a citizen or national;

"(9) in concert with the Secretary of Health, Education, and Welfare, to make arrangements with the appropriate authorities of a foreign country and to issue regulations for the transfer and treatment of individuals who are accused of an offense but who have been determined to be mentally ill; the expenses of which shall be paid by the country of which such person is a citizen or national;

"(10) to designate agents to receive, on behalf of the United States, the delivery by a foreign government of any citizen or national of the United States being transferred to the United States for the purpose of serving a sentence imposed by the courts of the foreign country, and to convey him to the place designated by the Attorney General. Such agent shall have all the powers of a marshal of the United States in the several

districts through which it may be necessary for him to pass with the offender, so far as such power is requisite for the offender's transfer and safekeeping; within the territory of a foreign country such agent shall have such powers as the authorities of the foreign country may accord him;

"(11) to delegate the authority conferred by this chapter to officers of the Department of Justice.

"§ 4103. Applicability of United States laws

"All laws of the United States, as appropriate, pertaining to prisoners, probationers, parolees, and juvenile offenders shall be applicable to offenders transferred to the United States, unless a treaty or this chapter provides otherwise.

"§ 4104. Transfer of offenders on probation

"(a) Prior to consenting to the transfer to the United States of an offender who is on probation, the Attorney General shall determine that the appropriate United States district court is willing to undertake the supervision of the offender.

"(b) Upon the receipt of an offender on probation from the authorities of a foreign country, the Attorney General shall cause the offender to be brought before the United States district court which is to exercise supervision over the offender.

"(c) The court shall place the offender under supervision of the probation officer of the court. The offender shall be supervised by a probation officer, under such conditions as are deemed appropriate by the court as though probation had been imposed by the United States district court.

"(d) The probation may be revoked in accordance with section 3653 of this title and rule 32(f) of the Federal Rules of Criminal Procedure. A violation of the conditions of probation shall constitute grounds for revocation. If probation is revoked the suspended sentence imposed by the sentencing court shall be executed.

"(e) The provisions of sections 4105 and 4106 of this title shall be applicable following a revocation of probation.

"(f) Prior to consenting to the transfer from the United States of an offender who is on probation, the Attorney General shall obtain the assent of the court exercising jurisdiction over the probationer.

"§ 4105. Transfer of offenders serving sentence of imprisonment

"(a) Except as provided elsewhere in this section, an offender serving a sentence of imprisonment in a foreign country transferred to the custody of the Attorney General shall remain in the custody of the Attorney General under the same conditions and for the same period of time as an offender who had been committed to the custody of the Attorney General by a court of the United States for the period of time imposed by the sentencing court.

"(b) The transferred offender shall be given credit toward service of the sentence for any days, prior to the date of commencement of the sentence, spent in custody in connection with the offense or acts for which the sentence was imposed.

"(c)(1) The transferred offender shall be entitled to all credits for good time, for labor, or any other credit toward the service of the sentence which had been given by the transferring country for time served as of the time of the transfer. Subsequent to the transfer, the offender shall in addition be entitled to credits for good time, computed on the basis of the time remaining to be served at the time of the transfer and at the rate provided in section 4161 of this title for a sentence of the length of the total sentence imposed and certified by the foreign authorities. These credits shall be combined to provide a release date for the offender pursuant to section 4164 of this title.

"(2) If the country from which the offender is transferred does not give credit for good time, the basis of computing the deduction from the sentence shall be the sentence imposed by the sentencing court and certified to be served upon transfer, at the rate provided in section 4161 of this title.

"(3) A transferred offender may earn extra good time deductions, as authorized in section 4162 of this title, from the time of transfer.

"(4) All credits toward service of the sentence, other than the credit for time in custody before sentencing, may be forfeited as provided in section 4165 of this title and may be restored by the Attorney General as provided in section 4166 of this title.

"(5) Any sentence for an offense against the United States, imposed while the transferred offender is serving the sentence of imprisonment imposed in a foreign country, shall be aggregated with the foreign sentence, in the same manner as if the foreign sentence was one imposed by a United States district court for an offense against the United States.

"§ 4106. Transfer of offenders on parole; parole of offenders transferred

"(a) Upon the receipt of an offender who is on parole from the authorities of a foreign country, the Attorney General shall assign the offender to the United States Parole Commission for supervision.

"(b) The United States Parole Commission and the Chairman of the Commission shall have the same powers and duties with reference to an offender transferred to the United States to serve a sentence of imprisonment or who at the time of transfer is on parole as they have with reference to an offender convicted in a court of the United States except as otherwise provided in this chapter or in the pertinent treaty. Sections 4201 through 4204; 4205 (d), (e), and (h); 4206 through 4216; and 4218 of this title shall be applicable.

"(c) An offender transferred to the United States to serve a sentence of imprisonment may be released on parole at such time as the Parole Commission may determine.

"§ 4107. Verification of consent of offender to transfer from the United States

"(a) Prior to the transfer of an offender from the United States, the fact that the offender consents to such transfer and that such consent is voluntary and with full knowledge of the consequences thereof shall be verified by a United States magistrate or a judge as defined in section 451 of title 28, United States Code.

"(b) The verifying officer shall inquire of the offender whether he understands and agrees that the transfer will be subject to the following conditions:

"(1) only the appropriate courts in the United States may modify or set aside the conviction or sentence, and any proceedings seeking such action may only be brought in such courts;

"(2) the sentence shall be carried out according to the laws of the country to which he is to be transferred and that those laws are subject to change;

"(3) if a court in the country to which he is transferred should determine upon a proceeding initiated by him or on his behalf that his transfer was not accomplished in accordance with the treaty or laws of that country, he may be returned to the United States for the purpose of completing the sentence if the United States requests his return; and

"(4) his consent to transfer, once verified by the verifying officer, is irrevocable.

"(c) The verifying officer, before determining that an offender's consent is voluntary and given with full knowledge of the consequences, shall advise the offender of his right to consult with counsel as provided by this chapter. If the offender wishes to consult with counsel before giving his consent, he shall be advised that the proceedings will be continued until he has had an opportunity to consult with counsel.

"(d) The verifying officer shall make the necessary inquiries to determine that the offender's consent is voluntary and not the result of any promises, threats, or other improper inducements, and that the offender accepts the transfer subject to the conditions set forth in subsection (b). The consent and acceptance shall be on an appropriate form prescribed by the Attorney General.

"(e) The proceedings shall be taken down by a reporter or recorded by suitable sound recording equipment. The Attorney General shall maintain custody of the records.

"§ 4108. Verification of consent of offender to transfer to the United States

"(a) Prior to the transfer of an offender to the United States, the fact that the offender consents to such transfer and that such consent is voluntary and with full knowledge of the consequences thereof shall be verified in the country in which the sentence was imposed by a United States magistrate, or by a citizen specifically designated by a judge of the United States as defined in section 451 of title 28, United States Code. The designation of a citizen who is an employee or officer of a department or agency of the United States shall be with the approval of the head of that department or agency.

"(b) The verifying officer shall inquire of the offender whether he understands and agrees that the transfer will be subject to the following conditions:

"(1) only the country in which he was convicted and sentenced can modify or set aside the conviction or sentence, and any proceedings seeking such action may only be brought in that country;

"(2) the sentence shall be carried out according to the laws of the United States and that these laws are subject to change;

"(3) if a United States court should determine upon a proceeding initiated by him or on his behalf that his transfer was not accomplished in accordance with the treaty or laws of the United States, he may be returned to the country which imposed the sentence for the purpose of completing the sentence if that country requests his return; and

"(4) his consent to transfer, once verified by the verifying officer, is irrevocable.

"(c) The verifying officer, before determining that an offender's consent is voluntary and given with full knowledge of the consequences, shall advise the offender of his right to consult with counsel as provided by this chapter. If the offender wishes to consult with counsel before giving his consent, he shall be advised that the proceedings will be continued until he has had an opportunity to consult with counsel.

"(d) The vertifying officer shall make the necessary inquiries to determine that the offender's consent is voluntary and not the result of any promises, threats, or other improper inducements, and that the offender accepts the transfer subject to the conditions set forth in subsection (b). The consent and acceptance shall be on an appropriate form prescribed by the Attorney General.

"(e) The proceedings shall be taken down by a reporter or recorded by suitable sound recording equipment. The Attorney General shall maintain custody of the records.

"§ 4109. Right to counsel, appointment of counsel

"In proceedings to verify consent of an offender for transfer, the offender shall have the right to advice of counsel. If the offender is financially unable to obtain counsel—

"(1) counsel for proceedings conducted under section 4107 shall be appointed in accordance with the Criminal Justice Act (18 U.S.C. 3006A). Such appointment shall be considered an appointment in a misdemeanor

case for purposes of compensation under the Act;

"(2) counsel for proceedings conducted under section 4108 shall be appointed by the verifying officer pursuant to such regulations as may be prescribed by the Director of the Administrative Office of the United States Courts. The Secretary of State shall make payments of fees and expenses of the appointed counsel, in amounts approved by the verifying officer, which shall not exceed the amounts authorized under the Criminal Justice Act (18 U.S.C. 3006(a)) for representation in a misdemeanor case. Payment in excess of the maximum amount authorized may be made for extended or complex representation whenever the verifying officer certifies that the amount of the excess payment is necessary to provide fair compensation, and the payment is approved by the chief judge of the United States court of appeals for the appropriate circuit. Counsel from other agencies in any branch of the Government may be appointed: *Provided*, That in such cases the Secretary of State shall pay counsel directly, or reimburse the employing agency for travel and transportation expenses. Notwithstanding section 3648 of the revised statutes as amended (31 U.S.C. 529), the Secretary may make advance payments of travel and transportation expenses to counsel appointed under this subsection.

"§ 4110. Transfer of juveniles

"An offender transferred to the United States because of an act which would have been an act of juvenile delinquency had it been committed in the United States or any State thereof shall be subject to the provisions of chapter 403 of this title except as otherwise provided in the relevant treaty or in an agreement pursuant to such treaty between the Attorney General and the authority of the foreign country.

"§ 4111. Prosecution barred by foreign conviction

"An offender transferred to the United States shall not be detained, prosecuted, tried, or sentenced by the United States, or any State thereof for any offense the prosecution of which would have been barred if the sentence upon which the transfer was based had been by a court of the jurisdiction seeking to prosecute the transferred offender, or if prosecution would have been barred by the laws of the jurisdiction seeking to prosecute the transferred offender if the sentence on which the transfer was based had been issued by a court of the United States or by a court of another State.

"§ 4112. Loss of rights, disqualification

"An offender transferred to the United States to serve a sentence imposed by a foreign court shall not incur any loss of civil, political, or civic rights nor incur any disqualification other than those which under the laws of the United States or of the State in which the issue arises would result from the fact of the conviction in the foreign country.

"§ 4113. Status of alien offender transferred to a foreign country

"(a) An alien who is deportable from the United States but who has been granted voluntary departure pursuant to section 1252 (b) or section 1254(e) of title 8, United States Code, and who is transferred to a foreign country pursuant to this chapter shall be deemed for all purposes to have voluntarily departed from this country.

"(b) An alien who is the subject of an order of deportation from the United States pursuant to section 1252 of title 8, United States Code, who is transferred to a foreign country pursuant to this chapter shall be deemed for all purposes to have been deported from this country.

"(c) An alien who is the subject of an order of exclusion and deportation from the United States pursuant to section 1226 of title 8, United States Code, who is transferred to a foreign country pursuant to this chapter shall be deemed for all purposes to have been excluded from admission and deported from the United States.

"§ 4114. Return of transferred offenders

"(a) Upon a final decision by the courts of the United States that the transfer of the offender to the United States was not in accordance with the treaty or the laws of the United States and ordering the offender released from serving the sentence in the United States the offender may be returned to the country from which he was transferred to complete the sentence if the country in which the sentence was imposed requests his return. The Attorney General shall notify the appropriate authority of the country which imposed the sentence, within ten days, of a final decision of a court of the United States ordering the offender released. The notification shall specify the time within which the sentencing country must request the return of the offender which shall be no longer than thirty days.

"(b) Upon receiving a request from the sentencing country that the offender ordered released be returned for the completion of his sentence, the Attorney General may file a complaint for the return of the offender with any justice or judge of the United States or any authorized magistrate within whose jurisdiction the offender is found. The complaint shall be upon oath and supported by affidavits establishing that the offender was convicted and sentenced by the courts of the country to which his return is requested; the offender was transferred to the United States for the execution of his sentence; the offender was ordered released by a court of the United States before he had completed his sentence because the transfer of the offender was not in accordance with the treaty or the laws of the United States; and that the sentencing country has requested that he be returned for the completion of the sentence. There shall be attached to the complaint a copy of the sentence of the sentencing court and of the decision of the court which ordered the offender released.

"A summons or a warrant shall be issued by the justice, judge or magistrate ordering the offender to appear or to be brought before the issuing authority. If the justice, judge, or magistrate finds that the person before him is the offender described in the complaint and that the facts alleged in the complaint are true, he shall issue a warrant for commitment of the offender to the custody of the Attorney General until surrender shall be made. The findings and a copy of all the testimony taken before him and of all documents introduced before him shall be transmitted to the Secretary of State, that a Return Warrant may issue upon the the requisition of the proper authorities of the sentencing country, for the surrender of offender.

"(c) A complaint referred to in subsection (b) must be filed within sixty days from the date on which the decision ordering the release of the offender becomes final.

"(d) An offender returned under this section shall be subject to the jurisdiction of the country to which he is returned for all purposes.

"(e) The return of an offender shall be conditioned upon the offender being given credit toward service of the sentence for the time spent in the custody of or under the supervision of the United States.

"(f) Sections 3186, 3188 through 3191, and 3195 of this title shall be applicable to the return of an offender under this section. However, an offender returned under this section shall not be deemed to have been extradicted for any purpose.

"(g) An offender whose return is sought pursuant to this section may be admitted to bail or be released on his own recognizance at any stage of the proceedings.

"§ 4115. Execution of sentences imposing an obligation to make restitution or reparations

"If in a sentence issued in a penal proceeding of a transferring country an offender transferred to the United States has been ordered to pay a sum of money to the victim of the offense for damage caused by the offense, that penalty or award of damages may be enforced as though it were a civil judgment rendered by a United States district court. Proceedings to collect the moneys ordered to be paid may be instituted by the Attorney General in any United States district court. Moneys recovered pursuant to such proceedings shall be transmitted through diplomatic channels to the treaty authority of the transferring country for distribution to the victim.".

SEC. 2. That section 636 of title 28, United States Code, is amended by adding a subsection (f) as follows:

"(f) A United States magistrate may perform the verification function required by section 4107 of title 18, United States Code. A magistrate may be assigned by a judge of any United States district court to perform the vertification required by section 4108 and the appointment of counsel authorized by section 4109 of title 18, United States Code, and may perform such functions beyond the territorial limits of the United States. A magistrate assigned such functions shall have no authority to perform any other function within the territory of a foreign country.".

SEC. 3. That chapter 153 of title 28, United States Code, is amended by adding the following section:

"§ 2256. Jurisdiction of proceedings relating to transferred offenders

"When a treaty is in effect between the United States and a foreign country providing for the transfer of convicted offenders—

"(1) the country in which the offender was convicted shall have exclusive jurisdiction and competence over proceedings seeking to challenge, modify, or set aside convictions or sentences handed down by a court of such country;

"(2) all proceedings instituted by or on behalf of an offender transferred from the United States to a foreign country seeking to challenge, modify, or set aside the conviction or sentence upon which the transfer was based shall be brought in the court which would have jurisdiction and competence if the offender had not been transferred;

"(3) all proceedings instituted by or on behalf of an offender transferred to the United States pertaining to the manner of execution in the United States of the sentence imposed by a foreign court shall be brought in the United States district court for the district in which the offender is confined or in which supervision is exercised and shall name the Attorney General and the official having immediate custody or exercising immediate supervision of the offender as respondents. The Attorney General shall defend against such proceedings;

"(4) all proceedings instituted by or on behalf of an offender seeking to challenge the validity or legality of the offender's transfer from the United States shall be brought in the United States district court of the district in which the proceedings to determine the validity of the offender's consent were held and shall name the Attorney General as respondent; and

"(5) all proceedings instituted by or on behalf of an offender seeking to challenge the validity or legality of the offender's transfer to the United States shall be brought in the United States district court of the district in which the offender is confined or of the district in which supervision is exercised

and shall name the Attorney General and the official having immediate custody or exercising immediate supervision of the offender as respondents. The Attorney General shall defend against such proceedings.".

SEC. 4. That chapter 48, title 10, United States Code, is amended by adding the following sections:

"§ 955. Prisoners transferred to or from foreign countries

"(a) When a treaty is in effect between the United States and a foreign country providing for the transfer of convicted offenders, the Secretary concerned may, with the concurrence of the Attorney General, transfer to said foreign country any offender against chapter 47 of this title. Said transfer shall be effected subject to the terms of said treaty and chapter 306 of title 18, United States Code.

"(b) Whenever the United States is party to an agreement on the status of forces under which the United States may request that it take custody of a prisoner belonging to its armed forces who is confined by order of a foreign court, the Secretary concerned may provide for the carrying out of the terms of such confinement in a military correctional facility of his department or in any penal or correctional institution under the control of the United States or which the United States may be allowed to use. Except as otherwise specified in such agreement, such person shall be treated as if he were an offender against chapter 47 of this title.".

SEC. 5. (a) There is authorized to be appropriated such funds as may be required to carry out the purposes of this Act.

(b) The Attorney General shall certify to the Secretary of State the expenses of the United States related to the return of an offender to the foreign country of which the offender is a citizen or national for which the United States is entitled to seek reimbursement from that country under a treaty providing for transfer and reimbursement.

(c) The Attoney General shall certify to the Administrative Office of the United States Courts those expenses which it is obligated to pay on behalf of an indigent offender under section 3006A of title 18, United States Code, and similar statutes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95-435), explaining the purposes of the measure.

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

PURPOSE

The purpose of S. 1682 is to provide the statutory framework to implement treaties with Canada and Mexico providing for the transfer of convicted offenders for the purpose of administering penal sentences.

PURPOSE OF AMENDMENTS

The purpose of the amendment to S. 1682 which is proposed in the nature of a substitute is to strengthen the proceedings at which the informed consent of prisoners desiring to participate in transfer under this legislation will be determined, to improve the procedures for appointment of counsel to advise the prisoners, and to make technical and clarifying amendments to the bill.

GENERAL STATEMENT

The Committee on the Judiciary recommends enactment of S. 1682, as amended, to implement treaties between the United States and Canada, and the United States and Mexico. This bill establishes a procedural framework for the transfer of prisoners convicted of crimes in a foreign country so that they may serve their sentence of confinement or supervision in their home nation.

This legislation contains the following major provisions:

1. The transfer and custody of prisoners who come under this treaty shall be carried out by the Attorney General.

2. Any person to be transferred to or from the United States will appear before a U.S. magistrate or judicial officer to verify that he has willingly and knowingly agreed to be transferred.

3. Any person who is to appear at a verification proceeding has a right to be advised by counsel, and if he is indigent, counsel shall be appointed for him through U.S. courts.

4. Any American citizen returning to this country as a prisoner is eligible for parole pursuant to U.S. law and regulations.

5. An American citizen returning home under this treaty does not waive an American's right to bring a writ of habeas corpus in a U.S. court, but when he volunteers for transfer, he would not gain opportunity to collaterally attack his foreign conviction in a U.S. court.

6. If an American returning to this country is freed by U.S. courts before his foreign sentence has expired, he may be delivered back to foreign authorities to complete his term.

The changes which the 20th century has brought to our lives are nowhere more evident than in the field of travel and communications. Travel by Americans to foreign countries is commonplace, and our government actively seeks tourists from abroad. One result is the increasing number of people who are convicted of crimes in a foreign country, and who find themselves in a foreign prison. This is no longer a matter limited to border areas.

Without this freedom of travel, we would not find situations such as the large number of Americans who are incarcerated in Mexico, mostly on charges of possessing marihuana and abusable drugs. They have generated adverse publicity by complaining about the legal process in Mexico by which the convictions were obtained, the difficulty in obtaining assistance from American consular officials, and the crowded and unsavory conditions in Mexican prisons. Our government has encouraged Mexican officials to toughen their enforcement of drug laws, and our drug enforcement agents continue to operate in Mexico. However, these prisoners have become an impediment to good relations with our neighbors. The transfer of prisoners will improve our relations with Mexico, but it will also benefit the prisoners who would be returned to this country. They can complete their prison sentences closer to home and family.

At first glance, many would question such a prisoner transfer, because it involves the use of the power and authority of the United States to administer punishment meted out by a foreign court that may not provide all the same rights a defendant enjoys in an American courtroom.

The committee, after considering the legislation, and after approving several substantial amendments, has found good reason to believe that allowing the transfer of prisoners offers benefits to the United States and to its citizens that warrant enactment of S. 1682. This transfer of prisoners is a part of American concern about human rights, because it provides an opportunity to improve the status of the prisoners who come under it. President Carter has recommended enactment of this legislation.

The amendment was agreed to.

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

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FURTHER ROUTINE MORNING BUSINESS

MESSAGES FROM THE HOUSE

At 1:30 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its clerks, announced that:

The House agrees to the amendment of the Senate to the bill (H.R. 6502) 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.

The House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 2558. An act for the relief of Doctor John Alexis L. S. Tam and Yeut Shum Tam;

H.R. 2662. An act for the relief of Christopher Robert West.

At 3:27 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that the House had passed the bill (H.R. 3625) for the relief of Peter Neal Smith, in which it requests the concurrence of the Senate.

At 4:55 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that:

The House agrees to the amendment of the Senate to the bill (H.R. 1862) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes, with amendments in which it requests the Senate to concur.

The House agrees to the amendment of the Senate to the bill (H.R. 7345) 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, in which it requests the Senate to concur.

PETITIONS

Mr. BAKER. Mr. President, I have received petitions from my constituents, Mr. S. Lee Vance and Mr. Sammy K. Keesecker, of Erwin, Tenn., who request that the Congress repeal the withholding tax law. Mr. Vance and Mr. Keesecker have requested that I present their petitions to the Senate and I now submit them for appropriate referral.

The PRESIDING OFFICER. The petitions will be received and appropriately referred.

(The petitions were referred to the Committee on Finance.)

REPORTS OF COMMITTEES SUBMITTED DURING ADJOURNMENT

Under authority of the order of September 20, 1977, the following committee reports were submitted on September 20, during the adjournment of the Senate:

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources:

S. Res. 263. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the con-

sideration of S. 2114. Referred to the Committee on the Budget

S. 2114. An original bill to authorize Federal action to encourage energy conservation, efficiency, and equitable rates in public utility systems, and for other purposes (Rept. No. 95-442).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BIDEN, from the Committee on the Judiciary:

With an amendment:

S. 1651. A bill to insure equal protection of the laws as guaranteed by the fifth or fourteenth amendments to the Constitution of the United States (together with additional and minority views) (Rept. No. 95-443).

By Mr. BAYH, from the Committee on the Judiciary:

With an amendment:

H.R. 5742. An act to amend the Controlled Substances Act to extend for three fiscal years the authorization of appropriations under that Act for the expenses of the Department of Justice on carrying out that Act (Rept. No. 95-444).

By Mr. ABOUREZK, from the Select Committee on Indian Affairs:

With amendments:

S. 1509. A bill to provide for the return to the United States of title to certain lands conveyed to certain Indian Pueblos of New Mexico and for such land to be held in trust by the United States for such tribes (Rept. No. 95-445).

By Mr. WILLIAMS, from the Committee on Human Resources:

Without recommendation:

H.R. 3744. An act to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that Act, and for other purposes (Rept. No. 95-446).

By Mr. MUSKIE, from the Committee on the Budget:

Without amendment:

S. Res. 245. A resolution waiving section 402(a) of the Congressional Budget Act with respect to the consideration of S. 1682. (Rept. No. 95-447).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations, without reservation:

Exec. A, 95-1. Protocol to the Convention on International Civil Aviation (Exec. Rept. 95-11).

By Mr. PROXMIRE, from the Committee on Banking, Housing and Urban Affairs:

Eloise A. Woods, of Georgia, to be Chairman of the National Credit Union Board.

Roberta S. Karmel, of New York, to be a member of the Securities and Exchange Commission.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. TALMADGE, from the Committee on Agriculture, Nutrition, and Forestry:

Lawrence Owen Cooper, Sr., of Mississippi; and

Edgar C. Rutherford, of California, to be members of the Federal Farm Credit Board, Farm Credit Administration.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

BILL PLACED ON THE CALENDAR

Under authority of the order of September 7, 1977, the Committee on the Judiciary was discharged from further consideration of the bill (S. 957) to promote commerce by establishing national goals for the effective, fair, inexpensive, and expeditious resolution of controversies involving consumers, and for other purposes, and the bill was placed on the Calendar.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 2558. An act for the relief of Doctor John Alexis L. S. Tam and Yeut Shum Tam; to the Committee on the Judiciary.

H.R. 2662. An act for the relief of Christopher Robert West; to the Committee on the Judiciary.

H.R. 3625. An act for the relief of Peter Neal Smith; to the Committee on the Judiciary.

ENROLLED BILL SIGNED

The enrolled bill (S. 275) to provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes, was signed today by the President pro tempore.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that today, September 21, 1977, he presented to the President of the United States the following enrolled bills:

S. 1731. An Act extending the special pay provisions for physicians and dentists in the uniformed services and reinstating the special pay provisions for optometrists and veterinarians in the uniformed services; and

S. 275. An Act to provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. RIBICOFF:

S. 2115. A bill to amend the Internal Revenue Code of 1954 to provide a fairer system of taxation of income earned abroad by United States citizens living or residing abroad; to the Committee on Finance.

By Mr. DOMENICI (for himself and Mr. SCHMITT):

S. 2116. A bill to prohibit the excessing of cabin sites and removal of cabins located at Conchas Lake, New Mexico prior to 1996 without State approval; to the Committee on Environment and Public Works.

By Mr. EASTLAND:

S. 2117. 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 United States employees, and for other purposes; to the Commitee on the Judiciary.

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 2118. A bill to authorize the Secretary of Agriculture to convey certain homesites within the Chugach and Tongass National Forests, Alaska; to the Committee on Energy and Natural Resources.

By Mr. BENTSEN:

S. 2119. A bill for the relief of Calvin Graham; to the Committee on Armed Services.

By Mr. METCALF:

S. 2120. A bill to amend section 133(e) of the Legislative Reorganization Act of 1946 in order to provide for individual views in the Senate committee reports in lieu of supplemental views; to the Committee on Rules and Administration.

By Mr. WILLIAMS:

S. 2121. A bill to declare a portion of the Delaware River in Burlington County, New Jersey, nonnavigable; to the Committee on Environment and Public Works.

S. 2122. A bill to prohibit the United States Postal Service or the Postal Rate Commission from requiring handwritten addresses or return addresses on letters of individuals receiving certain special rates; to the Committee on Governmental Affairs.

By Mr. THURMOND:

S. 2123. A bill to permit any surviving spouse of a person interred in a post cemetery or the post section of a national cemetery to be interred in such cemetery; to the Committee on Veterans' Affairs.

By Mr. DECONCINI:

S. 2124. A bill to increase the tariff on imported copper and to exclude copper imports from the Generalized System of Preferences created by the Trade Act of 1974; to the Committee on Finance.

By Mr. WILLIAMS:

S. 2125. A bill to amend title IV of the Employee Retirement Income Security Act of 1974 to authorize the Pension Benefit Guaranty Corporation to extend, for not more than 18 months, the date on which the corporation first begins paying benefits under terminated multiemployer plans; jointly, by unanimous consent, to the Committees on Finance and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. RIBICOFF:

S. 2115. A bill to amend the Internal Revenue Code of 1954 to provide a fairer system of taxation of income earned abroad by U.S. citizens living or residing abroad; to the Committee on Finance.

Mr. RIBICOFF. Mr. President, I am introducing legislation today that will establish a new and more fair system of taxing income earned by Americans who work overseas. This legislation will enable Americans to compete more effectively in overseas job markets by allowing tax deductions for the amounts by which basic living costs increase as a result of working abroad. My proposal replaces the existing fixed-level exclusion with a series of itemized deductions that will enable taxpayers to compute their taxes on the basis of actual circumstances and legitimate needs. The existing overseas income exclusion has proven to be arbitrary and unfair. Despite repeated attempts by the Congress to make the present system work, some taxpayers continue to receive an unjustified tax windfall while others are forced to pay unreasonably high taxes.

The overseas incomes exclusion directly affects the ability of Americans to work abroad. It involves serious issues of U.S. trade policy. Unfortunately, this provision, like other issues in the area of foreign source taxation, has been

treated in the past as if it solely involved questions of domestic tax policy.

The impact of this provision on American jobs in other countries has been almost completely overlooked. The truth is that to many Americans working abroad, the future looks grim. Increasing numbers of Americans are finding themselves unable to compete for overseas jobs against workers from other countries. Many Americans abroad are being forced out of their jobs. Both foreign and American companies are turning more and more to foreign instead of American labor. Even in highly skilled jobs, American companies are training foreign workers to do things that today can only be done by Americans.

Americans working in foreign countries are being squeezed out of their jobs because they are at a competitive disadvantage with respect to their foreign counterparts. They are losing out through no fault of their own. The serious problem facing the 126,000 Americans working abroad is a direct result of differences in the tax systems used by the United States and other countries. The United States is one of the only countries in the world that taxes income earned in other countries. So the American who gets a job overseas is generally taxed in this country on his foreign earnings. His foreign counterpart, on the other hand, does not have to pay any tax back home. In competing for a job, the foreign competitor can be paid less and still take home more money than the American each week. The more U.S. tax the Ameriacn has to pay, the larger his competitive disadvantage in a foreign country.

The size of the problem facing Americans working in foreign countries is greatly magnified by the extraordinarily high costs of living in many foreign places. For both U.S. and foreign workers, maintaining a reasonable standard of living and a familiar lifestyle abroad can be much more costly than at home. Neither is likely to accept an overseas assignment or compete for a job in another country without being reimbursed for the substantial increases in basic and necessary living costs due to working abroad. Consequently, companies looking to hire individuals for overseas jobs usually have no choice but to provide additional compensation to prospective employees for the added costs of living and working abroad. And the American has to pay tax on these reimbursements on top of the tax for his basic salary, while the foreign worker does not. So the American is really at a serious competitive disadvantage.

Generally, increased costs that result from working overseas fall into three basic categories: Housing, education, and increases in day-to-day living expenses like food, household goods, and medical care. In the Mideast, for example, housing that normally would cost $3,000 annually in the United States costs as much as $30,000 annually. In certain parts of the world, American-style primary and secondary education cost $7,000. In the United States, equivalent education would be available free through the public school system. Basic costs of living vary greatly overseas. In Oslo, for example, the cost of living is 164 percent of Washington, D.C. costs.

Because of increased costs in these three basic categories, it is not unusual for an American living and working abroad who earned $20,000 in the United States to spend as much as $80,000 a year to maintain an equivalent standard of living. Without an effective overseas income exclusion, the American who earned $20,000 in the United States and who competes with foreign workers for a job in the Mideast may have to pay as much as $40,000 in taxes while his competitors do not have to pay any tax at all.

From the employer's point of view, the tax an American employee faces back home acts as a strong disincentive to hiring Americans for jobs overseas. Because the American working in a foreign country has to bear the added expense of his taxes back home, it is less costly for employers to hire foreign labor. American employers overseas face a tough choice: they either have to offset U.S. taxes for American employees by providing them with extra compensation or lay off Americans and fill their jobs with foreign workers. Instead of protecting American jobs by making Americans more employable overseas, the present system often encourages American employers to train foreigners to do jobs that otherwise could only be done by Americans. Instead of helping safeguard American technology and know how, the current income exclusion promotes the transfer of these resources to others. As American companies are forced to turn in increasing numbers to these so-called tax equalization plans, the inevitable result will be that more and more Americans are going to lose their jobs and be pushed out of overseas markets.

As part of the Tax Reform Act last year, Congress made some major changes in the overseas income exclusion. In doing so, however, far too little attention was given to the serious impact of the income exclusion on U.S. trade policy. Without fully understanding the importance of the provision or the effect the changes would have on Americans trying to earn their living abroad, Congress reduced the level of the exclusion from $20,000—or $25,000, depending upon the length of the time overseas—to $15,000 for most taxpayers. The tax treatment of excluded income was also changed. As a result, the value of the provision for taxpayers facing inflated tax bills because of extraordinary living costs in foreign countries has been greatly reduced. Altogether, the changes made by the Tax Reform Act reduced the value of the income exclusion by more than 75 percent.

There is no way to make the type of fixed-level exclusion provided under present law equitable for all taxpayers working abroad. After all, Americans working in different locations overseas have no more in common than the fact that they earn their livings outside the United States.

As increases in basic living costs vary from one foreign location to another, so too does the amount of the additional tax burden by which the American worker is disadvantaged with respect to his foreign counterpart. The trouble with the present system is that the fixed-level exclusion does not provide tax relief on the basis of the taxpayer's actual and legitimate needs. As a result, the present system cannot adequately offset the competitive disadvantage facing taxpayers working in foreign places where basic living costs are extraordinarily high. For other taxpayers who work in foreign places with comparable living costs to those in the United States, the fixed-level exclusion generates an unjustified tax windfall. Since the competitive disadvantage facing Americans overseas fluctuates on the basis of increases in basic living costs, so too should tax deductions for additional foreign living costs.

At a time when the United States is running a record trade deficit that may reach $25 billion this year, we can hardly afford to minimize the importance of the overseas income exclusion in making Americans competitive for jobs in other countries and in helping to achieve other objectives of U.S. trade policy. The United States has taken many steps to pave the way for American companies to do business effectively in foreign countries. The cost of these steps far exceeds the cost of granting tax relief for increases resulting from additional foreign living costs. An important part of the justification for measures like DISC, deferral of taxes on corporate foreign source income and the granting of foreign tax credits is that they create jobs for Americans in new markets abroad. But once a company enters an overseas market, it has to choose between employing Americans and hiring foreign laborers. Because the present income exclusion is often inadequate, many companies have already started to choose foreign labor. From everything I have seen, I believe companies will turn away from Americans in increasing numbers until the strong disincentives to hiring Americans caused by the big tax bills in this country are reduced. By enacting this legislation, we can effectively and equitably deal with the urgent problem facing Americans abroad.

Mr. President, the General Accounting Office began major indepth study of the problems relating to the overseas income exclusion several months ago. The information-gathering phase of that study has not been completed. I asked the Comptroller General to study my proposal and last week I received a letter in which the Comptroller discussed both the GAO study and his views on my proposal. That letter stated:

> . . . Any special tax treatment for Americans working overseas would provide tax relief to help achieve objectives of U.S. trade policy and other issues of public policy . . . GAO's role, then, is to identify policy options and to provide objective information with which to evaluate those options.
>
> . . . The obvious purpose of the bill is to convert . . . to a system that provides tax relief for the unusually high, but necessary, costs of living in certain overseas areas. We believe that the draft bill, in principle, adequately provides for such a conversion. We provided detailed comments informally on a preliminary draft of your bill. We understand that the final draft of

your proposed legislation has been revised to take these comments into account.

Mr. President, I ask unanimous consent that the bill and the text of the Comptroller General's letter appear in the RECORD along with a technical explanation of my proposal and a series of realistic examples that show the effects of the bill for Americans working in various foreign countries.

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

S. 2115

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

SECTION 1. ALLOWANCE OF DEDUCTION.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 221 as 222 and by inserting after section 220 the following new section:

"SEC. 221. ADDITIONAL FOREIGN LIVING COSTS.

"(a) GENERAL RULE.—There is allowed as a deduction to an individual citizen of the United States—

"(1) who establishes to the satisfaction of the Secretary that he has been a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year, or

"(2) who, during any period of 18 consecutive months is present in a foreign country or countries during at least 510 full days in such period,

the amount determined under subsection (c) for the taxable year.

"(b) EARNED INCOME LIMITATION.—The amount of the deduction allowed by subsection (a) for the taxable year shall not exceed the earned income of the taxpayer for the taxable year.

"(c) DETERMINATION OF AMOUNT.—

"(1) GENERAL RULE.—The amount of the deduction allowed by subsection (a) for the taxable year is an amount equal to the sum of the taxpayer's cost-of-living, housing, and education expense amounts for the taxable year.

"(2) COST-OF-LIVING EXPENSE AMOUNT.—The term 'cost-of-living expense amount' means the lesser of—

"(A) the amount paid to an individual by his employer as compensation for the amount by which the cost of living (exclusive of housing and education costs) in the foreign place in which that individual is resident or present exceeds the cost of living comparably in the United States; or

"(B) the amount set forth in the typical cost-of-living expense amount table prescribed by the Secretary under subsection (d) applicable to the foreign place in which that individual is resident or present.

"(3) HOUSING EXPENSE AMOUNT.—The term 'housing expense amount' means the excess of—

"(A) the lesser of—

"(i) the amount paid to an individual by his employer as compensation for the reasonable cost of housing in the foreign place in which that individual is resident or present to the extent it is not lavish or extravagant under the circumstances and is reasonably comparable to typical United States style housing, or

"(ii) the amount which an individual reasonably expended for the taxable year for United States style housing (including utilities) located in a particular foreign place in which he is resident or present (exclusive of amounts which are lavish or extravagant under the circumstances), over

"(B) an amount representing typical United States housing costs which is deemed to equal 20 percent of the individual's earned income for the taxable year, after his earned income is reduced by the sum of—

"(i) the amount determined under subparagraph (A),

"(ii) the amount determined under paragraph (2), and

"(iii) the amount determined under paragraph (4).

"(4) EDUCATION EXPENSE AMOUNT.—The term 'education expense amount' means the least of—

"(A) the amount paid to an individual by his employer as compensation for the amount by which the cost of school fees in the foreign place in which that individual is resident or present exceeds the cost of school fees for public education at the same or similar levels in the United States,

"(B) the sum of the amounts paid or incurred by the individual for the taxable year for school fees, or

"(C) the amount set forth in the typical education expense amount table prescribed by the Secretary under subsection (d) applicable to the foreign place in which that individual is resident or present.

"(d) TABLES.—

"(1) IN GENERAL.—The Secretary shall prescribe and update annually each of the following tables:

"(A) TYPICAL COST-OF-LIVING EXPENSE AMOUNT TABLE.—A table setting forth the amount by which the cost of living (exclusive of education and housing expenses) of an American family in various foreign places exceeds the cost of living (exclusive of education and housing expenses) in the United States, for families of different sizes, based upon the salary of an employee of the United States who is compensated at a rate equal to the annual rate paid for step 1 of grade GS–12.

"(B) TYPICAL EDUCATION EXPENSE AMOUNT TABLE.—A table setting forth, for various foreign places in which United States citizens claiming the benefit of this subsection are resident or present, the reasonable amount of school fees at adequate United States type schools (generally available to United States citizens) located within a reasonable daily commuting distance of such places. Such table shall also set forth an amount for foreign places not listed equal to the average of school fees based on a representative sample of adequate United States type schools located abroad.

"(C) AVERAGE COST-OF-LIVING, HOUSING, AND EDUCATION EXPENSE AMOUNT TABLES.—Tables setting forth, for each category of expense described in paragraphs (2), (3), and (4) of subsection (c), and for various foreign places, average amounts claimed by individuals claiming the deduction allowed by this section (other than individuals described in subsection (e) (1) and (2)) for taxable years ending with or within the most recently ended calendar year.

"(2) CONSULTATION WITH INTERESTED PARTIES.—The Secretary is authorized, in prescribing the tables described in subparagraphs (A) and (B), to consult with the Secretaries of State and Labor and firms and individuals outside the Government.

"(e) SPECIAL RULES.—

"(1) SELF-EMPLOYED INDIVIDUALS AND EMPLOYEES OF FOREIGN CORPORATIONS.—In the case of a self-employed individual (within the meaning of section 217(f)(1)) or an employee of a foreign person which is not engaged in a trade or business within the United States (other than a controlled corporation within the meaning of section 957)—

"(A) the amount taken into account for purposes of subsection (c)(2) (relating to cost-of-living expense amount) shall be the amount set forth in the latest average cost-of-living expense amount table prescribed by the Secretary under subsection (d)(1)(C) before the close of the taxable year for the foreign place in which the individual is resident or present;

"(B) the amount taken into account for purposes of subsection (c)(3) (relating to housing expense amount) shall be the lesser of—

"(i) the amount set forth in the latest average housing expense amount table prescribed by the Secretary under subsection (d)(1)(C) before the close of the taxable year for the foreign place in which the individual is resident or present, or

"(ii) the amount which would be determined under paragraph (3) of subsection (c) without clause (i) or subparagraph (A) thereof; and

"(C) the amount taken into account for purposes of subsection (c)(4) (relating to education expense amount) shall be the lesser of—

"(i) the amount set forth in the latest average education expense amount table prescribed by the Secretary under subsection (d)(1)(C) before the close of the table year for the foreign place in which the individual is resident or present, or

"(ii) the sum of the amounts paid or incurred by the individual for school fees for the taxable year.

"(2) EMPLOYEES OF CHARITABLE ORGANIZATIONS; EMPLOYEES FURNISHED LODGING; AND EMPLOYEES IN CAMPS.—

"(A) In the case of an individual who performs qualified charitable services during the taxable year, to whom his employer furnishes lodging the value of which would be excludible from gross income under section 119 if he did not elect to claim the deduction allowed by subsection (a), or an individual who, because of his employment, resides in a camp—

"(i) the amount taken into account for purposes of subsection (c)(2) (relating to cost-of-living expense amount) shall be the amount set forth in the latest average cost-of-living expense amount table prescribed by the Secretary under subsection (d)(1)(C) before the close of the taxable year for the foreign place in which the individual is resident or present;

"(ii) the amount taken into account for purposes of subsection (c)(3) (relating to housing expense amount) shall be the amount set forth in the latest average housing expense amount table prescribed by the Secretary under subsection (d)(1)(C) before the close of the taxable year for the foreign place in which the individual is resident or present; and

"(iii) the amount taken into account for purposes of subsection (c)(4) (relating to education expense amount) shall be the lesser of—

"(I) the amount set forth in the latest average education expense amount table prescribed by the Secretary under subsection (d)(1)(C) before the close of the taxable year for the foreign place in which the individual is resident or present, or

"(II) the sum of the amounts paid or incurred by the individual for school fees for the taxable year.

"(B) QUALIFIED CHARITABLE SERVICES.—For purposes of this paragraph, the term "qualified charitable services' means services performed by an employee outside the United States for an employer created or organized in the United States, or under the law of the United States, any State, or the District of Columbia, which meets the requirements of section 501(c)(3).

"(3) APPLICATION WITH SECTION 119.—The deduction allowed by subsection (a) shall not be allowed to an individual who is entitled under section 119 to exclude from gross income the value of meals or lodging furnished to him by his employer outside the United States unless he elects not to exclude the value of such meals or lodging from gross income for the taxable year.

"(4) EMPLOYER CERTIFICATION REQUIREMENTS.—For purposes of this section—

"(A) an amount shall be treated as paid by an employer as a cost-of-living expense amount, a housing expense amount, or an education expense amount only if such amount is paid in addition to regular compensation (which is not less than reasonable compensation in the United States for similar services), and is certified by the employer as paid specifically for such purpose,

"(B) an amount shall be treated as paid by an employer as a housing expense amount only if the employer certifies that—

"(i) such amount does not exceed what the employer regards as the reasonable cost of housing in the foreign place in which that individual is resident or present to the extent it is not lavish or extravagant under the circumstances and is reasonably comparable to typical United States style housing, and

"(ii) the amount paid to the employee for such purpose is not substantially in excess of amounts paid by the employer (or if not aplicable, by other employers to the extent information is available to the employer) to other employees performing similar services, or with the same responsibilities in the same area, and

"(C) no amount shall be taken into account under paragraph (2), (3), or (4) of subsection (c) as paid by an employer if the employer fails to make the required certification applicable to such paragraph.

"(5) REGULATIONS.—The Secretary shall issue regulations implementing this section, including regulations establishing procedures for employer certification of amounts, rules for situations in which the employer furnishes goods and services at less than fair market value, rules for situations in which the individual is in a particular foreign country for only part of the year, and rules covering changes in employment or familial status or change in location within a foreign country, during the taxable year.

"(6) APPLICATION WITH SECTION 911.—For taxable years ending before January 1, 1980, the deduction allowed by subsection (a) shall not be allowed to an individual unless he has elected, under section 911(e), not to have the provisions of section 911 apply to him.

"(7) DOUBLE DEDUCTIONS DISALLOWED.—An individual shall not be allowed, as a deduction under any other provision of this chapter (other than under section 151), any amount to the extent that the item to which such amount is attributable is properly allocable to, or chargeable against, amounts taken into account under paragraphs (3) and (4) of subsection (c).

"(8) VALUATION OF IN-KIND PAYMENTS.—In the case of goods or services furnished by an employer to an employee (or to the dependents of an employee), the value of the goods or services shall be the fair market value thereof at the loaclity at which they are furnished.

"(9) TREATMENT OF EMPLOYER CHARGES.—In the case of an employer charge or offset for housing, to reflect the cost of housing in the United States, to the extent the charge or offset does not exceed the amount described in subsection (c)(3)(B), the charge or offset shall be treated as a reduction in income but shall not be taken into account for purposes of computing the housing expense amount of subsection (c) or for purposes of the employer certification of subsection (e)(4). Any excess and all other employer charges and offsets shall be treated as a reduction in income which reduces employer compensation, as provided in the regulations issued by the Secretary, for purposes of computing the amount of the deduction in accordance with subsection (c).

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

"(1) EARNED INCOME.—The term 'earned income' means wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered, but does not include that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income producing factors, under regulations prescribed by the Secretary, a reasonable allowance as compensation for the personal services rendered by the taxpayer, not in excess of 30 percent of his share of the net profits of such trade or business, shall be considered as earned income. The term 'earned income' does not include any amount—

"(A) received as a pension or annuity, or

"(B) included in gross income by reason of section 402(b) (relating to taxability of beneficiary of nonexempt trust), section 403(c) (relating to taxability of beneficiary under a nonexempt annuity), or section 403(d) (relating to taxability of beneficiary under certain forfeitable contracts purchased by exempt organizations).

"(2) SCHOOL FEES.—The term 'school fees' means tuition, books, and local transportation for the primary (including kindergarten but not nursery school) and secondary education of any dependent of the taxpayer with respect to whom the taxpayer is allowed an exemption under section 151(e), at adequate United States type schools outside of the United States where such dependent is a full-time pupil or student. Such term does not include the cost of private lessons (other than remedial academic lessons), room, board, or other transportation.

"(3) ATTRIBUTION TO YEAR IN WHICH SERVICES ARE PERFORMED.—For purposes of paragraph (3), amounts received shall be considered received in the taxable year in which the services to which the amounts are attributable are performed.

"(4) TREATMENT OF COMMUNITY INCOME.—In applying paragraph (3) with respect to amounts received from services performed by a husband or wife which are community income under community property laws applicable to such income, the aggregate amount taken into account shall be the amount which would be taken into account if such amounts did not constitute community income.

"(5) TEST OF BONA FIDE RESIDENCE.—A statement by an individual who has earned income from sources within a foreign country to the authorities of that country that he is not a resident of that country, if he is not held subject as a resident of that country to the income tax of that country by its authorities with respect to such earnings, shall be conclusive evidence with respect to such earnings that he is not a bona fide resident of that country for purposes of this section.".

(b) DEDUCTION ALLOWED IN DETERMINING ADJUSTED GROSS INCOME.—Section 62 of such Code (relating to definition of adjusted gross income) is amended by adding after paragraph (13) the following new paragraph:

"(14) CERTAIN FOREIGN-SOURCE INCOME RELATED EXPENSES.—The deduction allowed by section 221.".

(c) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking out the last item and by inserting in lieu thereof the following:

"Sec. 221. Additional foreign living costs.
"Sec. 222. Cross references.".

SEC. 2. AMENDMENTS RELATING TO SECTION 911.

(a) LIMITATIONS ON AMOUNT OF EXCLUSION; PHASEOUT.—Paragraph (1) of section 911(c) of the Internal Revenue Code of 1954 (relating to limitations on amount of exclusion) is amended to read as follows:

"(1) LIMITATIONS ON AMOUNT OF EXCLUSION.—The amount excluded from the gross income of an individual under subsection (a) for any taxable year shall not exceed an amount which shall be computed on a daily basis at an annual rate of—

"(A) except as provided in subparagraph (b), $20,000 in the case of an individual who qualifies under subsection (a), or

"(B) $25,000 in the case of an individual who qualifies under subsection (a)(1), but only with respect to that portion of such taxable year occurring after such individual has been a bona fide resident of a foreign country or countries for an uninterrupted period of 3 consecutive years.

For taxable years beginning after December 31, 1976, and before January 1, 1978, '$15,000' shall be substituted for '$20,000' in subparagraph (A) and for '$25,000' in subparagraph (B). For taxable years beginning after December 31, 1977, and before January 1, 1979, '$10,000' shall be substituted for '$20,000' in subparagraph (A) and for '$25,000' in subparagraph (B). For taxable years beginning after December 31, 1978, and before January 1, 1980, '$5,000' shall be substituted for '$20,000' in subparagraph (A) and for '$25,000' in subparagraph (B).".

(b) REPEAL OF SECTION 911.—Subpart B of part III of subchapter N of chapter 1 of such Code is amended by striking out section 911 and by redesignating section 912 as section 911.

(c) TECHNICAL AND CONFORMING CHANGES.—

(1) Section 37(e)(8)(B) of such Code (relating to earned income) is amended by striking out "section 911(b)" and inserting in lieu thereof "section 221(e)(4)".

(2) Section 43(c)(1)(B) of such Code (relating to eligible individual) is amended to read as follows:

"(B) is not entitled to a deduction under section 221 (relating to certain foreign source income related expenses) or to exclude any amount from gross income under section 931 (relating to income from sources within the possessions of the United States).".

(3) Section 220(b)(7) of such Code (relating to employed spouses) is amended by striking out "determined without regard to section 911)".

(4) Section 403(b)(3) of such Code (relating to includable compensation) is amended by striking out "and 911".

(5) Section 410(b)(2)(C) of such Code (relating to exclusion of certain employees) is amended by striking out "(within the meaning of section 911(b))" and inserting in lieu thereof "(within the meaning of section 221(e)(4))".

(6) Section 415(b)(3) of such Code (relating to exclusion of certain employees) is amended by striking out "(within the meaning of section 201(c)(2) but determined without regard to any exclusion under section 911)" and inserting in lieu thereof the following: "within the meaning of section 401(c)(2))".

(7) Section 879(a)(1) of such Code (relating to earned income) is amended by striking out "(within the meaning of section 911(b))," and inserting in lieu thereof the following: "(within the meaning of section 221(e)(4)).".

(8) Section 1302(b)(2)(A)(i) of such Code (relating to base period income) is amended by striking out "section 911 (relating to earned income from sources without the United States) and".

(9) Section 1303(c)(2) of such Code (relating to exceptions for individuals receiving

support from others) is amended by striking out "(within the meaning of section 911 (b))" and inserting in lieu thereof the following: "(within the meaning of section 221 (e)(4))".

(10) Section 1304(b) of such Code (relating to certain provisions inapplicable) is amended by striking out paragraph (1) and by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively.

(11) Section 1348(b)(1)(A) of such Code (relating to personal service income) is amended by striking out "or section 911(b)".

(12) Section 1402(a)(8) of such Code (relating to net earnings from self-employment) is amended by striking out "section 911 (relating to earned income from sources without the United States)".

(13) Section 3401(a)(8) of such Code (relating to wages) is amended by striking out subparagraph (a) and by inserting in lieu thereof the following:

"(8)(A) For services for an employer (other than the United States or any agency thereof) performed in a foreign country or in a possession of the United States by such citizen if, at the time of the payment of such remuneration, the employer is required by the law of any foreign country or possession of the United States to withhold income tax upon such remuneration, or".

(14) Section 6012(c) of such Code (relating to certain income earned abroad or from sale of residence) is amended—

(A) by striking out "Earned Abroad or" in the caption thereof, and

(B) by striking out "and without regard to the exclusion provided for in section 911 (relating to earned income from sources without the United States)".

(15) Section 6091(b)(1)(B)(iii) of such Code (relating to place for filing returns or other documents) is amended by striking out "section 911 (relating to earned income from sources without the United States)," and inserting in lieu thereof the following: "section 221 (relating to certain foreign source income related expenses),".

(d) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter N of chapter 1 of such Code is amended by striking out the items relating to sections 911 and 912 and by inserting in lieu thereof the following:

"Sec. 911. Exemption for certain allowances.".

SEC. 3. TREATY OBLIGATIONS.

No amendment made by this Act shall apply in any case in which its application would be contrary to any treaty obligation of the United States. For purposes of the preceding sentence, the extension of a benefit provided by any amendment made by this Act shall not be considered to be contrary to a treaty obligation of the United States.

The amendments made by section 1 and section 2(a) shall apply with respect to taxable years beginning after December 31, 1976. The amendments made by subsections (b), (c), and (d) of section 2 shall apply with respect to taxable years beginning December 31, 1979.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., September 16, 1977.

Hon. ABRAHAM RIBICOFF,
U.S. Senate.

DEAR SENATOR RIBICOFF: This is in response to your request for our views on a bill which we understand you plan to introduce to adjust the tax treatment accorded to foreign source income, and for information on the status of our review of the impact of the 1976 Tax Reform Act changes to Section 911 of the Internal Revenue Code.

This spring we became aware of widespread concern among U.S. individuals and businesses operating overseas that the subject changes might inordinately diminish U.S. competitiveness. Our subsequent inquiries revealed that there was a high degree of uncertainty within the Government concerning the impact of these changes. In June, therefore, we initiated our review to:

Secure the views of various U.S. company officials and individual citizens operating overseas (about 200 companies and 300 individual citizens in 11 countries) concerning the anticipated impact of these changes on (1) U.S. international investment and trade, (2) U.S. company employment practices overseas, and (3) U.S. citizens living and working abroad.

Develop estimates of the additional income flows to Treasury that will result from the subject changes to Section 911.

Analyze the impact of Section 911 changes on the cost of U.S. Government programs overseas.

The information-gathering phase of our review is nearing completion. The remaining questionnaires from companies and individuals operating overseas are scheduled to be returned to us in the next few days. We plan to complete a computer analysis of the responses to these questionnaires in about 2 to 4 weeks.

The Internal Revenue Service is asembling data from a sample of 8,000 of the 141,000 returns that claimed Section 911 exclusions in 1975. This data will permit us to estimate the income flows to the Treasury resulting from the changes to Section 911. It will also provide a basis for estimating the income flows under other potential legislative options.

If the Congress takes up the question of Section 911 relief this session, we will be available by early October to brief and/or testify on our analysis of the views of U.S. businesses and individuals operating overseas.

Should the Congress hold this question until the next session, our objective is to have a report on these matters ready for issuance early in the next session.

Our views concerning the draft bill you plan to introduce are as follows:

We regard taxation of Americans overseas as part of the continuing conflict between the goal of raising revenues and serving other objectives of U.S. policy. Any special tax treatment for Americans working overseas would provide tax relief to help achieve objectives of U.S. trade policy and other issues of public policy. Such special treatment and the extent thereof, are policy matters to be decided by the Congress. GAO's role, then, is to identify policy options and to provide objective information with which to evaluate those options. Accordingly, we regard the draft bill as one of several possible legislative options to liberalize the tax treatment of many, but not all, Americans overseas.

The obvious purpose of the bill is to convert, over a period of time, from a special tax exclusion of $15,000 ($20,000 for charitable organization employees) to a system that provides tax relief for the unusually high, but necessary, costs of living in certain overseas areas. We believe that the draft bill, in principle, adequately provides for such a conversion. We provided detailed comments informally on a preliminary draft of your Bill. We understand that the final draft of your proposed legislation has been revised to take these comments into account.

Please let us know if we can be of further assistance on this Bill or other matters.

Sincerely yours,

R. F. KELLER,
Comptroller General
of the United States.

TECHNICAL EXPLANATION OF PROPOSED LEGISLATION ON TAXATION OF U.S. CITIZENS WORKING ABROAD

1. Section 911 To Be Repealed and Replaced by Deduction for Additional Foreign Living Costs—

The Internal Revenue Code would be amended to phase-out the standard exclusion of section 911 (now $15,000) over a period of three years starting in 1977. The standard exclusion would be $15,000 in 1977, $10,000 in 1978, $5,000 in 1979, and would no longer be in effect in 1980 and thereafter. In lieu thereof, the bill would provide a deduction for additional foreign living costs of U.S. citizens employed in foreign countries, determined under three categories. The three elements are cost-of-living, education, and housing. During the phase-out period, the deduction for additional foreign living costs would not be available unless the taxpayer made an irrevocable election not to have section 911 apply.

2. The Three Elements of the Deduction—

In the case of a U.S. citizen who is an employee of a U.S. person or a U.S.-controlled foreign corporation or a foreign person engaged in trade or business in the United States, the elements of the deduction for additional foreign living costs would be as follows:

a. Cost-of-Living Element:

This element of the deduction would be equal to the lesser of the amount reimbursed by the taxpayer's employer for this purpose and the amount set forth in a table issued by the Internal Revenue Service. The IRS table would show, for various foreign places and families of different sizes, the amount by which the general cost-of-living (excluding education and housing) exceeds the average general cost-of-living in the United States for a family with an income of $20,000. The $20,000 will be automatically adjusted for inflation in accordance with adjustments in Federal pay.

b. Educational Element:

This element of the deduction is designed to cover the cost of tuition, fees, books and local transportation for the education, from kindergarten through grade 12, of dependent children in American-type schools located in the foreign country of employment. The deduction would be the least of (i) the amount reimbursed by the taxpayer's employer for this purpose, (ii) the actual amount expended by the taxpayer for this purpose, and (iii) the amount set forth in a table issued by the Internal Revenue Service. The IRS table would show for various foreign places the reasonable amount of such costs for American-type education. Where there is no local American-type school in the place of employment, the amount set forth in the IRS table as the general worldwide average of these costs is to be used. The deduction would not be augmented by the cost of non-local travel or room and board.

c. Housing Element:

The taxpayer could deduct the amount by which (i) the lesser of the amount reimbursed by the taxpayer's employer for this purpose, and the amount reasonably expended by the taxpayer for U.S. style housing in the foreign country, exceeds (ii) the cost of housing which that taxpayer would typically incur were he residing in the U.S. Typical U.S. housing costs are set at 16⅔ percent of the individual's earned income, less the three elements of the deduction for additional foreign living costs, general cost-of-living, education and housing. The 16⅔ percent was derived from statistics released by the Bureau of Labor Statistics on May 5, 1976, showing that the average housing cost for a family in the U.S. with a total budget (including income taxes, social security, etc.) of $22,000 is 16.5 percent of the total budget.

It will be noted that the bill uses 20 percent as this percent is applied to a different base: it is the mathematical equivalent of 16⅔ percent applied to the base described.

The bill recognizes that many employers while reimbursing the employee for the full cost of foreign housing will charge the em-

ployee for what the employer regards as an appropriate amount to represent U.S. housing costs. To the extent the charge does not exceed the amount determined under the bill for typical U.S. housing costs, the charge reduces income, but does not affect the computation of the housing element. Nevertheless, the employer is required to separately state the full cost of foreign housing which it deems to be reasonable and on which its reimbursement is based; this is designed to serve as a further check on the amount of the deduction. Any excess housing charge, or any other employer charge, will be treated as a reduction in employer reimbursement as provided in regulations to be issued by the Internal Revenue Service.

3. Special Categories of Taxpayers—

The deduction for additional foreign living costs would be determined in a special way for four categories of U.S. citizens: (i) the self-employed, (ii) employees of foreign persons (other than U.S.-controlled foreign corporations and foreign persons engaged in trade or business in the U.S.), (iii) employees of charitable organizations, and (iv) employees who are furnished housing by their employers which is excluded from the employee's income under section 119 or which is located in a camp.

For determining the deduction for additional foreign living costs for U.S. citizens in the four special categories, the IRS would develop a table of averages, setting forth the average amounts for each element of the deduction, for various foreign places, of U.S. citizens entitled to the deduction who are not in one of the four special categories.

For such U.S. citizens, the average table serves the same control function as the employer's reimbursement requirement for employees of U.S. corporations.

For self-employed individuals and employees of foreign persons, the elements of the deduction for additional foreign living costs would be determined as follows:

a. General cost of living element. The amount set forth in the average table issued by the IRS.

b. Education element. The lesser of (i) the amount set forth in the average table issued by the IRS, and (ii) the actual amount expended by the taxpayer for this purpose.

c. Housing element. The lesser of (i) the amount set forth in the average table issued by the IRS, and (ii) the excess of the actual amount reasonably expended by the taxpayer for U.S.-style housing in the foreign country over the cost of housing which that taxpayer would typically incur were he or she residing in the U.S. Typical U.S. housing costs would be determined in the same way as for employees of U.S. corporations.

For employees of charitable organizations and employees furnished housing as described, the table of averages would be used to determine all elements of the deduction, except the education element could not exceed the amount actually expended by the taxpayer for that purpose. The reason for such treatment of charitable and camp employees is that they are typically required to make an unusual sacrifice in their standard of living when they go overseas. In order to avoid imposing additional hardship on Americans in such categories, the bill provides the same deductions as are available to other U.S. citizens in foreign countries.

4. Technical Rules in Fitting the Deductions for Additional Foreign Living Costs into the Internal Revenue Code—

This part of the Technical Explanations will describe how the deduction for additional foreign living costs will be made part of the technical structure of the Internal Revenue Code.

The proposed legislation would put the deduction for additional foreign living costs in the same category as the deduction for moving expenses and the deduction for employee-related expenses reimbursed by the employer, as these are the deductions which the new deduction most closely resembles. As a result, a taxpayer will be able to claim the deduction for additional foreign living costs without losing his or her ability to claim the standard deduction. However, it is provided that deductions related to housing such as interest and real estate taxes cannot be taken a second time to the extent they are part of the deduction for additional foreign living costs.

Taxpayers who claim the benefit of the deduction for additional foreign living costs would be able to claim the foreign tax credit for income taxes paid to foreign countries, but the amount of the credit will be tightly controlled by the foreign tax credit limitation which would be computed by considering the deduction for additional foreign living cost as entirely related to foreign-source income.

U.S. citizens will be able to claim the deduction for additional foreign living costs when they have qualified under the same tests as now provided under section 911. The requirement under these tests is either one taxable year of foreign residence or presence abroad during 510 days in 18 consecutive months.

The amount of the deduction for additional foreign living costs cannot exceed the amount of earned income and for this purpose a pension or annuity is not considered earned income.

Employees who would otherwise be entitled to the benefits of section 119 will not be able to claim the deduction for additional foreign living costs unless they waive the benefits of section 119.

Employees would be required to file with their tax returns an employer certification attesting to the fact that the reimbursements are in addition to normal compensation. With respect to the housing element, the certification must also state that the amount of the reimbursement does not exceed what the employer regards as a reasonable cost in the foreign country for typical U.S. style housing and does not exceed what it or others pay as reimbursements to other employees performing similar services in the same area.

Where the employer furnishes goods or services in kind or charges less than local fair market value for items furnished, the local value, or the excess of the local value over the charge, is taken into income by the employee before computing the deduction for additional foreign living costs.

In devising tables, the Internal Revenue Service is authorized to consult with the Secretaries of Labor and State and others and can draw on surveys undertaken with respect to the compensation of Government employees. There are provisions in the bill designed to assure the prompt issuance and revision of the necessary tables.

As in the case of existing section 911, the deduction is available only to citizens of the United States, except to the extent made available to resident aliens by treaty.

COMPARISON OF U.S. TAX LIABILITY UNDER OLD LAW, CURRENT LAW, AND BILL

	Japan	Mexico	Saudi Arabia	England	Switzerland	Norway
INCOME						
Base salary	$23,000	$22,000	$21,000	$20,000	$22,000	$20,000
Family size	(3)	(3)	(3)	(3)	(3)	(3)
Allowances paid by employer:						
Cost of living	8,600	700	5,900	700	6,700	10,500
Housing	18,400	13,000	30,000	10,300	9,700	9,500
Education	3,000	1,000	2,200	1,500	2,100	2,600
Other allowances	5,550	2,250	23,050	2,600	5,800	2,660
Total allowances	35,550	16,950	61,150	15,100	24,300	25,200
Total earned income	$58,550	$38,950	$82,150	$35,100	$46,300	$45,200
Deduction for cost of living, education, and housing under bill	24,290	9,850	30,380	7,980	12,940	18,080
Total U.S. taxes (before foreign tax credit):						
Pre-1977 law	8,522	2,250	19,910	1,343	4,158	3,640
Tax Reform Act of 1976	14,614	5,601	26,414	4,146	8,687	7,860
Proposed legislation (when fully effective)	6,060	4,344	11,092	3,772	5,736	3,562

NOTES FOR CHART ENTITLED "COMPARISON OF U.S. TAX LIABILITY UNDER OLD LAW, CURRENT LAW AND BILL"

1. Calculations based on practice of several U.S. corporations as applicable to actual employees. It is assumed that there is no other income.

2. It is assumed that the allowances for cost-of-living and education will be fully deductible under the IRS tables. It is assumed that the allowance for housing represents reasonable foreign housing costs and is deductible to the extent it exceeds typical U.S. housing costs (as defined by the bill). It is assumed that the employer charge to the employee for U.S. housing costs is less than the comparable amount determined under the bill and, therefore, reduces income but does not affect the computation of the housing element of the deduction.

3. Other allowances are overseas allowances typically paid which are not deductible under the bill. The employer charge to the employee for housing is netted against other allowances in these examples.

4. For the pre-1977 calculations, it is assumed that there are itemized deductions of $1,000. In all other cases, it is assumed that the standard deduction of current law, $3,200 for a joint return, has been taken.

5. In computing tax, the rates and general tax credit applicable to 1977 have been used for all periods.

6. In cases where there is no foreign tax liability or it is less than the U.S. tax liability, the amounts stated for pre-1977 law and the bill will represent the total of U.S. and foreign taxes after foreign tax credit.

7. No account has been taken of tax equalization payments which employers typically make. It is noted that under many plans, there are no such payments in the first year of foreign employment. Also, the amount of payments made under tax equalization plan will be substantially reduced as a result of the bill.

By Mr. DOMENICI (for himself and Mr. SCHMITT):

S. 2116. A bill to prohibit the excessing of cabin sites and removal of cabins located at Conchas Lake, N. Mex., prior to 1996 without State approval; to the Committee on Environment and Public Works.

Mr. DOMENICI. Mr. President, this bill prevents an injustice. In 1946 the Corps of Engineers agreed that private individ-

uals could construct recreational cabins around Conchas Lake in eastern New Mexico. Approximately 70 cottages were built in the area, and, in fact, 13 of the cabin owners permanently reside on the site. In addition, the State derives income from the cottages that goes to repaying revenue bonds.

Unfortunately, the corps has decided not to renew the leases on which the cabins stand, and the cabins must be phased out by 1982. My bill corrects this hard-hearted approach adopted by the corps by extending the leases through 1996. The importance of this date is that it allows for a subsequent review of the leases and the need for parkland in the area.

I would hope that the Senate Public Works Committee would take up this bill either this year or next and that my colleagues in the Senate would support it.

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

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

S. 2116

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army is prohibited from determining the 45 acre cabin site in the South Recreation Area at Conchas Lake, New Mexico to be excess of project needs prior to 1996, unless such a determination is agreed to by the Governor of the State of New Mexico or his designee.

SEC. 2. The Secretary of Army shall not require the removal or sale and purchase of existing cabins, cottages or other privately-owned improvements located on the site referred to in Section (1) of this Act prior to 1996, unless agreed to by the Governor of the State of New Mexico or his designee. Existing and prospective lease arrangements shall reflect the requirements of this section.

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 2118. A bill to authorize the Secretary of Agriculture to convey certain homesites within the Chugach and Tongass National Forests, Alaska; to the Committee on Energy and Natural Resources.

Mr. GRAVEL. Mr. President, today I am introducing a bill which would enable the Department of Agriculture through the Forest Service to convey several homesites within the Chugach and Tongass National Forests in Alaska.

After the Chugach and Tongass Forests were established in Alaska in 1907 there remained little land near population centers in southeast and portions of south-central Alaska which was available for settlement. Thus, the Forest Service and the Department of the Interior through the Bureau of Land Management entered into an agreement to provide certain lands within the national forests as homesites under the provisions of existing public land laws.

Under this arrangement the Forest Service granted special land-use permits to individuals for small-tract homesite locations in the forests. After meeting the 3-year residency requirements under the applicable public law (43 U.S.C. 687a), the Forest Service would recommend to the Bureau of Land Management that the homesite be eliminated from the national forest. Upon such recommendation the Bureau of Land Management would convert the homesite to public domain land and proceed to issue patent to the homesite occupant.

With the passage of the Alaska Statehood Act and the Alaska Native Claims Settlement Act it was felt that sufficient national forest lands would be converted to private ownership for purposes of settlement, development, et cetera, and subsequently, the homesite program was discontinued. However, because the administrative process was taking several years, patents to several homesites recommended for elimination from the forests were not conveyed by October 22, 1976.

On this date the National Forest Management Act of 1976 (Public Law 94–588) was signed into law. Section 9 of this act provided that no land now or hereafter reserved or withdrawn from the public domain as national forests could be returned to the public domain except by an act of Congress. Thus, several persons in Alaska who had met all of the requirements were denied patents to their homesites because the land could not be converted to public domain land to effect the conveyance of patent under the administrative procedures.

Discussions with the concerned agencies and their respective solicitors' offices resulted in the conclusion that no administrative provisions or actions could overcome this problem and that congressional action would be necessary.

The bill I am introducing does not undermine in any way the language of the National Forest Management Act of 1976, nor does it allow for any "raids" on national forest lands. The bill simply allows the Department of Agriculture to grant quitclaim deeds to those few persons who the Forest Service acknowledges have met all the requirements for forest homesites under previous statutes and regulations, but who through no fault of their own, were inadvertently denied patents due to the general provisions of the National Forest Management Act of 1976.

I ask my colleagues for speedy passage of this bill. Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 2118

Be it enacted by the Senate and House of Respresentatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to convey the following tracts of National Forest land in Alaska, occupied as homesites, to the present occupants of said lands or their lawful successors in interest, provided such persons would otherwise qualify to purchase said lands under the requirements of the Act of May 14, 1898, as amended (43 U.S.C. 687):

Chugach National Forest

Homesite No. 222, Clear Lake Group, Lot 3, U.S. Survey No. 4979, Containing 1.58 acres.

Homesite No. 205, Clear Lake Group, Lot 1, U.S. Survey No. 4979, Containing 1.68 acres.

Homesite No. 208, Heney Creek Group, Lot 31, U.S. Survey No. 3601, Containing 3.03 acres.

Homesite No. 210, Heney Creek Group, Lot 46, U.S. Survey No. 3601, Containing 1.75 acres.

Homesite No. 225, Lakeview Group, Lots M and LL, U.S. Survey No. 3533, Containing 2.15 acres.

Homesite No. 224, Lawing Extension Group, Lot 4, U.S. Survey No. 3532, Containing 1.60 acres.

Homesite No. 186, Snug Harbor Group, Lot 3, U.S. Survey No. 3531, Containing 1.58 acres.

Tongass National Forest

Homesite No. 1144, Gartina Game Creek Group, Lot 9, U.S. Survey No. 2414, Containing 3.03 acres.

SEC. 2. Such conveyances shall be for the same consideration as established by the Act of May 14, 1898, as amended (43 U.S.C. 687a).

By Mr. BENTSEN:

S. 2119. A bill for the relief of Calvin Graham; to the Committee on Armed Services.

CALVIN GRAHAM

Mr. BENTSEN. Mr. President, 35 years ago, a boy from Texas enlisted in the Navy. He was 12 years old; his name was Calvin Graham, and he forged some of the documents required for enlistment.

As a member of the crew of the U.S.S. *South Dakota*, Calvin Graham served his country in two of the most important sea battles in the Pacific theater—Guadalcanal and Santa Cruz. He was injured and he received a Bronze Star for his bravery at the tender age of 13. When Calvin Graham's mother sent a copy of his birth certificate to the Navy, Calvin was sent home—spent 3 months in the brig and dismissed from the Navy without an honorable discharge. As far as the Navy is concerned, Calvin enlisted fraudulently and was never a bona fide member of the Armed Forces.

But the fact of the matter is that Calvin Graham did serve; he did see combat; he was wounded in the line of duty; he was a gunner on the U.S.S. *South Dakota* in some very important military operations. He is, by all accounts, the youngest veteran of World War II.

When he came of legal age, Calvin Graham enlisted in the Marine Corps during the Korean war, but was discharged when he broke his back. Mr. Graham's military injuries still trouble him; he has had recurring problems with his back and now seeks assistance for the dental injuries suffered during World War II. He is eligible for veterans' benefits for his Marine Corps injury, but cannot obtain assistance for his dental problems because of the questions surrounding his World War II enlistment and subsequent discharge.

Mr. President, in proposing special legislation to grant Calvin Graham an honorable discharge for his World War II service, I am compelled by a sense of justice as well as my humanitarian considerations.

At a time when President Carter has upgraded Vietnam discharges, it is inconceivable to me that a person who actively sought to serve his country in its hour of need should be denied an honorable discharge on a technicality. Calvin Graham deserves the forgiveness and the dignity that accompany an honorable discharge. He also deserves the right to veterans' benefits in the treatment of the consequences of that injury.

Mr. Graham has appealed his case on several occasions, most recently to President Carter, but to no avail. He has been informed by the Navy that his World War II service was "somewhat unusual and did not fall within the scope of the normal discharge process."

I would agree that Mr. Graham's service was indeed unusual; in fact, it was unique. The circumstances, surrounding his enlistment 35 years ago should not be held against him today when we are upgrading Vietnam discharges. Calvin Graham deserves recognition for his World War II service, and he deserves the benefits that should accrue to him from that service.

Mr. President, I ask unanimous consent that an editorial from the Fort Worth Star-Telegram be printed in the RECORD at this point.

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

VETERAN DESERVES BENEFITS

U.S. Senator Lloyd Bentsen rates a salute for championing the cause of World War II veteran Calvin Graham, who, despite having won a Bronze Star, has been denied an honorable discharge from the Navy because of a technicality.

That technicality resides in Graham's having enlisted at age 12. Because of that the Navy claims he technically never served.

But the facts are that he did serve and that he was injured aboard the U.S.S. *South Dakota* at Guadalcanal and Santa Cruz.

Still, because the Navy insists that Graham technically never served, the veteran cannot receive treatment at a veterans hospital.

Bentsen has promised to introduce special legislation in the Senate to grant Graham the discharge has has sought vainly from every administration since Franklin D. Roosevelt's.

Hopefully that legislation will encounter smooth sailing and not be shipwrecked by a technicality.

By Mr. WILLIAMS:

S. 2122. A bill to prohibit the United States Postal Service or the Postal Rate Commission from requiring handwritten addresses or return addresses on letters of individuals receiving certain special rates; to the Committee on Governmental Affairs.

CITIZENS RATE MAIL

Mr. WILLIAMS. Mr. President, the U.S. Postal Service recently proposed the establishment of new rates for first class mail. Under this proposal private, sealed mail would be eligible for a special "citizen rate" of 13 cents a letter, while other first class mail, such as business letters, would carry a charge of 16 cents a letter. One of the criteria for determining eligibility for the citizen rate would require handwritten addresses and/or return addresses. I believe that this requirement would unfairly single out certain groups of private citizens to pay higher postage rates and would inefficiently distinguish between private and commercial first class mail. Therefore, I am introducing legislation today to insure that such a requirement does not go into effect.

The most important reason for establishing a specially reduced rate for personal. noncommercial first-class mail is to relieve the financial impact of steadily advancing postage rates on the pocketbooks of average citizens. Unfortunately, the Postal Service's proposal that citizen rate mail carry handwritten addresses would deny the privilege of reduced rates to many of the people who need it the most. For example, in the United States there are over 600,000 cerebral palsy victims, about 750,000 people who are completely paralyzed, and as many as 1.5 million persons with severe visual impairment. The overwhelming majority of these individuals, as well as thousands of others such as amputees or arthritis victims, find it physically impossible to hand-address their mail. Since they often live on modest incomes, the Postal Service proposal would impose an additional burden on the handicapped that the largest proportion of nonhandicapped people would not experience. The need to protect the handicapped from sharp rate hikes in postage is particularly important in light of the large number of handicapped persons who are homebound. These individuals depend on the mail as one of their few real links with the world at large. Increased postage rates may force them to curtail their use of the mail which would diminish the quality of their lives.

The proposed Postal Service requirement for handwritten addresses and return addresses also should be rejected because of its potential impact on the Postal Service's costs and the quality of its service. Since the proposal would deny lower postage rates to mailers who use printed or typed addresses, we could reasonably expect an increase in the proportion of hand-addressed mail. Such mail can be much more difficult to process because many of the addresses are hard to read. This can mean greater handling costs and an increase in the amount of mail that experiences delay.

I fully recognize that the Postal Service must establish certain standards in order to distinguish citizen rate mail from other first-class mail. However, I believe that all Americans, not just those without serious physical handicaps, should have an equal opportunity to meet the standards that are created. Furthermore, I believe that the standards for citizen rate mail should not entail additional costs and administrative problems for the Postal Service, which already has a huge deficit and more than enough processing problems.

The legislation I have introduced today would not impose on the Postal Service any specific additional criteria to be used in determining which mail would qualify for the new citizen rate. Also, it would not disturb the other proposed standards for this class of mail. However, my bill's removal of the requirement for handwritten addresses from the list of citizen rate mail criteria would send a clear message to the Postal Service that Congress expects the criteria for mail classes to apply equitably and efficiently.

The primary mission of the Postal Service is public service for all of the people. I believe that my legislation would remind the Postal Service of its obligation to maintain this basic purpose.

By Mr. THURMOND:

S. 2123. A bill to permit any surviving spouse of a person interred in a post cemetery or the post section of a national cemetery to be interred in such cemetery; to the Committee on Veterans' Affairs.

Mr. THURMOND. Mr. President, today I am reintroducing legislation which would provide assistance to certain persons who wish to have the right to be buried, upon their death, beside a deceased former spouse who is buried in a post cemetery or the post section of a national cemetery.

During the last Congress I was contacted by one of my constituents concerning his mother's request to be buried next to his father in a military cemetery. This was an unusual situation. His father had died in 1940 and was buried in a church cemetery. Since that time, Fort Jackson annexed this property and made it a post cemetery. Since this cemetery is now a military cemetery, this lady could not be buried next to her husband because she did not meet the requirements spelled out in the provisions of an act entitled "An Act to establish eligibility for burial in national cemeteries, and for other purposes" (62 Stat. 234; 24 U.S.C. 281). A private relief bill had to be passed to allow this lady to be buried next to her husband.

I am sure there are other individuals in this same situation at Fort Jackson and other areas across the country. I do not believe a private relief bill should have to be passed in each such instance. For this reason, I am reintroducing this bill which would allow any surviving spouse of a person buried in a post cemetery or the post section of a national cemetery located in the United States or any territory of the United States to be buried in the gravesite or the adjoining gravesite of such person.

By Mr. DECONCINI:

S. 2124. A bill to increase the tariff on imported copper and to exclude copper imports from the generalized system of preferences created by the Trade Act of 1974; to the Committee on Finance.

Mr. DECONCINI. Mr. President, the United States is the world's largest copper producing nation, and copper is an essential element of our total national wealth. The State of Arizona which I represent produces 60 percent of American copper. Copper has long been central to the State's economic well-being.

The State of Arizona, Mr. President, is now faced with a crisis which shows no signs of abating, and every sign of exacerbating. The price of world copper has plummeted, putting pressure on American manufacturers to lower their own prices to the point where they are operating at a loss. Just recently, the American copper industry lowered its price from 65 cents a pound to 60 cents a pound in an attempt to remain competitive with foreign imports. Since American producers need approximately 70 cents per pound to break even, substantial layoffs have occurred as American producers attempt to cut their losses.

In Arizona alone there are approximately 9,000 copper workers laid off. Each week my office receives new information about the possibility of further mines being closed. Clearly, some type of

Government action is needed. I do not believe that the people of Arizona can tolerate continued inaction. The economic future of our State is at issue.

I recognize, Mr. President, that the problem of copper is a complex one; certainly, I do not believe that the legislation I am introducing today is the final answer. It is, however, a beginning; and a necessary beginning. Furthermore, the problem is more than simply economic; it is, in part, political.

To some degree, I think we can fruitfully think of the present crisis as the result of the interaction of the free enterprise system with Government-owned industries. Most of the major copper producing countries outside the North American continent have nationalized their copper producing facilities. Thus, they no longer respond to the push and pull of the marketplace. In fact, much of the worldwide problem has been the result of their acting in a manner contrary to what economic logic would dictate.

In most of these countries—notably, Peru, Chile, Zambia, and Zaire—the copper industry serves two basic purposes. First, it is an important source of employment in restive and unstable societies. Second, copper is the commodity which yields the much-needed hard currency required to purchase essential fuel supplies. Thus, while prices have been dropping, these countries have actually increased their production, creating a serious glut in the world market and intolerably low prices. But since these are Government entities which need not be profitable because they serve other social and economic purposes, they have been operated at a loss.

American producers, on the other hand, are in the copper business to make a profit. We can hardly expect that they will continue to produce at a loss. It is my understanding that once the differential between the London price of copper and the New York price reaches 8 cents a pound there is a shift to foreign copper. Up to that point, American consumers of copper will buy the American product. The differential now stands at about 13 cents a pound and there is a clear shift toward imported copper.

To remain competitive, the price of American copper has been reduced to 60 cents a pound. U.S. copper producers are losing an estimated 10 to 15 cents on every pound of copper sold. The president of Newmont Mining Corp. which owns Magma Copper Co., a major Arizona producer, was recently quoted as saying:

> At these prices, there won't be more than two or three mines in the entire country that can operate profitably, even on a cash basis—not counting interest and capital costs. And some of the "temporary" cutbacks may be more permanent than is now being implied.

A Journal of Commerce article on September 2 of this year referred to statements by George B. Munroe, chairman of the board of Phelps Dodge, another major Arizona company, to the effect that "the production curtailments were a direct result of increased shipments of foreign copper to the United States." Other reports suggest that copper imports will account for 20 percent of American consumption this year. Normal imports rarely rise above 10 percent.

The Copper Employment and Protection Act of 1977 which I am introducing today moves toward a resolution of the domestic copper crisis. It is clear to me that the American worker cannot compete with imported copper being subsidized by foreign governments and produced with little or no regard for cost. This is not a typical trade question because it involves private companies competing with Government-owned entities.

At present, if the U.S. price for copper is less than 24 cents a pound, a tariff of 1 cent a pound is imposed on imported copper. If the American price is 24 cents or above, the tariff is reduced to eight-tenths of 1 cent per pound. In either case, the trigger of 24 cents is unrealistically low and reflects economic conditions 15 years ago when the rate schedules were first published.

The Copper Employment and Protection Act changes the triggering mechanism, using a figure that has been adjusted to mirror contemporary economic conditions. Rather than 24 cents, the bill uses 70 cents as its trigger. This figure was selected because it represents what is generally conceded to be the break-even point for the American production of copper.

However, the act goes well beyond simply a change in the triggering mechanism. It doubles, across-the-board, all the duty rates on copper. For example, the present duty on unwrought copper is eight-tenths of 1 cent per pound when the U.S. price is 24 cents or over and 1 cent when it falls below 24 cents. Under my bill, unwrought copper would be subject to a duty of 1.6 cents a pound when the price of U.S. copper was 70 cents or more, and 2 cents a pound when the U.S. price fell below 70 cents. The same doubling applies to all rates of duty on copper.

These are figures which I believe to be wholly realistic and consistent with other aspects of our national policy. We demand—rightfully so—that our mining industry follow certain guidelines designed to protect both the environment and the atmosphere from degradation. These measures are necessarily expensive, and they increase the cost of American copper production. It is not unreasonable, therefore, to impose a tariff to assist our industry in meeting those standards when it is in competition with other producing nations that have no such environmental restrictions. At the very least, it can be argued that we should not demand that American workers sacrifice their jobs and means of livelihood. Simple justice demands that there be some equity.

These changes in the trigger and the rates of duty would be meaningless in the real world unless another factor is taken into consideration. Outside of the North American Continent, there are four major producers of copper from which well over 50 percent of U.S. imports originate. They are Chile, Peru, Zaire, and Zambia. By the terms of the Trade Act of 1974, these are "less developed countries" which receive preferential trade treatment. This means that their exports to the United States are duty-free. Therefore, unless some change is made to this part of the law, the other provisions will have virtually no impact.

Consequently, title II of the Copper Employment and Protection Act eliminates copper as an item given preferential trade treatment. I certainly have no quarrel with the policy of extending a helping hand to nations in need. However, I do believe that the U. S. Government has an absolute obligation to its own citizens which must take precedence. In the case at hand, the copper preference is doing serious harm to working men and women across the country, especially in Arizona. Certainly, we can devise other means of helping the less-developed nations than do pursue policies which deprive our own citizens of jobs.

Mr. President, I would urge my colleagues in the Senate—and especially the members of the Finance Committee to which this legislation will be referred—to view with sympathy the plight of 9,000 Arizona working men and women who face indefinite unemployment. And, their numbers will be rising. More mines are scheduled to be closed this month. The legislation I am offering today is not a total solution, but it is a starting point which is necessary if we are to revive what was once a dynamic industry. No one likes to advocate the raising of tariffs.

Like most Americans, I believe that we should compete in world markets on equal terms with our neighbors. But in this instance, we are forcing American workers to bear the brunt of competition from Government-owned industries which can and do operate at a loss. Raising the tariff on copper and assuring that it is applied to all countries is a reasonable response to a dangerous situation.

I ask unanimous consent, Mr. President, to include in the RECORD not only the text of the bill, but a series of newspaper articles outlining the genesis of the present crisis in the American copper industry.

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

S. 2124

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

SECTION 1. That this act may be cited as the "Copper Employment and Protection Act of 1977".

TITLE I—AMENDMENTS TO THE TARIFF SCHEDULES OF THE UNITED STATES

SEC. 101. Items 602.28, 603.49, and 603.54 of part I of schedule 6 of the Tariff Schedules of the United States (19 U.S.C. 1202) are hereby amended as follows:

(a) by striking the number "24" under the heading "Articles" and inserting in lieu thereof the number "70";

(b) by striking the number "1" under the heading "Rates of duty" and the subheading "1" and inserting in lieu thereof the number "2"; and

(c) by striking the number "4" under the heading "Rates of duty" and the subheading "2" and inserting in lieu thereof the number "8".

SEC. 102. Items 602.30, 603.50 and 603.55 of part 1 of schedule 6 of the Tariff Schedules of the United States (19 U.S.C. 1202) are hereby amended as follows:

(a) by striking the number "0.8" under the

heading "Rates of duty" and the subheading "1" and inserting in lieu thereof the number "1.6"; and

(b) by striking the number "4" under the heading "Rates of duty" and in the subheading "2" and inserting in lieu thereof the number "8".

SEC. 103. Headnote 5 to subpart C of part 2 of schedule 6 of the Tariff Schedules of the United States (19 U.S.C. 1202) is hereby amended by striking the number "24" wherever it appears in said headnote and inserting in lieu thereof the number "70".

SEC. 104. Items 612.02, 612.03, 612.05, 612.06, 612.08, 612.10, 612.15, 612.35, 612.39, 612.44, 612.61, 612.62, 612.64, 612.70, 612.71, 612.72, 612.73, 612.81, 613.10, and 613.11 of subpart C of part 2 of schedule 6 of the Tariff Schedules of the United States are amended as follows:

(a) by striking the number "0.8" under the heading "Rates of duty" and the subheading "1–a" and inserting in lieu thereof the number "1.6";

(b) by striking the number "1" before "¢ per lb. on copper content" under the heading "Rates of duty" and the subheading "1–b" and inserting in lieu thereof the number "2"; and

(c) by striking the number "4" under the heading "Rates of duty" and the subheading "2" and inserting in lieu thereof the number "8".

SEC. 105. Items 612.17, 612.20, 612.30, 612.32, 612.36, 612.38, 612.40, 612.41, 612.43, 612.45, 612.50, 612,52, 612.56, 612.63, 612.80, 612.82, 613.04, 613.06, 613.08, 612.12, and 613.18 of subpart C of part 2 of schedule 6 of the Tariff Schedules of the United States (19 U.S.C. 1202) are hereby amended as follows:

(a) by striking the number "0.6" under the heading "Rates of duty" and the subheading "1–a" and inserting in lieu thereof the number "1.2";

(b) by striking the number "0.75" under the heading "Rates of duty" and the subheading "1–b" and inserting in lieu thereof the number "1.5"; and

(c) by striking the number "3" under the heading "Rates of duty" and the subheading "2" and inserting in lieu thereof the number "6".

SEC. 106. Item 612.31 of subpart C of part 2 of schedule 6 of the Tariff Schedules of the United States is hereby amended as follows:

(a) by striking the number "1.4" under the heading "Rates of duty" and the subheading "1–a" and inserting in lieu thereof the number "2.8";

(b) by striking the number "1.625" under the heading "Rates of duty" and the subheading "1–b" and inserting in lieu thereof the number "3.25"; and

(c) by striking the number "3" under the heading "Rates of duty" and the subheading "2" and inserting in lieu thereof the number "6".

SEC. 107. Item 612.55 of subpart C of part 2 of schedule 6 of the Tariff Schedules of the United States (19 U.S.C. 1202) is hereby amended as follows:

(a) by striking the number "5.6" under the heading "Rates of duty" and the subheading "1–a" and inserting in lieu thereof the number "11.2";

(b) by striking the number "5.75" under the heading "Rates of duty" and the subheading "1–b" and inserting in lieu thereof the number "11.5"; and

(c) by striking the number "17" under the heading "Rates of duty" and the subheading "2" and inserting in lieu thereof the number "34".

SEC. 108. Item 612.60 of subpart C of part 2 of schedule 6 of the Tariff Schedules of the United States is hereby amended as follows:

(a) by striking the number "1.4" under the heading "Rates of duty" and the subheading "1–a" and inserting in lieu thereof the number "2.8";

(b) by striking the number "1.6" under the heading "Rates of duty" and the subheading "1–b" and inserting in lieu thereof the number "3.2"; and

(c) by striking the number "1.6" under the heading "Rates of duty" and the subheading "2" and inserting in lieu thereof the number "13".

SEC. 109. Item 613.02 of subpart C of part 2 of schedule 6 of the Tariff Schedules of the United States is hereby amended as follows:

(a) by striking the number "2.6" under the heading "Rates of duty" and the subheading "1–a" and inserting in lieu thereof the number "5.2";

(b) by striking the number "2.75" under the heading "Rates of duty" and the subheading "1–b" and inserting in lieu thereof the number "5.5"; and

(c) by striking the number "11" under the heading "Rates of duty" and the subheading "2" and inserting in lieu thereof the number "22".

SEC. 110. All numbers struck from the Tariff Schedules of the United States (19 U.S.C. 1202) in sections 101 through 109 above refer to said schedules as amended through December 3, 1976. If said numbers are superseded before the enactment of this Act, the superseding numbers in effect on the date this Act is enacted will be struck in lieu thereof.

TITLE II—AMENDMENTS TO THE TRADE ACT OF 1974

SEC. 201. Subsection 503(c) of title V of the Trade Act of 1974 (88 Stat. 2069) is hereby amended as follows:

(a) by striking the subsection heading "(2)" and inserting in lieu thereof the subsection heading "(3)"; and

(b) by inserting after "Preferences", in subsection 503(c)(1)(G) and before the renumbered subsection heading 503(c)(3) the following new subsection:

"(2) No article shall be an eligible article under this title with respect to the duty on its copper content as provided for in items 602.28 through 602.30, 603.49 through 603.55, and 612.02 through 613.10: *Provided*, That nothing in this subsection prohibits any item named herein from being an eligible article with respect to the duty on its content of any mineral or substance other than copper.".

[From the New York Times, Aug. 20, 1977]

KENNECOTT, TWO OTHERS JOIN 7.7 PERCENT CUT IN COPPER PRICE

(By Brendan Jones)

Three more companies, including the Kennecott Copper Corporation, the industry's giant, joined yesterday in a 7.7 percent cut in copper prices.

The 5-cent-a-pound reduction—from 65 to 60 cents a pound on electrolytic copper cathodes, the basic form of refined copper—was announced also by the Phelps Dodge Corporation, the No. 2 producer, and the Cities Service Company.

Yesterday's price action was a follow-through on the 5-cent-a-pound cuts initiated Wednesday by Asarco Inc. and the Duval Corporation, a subsidiary of the Pennzoil Company. The reduction, the fourth and the largest for copper since April, when the price stood at 74 cents a pound, indicates worsening of the excess world copper supply that has plagued the industry for the last three years.

The latest round of price-cutting, which has been enforced by a growing spread in domestic and foreign copper prices, is expected to become general in the industry next week.

"It is a matter of facing the realities of the world market conditions," said one industry official. Another commented that "business is so slow at present, it is doubtful that much more copper will be sold at 60 cents a pound than at 65 cents."

The basic reason for the slump has been continued sluggishness in the general economy and continued high production of copper by Third World countries, such as Zaire and Zambia. They have been maintaining production to sustain foreign-exchange earnings and employment.

As a result, the world copper supply is reportedly now at more than two million tons, an historic high that is twice the normal level. And even though there has been a recent pick-up of construction in this country, copper consumers still have large inventories to work off.

The difference between copper prices on the New York Market and on the London Metal Exchange has widened increasingly in recent weeks, with prices in London tending to be 10 cents a pound lower. Traditionally a London price that is only 8 cents below the United States price is enough to trigger a switch to imports by American copper consumers.

In announcing its 5-cents-a-pound cut on Wednesday, Asarco cited the disparity in domestic and foreign copper prices, as well as rising imports. The reduction, a company spokesman said, was "to help us stay competitive".

Meanwhile copper producers, who also have substantial inventories on hand, have been cutting production to about 85 percent of capacity. Many mines already are down to 95 percent of capacity.

Another disrupting factor in the industry was the relative shortness of a strike early last month by 45,000 copper workers. Many copper company officials had expected the strike to last three or four months and thus bring a welcome cut in supply.

Kennecott, however, made a surprise settlement with the unions less than a week after the start of the strike. While some companies have been slow to settle with the unions, the general reaction has been to announce scheduled layoffs and longer vacation shutdowns of operations to achieve lower production.

In Arizona, which accounts for 60 percent of domestic copper production, some 3,000 copper workers have been laid off so far this summer, and another 3,000 are reported to be still on strike. There are nearly 20 mines and seven smelters in the Tucson area, which contains the main part of the Arizona operations.

Commenting on big inventories being held by producers, one copper company executive said sadly yesterday: "There's a mountain of copper out there".

[From the Journal of Commerce, Sept. 2, 1977]

U.S. COPPER OUTPUT SLASHES HELD LIKELY

(By Tony Gampetro)

More production cutbacks by U.S. producers of copper and a continued lack of significant strength for prices appears likely to continue until the worldwide supply-demand picture for the metal moves into closer balance.

This appears to be the view of some market analysts recently. Their belief is based on the fact that worldwide inventories of the metal are at record levels—estimated by some at approximately 2 million tons.

London Metal Exchange (LME) warehouse stocks have recently been reported at 609,400 tons and on the Commodity Exchange Inc. at over 200,000 tons.

Also, while U.S. producers have begun to cut production, foreign producers are maintaining high output levels. And, despite the recent 5 cent cut in the U.S. producer price to 60 cents per pound, there continues to be a wide gap between LME and U.S. selling prices.

SOME BRIGHT SPOTS

There are some bright spots on the horizon, however, with economic trends expected to also play a major part in the metals picture.

ACLI International Commodity Services Inc. in their mid-August report on New York Commodities stated that "As bearish as the supply side of the fundamental balance is, however, it is unlikely that futures

values would have sunk as low as they have were it not for the reserved purchasing posture of industrial users. Because of widespread stockpiling in advance of this summer's strike, the buying power which would normally be supporting the market today already has been spent. Compounding, too, the seasonal weakness of consumption related to vacation shutdowns has been widening concern as to outlook for economic growth. . . ."

MORE NORMAL BALANCE

The report also stated that "once the large precautionary inventories built up in defense against this summer's walkout have been depleted (which, hopefully, will be accomplished in the early part of the third quarter), a more normal supply/demand balance should be gradually restored and prices should rebound to levels closer in accordance with production costs."

Analysts add that recent cuts in U.S. production and the strike within the industry this summer have been favorable factors in bringing the supply-demand situation into closer balance. Also some market observers have stated that foreign producers may eventually realize that high production at low prices is not favorable for anyone.

RECENT CUTBACKS

Some of the recent cutbacks by U.S. companies include:

Phelps Dodge announced in early August that it was restricting production at its western copper mines which would leave output at 85 per cent of capacity. This compares with 95 per cent prior to the strike.

George B. Munroe, chairman of Phelps Dodge Corp., stated that the production curtailments were a direct result of increased shipments of foreign copper to the United States.

Sales of foreign copper here are made possible by the lower prices quoted by foreign government controlled mines which, regardless of prevailing market conditions seek to maximize production and sales in order to obtain foreign exchange and maintain employment, according to the Phelps Dodge announcement.

Less than one-third of Inspiration Consolidated Copper Co.'s Arizona miners were to return to work following settlement of the company's labor disputes.

According to John B. Howkins, Inspiration's president, this curtailment of operations is necessary in view of the copper market situation caused by the high rate of foreign production that has resulted in very large inventories of refined copper and depressed prices. A substantial amount of this foreign copper is being imported into the United States, Mr. Howkins said.

Kennecott Copper Corp. has stated that it was cutting mine and concentrator output at its Nevada division. The Nevada concentrator is to process an average of 15,000 tons a day instead of 22,500 tons, which was the recent average.

[From Business Week, Sept. 5, 1977]

THE PLUNGE IN PRICES HITS COPPER OUTPUT

With copper prices plunging to a two-year low, industry executives are trimming production at some mines and considering further paring and complete shutdowns at others. "There will have to be more cutbacks," says Jack E. Thompson, president of Newmont Mining Corp., which owns Magma Copper Co. "At these prices, there won't be more than two or three mines in the entire country that can operate profitably, even on a cash basis—not counting interest and capital costs. And some of the 'temporary' cutbacks may be more permanent than is now being implied."

Industry spokesmen refuse to say whether they plan to close mines. But as George B. Munroe, chairman of Phelps Dodge Corp., puts it: "Long-term shutdowns are something that we, like the rest of the industry, are now looking at very closely."

The industrywide scrutiny of current operations is being prompted by last week's nickel-a-pound price cut to 60¢ per lb. While costs vary from mine to mine, the breakeven point for the U.S. industries estimated at roughly 70¢ a lb. Asarco Inc. and Pennzoil Co.'s Duval Corp. led the current round of price reductions. By this week, all major producers had fallen into line except Inspiration Consolidated Copper Co.

The nation's copper companies are slashing prices well below the cost of production to bring them closer to world spot prices, established on the London Metal Exchange. Before last week's announcement, the price of copper purchased on the world exchange had drifted as much as 13¢ a lb. beneath the U.S. price. When world prices move 8¢ or more below domestic levels, foreign supplies become attractive to U.S. consumers—despite transportation costs plus the 0.8¢-a-lb. import duty.

INVENTORY

The depressed metal exchange price is caused by a 2 million-ton inventory of copper held in the world's warehouses—about twice the normal stock—that has little chance of being whittled down soon. A sluggish world economy, the quick settlement with copper workers' unions in July, and full-speed production by nationalized copper companies abroad slim the chances of using up the bulging inventories.

While U.S. copper consumption has picked up briskly, use of the red metal in the rest of the industrialized world is still about 20% below the rate of 1974, the last good year for copper. "The economies of Western Europe and Japan haven't picked up enough to be able to work off this oversupply," says Simon D. Strauss, vice-chairman of Asarco.

Many in the copper industry and its industrial customers expected a long strike this year. A walkout of three months would have reduced copper stocks by about 350,000 tons. Anticipating a strike, consumers bought heavily before July as a hedge against any cutbacks in production. Yet the strike was settled unexpectedly soon, interrupting most operations for just a few weeks (BW—July 18).

FOREIGN PRODUCERS

But copper executives think the most lasting and troubling dilemma, brought to light by the recent price cuts, is that posed by foreign producers. The largest copper nations outside North America are Chile, Zambia, Zaire, and Peru. All are poor countries that desperately need foreign currency to make payments to the world's bankers on their sizable loans (page 31).

These countries have also nationalized their copper operations. As government trusts, they are less bound by the pricing system than private companies. "What we're really seeing in copper is the first real confrontation between nationalized producers abroad and private industry in the U.S.," says John B. M. Place, chairman of Anaconda Co., an Atlantic Richfield Co. subsidiary.

The combined effect of government aid to these less-developed nations and U.S. environmental regulations, which add at least 8¢ a lb. to production costs, justifies some type of trade restraints on copper imports, industry executives claim. Imports are expected to almost double their share of U.S. consumption this year to 20%. Some copper executives have reportedly discussed the subject with federal officials, though no organized lobbying effort is yet under way.

Government sources, noting the Administration's commitment to free trade and aid for poor nations, doubt that the copper industry will find a sympathetic ear in Washington. But without some government help, says Newmont's Thompson, "I don't see anything that will make the prospects for our industry during the next few years look any brighter than they are right now."

[From the New York Times, Sept. 10, 1977]

COPPER GLUT IS FORCING PRODUCERS TO IDLE MINES IN BID TO CUT COSTS

Faced with a veritable mountain of copper that has caused prices to tumble, the nation's producers have begun to idle their workers and mines in an attempt to cut costs and whittle inventories.

In one of a string of recent developments, the Kennecott Copper Corporation, the industry giant, said yesterday that it was eliminating 10 percent of the more than 10,000 jobs in Kennecott's four copper mining divisions. Part of a cost-cutting and productivity drive, the layoffs began in August and are scheduled to conclude in the next few months.

Although it is reducing its work force, Kennecott said it intended to maintain its production output. This, it said, would allow it gains on costs.

OUTPUT LOWERED BY 11 PERCENT

Meanwhile, the Duval Corporation, the mining subsidiary of the Pennzoil Company, announced yesterday that it would close two of its four copper production operations. Its Esperanza property near Tucson, Ariz., will be closed for an indefinite period on Sept. 26, and its Battle Mountain, Nev., mine and concentrator will be phased out over the next 90 days.

Duvall's announcement followed a six-week period during which all of the company's copper properties were closed. This cut production by about 11 percent. The forthcoming shutdown of the two Duval properties will lower output by roughly 20 percent.

Two days ago, Asarco Inc. announced the suspension of all its copper mining operations, idling some 1,300 workers. An additional 365 refinery employees were temporarily laid off because of some copper refining curtailments.

Asarco had only recently become the last of the Big Six United States copper producers to agree to a new labor contract, thus winding up a two-month strike by 3,600 copper workers.

In the last two months, a growing number of copper companies have curtailed production and closed mines in an effort to wrest themselves from the condition of excess supply that has characterized industry for more than three years.

RELENTLESS ROUND OF CUTS

The industry has been in a glum mood. It has been forced to participate in a relentless round of price cuts that have left the price of copper at 60 cents a pound. Industry observers believe companies are losing as much as 10 cents to 15 cents on every pound of copper they sell.

The trouble, of course, is too much copper. While United States producers are trimming production schedules, such underdeveloped nations as Chile, Zambit and Zaire are pounding out copper in substantial amounts, despite slack demand, in hopes of increasing foreign-exchange earnings.

Western nations' inventories are currently crammed with an estimated 2.2 million tons of copper, roughly double the normal level.

The copper industry had hoped to find relief from its tribulations when 45,000 copper workers went on strike at mines and smelters after contracts expired on June 30. A long strike seemed in the offing.

MAJORITY FOLLOWED SUIT

It never materialized. Kennecott, raced to a settlement, drawing rage from others in the industry, the majority of whom quickly followed suit.

"Copper buyers had anticipated a long strike," said David Healy, copper analyst at Drexel Burnham Lambert, in a telephone interview yesterday. "When the strikes were settled much faster than expected, there was

a hunk of copper looking for a home. I think everyone is pretty well provided with copper for three or four months."

The problem at hand remains that of striking a balance between United States production and that of the government-owned producers in developing nations.

"The balancing factor that is coming into play right now is the closing of United States copper mines," said George Cleaver, copper analyst at White, Weld & Company. "This action has been in the cards for some time. And I don't think it's all going to be temporary. Some of the mines that are being closed will probably never reopen."

Industry observers expect many more layoffs and nine closings soon. One large producer that has not yet announced any substantial curtailments is the Anaconda Company, a spokesman, however, acknowledged yesterday that, "since it's costing us more money to produce copper than we're getting in return, we have to be thinking about possible actions."

Another leading copper producer, the Phelps Dodge Corporation, has been operating at around 70 percent of capacity. Its Ajo, Ariz., mine is closed, and it is not expected to resume operations until next month.

"There have to be more closings," Mr. Cleaver said. "Some companies are merely hanging on to that element known as hope. Stick in there and maybe, just maybe, a year from now copper prices will be flying high again. But it's not that simple. I think it's going to be a two-year process before this imbalance sorts itself out. It's going to be a terribly uncomfortable process."

By Mr. WILLIAMS:

S. 2125. A bill to amend title IV of the Employee Retirement Income Security Act of 1974 to authorize the Pension Benefit Guaranty Corporation to extend, for not more than 18 months, the date on which the corporation first begins paying benefits under terminated multiemployer plans; jointly, by unanimous consent, to the Committee on Finance and Human Resources.

ERISA OVERSIGHT HEARINGS: A BILL TO PERMIT A DELAY IN MANDATORY MULTIEMPLOYER PLAN TERMINATION INSURANCE; DUAL JURISDICTION, PLANS OF SMALL EMPLOYERS AND OTHER MATTERS

Mr. WILLIAMS. Mr. President, the pension plan termination insurance program contained in title IV of the Employee Retirement Income Security Act of 1974 (ERISA) became immediately and fully effective for single employer pension plans in 1974. But for multiemployer plans, title IV contains a delayed effective date of January 1, 1978. Until that date, the Pension Benefit Guaranty Corporation may, in its discretion, provide insurance for the participants of terminating multiemployer plans, but on and after January 1, 1978, termination insurance coverage will be mandatory for these plans.

In recent months, I have become increasingly concerned about reports that a substantial number of multiemployer plans may terminate on or shortly after January 1 of next year, resulting in a severe drain on PBGC's multiemployer fund and a consequent extraordinary rise in the premiums that PBGC will have to charge to multiemployer plans. This, in turn, could trigger even more terminations.

The apprehensions about excessive multiemployer plan terminations may be well founded. Furthermore, I have concluded that a thorough review of title IV of ERISA is in order to determine whether interpretive or legislative changes must be made to better reflect the nature of these plans. I am therefore introducing legislation today to permit PBGC to postpone the effective date for mandatory multiemployer plan coverage under title IV for a period of not more than 18 months. To help insure that we will not have to repeat the postponement exercise, my bill also requires that if the PBGC exercises its discretion to postpone mandatory coverage, it will furnish a report to the Congress, explaining the reasons for the postponement and setting forth any proposals for legislative changes it believes are necessary to better accommodate title IV to multiemployer plans.

Mr. President, I ask unanimous consent that the text of the legislative proposal be included in the RECORD at the conclusion of my remarks.

Mr. President, as the principal Senate sponsor of the Employee Retirement Income Security Act of 1974, I have closely followed its implementation by the three Federal agencies which have administrative and enforcement responsibility under its provisions—the Department of Labor, the Internal Revenue Service, and the Pension Benefit Guaranty Corporation. I have followed with equal interest the course of Government and private litigation under ERISA.

When the Senate overwhelmingly endorsed ERISA on August 22, 1974, we knew at the time that we were enacting landmark legislation. Those of us on the Human Resources Committee knew only too well the magnitude of what was to be undertaken, for we had labored long and hard—first with our colleagues on the Finance Committee and later in conference with our colleagues from the House—to determine ERISA's substantive standards and administrative mechanisms. We were proud of what we had accomplished, but we were also apprehensive. Enactment was only the first step, and the great hurdle of implementation lay ahead.

The standards contained in ERISA would have to protect the interests of more than 40 million employees covered by private sector pension and welfare plans. Three separate Federal agencies would have to work together to administer and enforce the law properly—a law designed to be strong enough to accomplish its intended results, yet flexible enough to accommodate the legitimate interests of the many institutions and groups that comprise the modern employee benefit plan complex. For 3 years, I have held back from speaking out on implementation issues, believing that premature judgments were not in order.

Now the time has come for a careful evaluation. ERISA's termination insurance program has been in effect for more than 3 years. The reporting, disclosure, and fiduciary provisions have been in effect for more than 31 months. The minimum standards for funding, participation, and vesting, and the rules for related matters first came into play over 19 months ago. It is time to analyze the results and resolve outstanding issues.

I, for one, believe the substantive concepts of ERISA are generally sound. Most of the fiduciary rules, the minimum participation, vesting and funding standards, and the use of detailed reporting and broad disclosure as both a prophylactic and an enforcement tool seem to be suitable means of accomplishing ERISA's ends. The investigative and enforcement authority lodged with the Secretary of Labor appears to be both ample and flexible. The Pension Benefit Guaranty Corporation is operating and thousands of retirees are receiving benefits, thanks to PBGC's termination insurance.

But I have also observed certain problem areas. In some cases, these problems can be traced to administrative difficulties. In others, they arise because ERISA's rules have not worked as well in certain particulars as we had hoped and expected they would.

DUAL JURISDICTION

Of all of the problems I have observed in the implementation of ERISA, there is one that seems to be dominant. It is called "dual jurisdiction," a term used to describe the fact that many of ERISA's rules are subject to interpretation and enforcement by both the Labor Department and the Internal Revenue Service. In 1974, there was wide recognition that dual jurisdiction would make efficient administration of ERISA difficult, and after 3 years of dual jurisdiction, there is no question in my mind that bipartite—and in some cases tripartite—administration of the law has resulted in inefficiency, confusion, waste, and needless expense. Dual jurisdiction also has hindered the development of a rational and coherent overall philosophic approach to the myriad of issues relating to retirement security and welfare plan protection that were not explicitly addressed in ERISA.

There are three logical alternatives to dealing with the dual jurisdiction problem. First, agency administrative and enforcement jurisdiction could be further fragmented by mandating that the Labor Department be exclusively responsible for certain portions of the act and the IRS be exclusively responsible for other portions. Second, jurisdiction could be consolidated in one place. Third, the administrative structure could be left entirely or largely as it is. Obviously, there are variations of each of these broad alternative approaches.

The further fragmentation approach is designed to enhance efficiency and reduce duplication of effort, overlap, and resultant confusion by eliminating the necessity for both agencies to pass on the same matters. But this concept needs to be carefully examined. Among the questions that should be asked about proposals for further fragmentation are the following:

First. Is it wise, and will it be productive in the long run, to further separate the administrative and/or enforcement responsibilities of the agencies when the law that they are administering was conceived of, considered, and enacted as an integrated whole?

Second. To the extent that dual jurisdiction has prevented the development of a coherent, rational, philosophic ap-

proach to the problems associated with our national policy regarding retirement security and welfare plan coverage and protection, will not further fragmentation of administrative responsibility make development of sound national policy even less likely? On reflection, it seems to me that we are no further advanced in our thinking now than we were in 1974. The critical problems such as the respective roles of our private and public retirement security mechanisms, the desirability of further strengthening of ERISA's substantive provisions, the feasibility of the concepts of portability and reciprocity, the utility of the excise tax and disqualification as remedial tools, and the major, overriding problem of how our private retirement system is going to cope with the significantly increased proportion of our population that will be reaching retirement age early in the 21st century, remain unresolved.

Third. Given the pull and tug of competing demands on our time and resources. will not further fragmentation of administrative and policymaking functions so diffuse responsibility that the significant, important interests which we in the Congress recognized when we enacted ERISA will be lost or overwhelmed by other national interests and priorities?

Fourth. Is it possible that the proponents of further fragmentation of agency responsibility are overlooking the fact that, because the various subject-matter parts of ERISA are so inherently related to one another, there will of necessity be a great need for the agencies to consult and coordinate extensively even when their responsibilities for administration and enforcement have been separated? And will not this continuing need for consultation and cooperation undercut the very efficiencies that further fragmentation is designed to bring about?

For example, in many cases, conduct that gives rise to a violation of the participation, vesting, accrual, or related rules will also give rise to a violation of the fiduciary rules. Also, an issue arising under the annual financial report that is required to be filed with the Labor Department is likely to raise a similar issue under the tax return that is required to be filed with IRS. And even if responsibility for interpreting ERISA's definitional terms is split between the agencies, coordination and consultation will be required to avoid inconsistent application.

Furthermore, because ERISA is in fact an integral whole, it is inevitable that in the day-to-day administration of its provisions, the agencies will have to consult extensively with each other, and the public will often have to seek guidance from both agencies on different aspects of the same issues. Finally, none of the fragmentation approaches has addressed the problems caused by the present necessity for PBGC interaction with both Labor and IRS.

The second broad alternative would be a consolidation of administrative, enforcement, and policymaking functions. Within this broad alternative, there are many possible variations. However, at this point I am more concerned with the broader questions of whether consolidation is a good idea and whether it is feasible.

Having observed the effects of dual jurisdiction for 3 years, I have become convinced that consolidation merits serious consideration. Consolidation would undoubtedly significantly reduce inefficiency. It would end the duplication of effort that now exists and would continue to exist under the fragmentation approach. The need for coordination and consultation between different agencies of the Federal Government would not be ended, but it would be significantly reduced. And over the long term, the reduction in duplication of effort and overlap of function would result in a savings of taxpayer dollars.

Most importantly, placing the policymaking, administrative, and enforcement functions of ERISA in one agency would permit and foster the development of a sound and coherent national policy regarding the issues of retirement security for all American workers. Consolidation should also result in an entity with the motivation, ability, and strength to insure a fair hearing for the policy options it has under consideration and, most importantly, a fair and comprehensive hearing in the arena of public affairs for the policies it decides to choose and implement.

Compared to dual jurisdiction or further fragmentation of jurisdiction, consolidation of functions and assembling in one place the authority and the people with the skills and talents necessary to deal with this complex area of law and national policy is undeniably attractive.

In 1974, I concluded reluctantly that unified administration for ERISA was not feasible. A series of factors present at that time seemed to preclude unitary administration. However, during our 3 years of experience, enough has happened to warrant renewed consideration of a consolidated approach to ERISA's administration.

We have now experienced 3 years of dual jurisdiction. It has not been a happy experience. It has been a time of confusion and frustration. I have heard personally from many of my own constituents about the ways in which dual jurisdiction has impeded sound administration and coherent policymaking under ERISA. I am certain that most, if not all, of my colleagues in the Senate and House have received similar complaints. And I know that the problems of dual jurisdiction have hindered the staffs of the Labor Department, IRS, and PBGC in their efforts to administer the act.

Nor have the effects of dual jurisdiction been limited to rank and file workers and agency staffs. Major financial institutions that manage employee benefit plan assets and furnish services and products to plans have been affected. Lawyers, accountants, actuaries, investment advisers, and other professionals who are involved with the administration or asset management of plans have grappled with the conflict and confusion that has accompanied dual jurisdiction. Dual jurisdiction is no longer, as it was in 1974, a potential cause of apprehension. It is here, it is real, and it has caused significant problems. Those who opposed unitary administration in the years 1972 through 1974 have now lived through the realities of dual jurisdiction, and may wish to reconsider the idea of unified administration.

During the period 1972–74, when ERISA was being shaped, our thoughts and attention were focused primarily on the substantive concepts and standards that were to be included. In late 1973 and throughout 1974, we were forced to move rapidly in melding together the differing viewpoints of the four committees involved. Now, with ERISA's general concepts in place and operative, we can give the jurisdictional question a fresh, dispassionate review and reach a far better solution than we did in 1974.

The third broad alternative is to leave things as they are. If it appears that unified administration is not possible at this time, it may be better to do nothing for the time being. Dual jurisdiction is certainly not a desirable solution, but further fragmentation may turn out to be even worse if, as I suspect, it proves to be impossible to avoid substantial continued consultation and coordination between the agencies. resulting in continued confusion and delay.

OVERSIGHT HEARINGS

Mr. President, I have not made up my mind on the dual jurisdiction issues and I intend to examine them carefully. Therefore, I have scheduled oversight hearings by the Labor Subcommittee of the Human Resources Committee. These hearings will last for at least 3 days, commencing on Tuesday, October 11, 1977.

Our committee's oversight hearings will also cover several other subjects on which attention should be focused.

APPLICATION OF FEDERAL SECURITIES LAWS

A recent decision by the U.S. Court of Appeals in Chicago in the case of Daniel against IBT, et al., affirming a lower court ruling that the antifraud provisions of the Federal securities laws can be applied to a jointly administered, Taft-Hartley pension plan and its sponsoring union has caused consternation on the part of many plans, their fiduciaries, and their sponsors while at the same time being applauded by some advocates of workers rights. The circuit court decision leaves me with mixed feelings, for I am sympathetic to the plaintiff in the case, who lost a pension after more than 22 years of covered service because of a 4-month break in service. But at the same time I am disturbed by reports I have heard concerning the ruinous liability that may be visited on plans if the antifraud provisions are applied.

I am also greatly disturbed by the spectre of yet another Federal agency—the Securities and Exchange Commission—becoming heavily involved in the regulation of employee benefit plans, and about the further confusion that will result from application of yet another body of law. And I am troubled by the cavalier fashion in which the court of appeals dealt in its decision with the labor relations and collective bargaining ramifications that could flow from the application of the Securities Acts' antifraud provisions to collectively bargained plans.

MULTIEMPLOYER PLANS

Three years' experience with ERISA's substantive provisions have brought to light certain other problems that may warrant statutory adjustment. One entire set of problems arises from ERISA's application to multiemployer, jointly administered pension and welfare plans, which are subject to section 302(c) of the Labor-Management Relations Act as well as to ERISA. Multiemployer plans have encountered particular difficulties in satisfying certain of ERISA's requirements. In some cases, the Labor Department, IRS, and PBGC, by regulation and other forms of interpretation, have been able to ameliorate these problems without lessening the protections of the act for participants and beneficiaries—as in multiemployer class exemptions from certain of the prohibited transaction rules.

Nevertheless, certain problems remain, and they are serious enough to warrant our consideration. I suspect that many of the difficulties that multiemployer plans are experiencing under ERISA and the Tax Code have a common cause. I think the cause is that neither ERISA nor the Tax Code recognize and account for how truly different in nature these plans are from single employer plans.

When ERISA was enacted, we recognized that in some instances multiemployer plans merited different treatment. But all too often, the distinctions between these plans and single employer plans have been ignored. In addition, difficulties have arisen in applying the termination insurance provisions of the act to multiemployer plans, even though title IV contains numerous special provisions for these plans. These difficulties account for the apprehensions—shared alike by knowledgeable private sector observers and PBGC officials—concerning mandatory application of title IV to multiemployer plans, and are responsible for my decision to introduce legislation today. In this area and perhaps in others, consideration must be given to changes in interpretation and, if necessary, new statutory language that will recognize the differences between multiemployer plans and corporate, single employer plans.

The typical Taft-Hartley plan involves numerous employers, no one of which has the power to control the plan. Indeed, not even all of the contributing employers, represented by trustees they or their association has designated, can control the plan. Similarly, the union trustees, acting alone, cannot control the plan. In the abstract, this is not objectionable—indeed, it is desirable in light of ERISA's mandate that fiduciaries, such as a Taft-Hartley plan's joint board of trustees, act solely in the interest of the plan's participants and beneficiaries.

However, under title IV and elsewhere in ERISA, and also in the Internal Revenue Code, a tight, mutual relationship of responsibility and accountability between the plan sponsor and the plan itself is assumed. This assumption is the basis for the concept of contingent employer liability, which is the only effective deterrent in title IV against frivolous or otherwise unjustified terminations. It is also the basis for the Tax Code's remedies of disqualification and excise tax.

I believe that the key to understanding—and properly resolving—the difficulties of multiemployer plans under ERISA, and especially under title IV, will be found in a careful reexamination of this assumption. In addition, unique problems are encountered by multiple employer plans in industries that have experienced economic downturns, and resolution of these problems should be given a high priority.

Mr. President, in introducing legislation that will permit PBGC to postpone the date of mandatory termination insurance coverage for multiemployer plans and in focusing attention on the difficulties of these plans under ERISA, I am not suggesting that the level of protection for the rights and interests of their participants be reduced and I am distressed that it appears necessary to authorize PBGC to postpone coverage, even for a temporary period. But a postponement may be necessary to avoid the severe strains that will be placed on both PBGC and multiemployer plans if, as now seems possible, many of these plans choose to terminate as soon as PBGC protections become mandatory.

It may be, and it is my hope, that over the next few months the picture will brighten sufficiently so that PBGC will choose not to exercise its postponement authority. The almost 8 million participants covered under multiemployer pension plans deserve the same level of protection enjoyed by participants in single employer plans. Multiemployer plans play an important role, and their maintenance and growth should be fostered and encouraged.

However, application of ERISA and the Tax Code as they are now structured and interpreted may be impeding that goal rather than furthering it. Accordingly, at our upcoming oversight hearings and in the months ahead, I intend to carefully review whether adjustments in the law can and should be made to insure that the differences between multiemployer plans and single employer plans are recognized and accounted for.

PLANS OF SMALL EMPLOYERS

Another major problem area under ERISA involves the plans of small employers. Here again, in my opinion, ERISA may not sufficiently take into account the differences between small plans and plans maintained by large, corporate employers. Although the figures and explanations to date on plan termination frequency do not present a very coherent picture, I am concerned that ERISA's paperwork and compliance burdens for small plans, coupled with the alternative opportunities presented by individual retirement accounts, may be responsible for some proportion of the total plan terminations.

Adjustments to the law so that its compliance burdens for small plans are structured in a more equitable fashion may be possible. But no solution that involves a reduction in the level of protection provided by ERISA to the participants in small plans will be acceptable.

PREEMPTION

We also must examine the effects of ERISA's sweeping preemption provision, particularly as it relates to welfare plans—including uninsured, "self-funded" health care arrangements.

Regarding the self-funded health care arrangements being marketed by various entrepreneurs, I am hopeful that the Labor Department will be successful, through regulation or litigation, in drawing some clear lines concerning the differences between employee benefit plans intended to be covered by ERISA and to be protected from conflicting or multiple State regulation by ERISA's preemption provisions, and schemes that are designed to look like employee benefit plans but are really risk-pooling arrangements seeking to avoid State insurance laws. However, if it appears that legislative change is necessary, despite the best efforts of the Labor Department, I am certain that we will give it careful consideration.

FURTHER IMPROVEMENTS

Mr. President, it has been suggested that the time is appropriate for consideration of further improvements in ERISA's protections. There is merit to this suggestion. Although ERISA was a big step forward, it was really only an initial step. However, the administering agencies have yet to promulgate important regulations under the 1974 law. Also, I suspect that the confusions and difficulties engendered by dual jurisdiction have to some extent obscured dispassionate judgments about the impact of ERISA's substantive provisions on plan sponsors and administrators, as well as on plan participants and beneficiaries.

While it may be too early to legislate new advances, it is certainly not too early to consider potential changes. Expanding individual retirement accounts, such as limited IRA's for workers covered under plans which provide only meager benefits, should be considered not only on its merits, but also in light of the effect that the availability of IRA's has already had on existing plans and the further effect that an expansion might have. We must also measure the desirability of IRA's and the obvious value of the flexibility they offer to individuals seeking retirement security against the transactional costs and loss of economies of scale that are inherent in individually established IRA's as opposed to plans maintained by a sponsor.

Portability of vested credits as well as reciprocity arrangements for nonvested, accrued benefits are both ideas that merit consideration. The problems of devising a feasible system for either concept are formidable, as we recognized in 1972–74. However, I think it is incumbent on us to thoroughly explore these ideas, as well as a mechanism to safeguard retirees' benefits from the effects of inflation, because in the absence of immediate vesting, or a feasible portability and reciprocity system, there will continue to be signicant hardships at retirement time for people whose employment does not continue steadily with the same company or under the same plan. Workable solutions to these problems and to other problems, such as continued plan coverage opportunities for workers of small companies, may be found in governmentally established and controlled mechanisms, such as pooled funds or accounts, but it seems

to me that our strong and remarkably diverse private employee benefit plan system can also serve as a proving ground for new ideas and concepts.

Mr. President, all of the matters and problems to which I have alluded will be addressed in our committee's October oversight hearings. The time has come to productively review the results of the historically significant legislation we put into effect 3 years ago and the performance of the agencies in which we vested its administration. If we can conclude, as I surely believe we will, that ERISA's precepts have proven appropriate and its concepts have proven sound, we can devote our full attention to those areas in which operational problems have arisen and in which interpretive or legislative adjustments should be made.

Seven years have passed since the beginning of the Human Resources Committee's initial study of private pension plans, which finally culminated with the enactment of ERISA on Labor Day, 1974. This was a great triumph for American workers and a source of great satisfaction for us all. I am proud of the role that I was able to play in that process by virtue of my chairmanship of the Human Resources Committee.

Today, I am strongly committed to continue that role through effective oversight, thoughtful study, and the development of legislation, if necessary, to cure existing defects and to insure as best we can that our goal of true retirement security and health and welfare care for America's workers is in fact realized.

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

S. 2125

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 4082(c) of the Employee Retirement Income Security Act of 1974 (relating to effective dates; special rules) is amended—

(1) by inserting after "January 1, 1978" each place it appears the following: ", or the date fixed by the corporation under paragraph (5), whichever is later",

(2) by inserting after "December 31, 1977" the following: ", or the day before the date fixed by the corporation under paragraph (5), whichever is later", and

(3) by adding at the end thereof the following new paragraph:

"(5) The corporation may delay the January 1, 1978 effective date for benefit payments with respect to terminations of multiemployer plans to a date not later than July 1, 1979 if it determines, before January 1, 1978 that such a delay is necessary to prevent serious financial difficulty for the corporation and to insure proper coverage for multiemployer plans terminating after such effective date.".

(b) Section 4082 of such Act is amended by adding at the end thereof the following new subsection:

"(d) If, pursuant to subsection (c)(5), the corporation exercises its authority to fix a date later than January 1, 1978, the corporation shall present to the Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives and the Committee on Human Resources and the Committee on Finance of the Senate a report which comprehensively addresses those matters which caused the corporation to determine to fix a date later than January 1, 1978, including a full and complete explanation of any actions taken or to be taken by the corporation to alleviate or eliminate the difficulties referred to in subsection (c)(5), and explanations of options for other actions considered and rejected by the corporation. If the report contains recommendations for amendments to this title, such recommendations shall be fully explained, and shall be accompanied by explanations of other options for legislative change considered and rejected by the corporation. The report shall be presented by the earlier of—

(1) July 1, 1978, or

(2) 270 days before the date fixed by the corporation pursuant to subsection (c)(5)."

Mr. ROBERT C. BYRD subsequently said:

Mr. President, I ask unanimous consent that a bill introduced earlier today by the Senator from New Jersey (Mr. WILLIAMS), to amend the Employees Retirement Income Security Act of 1974, be jointly referred to the Committees on Finance and Human Resources.

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

ADDITIONAL COSPONSORS

S. 991

At the request of Mr. RIBICOFF, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 990, to establish a Department of Education.

S. 1245

At the request of Mr. GRIFFIN, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 1245, the Corrections Construction and Program Development Act of 1977.

S. 1585

At the request of Mr. MATHIAS, the Senator from Kansas (Mr. DOLE) and the Senator from New Hampshire (Mr. DURKIN) were added as cosponsors of S. 1585, the Protection of Children from Sexual Exploitation Act.

S. 1586

Mr. THURMOND. Mr. President, I ask unanimous consent that my name be added as a cosponsor to S. 1586, a bill to establish an Antitrust Review and Revision Commission. The bill was introduced by the distinguished senior Senator from New York (Mr. JAVITS), for himself and Senators ABOUREZK, DOLE, DOMENICI, and MATHIAS. My two predecessors, as ranking minority members of the Senate Antitrust and Monopoly Subcommittee, were cosponsors of previous bills for such an Antitrust Study Commission; namely, Everett McKinley Dirksen and Roman L. Hruska.

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

S. 1587

At the request of Mr. STONE, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 1587, a bill to amend the Internal Revenue Code of 1954 to exempt certain State and local government retirement systems from taxation, and for other purposes.

S. 1651

At the request of Mr. BIDEN, the Senators from Kentucky (Mr. HUDDLESTON and Mr. FORD), the Senator from Indiana (Mr. LUGAR), the Senator from Nebraska (Mr. ZORINSKY), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Utah (Mr. GARN), the Senator from Florida (Mr. CHILES), and the Senator from Texas (Mr. TOWER) were added as cosponsors of S. 1651, a bill to insure equal protection of the laws.

S. 1692

At the request of Mr. MELCHER, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 1692, to reform the Postal Service.

S. 1736, S. 1737, S. 1738

At the request of Mr. LEAHY, the Senator from Minnesota (Mr. ANDERSON) and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 1736, S. 1737, and S. 1738, the Solar Energy for Homes Acts.

S. 1820

At the request of Mr. METCALF, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of S. 1820, to establish programs for the maintenance of natural diversity.

S. 1868

At the request of Mr. MELCHER, the Senators from Oklahoma (Mr. BELLMON and Mr. BARTLETT), and the Senators from New Mexico (Mr. DOMENICI and Mr. SCHMITT) were added as cosponsors of S. 1868, the National Crude Oil Supply and Transportation Act.

S. 1888

At the request of Mr. BELLMON, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 1888 to amend the Social Security Act to allow States to provide community work and training programs under State plans for aid to families with dependent children.

S. 1891

At the request of Mr. BELLMON, the Senator from Connecticut (Mr. RIBICOFF) and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 1891, to amend the Social Security Act to improve assistance to dependent children of unemployed fathers.

S. 2088

At the request of Mr. METCALF, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 2088, the Advisory Committee Termination Act.

S. CON. RES. 31

At the request of Mr. GRIFFIN, the Senator from Wyoming (Mr. WALLOP) was added as a cosponsor of Senate Concurrent Resolution 31, to disapprove the Federal Motor Vehicle Safety Standard relating to passive restraints.

S. CON. RES. 44

At his own request, the Senator from Illinois (Mr. STEVENSON) was added as a cosponsor of Senate Concurrent Resolution 44, honoring Thaddeus Kosciuszko.

S.J. RES. 60

At the request of Mr. STONE, the Senator from Michigan (Mr. RIEGLE) was added as a consponsor of Senate Joint Resolution 60, to establish a White House Conference on Energy Conservation.

AMENDMENT NO. 864

At the request of Mr. SCHWEIKER, the Senator from Utah (Mr. GARN), the Senator from Idaho (Mr. MCCLURE), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Texas (Mr. TOWER), were added as cosponsors

of amendment No. 864, intended to be proposed to S. 1871, the Fair Labor Standards Amendments of 1977.

AMENDMENT NO. 886

At the request of Mr. FORD, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of amendment No. 886, intended to be proposed to amendment No. 868 to S. 2104, to establish a comprehensive natural gas policy.

SENATE RESOLUTION 264—SUBMISSION OF A RESOLUTION AUTHORIZING ADDITIONAL EXPENDITURES

(Referred to the Committee on Rules and Administration.)

Mr. BELLMON (for himself, Mr. HUMPHREY, Mr. SCHWEIKER, Mr. HATFIELD, Mr. CLARK, and Mr. HOLLINGS) submitted the following resolution:

S. RES. 264

Resolved, That the Select Committee on Nutrition and Human Needs, established by S. Res. 281, Ninetieth Congress, agreed to on July 30, 1968, and extended by S. Res. 4 through December 31, 1977, is hereby extended through December 31, 1979.

SEC. 2. (a) In studying matters pertaining to the lack of food, medical assistance, and other related necessities of life and health, the Select Committee on Nutrition and Human Needs is authorized in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) to subpoena witnesses and documents, (4) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel, information, and facilities of any such department or agency, (5) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, in the same manner and under the same conditions as a standing committee of the Senate may procure such services, (6) to interview employees of the Federal, State, and local governments and other individuals, and (7) to take depositions and other testimony.

(b) The minority shall receive fair consideration in the appointment of staff personnel pursuant to this resolution. Such personnel assigned to the minority shall be accorded equitable treatment with respect to the fixing of salary rates, the assignment of facilities, and the accessibility of committee records.

SEC. 3. For purposes of paragraph 6 of rule XXV of the Standing Rules of the Senate, service of a Senator as a member or Chairman of the Select Committee on Nutrition and Human Needs shall not be taken into account if such Senator, on the day preceding the effective date of title I of the Committee System Reorganization Amendments of 1977, was serving as a member of the Select Committee. However, in no case shall a member or chairman of the Select Committee be a member or chairman of more than three other standing, select, or special committees of the Senate, or joint committees of Congress.

SEC. 4. The expenses of the committee under this resolution shall not exceed $250,000 per annum of which amount not to exceed $20,000 shall be available for the procurement of the services of individual consultants, or organizations thereof.

SEC. 5. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers should not be required for the disbursement of salaries of employees paid at an annual rate.

Mr. BELLMON. Mr. President, today I am submitting a resolution to extend the life of the Select Committee on Nutrition and Human Needs for 2 years beyond the scheduled termination date at the end of this calendar year. I am joined in this resolution by Senators HUMPHREY, HATFIELD, SCHWEIKER, CLARK, and HOLLINGS. We are initiating this action because we believe that the gains our society stands to make by increasing our understanding of human nutrition are so significant that termination of the select committee's efforts at this time would be a premature act and a costly error.

The Senate needs a strong focus upon nutrition during the next 2 years while a wide variety of Federal efforts related to nutrition take new form. Those of us who will be required to make decisions about funding Federal feeding programs and nutrition research efforts would be greatly helped by a continuing committee forum organized around the concept of nutrition. We need a nonlegislative committee composed of members from various standing committees having legislative responsibilities related to nutrition. The shape and form of considerable legislation could be positively influenced by understanding gained through the Select Committee on Nutrition and Human Needs.

Many of my colleagues would join me in expressing anxiety about the alarming rate of increase in the costs of medical care in this country. Committees are wrestling with the difficult problem of finding ways to arrest this dangerous inflationary tendency in our existing system of medical care. That system is basically oriented toward the provision of medical services for the ill and toward the conduct of research into disease treatment. That vital system will be strengthened and streamlined by current Senate efforts, but it could be complemented by the parallel development of preventive measures developed through improved nutrition. By extending the life of the Select Committee on Nutrition and Human Needs, we have an opportunity to innovate approaches to improving human well-being by placing more responsibility in the hands of the individual citizens for their own health. We have an opportunity to stimulate avenues of disease prevention available to all citizens. We have a chance to dampen the growing demand for medical services and thereby to avert a crisis in our economy and social system.

Mr. President, current Federal food programs have grown to the point where they constitute a substantial obligation of Federal funds. The food stamp program, which cost the Nation $35 million in 1965, amounted to $5.689 billion just 11 years later in 1976. Child feeding programs, which have grown in their categorical numbers and their coverage, cost $497 million in 1965 and now require $2.471 billion in 1976. If we add to this substantial base the nutrition program for the elderly, the community food and nutrition program, food distribution programs, and the expanded food and nutrition program, we have 1976 Federal obligations of $8.376 billion—a 1,100-percent increase in this Nation's food program expenditures between 1965 and 1976. It would be a happy circumstance if I could say that these enormous Federal expenditures were cost-effective and were producing nutritionally sound and coordinated Federal food and nutrition education programs. Unfortunately, this may not be the case.

These programs have grown independently in response to various pressures, and their structure reflects a basic lack of organization around a central nutrition policy.

In the case of nutrition education programs which are federally funded, there are 30 such programs, but because of administrative complexity and lack of central organization, it is impossible to break out the cost data for 16 of these programs. Of the 30 programs of 11 agencies within 2 departments of the Federal Government which claim "nutrition education" as a component of their activities, only 14 can identify the portion of their budget actually expended on nutrition education. Almost universally, reliable data are lacking on the impact of nutrition education upon improving consumer decisionmaking in food purchases. In order to evaluate Federal feeding programs and nutritional education efforts, we need to develop criteria for judging their worth. Once developed, these criteria could then be worked into appropriate legislation so that program efforts would stand a much better chance of being effective. As Federal expenditures for food and nutrition programs move toward $9 billion, the absence of reliable program evaluation is a severe handicap to the Congress. The Select Committee on Nutrition and Human Needs will provide the focus we need to accomplish a more rational and effective use of this huge sum of taxpayers' dollars.

Mr. President, Congress has already begun a movement toward the allocation of more research dollars into human nutrition research. The estimated fiscal year 1977 expenditures for this research in the Department of Health, Education, and Welfare, the Department of Agriculture, the Agency for International Development, the Department of Defense, the Veterans' Administration, and the National Science Foundation, is slightly more than $112 million. As the realization grows that the best preventive medicine may be sound nutrition knowledge coupled with effective nutrition education, we can expect that more funds will have to be devoted to nutrition research. Those of us who have to make judgments about such funding could be greatly assisted by the work of the Select Committee on Nutrition and Human Needs during a 2-year extension of its life.

I would like to point out what the select committee would likely accomplish during the coming 2 years.

First, stimulate the development of a sensible Federal policy concerning nutrition research, feeding programs, and nutrition education. I have already pointed out that considerable thought needs to be given to a workable framework for maximizing the effectiveness of the Federal effort in these areas.

On the matter of human nutrition re-

search, a recent GAO study underscores this need with the following recommendations:

Human nutrition research has entered a new era marked by growing evidence implicating diet as a major cause of disease and by increasing public concern with nutrition. To determine the potential of diet for helping reduce disease and related cost of health care, nutrition research faces complex challenges needing long-term and interdisciplinary investigation. These challenges are to:

Define human nutritional requirements for promoting or maintaining growth, development, or well-being during pregnancy, infancy and lactation, and during childhood and adolescence; and for women, the elderly, those with disease and stress, and those persons taking drugs and vitamins;

Determine the nutrient composition of the current food supply and the biological availability of the nutrients in foods;

Evaluate the health consequences of the modern diet; and

Monitor on a continuous basis the nation's nutritional status and determine the relationship between nutritional status at one period of life on health in subsequent periods.

To help meet these challenges, action is needed to (1) establish a central focus for human nutrition research and provide Government-wide coordination of research programs, (2) define the subject areas comprising human nutrition research, and the reponsibilities of Federal agencies involved in such research, and (3) assess the need for establishing regional nutrition research centers in conjunction with colleges and universities having comprehensive nutrition departments and programs.

Second, continue and extend its work with dietary goals as guides to individual and institutional decisionmaking. At this point, it is important that practical steps in the application of dietary goals be developed and applied. Techniques for providing dietary information to citizens and concerned groups would be investigated. Needs for nutrition education for all citizens would be assessed. The means for providing this education would be explored, including public television, classroom instruction, private and voluntary efforts, personalized nutritional counseling, extension programs, et cetera.

Next year, the Department of Agriculture, which allocates the funds to feed 30 million children each day, will consider the reorganization of its child nutrition programs as well as its nutrition education programs. With 9 years of experience in health, poverty, and nutrition, the select committee will be able to conduct a parallel effort in the Senate, including hearings involving school administrators, parents, nutritionists, program evaluators, et cetera. Instead of simply reacting to administration proposals, the Senate would have the necessary resource to make its own input.

Title VII of the Older Americans Act will be renewed next year. At present, the only group which has looked at the needs of millions of homebound elderly is the select committee. Since there will be legislative changes proposed, it would be wise to continue the select committee to provide the necessary expertise.

Next year, there will probably be legislation proposed to stimulate nutrition education in medical schools. The select committee currently has a study underway to outline present practices, and it would be useful to continue this work.

Most likely, there will be forthcoming legislative proposals to require nutritional labeling of foods. The resources of the select committee will be of considerable assistance in evaluating these proposals.

The select committee has taken the lead in preparing legislation to reorient the health research establishment to give equal attention to prevention as it presently does to crisis care. We can expect that this will be an active and significant area of legislation which would benefit from the continued efforts of the committee.

Mr. President, I favor the progress made in the Senate toward reducing the number of committees and simplifying the committee assignments of Members. It has made our work much more manageable and effective. However, I am now convinced that the remaining work which needs to be done by the Select Committee on Nutrition and Human Needs should not be sacrificed. In recent months, the Office of Science and Technology Policy, the National Academy of Science, and the General Accounting Office have each concluded that a central focus for nutrition is badly needed in the Federal Government. This would seem to be exactly the wrong time to dismantle the select committee. I believe that all of us would subsequently regret the termination of this effort, since we are on the verge of making funding, legislative, and program decisions for future years in an area where focused research and activity has been absent. My earlier support of the committee's phase-out at the end of this year now seems premature. I strongly urge the prompt consideration of this resolution to extend the Select Committee for Nutrition and Human Needs for an additional 2 years by the Rules Committee. I hope there is early approval by the Senate.

Mr. President, I ask unanimous consent that a short statement by Senator HUMPHREY in support of this resolution be included in the RECORD.

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

STATEMENT BY SENATOR HUMPHREY

Mr. President, I would like to express my support for the continuation of the Select Committee on Nutrition and Human Needs.

I applaud Senator Bellmon for his leadership in offering this resolution. This act demonstrates the Senator from Oklahoma's continuing strong commitment to the need to improve the nutritional wellbeing of this nation.

This resolution is important because it offers the opportunity to maintain a legislative resource, the Select Committee, that has been at the forefront of every nutrition issue for nearly the past ten years.

The Select Committee has led the way to improving nutrition programs that have particularly benefited elderly persons, schoolchildren, poor people and Indians.

While the Select Committee has led the way for the disadvantaged, helping them achieve a voice in the affairs of the nation, the Select Committee also has been instrumental in shaping discussion concerning issues and programs that affect all Americans as well as people abroad.

Before the Select Committee was created, the commitment of the Senate—and that of the federal government—to nutritional issues was weak at best. There has been a surging interest in nutrition and I attribute a large part of that interest to the Select Committee and its efforts.

Nothing, in my opinion, is more important in this broad issue area than the relationship of nutrition to physical and mental health. Six of the ten leading killer diseases that afflict Americans are linked to poor nutrition. Only recently the Select Committee began the task to correlate the relationship of nutrition to mental health.

Indeed, there is work to be done. Nothing demonstrates this more than the fact that of all the dollars spent on agriculture and health related research, only three percent goes to research on human nutrition. I submit that this is a dreadfully low amount, one that should be scrutinized very carefully in the years ahead.

Perhaps what we need in the area of nutrition is a broad, new and innovative thrust. I can think of no institution that can contribute more to this type of effort than the organization that did so much to raise our awareness in the first place, the Select Committee.

The Select Committee is a vital adjunct to the Committee on Agriculture, Nutrition and Forestry. It has served this Committee well and it promises to serve it even more in the future.

In essence, the issue here concerns whether or not the Senate would like to remain deeply and fully informed on nutrition issues so that it can play a more constructive and innovative role in nutrition policy. This resolution offers an opportunity to make that choice, a choice that will impact on the nation in a positive and constructive manner.

AMENDMENTS SUBMITTED FOR PRINTING

MINIMUM WAGE RATES—S. 1871

AMENDMENT NO. 963

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

Mr. HELMS submitted an amendment intended to be proposed by him to the bill (S. 1871) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to provide for an automatic adjustment in such wage rate, and to adjust the credit against the minimum wage which is based on tips received by tipped employees.

NATIONAL ENERGY POLICY—H.R. 8444

AMENDMENT NO. 986

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

Mr. PERCY. Mr. President, today I am submitting an amendment to the energy tax bill to encourage the use and commercialization of ethanol and methanol automotive fuels. I learned this morning that an amendment similar to mine was introduced yesterday in the Committee on Finance by my distinguished colleague from Kansas, Senator DOLE. That amendment passed the committee by a vote of 16 to 1. The amendment I am introducing differs from that of Senator DOLE sufficiently to warrant its introduction today. In fact, Senator DOLE has agreed to cosponsor this new amendment along with Senators BAYH, BURDICK, CURTIS, FORD, MATHIAS, PELL, and YOUNG.

Specifically, the amendment will exempt automotive fuels composed of at least 10 percent nonpetroleum derived alcohol from the present Federal excise

tax of 4 cents per gallon. This exemption would cover alcohol derived from agricultural products, forest materials, coal, and other nonpetroleum sources.

The amendment adopted by the Committee on Finance yesterday would also exempt alcohol-blended fuels from the excise tax. However, the amount of exemption would vary, depending on the source of alcohol. I believe that this provision would unnecessarily complicate the goal we have in mind—that of providing the public with a simple choice; either conventional gasoline, or a renewable, domestic, clean alcohol fuel. Different prices for different types of alcohol will confuse the public and decrease the effectiveness of alcohol fuel as an alternative to imported petroleum.

Therefore, I wish to formally introduce this amendment on the floor today, and I ask unanimous consent that the text of the amendment, along with a letter concerning it which I recently wrote to my colleagues, be printed in the RECORD.

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

AMENDMENT NO. 986

On page 370, between lines 4 and 5, insert the following new section:

SEC. 2025A. REMOVAL OF CERTAIN EXCISE TAXES ON ALCOHOL AND FUELS CONTAINING ALCOHOL.

(a) ALCOHOL USED AS FUEL NOT SUBJECT TO TAXES ON DISTILLED SPIRITS.—

(1) IN GENERAL.—Subsection (a) of section 5214 (relating to withdrawal of distilled spirits from bonded premises free of tax or without payment of tax) is amended by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; or", and by adding after paragraph (9) the following new paragraph:

"(10) without payment of tax to the extent that such spirits are alcohol (other than alcohol produced from petroleum or natural gas) the primary use of which is fuel for motor vehicles.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to alcohol withdrawn after the date of the enactment of this Act.

(b) GASOLINE MIXED WITH ALCOHOL.—

(1) IN GENERAL.—Section 4081 (relating to imposition of tax on gasoline) is amended by adding at the end thereof the following new subsection:

"(c) Gasoline Mixed With Alcohol.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, no tax shall be imposed by this section on the sale of any gasoline—

"(A) in a mixture with alcohol, if at least 10 percent of the mixture is alcohol, or

"(B) for use in producing a mixture at least 10 percent of which is alcohol.

"(2) LATER SEPARATION OF GASOLINE.—If any person separates the gasoline from a mixture of gasoline and alcohol on which tax was not imposed by reason of this subsection, such person shall be treated as the producer of such gasoline.

"(3) ALCOHOL DEFINED.—For purposes of this subsection, the term 'alcohol' includes methanol and ethanol but does not include alcohol produced from petroleum or natural gas.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to sales after the date of the enactment of this Act and before January 1, 1984.

(c) ALCOHOL MIXED WITH SPECIAL FUEL.—

(1) IN GENERAL.—Section 4041 (relating to imposition of tax on special fuels) is amended by adding at the end thereof the following new subsection:

"(k) FUELS CONTAINING ALCOHOL.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, no tax shall be imposed by this section on the sale or use of any liquid fuel at least 10 percent of which consists of alcohol (as defined by section 4081(c)(3)).

"(2) LATER SEPARATION.—If any person separates the liquid fuel from a mixture of the liquid fuel and alcohol on which tax was not imposed by reason of this subsection, such separation shall be treated as a sale of the liquid fuel.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to sales or use after the date of enactment of this Act, and before January 1, 1984.

(d) REPORTS.—

(1) ANNUAL REPORT.—On April 1 of each year, beginning with April 1, 1979, and ending on April 1, 1983, the Secretary of Energy, in consultation with the Secretary of the Treasury and the Secretary of Transportation, shall submit to the Congress a report on the use of alcohol in fuel. The report shall include—

(A) a description of the firms engaged in the alcohol fuel industry,

(B) the amount of alcohol fuels sold in each State and the amount of gasoline saved in each such State,

(C) the revenue loss resulting from the exemptions from tax for alcohol fuels under sections 4041(k), and 4081(c) of the Internal Revenue Code of 1954, and

(D) the cost of production and the retail cost of alcohol fuels as compared to gasoline and special fuels before the imposition of any Federal excise taxes.

(2) The reports submitted to the Congress on April 1, 1983, shall contain, in addition to the information required under paragraph (1), an analysis of the effect on the alcohol fuel industry of the termination of the exemption from excise taxes provided under sections 4041(k) and 4081(c) of the Internal Revenue Code of 1954.

COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C., September 15, 1977.

DEAR COLLEAGUE: I will soon be introducing an amendment to the Energy Tax Bill to encourage the use and commercialization of alcohol automotive fuel. Specifically, the amendment will exempt gasoline with a minimum blend of 10 percent non-petroleum derived ethanol or methanol from the present federal fuel tax of 4 cents per gallon for a test period of six years.

Alcohol as an automotive fuel could make a significant contribution towards reducing this nation's dependence on foreign sources of petroleum. It is completely usable in present engine designs when combined with gasoline in amounts of 20 percent or less. In addition, alcohol fuel can aid dramatically in eliminating harmful pollutants from car exhaust and in improving mileage efficiency.

The United States presently consumes 103 billion gallons of gasoline each year. The use of 10 percent alcohol-blended gasoline could cut this nation's oil imports by 20 billion gallons yearly, or almost one and one-half million barrels of crude oil each day. Alcohol will not only substitute for the dwindling supply of petroleum, but its increased utilization would provide a strong market for agricultural surplus and wastes, forest products, coal, and even urban sewage.

Several states have taken important initiatives in the development of alcohol fuel. They are designing methods of alcohol production that are consistent with the peculiarities of their specific regions. The success of these initiatives demonstrates the many benefits of a domestic fuel industry fed on American agricultural and natural resources.

Despite this progress, the development of a private alcohol fuel industry is still a risky enterprise. Alcohol production is more costly than gasoline and, therefore, less profitable. Economies of scale will not be realized until use becomes widespread. With increased demand, however, a blended-fuel market should grow to profitable proportions. Preferential treatment of alcohol is required to stimulate demand for this valuable domestic resource.

Exemption from the present 4 cents per gallon federal fuel tax for alcohol-blended gasoline would provide a mechanism to do just this. By making alcohol fuel price competitive with gasoline, public awareness of alcohol fuel as a way of decreasing our dependence on foreign oil would be promoted. It will serve to consume agricultural residues, timber products, coal, and sewage. As the demand for alcohol fuel increases, the construction and commercialization of alcohol producing plants would be encouraged.

The exemption will cause little revenue loss to the U.S. Treasury because at present, the capacity to produce alcohol is small and will require several years to grow. The exemption will end on January 1, 1984. By that time, alcohol-blended fuels are expected to be cost competitive with gasoline. In addition, because total consumption of automotive fuel will not be affected by the blending of alcohol with gasoline, state gasoline tax revenues will not be reduced.

A copy of the amendment is attached for your consideration. If you have any questions, or would like to co-sponsor this amendment, please have your staff contact Dave Carol (4-1460) or Chris Palmer (4-1462).

Sincerely,

CHARLES H. PERCY,
U.S. Senator.

Mr. DOLE. Mr. President, the Senate Finance Committee during the energy tax bill markup yesterday accepted an amendment I introduced which would encourage the use and development of gasohol. My amendment provided that the 4-cent Federal gasoline tax will not be imposed on sales of gasoline which is at least 10 percent ethanol or methanol. Alcohol, either ethanol or methanol, will not qualify if it is produced from petroleum or natural gas. Use of coal-based alcohol will subject the gasohol to a 1-cent tax. The use of all other alcohol will exempt the gasohol from the entire 4-cent tax.

SURPLUS AGRICULTURAL PRODUCTS

The Senator from Kansas is pleased to join with the Senator from Illinois, Mr. PERCY, in providing further incentives for gasohol. Mr. President, the primary source of nonpetroleum based alcohol is excess agricultural products. The United States presently has a surplus of many feed grains including wheat. The technology is being developed which can economically and efficiently produce grain alcohol from these grains and also utilize the byproducts for animal feed and alternative agricultural uses.

A plant for this type of wheat fractionation has recently been built in Kansas with very promising results.

CHANCE TO REDUCE OIL IMPORTS

A 4-cent tax break for gasohol would make it price competitive with gasoline. Although I do not anticipate immediate substantial production of gasohol, I feel increased use of gasohol will help the industry to grow. Sales of gasohol means that public consciousness that gasohol can reduce our national dependence on foreign imports will be expanded. The energy savings for the next year or two may be small, however, no practical al-

ternative should be overlooked in our struggle for energy self-sufficiency.

NEW MARKETS

Use of wheat or corn to produce the grain alcohol will result in a new market for farmers, a new industry for agricultural areas and a more efficient fuel for motorists. Gasohol produces less pollution than regular gasoline. The State of Nebraska has led the way in promoting consumer use of gasohol by cutting the State gasoline tax on this fuel. Their program has been so successful that at least three other States have authorized studies of gasohol use.

Farmers are not the only ones which will benefit from more consumption of gasohol. The alcohol can be distilled from timber waste, municipal garbage, wastepaper and coal. Alcohol production plants are much cheaper to build than gasoline refineries and the few years which these amendments cover would be sufficient to develop a viable alcohol industry.

This amendment covers two areas that were not addressed by my original amendment. First, it will eliminate the tax on distilled spirits for alcohol produced for use in gasohol. Second, it will extend the same treatment of gasohol in my amendment to special motor fuels such as those used in airplanes and motor boats. I support both of these modifications. The net effect will be to increase even more the tax incentives for production and consumption of gasohol instead of gasoline.

Alcohol blends for use in autos cost more per gallon than gasoline at current prices. Yet, the benefits in reducing pollution, improving the economy and reducing the dependence on oil imports must also be considered in the economics. With these limited tax incentives, gasohol can be made competitive and a net energy savings be realized by America.

DISTRICT OF COLUMBIA APPROPRIATIONS—H.R. 9005

AMENDMENT NO. 980

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

Mr. WEICKER (for himself and Mr. EAGLETON) submitted an amendment intended to be proposed to the bill (H.R. 9005) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1978, and for other purposes.

NATURAL GAS POLICY—S. 2104

AMENDMENT NO. 964

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

Mr. FORD. Mr. President, I submit an amendment for printing and I ask unanimous consent that the text of the amendment and an explanation in connection therewith be printed in the RECORD at this point.

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

On page 6–7, by striking all beginning with line 11, page 6 through line 1, page 7 and inserting the following:

"(1) The term 'new natural gas' means natural gas—

"(1) sold or delivered for the first time on or after April 20, 1977: *Provided*, That natural gas shall not be deemed new natural gas if the Commission finds, after hearing, that at any time prior to April 20, 1977, such gas could have been sold and delivered from completed wells and was wrongfully withheld from sale or delivery: *Provided further*, That new natural gas contracted for sale or delivery from offshore Federal lands shall be committed for an initial contract term of not less than fifteen years or for the life of the reservoir from which it is produced if less than fifteen years: *Provided further*, That any natural gas sold or delivered in interstate commerce prior to the date of enactment of the Natural Gas Act Amendments of 1977 pursuant to limited term certificates (five years or less) or temporary emergency contracts including sales made pursuant to the Emergency Natural Gas Act of 1977 shall not be considered, for the purpose of this provision, as having been sold or delivered in commerce prior to April 20, 1977; or

"(2) produced from a new well the completion location of which—

"(i) is 2.5 statute miles or more (horizontal distance) from any old well; or

"(ii) is 1,000 feet or more deeper than the deepest completion location of an old well, if any, which is within 2.5 statute miles (horizontal distance) of such new well; or

"(iii) is in a newly discovered reservoir."

COMMENT ON FORD AMENDMENT 964: NEW NATURAL GAS DEFINITION

The definition in the committee bill severely restricts the amount of gas that would qualify for the new gas price. The bulk of additional offshore Federal Domain gas will be produced from leases acquired prior to April 20, 1977 (not from "new leases") and, hence, will be ineligible for the new gas rate. Absent modification, this provision will unduly discourage new drilling. Furthermore, the "newly discovered reservoir" requirement will offer little incentive for developmental drilling. The "new well gas" in (2) conforms to the House definition. The amendment prohibits withheld gas from being defined as "new gas"; requires commitment of O.C.S. gas for delivery.

AMENDMENTS NOS. 965 THROUGH 979 AND 981 AND 982

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

Mr. ABOUREZK submitted 17 amendments intended to be proposed by him to the bill (S. 2104), supra.

AMENDMENTS NOS. 983 AND 984

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

Mr. TOWER submitted two amendments intended to be proposed by him to the bill (S. 2104), supra.

AMENDMENT NO. 985

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

Mr. METZENBAUM submitted an amendment intended to be proposed by him to the bill (S. 2104), supra.

AMENDMENTS NOS. 987 AND 988

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

Mr. FORD (for himself, Mr. MORGAN, and Mr. HELMS) submitted two amendments intended to be proposed by them to the bill (S. 2104), supra.

AMENDMENT NO. 989

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

Mr. FORD (for himself, Mr. JOHNSTON, Mr. TOWER, Mr. HUDDLESTON, Mr. DOMENICI, Mr. HELMS, and Mr. BARTLETT) submitted an amendment intended to be proposed by them to the bill (S. 2104), supra.

NOTICES OF HEARINGS

COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I wish to give notice that a public hearing has been scheduled for Tuesday, September 27, 1977, at 10 a.m., in room 2228, Dirksen Senate Office Building, on the following nominations:

Hugh H. Bownes, of New Hampshire, to be U.S. circuit judge for the first circuit vice Edward M. McEntee, retired.

A. Leon Higginbotham, Jr., of Pennsylvania, to be U.S. circuit judge for the third circuit vice Francis L. Van Dusen, retired.

Louis F. Oberdorfer, of Virginia, to be U.S. district judge for the District of Columbia vice William B. Jones, retired.

Any persons desiring to offer testimony in regard to these nominations shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

This hearing will be before the full Judiciary Committee.

PROHIBITION OF POLYGRAPH-TYPE EQUIPMENT

Mr. BAYH. Mr. President, the Subcommittee on the Constitution has scheduled hearings on S. 1845 proposing legislation to protect the rights of individuals guaranteed by the Constitution of the United States and to prevent unwarranted invasion of their privacy by prohibiting the use of polygraph-type equipment for certain purposes, for Tuesday and Wednesday, September 27 and 28, 1977, beginning at 9 a.m. in room 2228, Dirksen Building.

Any persons wishing to submit written statements for the hearing record should send them to the Subcommittee on the Constitution, Suite 102–B, Russell Senate Office Building, Washington, D.C. 20510.

RURAL TRANSPORTATION PROBLEMS

Mr. HUDDLESTON. Mr. President, last week I announced that the Senate Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices would hold hearings on September 27, 28, and 29 on transportation problems affecting agriculture, forestry, and rural development. The hearings were scheduled to begin at 9 a.m. in room 322, Russell Senate Office Building. Since scheduling these hearings, it has been necessary to change the time of the September 28 hearing. It will now begin at 2 p.m. The hearings on September 27 and 29 will begin as scheduled, at 9 a.m.

NOMINATIONS BEFORE THE COMMITTEE ON HUMAN RESOURCES

Mr. WILLIAMS. Mr. President, I wish to announce that the Committee on Human Resources has scheduled a hearing on Tuesday, September 27, 1977,

at 10 a.m. in room 4232, Dirksen Senate Office Building, on the nominations of:

Bertram R. Cottine, of the District of Columbia, to be a member of the Occupational Safety and Health Review Commission;

George Claude Pimentel, of California, to be an Assistant Director of the National Science Foundation;

Floyd James Rutherford, of New York, to be an Assistant Director of the National Science Foundation;

John B. Slaughter, of Washington, to be an Assistant Director of the National Science Foundation.

INDOCHINA REFUGEES—"LET'S NOT PULL AWAY THE HELPING HAND"

Mr. CRANSTON. Mr. President, on Thursday the Human Resources Committee will hold hearings on S. 2108 and the Humphrey-Kennedy-Cranston-Hayakawa amendment No. 876 to S. 2108 to extend and revise the Indochina Migration and Refugee Assistance Act of 1975.

The committee will be acting under what amounts to emergency conditions. The Indochina Refugee Assistance Act expires September 30—less than 9 days away. Of the 146,000 Indochina refugees in the country, some 50,771 are receiving cash assistance. With the expiration of the act, these individuals will be thrown onto the general relief rolls of the various communities in which they reside. Meanwhile, 15,000 new Indochina refugees are entering the country—with no assistance program to provide for their care, housing, feeding, or assimilation into our society.

Congress cannot be blamed for the delay. The administration's legislation was introduced Friday, September 16. Hearings in the Human Resources Committee will be held Thursday and a markup in the committee is scheduled for Wednesday the 28th. We have been able to move as quickly as we have because of the total cooperation of Chairman WILLIAMS and the distinguished ranking minority members Senator JAVITS. It is my hope that a consensus on the legislation can be achieved and our schedule of action expedited further.

If—and this certainly is a big "if"—it is possible for the Human Resources Committee to reach an informal consensus within the next day or so I would like to see us discuss the Senate proposal with key members of the House Committee on the Judiciary who will be holding a hearing on companion legislation to S. 2108 on Friday. Our objective would be to present an agreed upon bill in the Human Resources Committee markup on Wednesday the 28th so that Congress can send a bill to the President as quickly as possible.

There are other difficult problems with the Budget Control Act and perhaps other difficulties of a procedural nature as well.

I have outlined the obstacles and possibilities in this general way so that those many citizens who are concerned and actively working to assist the Indochina refugees will understand why Congress may fall short of the October 1 deadline. I intend to work hard for quick enactment and I am confident that many of my colleagues feel the same as I.

I ask unanimous consent that the editorial "Let's Not Pull Away the Helping Hand," which appeared in the Los Angeles Times of September 21, be printed in the RECORD.

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

LET'S NOT PULL AWAY THE HELPING HAND

The deadline is only days away, but Congress still has not passed legislation needed to continue assistance that was first provided in 1975 to help relocate Vietnamese war refugees and to reimburse states for the welfare assistance that they have provided.

If Congress doesn't act by the end of the month, when the current program is scheduled to expire, the burden will fall on state and county welfare agencies. If that happens, California, which houses about one-half (75,000) of all the refugees in the nation, will be hit hard. This will be particularly true in the southern counties, and especially Los Angeles and Orange, where most of California's refugees are concentrated.

Mario Obledo, California's health and welfare secretary, estimates that the expiration of the federal program would cost California $39 million a year. The cost to Los Angeles County taxpayers has been estimated at $5 million; in Orange County, the tax rate would have to be raised another 3 cents per $100 assessed valuation to cover refugee aid.

That's a financial burden that federal officials should not pass on to the states and counties; they do not have the funds to meet it.

Historically, welfare has not been a way of life in Vietnam. And most of the refugees, in the short time that they have been here, have made remarkable adjustments. Many, however, have serious health, education and housing problems, and do need help. About 35% of the refugees (22,000 in California) are presently receiving some form of public cash assistance. Their plight is a national, not a local, problem.

There are several bills pending in Congress. They come down to two approaches:

One, being pushed by Sen. Hubert H. Humphrey (D-Minn.) and Rep. Fortney H. Stark (D-Calif.), would provide full federal funding for one year, then reduced reimbursement for the next two years. But its key point is a continuation of social services and special projects to provide funds for language and job-training programs to help make the refugees employable and self-sufficient. The estimated first-year cost is $118 million.

The Administration measure would cost an estimated $72 million, but it is strictly a welfare bill that calls for reduced reimbursements over the three-year period, and no special funding for training programs.

The Humphrey-Stark approach is much better. And with 15,000 more refugees from Southeast Asia being admitted to the United States under a special program, it is only fair to continue the full federal financing for at least one more year.

The refugees pose a special problem. The more than 50,000 still on welfare rolls are a strong indication that they need more time and help to develop job and language skills they must have to take their places beside other refugees as productive, self-sufficient residents of the American community.

ADDITIONAL STATEMENTS

HHH RURAL DEVELOPMENT SPEECH

Mr. ANDERSON. Mr. President, the beloved and distinguished senior Senator from Minnesota, HUBERT HUMPHREY, has fathered more important legislation than any Member of Congress in the 20th century. Not the least of his many achievements is the Rural Development Act of 1972.

Rural America is one of our Nation's richest resources. Our farmers possess a productive genius unmatched anywhere in the world or in history. Rural America at its best offers a way of life and a way of looking at life that must be preserved. Yet, our rural areas have needs that are just as pressing as the crying needs of our central cities. Our rural communities need jobs, housing, better educational facilities, better medical care, more access to credit and capital.

Many people called these problems to our attention, but only the genius that is HUMPHREY could come up with a way of attacking the problems on a broad, imaginative, and practical scale and then turn around and get the bill passed which incorporated the solution—the Rural Development Act of 1972.

On August 11, 1977, Senator HUMPHREY addressed the first annual Minnesota Rural Youth Institute held at Southwest State University in Marshall, Minn.

This innovative institute is under the leadership of Southwest State University's new president, Jon Wefald, a voice representing Minnesota agriculture whose eloquence is surpassed only by HUBERT HUMPHREY. In selecting a speaker for the first annual Rural Youth Institute, President Wefald made the only possible choice. He chose Senator HUMPHREY.

The August 11 speech is a Humphrey classic—straightforward and candid with ideas scattered across each page. Here is the definitive assessment of how the Rural Development Act has fared during these past 5 years. Senator HUMPHREY's remarks deserve not only the widest circulation, they demand the attention of both the administration and the Congress, because there is much work left to be done.

Mr. President, I ask unanimous consent that the text of Senator HUMPHREY's memorable speech be printed in the RECORD.

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

SENATOR HUMPHREY'S REMARKS

I am pleased to be here tonight to talk about a subject very close to us—Rural America. I can not think of a place more appropriate to address this subject than Southwest State University, an institution that promises to distinguish itself in the area of rural affairs, not only in Minnesota, but throughout this nation.

Before I begin, I want to congratulate all of you who have been involved in the creation of the Rural Youth Institute. Under the leadership of President Jon Wefad—one of the finest Commissioners of Agriculture Minnesota has ever had—the Institute is bound to flourish. The concept is sound.

Unless youth can be convinced that Rural America offers promise, the young will continue to leave the countryside for urban life. While this trend shows some sign of reversing itself, it is important that mechanisms such as this Institute be created to deal with this problem in a constructive manner.

In thinking about rural life, it is important to remember that man existed for years and years without either the blessing or the curse of cities. It was only when man could produce a surplus of food that cities were

created. With advances in technology and worker productivity in agribusiness, urban areas throughout the world grew and prospered.

This historic rural to urban exodus, which has occurred worldwide for centuries, has not been without its side effects. As populations shifted to cities, the needs of those left in rural regions increasingly were neglected.

This became more evident in the United States in this century, particularly after World War II. With the advent of modern communications, man was forced to confront the problems of rural life, not only here at home but abroad as well.

In my comments tonight, I would like to emphasize our own situation here in this country. However, I would be remiss not to mention that rural people throughout the world have similar problems. It is true that the nature or depth of the problems may be different, but basically they are the same.

We live in an interdependent world with common problems. When we finally recognize and begin to cope with this reality, then we will take a long step down the road of solving the problems of mankind.

The stated policy of this nation has been to strive for rural development at the same rate as urban development. If much discrepancy exists between the standards of living between those in urban and rural areas, serious social and economic problems are almost sure to arise.

A major landmark in public policy regarding rural development was accomplished when the Rural Development Act of 1972, which I sponsored, went into effect.

Unfortunately, the full benefits of this legislation have not been felt by Rural Americans. Until this year, the executive branch has differed philosophically with the Congress as to how rural development should be accomplished. This resulted in some of the authorized programs not being implemented fully or in a timely manner.

A number of problems continue to plague Rural America. Many of these problems should have been dealt with as a result of the 1972 Act. Probably the most important, in many respects, is the employment picture.

The job situation has many dimensions. There is a high degree of hopelessness among the rural unemployed. A lower percentage of unemployed people of working age in rural areas are looking for work than the unemployed in urban areas.

The reasons for this, while not obvious, are none the less evident. The diversity of opportunity that is available in cities simply does not exist in rural areas. And, more importantly, wages are lower.

In 1975, the median annual income was $11,600 for rural families, while it was $14,909 for urban families—a $3,309 difference. But the reasons do not stop there. The jobs that are available in rural areas are lower skilled. Indeed, this combination of factors constitutes the heart of the economic problems that rural Americans experience.

We need jobs for Rural America and they need to be good jobs:

Housing is another important segment of the sad story on Rural America. Rural Americans occupy one-third of all the housing in the U.S. Yet they occupy 56 percent of all the sub-standard housing in this country.

The Farmers Home Administration was created in the midst of the depression to make loans and grants for housing assistance in rural areas. Private lending institutions simply did not have the faith in Rural America or the necessary capital to finance rural housing needs.

However, the Farmers Home Administration has not always fulfilled its Congressional mandate. It was the intent of Congress that those most in need get first priority on housing loans. But, the Farmers Home Administration began to view itself as a conventional lending institution and therefore chose to overlook the needs of the poorest Rural Americans.

In recent years this situation has been shameful. Those with moderate incomes have been fighting for loans against those who are poor—all during a time period when the Farmers Home Administration failed to use its total appropriated funds.

Another problem area in rural life is education. The sad fact is that rural areas have lagged far behind urban areas. Only three years ago, eight percent of rural adults were functionally illiterate, having less than five years of schooling. Expenditures per pupil in rural versus urban areas are disgraceful.

Clearly, people in rural areas are at a serious disadvantage when it comes to educational opportunity.

Other public facilities are lacking. Public transportation is weak in rural areas. Railroad lines have been reduced, airport facilities may be far away and provide limited service, and bus lines now find it unprofitable to stop at towns that have had such service for decades.

With low population density and property values, other less obvious transportation problems arise. Taxes often are insufficient to pay for upkeep of roads and bridges.

High quality law enforcement also often is hard to come by for rural communities. Again, inadequate revenues is the problem.

Another problem is water and sewer service. Inadequate solid waste disposal is a frequently found problem.

Fire prevention in rural areas is another major concern. Firefighting equipment is costly and personnel shortages plague many areas.

And health care facilities are lacking. It is more profitable for doctors, particularly specialists, to locate in urban areas. As a result, adequate health care is not easily available in non-metropolitan areas.

Some Rural Americans, of course, are more fortunate than others. So, who are the unfortunate?

Statistics plainly show that the black and the elderly show up worse than the average rural individual in the quality of lifestyle, education and health care that they receive.

But, we are making progress on this litany of problems. The Rural Development Act of 1972 has given us a statutory and funding base for coping with most of the problems outlined above.

Unfortunately, funding levels have been inadequate or the Executive has lacked the inspiration it needs to properly fulfill the will of the Congress.

Perhaps we should not be surprised that we have failed to make longer strides. Senator Herman Talmadge, Chairman of the Committee on Agriculture, Nutrition and Forestry, warned that:

"The Rural Development Act of 1972 will enable this nation to help to develop more and better jobs and income earning opportunities in rural communities to relieve the pressures of population, overcrowding and environmental pollution in the cities. However, the enactment of this legislation is only a beginning. The executive branch must do an aggressive, dedicated job of imolementing and administering the law if the intent of Congress is to be honored."

Unfortunately, Chairman Talmadge's concerns were real.

While the new Administration, under Secretary Bergland, offers bright hope for fulfilling many of these broken mandates, Congress has not always lived up to its responsibilities either. A brief review of rural development appropriations under the '72 Act depicts questionable commitment by Congress.

In a number of areas, Congress simply has not appropriated the funding needed to fully implement this legislation. We have yet to fully fund rural development planning grants, authorities to provide technical and financial assistance to public bodies for control of agriculture-related pollution and disposal of solid wastes, and authority for the Secretary of Agriculture to carry out a land inventory and monitoring program to study erosion and sediment damages, soil, water and related resource conditions at not less than five year intervals.

Most importantly, the 1972 Act authorized research by our institutions of higher education to insure that our farms units are as efficient as possible. Funds have not been requested for this type of endeavor. And, this comes at a time when the news media has informed us that agricultural schools are the fastest growing institutions of higher education in the nation.

Congress has had its failures in fulfilling the needs of Rural America. But now is not the time to bemoan the past. It is the time to look to the future.

We in the Congress must aggressively seek to equate rural and urban standards of living. If we find that we do not have the tools to build an adequate balance between urban and rural growth, then we should design new tools.

It is time to make a bold move forward in the steps toward rural progress. The Agricultural Act of 1970 states that "The Congress commits itself to a sound balance between rural and urban America. The Congress considers this balance so essential to peace, prosperity and welfare of all of our citizens that highest priority must be given to the revitalization and development of rural areas".

We must live up to that promise. It is in the interests of this nation that we have a strong Rural America. Our roots lie in the countryside.

Life in the rural areas must improve, or future generations will have no other choice but to move to the cities. This would lead us further down the path of highly mechanized, capital-intensive agriculture.

We need a healthy Rural America. Without one, we will have foreclosed our options for the future.

ALCOHOL FUELS: AN OVERLOOKED ANSWER FOR ENERGY

Mr. PERCY. Mr. President, the use of alcohol as an automotive fuel has become an important and visible issue in recent months. Alcohol can contribute significantly towards reducing this nation's dependence on foreign sources of petroleum and can provide a strong market for agricultural wastes, coal, and even urban sewage. It is a more efficient fuel than gasoline and reduces the amount of toxic emissions in automobile exhaust.

I will introduce an amendment today to the energy tax bill which will encourage the use and commercialization of alcohol fuel. Specifically, in order to make alcohol-blended fuel price-competitive with straight gasoline, I propose to exempt gasoline with a minimum blend of 10 percent nonpetroleum derived ethanol or methanol from the 4 cents per gallon Federal fuel tax. The exemption should help to create a demand for this new fuel which will, in return, induce private enterprise to invest in and develop an alcohol fuel industry.

In addition, I am considering legislation which will require a Federal agency to operate its passenger vehicles on alcohol-blended fuel for a period of 3

years. This will provide further research into this valuable domestic alternative to improved petroleum.

Developing a renewable, domestic, and clean alternative to the billions of dollars we spend each year on foreign energy supplies is a goal toward which we must all strive. A recent article by Jack Anderson of the Washington Post brought this point home. Mr. Anderson stated:

We can make up much of the oil deficit, experts attest, by producing alcohol fuels.

He also strongly condemned the oil industry for squashing attempts to build an alcohol fuel market. I have no way of verifying the truth of these allegations. However, I hope all Americans will recognize the importance of alcohol fuel as a valuable answer to our energy needs and will unite in furthering its development. Petroleum will one day run out all together. But if we develop a viable alcohol fuel industry, we need not fear the day when the wells run dry.

I ask unanimous consent to print Mr. Anderson's article, "Alcohol Fuels: An Overlooked Answer for Energy" in the RECORD.

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

ALCOHOL FUELS: AN OVERLOOKED ANSWER FOR ENERGY

(By Jack Anderson)

A miracle may not be needed after all to reduce the nation's huge purchases of overseas oil. We can make up much of the oil deficit, experts attest, by producing alcohol fuels. Not only would this eliminate our dangerous dependence upon overseas supplies, but the billions we now pay to the oil potentates could be spent at home instead.

The automobile industry is prepared to adjust from gasoline to alcohol engines. General Motors' top energy researcher, Joseph Colucci, has declared in a company newsletter: "We'll be ready if the government should legislate its use in automobiles."

The technology is not new. In Europe, alcohol blended with gasoline has been sold as a motor fuel for decades. Years ago, Chrysler Motors modified some cars slightly to accommodate alcohol fuels and shipped them to oil-short New Zealand. Today, many racecar drivers prefer alcohol fuels to gasoline. With only minor modifications in the fuel system, automobiles will operate on straight alcohol fuels.

Instead of hauling crude from Saudi Arabia, we could distill alcohol fuels from agricultural surpluses, timber wastes, wastepaper, even municipal garbage. The distilleries would also be far cheaper to construct than oil refineries.

Government experts tell us that alcohol engines would have two characteristics: They would operate more efficiently and produce less pollution. Studies by General Motors and Volkswagen, confirmed by Exxon's own internal research, have also shown that pure alcohol fuels reduce the noxious exhaust fumes now stifling our cities.

We spent several weeks investigating the alcohol-fuel story and reported our findings in a recent column. This stimulated a flood of letters into our office, demanding to know what the government is doing to promote alcohol fuels. The answer, regrettably, is not much. President Carter's 103-page national energy program devoted only a single sentence to the alcohol potential.

This strange reluctance to accept alcohol as a substitute for gasoline, despite the high stakes involved, can be traced partly to the oil industry. Officials close to the major oil companies control the policymaking machinery that produces the multi-billion-dollar energy decisions.

Investigators for Rep. Ben Rosenthal (D-N.Y.) have found a heavy concentration of executives from the energy industry holding down policymaking positions at the Federal Energy Administration and Energy Research and Development Administration. But there is no real statistical measure of the stranglehold that the oil industry has on the federal government.

The oilmen and politicians communicate with one another through inaudible poses and gestures. If there is to be a deal between them, they don't blatantly come to terms about it. The arrangement is carried off through a process that is almost imperceptible. There is not going to be an incriminating document, tape recording or photograph left behind.

At a crucial stage of the 1976 presidential campaign, for example, two oil-state governors, Oklahoma's David Boren and Texas' Dolph Briscoe, watched a football game a few seats apart in Dallas. A third spectator, then-Democratic National Chairman Robert Strauss, took a seat next to Briscoe.

Between plays, they talked about oil policy. It was all idle, innocent conversation, Strauss has assured us. But the two governors left the game assured that Jimmy Carter would look favorably upon the oil industry. Both Boren and Briscoe hit the campaign trail, thereafter, with renewed vigor. The grateful Carter, since assuming the presidential powers, has not gone out of his way to offend the oil crowd.

Next month, the federal energy establishment will be consolidated under James Schlesinger in the new Department of Energy. No one in Schlesinger's inner circle has shown much inclination to replace gasoline with alcohol fuels in our automobiles.

The prevailing attitude is best illustrated by the indifference of the energy officials now at the Agriculture Department. They have done little to convert agricultural surpluses into alcohol, even though farmers are eager to unload the surpluses, and the protein mash from the distilleries could still be sold as a food source. But the agriculture experts told our associate, Hal Bernton: "We haven't developed a position yet. We're studying the matter."

The Agriculture Department has been studying the matter for nearly 40 years. We dug up a 1938 report from the department's files commenting on the merits of 10 per cent alcohol blended with gasoline. "Experience has shown," states the 1938 study, "that blends of 10 per cent will function in present motor cars with practically the same efficiency as gasoline."

The oil industry, meanwhile, has moved quietly to block the development of alcohol fuels in outlying areas. The California legislature, for example, considered operating a fleet of experimental, state-owned cars on alcohol blends in 1975. The experiment would have been evaluated after a trial period and then perhaps expanded.

But the oil companies sent expert witnesses to testify against the project. They declared solemnly that it wasn't practical and that it would be costly to install new pumps at California gas stations. The project was eliminated, and the major oil companies are still fighting alcohol legislation in California.

The oil operators have also tried to block the state of Nebraska from producing and marketing a 10 per cent blend of grain alcohol and gasoline. Nebraska congressmen began receiving quiet calls from representatives of the Nebraska Petroleum Marketers, urging them to oppose the alcohol project.

Alcohol fuels might save the nation from an early energy crisis. But they would also threaten oil profits and break the oil industry's monopoly. Any small company or municipality could start producing fuel from grain or garbage.

THE ATLANTIC TREATY ASSOCIATION ASSEMBLY

Mr. JACKSON. Mr. President, the Atlantic Treaty Association held its Annual Assembly in Reykjavik, Iceland from August 26 to August 29. As my colleagues know, the ATA is a nongovernmental agency composed of the national organizations or councils—like the Atlantic Council of the United States—of the NATO countries. The main purposes of the ATA are to inform the public concerning the aims of the Atlantic Alliance and to promote the solidarity of the peoples who belong to the Atlantic community.

I believe two documents associated with the recent ATA Assembly will be of special interest to the Congress: the final resolution approved by the 15 delegations, and a copy of the letter President Carter sent to the ATA reaffirming his strong support for NATO.

I ask unanimous consent that these two documents be printed in the RECORD.

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

XXIIIRD ANNUAL ASSEMBLY OF THE A.T.A.

(Reykjavik, 26–29 August, 1977)

FINAL RESOLUTION

I. The XXIIIrd Annual Assembly of the Atlantic Treaty Association was held in Reykjavik on August 26–29, 1977. The Assembly expressed its appreciation to the Icelandic Atlantic Association for their efficient organization of the Assembly, and to the Association and to the Icelandic authorities for their warm and gracious hospitality. The Assembly also expressed its admiration for Iceland's centuries-long commitment to what the Secretary General of NATO, Dr. Joseph Luns, rightly called the longest unbroken parliamentary tradition in the world".

The Assembly welcomed the presence for the first time of a member of the recently elected Spanish Cortes as an observer. It hopes that representatives of all democratic political tendencies in Spain will soon accept the President's invitation to participate.

I. INTRODUCTION

2. The theme of the Assembly, presented by Pr. Nils Orvik, was "How to meet the growing threat". In approaching this question, the Prime Minister of Iceland, Mr. Geir Hallgrimsson, pointed out, "those living in a state of insecurity are at a disadvantage and prone to act imprudently and often forced to behave contrary to their own interests".

The Allied nations as a group have enough economic strength to achieve and maintain a favorable deterrent equilibrium of military force in every theatre vital to Alliance interests. *What is required is the political will to translate potential influence into military power and effective programs of political collaboration and diplomacy.* We have complete faith that the democratic peoples of the Alliance, when properly informed, will support whatever is required to maintain their institutions and their liberties.

3. Two years ago, in Paris, we noted that while the Soviet threat was increasing rapidly, the perception of the threat in the West had diminished.

One of the causes of this disturbing phenomenon was the uncertainty of Western opinion about the reality of détente. True détente is and must remain a major aspiration of Western policy; with deterrence and

defence, détente is one of the three pillars of NATO. The members of the Alliance will never give up their patient quest for political understanding with the Soviet Union.

But by any definition the goals of détente have not yet been achieved; Soviet foreign policy has not become reassuring in recent years. It is backed by conventional and strategic military force which is growing at an unprecedented rate.

4. We observe with satisfaction that Western opinion is beginning to recognize this development. The reversal of the trend in public awareness has been achieved by the course of events, and by educational and political efforts throughout the Alliance.

We have turned an important corner, but much remains to be done. While public opinion is moving towards a more realistic perception of the growing threat, the security of the Alliance remains precarious. It continues to depend upon a diplomacy which combines effective deterrence and Alliance solidarity. The success of that diplomacy turns upon the effectiveness of Alliance policy in containing the pressures of Soviet imperialism.

II. POLITICAL AND ECONOMIC ISSUES

5. One of the important duties of the Alliance and its members is to do everything possible to maintain and strengthen allied solidarity, and to restore solidarity when serious disagreements among Allies occur. In this connection, the Assembly notes with satisfaction the termination during the last year of longstanding disputes over fishing rights involving Iceland, Great Britain, Germany and other members of the European Community, and commends the Secretary General of NATO for his effective assistance in facilitating that result.

Ever since the meeting in Ottawa in 1974, the Assembly has expressed increasing concern about the failure to achieve a fair and balanced settlement of the disputes between Greece and Turkey, in the spirit of respect for their equal dignity and sovereignty, and for rights established by international treaties.

These difficulties have persisted too long. They could soon threaten the military and political cohesion of the Alliance as a whole.

We therefore urge the nations directly and indirectly concerned to cooperate urgently in actions and negotiations dominated by the overriding interest of all the Allies in the solidarity and effectiveness of the Alliance.

To this end, the Assembly expresses its hope that the United States promptly ratify the bilateral aid agreement between Turkey and the United States, and also the pending aid agreement between Greece and the United States when it is signed, on the basis of the equal treatment of those nations as friends and allies.

The Assembly hopes as well that the future of Cyprus can be agreed shortly in a manner satisfactory to all the parties concerned, on a humanitarian basis which scrupulously safeguards the human rights of all its people, and fully respects its sovereignty and integrity.

Equally, the Assembly expresses the hope that Greek forces will soon return to the NATO system of integrated command.

6. The Assembly considered at some length what purports to be the growing diversification of the communist parties of Europe, that is, the phenomenon popularly called national communism or Euro-Communisms. The new approach of some European communist parties claims to put national interests above international ideological solidarity. Whether West European communist leaders could be able and willing to accept the basic rules of Western democracy in practice, and to oppose the aggressive policies of the Soviet Union towards NATO, especially if they were to achieve power, remain grave and unanswered questions.

The Assembly therefore welcomes the decision of the Council to discuss these problems at a Seminar in Portgual next May.

Meanwhile, it reaffirms its Resolution on the subject adopted at Copenhagen in 1976, which appeals to public opinion for active solidarity among democratic parties in their fight against totalitarianism and for democratic government in their countries. This is important for the purpose of maintaining the units and defensive effectiveness of the Alliance.

7. The members of the Alliance, in cooperation with the other democratic industrial states, have made little progress during the past year in their efforts to restore and manage the integrated, progressive, and non-inflationary economy which served the world so well between 1945 and 1971. The world monetary system has continued in disarray, and the institutions and habits of economic policy discipline have continued to decline in influence.

Until the industrialized democracies establish effective rules and institutions for the management and harmonization of their increasingly integrated economies, they will be unable to bring inflation under control or achieve just systems of economic cooperation with the developing nations and those of the communist world.

In this area, as in the area of security, we call for the development of programs of action which improve collective decision-making and genuinely match the gravity of the situation.

8. The Assembly stresses the importance of a thorough review of the record of implementation of the Helsinki Final Act, particularly with respect to the "principles governing relations between States", confidence building measures, the removal of barriers to the freer exchange of information, people, and ideas between East and West, including the jamming of broadcast, and the deception of clandestine broadcasts, and expanded economic and technological cooperation. At the Belgrade meeting in October the Final act should be amplified so as to focus and strengthen the commitments of the nations to a more open and cooperative order in Europe. In this connection, the Assembly draws attention to the need to uphold and protect human rights as a fundamental principle.

III. MILITARY PROBLEMS

9. Within the last year, two facts have been widely recognized throughout the West: 1) that the Soviet Union and its allies have been increasing their nuclear and conventional military forces far more rapidly than the Western Allies; and 2) if present trends were to continue, the Warsaw Pact would have the capacity to undertake programs of political intimidation based on nuclear and conventional-force blackmail. The possibility of aggressions cannot be excluded.

To meet this threat it is essential that the second-strike capacity of United States strategic forces continue to be clearly assured, and that the capacity of the Alliance to deter and if necessary defeat conventional force attack in accordance with the strategy of flexible response be effectively maintained and strengthened.

10. It is and must remain the fundamental policy of the Alliance to preserve the full territorial integrity of all its members. In that connection, the Assembly welcomes the statement in President Carter's letter of August 26, 1977 to our President, Dr. Mommer, that "the United States remains categorically committed to NATO's strategy of forward defence and flexible response". It agrees with President Carter's conviction "that this strategy, kept credible through timely force improvements, can preserve the territorial integrity of all Alliance members".

11. In this perspective, we welcome the position taken by the North Atlantic Council in May, 1977, urging the Allies to intensify their cooperation in defence planning and production and increase their defence budgets at the rate of at least 3% a year in real terms, in order to maintain a force level adequate "for the purposes of defence and deterrence in the face of the continuing growth in the strength of offensive capabilities of the armed forces of the Warsaw Pact countries".

12. We hope that the policy of increases in Alliance defence capability at the rate of at least 3% a year in real terms will make a major contribution to maintaining and strengthening deterrent balance in the relationship between NATO and Warsaw Pact forces. The Soviet Union is in a position of strategic parity, at least, with the United States. And the Warsaw Pact's conventional forces are larger than those of NATO, mainly so far as the land forces are concerned. Furthermore, the Warsaw Pact's forces have achieved formidable qualitative improvements in equipment and training. The military budget of the Soviet Union is estimated to have been increasing at the rate of at least 5% a year in real terms.

Moreover, as President Carter said in his statement of May 10, 1977, "the Warsaw Pact's conventional forces in Europe emphasize an offensive posture . . . and are much stronger than needed for any defences purpose".

We note also the warning of the Chairman of the NATO Military Committee, General H. F. Zeiner Gundersen, in his address to our first plenary session: "Against the background of the strategic nuclear balance", General Zeiner Gundersen said, "and substantial advances in their tactical nuclear capability, they have provided their conventional forces with an ability to initiate a potentially devastating attack with little warning".

13. Increased rationalization will improve the economy of our defense effort, enabling the Alliance to maximize the improvements in its defense posture as a result of a real growth in expenditure. The Assembly therefore strongly supports the nine-point program adopted by the North Atlantic Council in May, 1977, designed to achieve an improvement in the military posture of allied forces, particularly with regard to reinforcement plans; the use of reserve forces; force readiness; maritime deployments; air defence; rationalization, interoperability, and standardization; improvements in logistics; electronic warfare; command and control and other communications systems; and the modernization of nuclear weapons. The Assembly stresses the importance in many perspectives of continuing to develop two-way programs of standardization and cooperation between Europe and North America in the design and production of military equipment. The European members of NATO should give special attention and priority to programs of manufacturing defence equipment for American use in response to recent American policy on that subject. In carrying out this policy, production should be as widely dispersed as possible for industrial and security reasons. All members should give serious attention to the adequacy of their mobilization plans under current circumstances, including those affecting reserve units, and the capacity of their industries to produce military equipment in sufficient quantities.

14. The Assembly stresses the critical need of the Alliance to strengthen all its bilateral and multilateral programs in the area of mutual support.

15. The expansion of the Soviet Navy has increased the vulnerability of the Alliance in the Atlantic. Iceland, Denmark, and Norway occupy positions of strategic importance of the Alliance. The importance of the Al-

liance to the countries of the Northern flank remains vital.

16. The Treaty area was defined before the Soviet Union became a major sea power, and developed its long-range air-lift capacity. Soviet activities and policies outside the Treaty area threatens vital security interests of the Alliance, and may continue to pose such threats in many parts of the globe. In recent years, the Assembly has repeatedly recommended that consultations, planning, and possibly exercises addressed to such problems be studies by the North Atlantic Council, and that interested members of the Alliance undertake appropriate consultation and measures, as envisaged by the Harmel Resolution adopted by the North Atlantic Council in 1967. Reiterating its previous Resolutions on the subject, the Assembly therefore appeals to the governments and to public opinion to consider the necessity to assure the availability of essential military and civilian supplies.

17. Military personnel have provided effective assistance in time of natural disaster, and the military staff of NATO has filed a report on the feasibility of such programs. The Assembly recommends that the North Atlantic Council develop plans which would make such assistance available to governments when they request it on the basis that no diversion of military effort be involved. Mutual cooperation within NATO would be enhanced by such action.

We urge greater cooperation and teamwork among the members of the Atlantic Alliance in the military, political, economic and cultural fields. If this can be achieved in sufficient degree it would do much to bring a period of stability and progress unparalleled in modern history and a better life for all our people.

LETTER FROM THE PRESIDENT TO THE ATLANTIC TREATY ASSOCIATION

Mr. KARL MOMMER,
President, Atlantic Treaty Association.

DEAR MR. MOMMER: I ask you to extend to the Association my warmest greetings as you assemble again to consider the current state of our Alliance. We look to you, opinion leaders in the North Atlantic Community, for insights on how we should move to strengthen even further the security on which the Atlantic Community vitally depends.

Your deliberations have never been more timely. We are faced with a renewed military challenge from the Warsaw Pact. In the last decade, the Warsaw Pact has steadily and impressively strengthened its forces deployed against Western Europe.

At last May's NATO Summit, I joined my Alliance colleagues in a thorough review of the challenge. We chose our response carefully—a major program of defense improvements, both short and long term, as well as both conventional and nuclear. My government is solidly committed to these efforts, which we believe will maintain the credibility of existing NATO strategy into the 1980s and beyond. We are intensively engaged, in cooperation with our Allies, in charting concrete force improvements in pursuit of this objective.

I would also like to reiterate that the United States remains categorically committed to NATO's strategy of forward defense and flexible response. This is my own firm conviction, and it will remain the policy of the United States as long as I am President. Since this is also the firm conviction of the Congress and the American people, there is absolutely no doubt that my successors in office will continue this commitment.

We continue to be convinced that this strategy, kept credible through timely force improvements, can preserve the territorial integrity of all Alliance members.

My nation's commitment to the defense of Western Europe is at the center of our foreign and security policies. The security of the North Atlantic community continues to be vital to that of the United States itself.

JIMMY CARTER.

MORE WOMEN NEEDED IN ALL-VOLUNTEER FORCE

Mr. PROXMIRE. Mr. President, the call for increasing the use of women in the military is growing.

A number of people around the country—military and nonmilitary—have recently urged a wider role for women in the service, not excluding combat.

One of the reasons for this stand is the fact that the All-Volunteer Force is failing to recruit qualified males. For the upcoming recruiting year the Army is hoping that 56 percent of the male recruits will be high school graduates. On the other hand the services have no trouble finding female graduates.

An editorial in the Flagstaff, Ariz., Sun on August 15 states:

Meanwhile, the all-volunteer Army is being called a flop in some circles. Some believe the recruiting problem, as far as the Army is concerned, could be solved if more high-quality women were recruited. Now the Army seems to be doing most of its recruiting among high school dropouts. We see no reason why the armed forces couldn't recruit more women.

And a UPI story quotes Col. Mary A. Marsh, the first women to command an American Air Force base, as saying that though it may take 5 to 10 years:

I very definitely do see a combat role for women in the Air Force. After all, we now are starting to train women to be navigators and pilots.

On September 1, the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee held a hearing on the role of women in the military, which brought out some interesting information and perspectives:

According to Dr. Carol Parr, who represented the National Organization for Women and other women's groups:

Average annual per capita costs associated with housing, medical care, and transportation are roughly $982 less for military women than for men. Thus, based on differences in dependency status, the average military woman costs the Department of Defense about eight percent less.

Maj. Gen. Jeanne M. Holm, the only woman ever to reach this rank, pointed out that—

American service women have been shot at, some have died from enemy action, some have been prisoners of war, and many have received combat decorations. . . . I applaud the Air Force's decision to train a few women as pilots and navigators, but I am mystified by what their test program is expected to prove; certainly not that women can fly airplanes. We already know that.

Jill Laurie Goodman of the American Civil Liberties Union addressed the moral difficulties of placing women in danger:

I suggest that concern for exposing women to the dangers of war is misplaced. It is based on the untenable proposition that the lives of women are more valuable than the lives of men. But I find it doubtful that mothers or fathers weep more for their daughters than for their sons.

Col. Mary Hallaren, U.S. Army, Retired, former director of the WACS, dismissed the notion that women could not serve under great stress by drawing upon her own experiences in London during World War II.

All four women agreed that any assignment distinction in the military should be based on ability rather than gender, and none shrank from the prospect of sending women into direct combat.

The Senate and the services must accede to a larger role for women in the military. We cannot afford not to.

THE PRICE OF DAM 26

Mr. HUDDLESTON. Mr. President, maintenance of a healthy transportation system is vital to the economy of the Nation. This means that all modes must function to their maximum efficiency, competing against each other for the ultimate benefit of the consumer.

The issue of whether or not those who use the public waterways should pay for that privilege has been debated for years and is reaching a climax in this Congress. In an editorial which appeared yesterday in the Journal of Commerce the issue is discussed. I recommend it and ask unanimous consent that it be printed in the RECORD.

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

THE PRICE OF DAM 26

It now seems highly likely that waterways operators will have to begin paying user charges two years hence to defray some of the costs incurred by the Corps of Engineers in maintaining and improving inland navigation systems.

Although they have long fought successfully against efforts to impose such charges, those involved in for-hire transportation (represented largely by the Water Transportation Association) appear to have recognized the difficulty of persuading Congress to fund any more important navigation projects along the inland rivers unless they accept what they so long rejected.

The urgent need for new locks at a particular bottleneck on the Mississippi, a facility at Alton, Ill., doubtless spurred their willingness to accept a compromise. Some members of Congress have said they will not vote for the Ralton project, which also includes a dam, and President Carter has indicated he won't sign a bill funding it unless it contains some user charge provision. The railroads have been insisting on the charge for many years and have found a staunch ally in the Department of Transportation. In the face of such formidable pressure from the White House, Capitol Hill, DOT and their principal competitors, the waterways operators had little option but to retreat or face defeat.

What waterways operators have agreed to accept is a fuel tax of four cents per gallon on commercial traffic using 26 inland water routes beginning Oct. 1, 1979. This tax rate, about equal to other federal taxes on fuel used in transportation, would increase to six cents a gallon four years hence. It is, naturally enough, more than WTA members want to pay, but considerably less than the railroads think they should pay.

Barge lines will probably have to raise their rates if the bill (H.R. 8309) passes the House and Senate. This will be good news to the railroads long vexed by waterway competition, though not to industrial consumers of the bulk commodities traditionally moved by barge. As it stands, the bill wouldn't greatly upset the existing relationships between rail and barge rates on bulk commodi-

ties. The real question is how long it will be allowed to stand in its present form.

After 1981 that will depend on the pressure that can be brought to bear on Capitol Hill by the railroads, on one hand, and, on the other, by the waterways operators and the industries depending upon the waterways for their raw materials. For the former, disappointed as they may be in the initial tax rates specified in HR 8309, the most important thing is that its enactment would provide a hole in which a powerful lever could be inserted.

This is doubtless recognized by such waterways spokesmen as John A. Creedy, president of the WTA, and J. W. Hershey, president of American Commercial Lines, both of whom endorsed the compromise in addresses before the National Waterways Conference in Kansas City last week. Both know that the price of the locks and Dam 26 at Alton will be the establishment of a precedent that may cause them much trouble in the future.

The precedent, as noted above, involves the concept that commercial users of waterways should bear a share of the cost of maintaining and improving waterways that serve a number of different purposes, not all commercial, such as flood control, recreation and the like. How much of that share should they, and their industrial shippers, be required to bear?

Our guess would be that they will be bearing a fair share of it if HR 8309 is enacted and signed by the President in its present form. What bothers us is the question of what will happen on Capitol Hill after the four cents per gallon tax is raised to six cents in 1981. Will the new fuel taxes (or user taxes) by held to these rather moderate levels for long? Or will the big lever be employed to pry them up to much higher levels? These are questions the shippers will have to bear in mind.

We recognize, as do all parties having a direct interest in HR 8309, that it is more difficult to get Congress to establish a precedent than it is to expand on that precedent, once established. A case in point is the Social Security System, which started modestly as an actuarily-based retirement program managed by the government, but which has been vastly expanded in terms of rates, benefits and coverage for the better part of 40 years.

Another is the minimum wage law. Under the relentless pressure of the labor unions the minimum has been forced upward, step by step, for many years and is apparently to be levered up once again to $2.65 an hour, regardless of indications that one consequence of this will be to close off employment possibilities to teen-agers and unskilled minority workers.

Once the concept of special taxes on users of inland waterways gets on the statute books, it will be relatively easy for Congress to vote increases in the tax rates; much easier than getting the precedent established. So if the barge lines and their customers are a bit uneasy over the price they are paying for Dam 26 and the new locks at Alton, we think they have reason to be. Once Congress gets accustomed to the idea that it can legislate barge rates up to almost any levels, it is any man's guess what it will do.

WHERE CHILDREN WIN

Mr. HARRY F. BYRD, JR. Mr. President, the Nation should be deeply concerned, I feel, over the continuing decline in educational standards which has resulted in a 14-year drop in standardized test scores.

The question is whether we are willing to reverse our own educational policy mistakes which have led to this result.

A recent editorial in the Richmond Times-Dispatch suggests that too many seem too content to march in educational "mark time" for the foreseeable future.

That editorial commends school Superintendent Sam A. Owen of Greensville, Va., and his decision to institute merit-based promotions. Mr. Owens is an excellent superintendent and, incidentally, a fine friend.

In 1973, Mr. Owen began conditioning promotions on satisfactory scores on standardized tests. Since that time, Greensville students have advanced from scores well below the national average to test performance which, for many grades, well exceeds national performance.

The failure rate in Greensville schools has stopped by 50 percent, and the dropout rate has decreased to 60 percent of its initial level.

Mr. President, I ask unanimous consent that the Richmond, Va., Times-Dispatch editorial be printed in the RECORD.

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

WHERE CHILDREN WIN

Little Greensville County in southern Virginia has been a beacon of hope for persons not only in this state but throughout the United States who would like the public schools to see to it that children learn to read and write and compute. By junking "social promotions" and instead requiring that a pupil master one grade's work before being moved on to the next and eventually handed a diploma, Greensville has been in the vanguard of an exciting educational revolution that is beginning to spread across the country.

But the State Conference of the NAACP, citing fears that the nationally standardized tests used to measure achievement in Greensville may have unbalanced some of the classrooms racially, is asking the federal Department of Health, Education and Welfare (HEW) to investigate. That is depressing news on the eve of another school year opening, for there are, unfortunately, many bureaucrats within HEW who value statistics and abstractions more than they do real learning and real people.

It is encouraging, however, that Supt. Sam A. Owen and his staff appear undaunted by the impending probe and that they are determined to press ahead with a program that they sincerely believe is in the best interest of each and every child in Greensville County. Mr. Owen has welcomed any "genuinely interested" group to look into "our programs, which I feel are the best that can be offered."

And well should the superintendent and his dedicated educators, black and white, feel that way. For the pupils in Greensville, 65 per cent of whom are black, have made amazing progress since the school board instituted achievement-based promotion—and sound basic education programs to back up that policy—in 1973–74.

Since that time, achievement scores on national tests of literacy have gone from well below the national average to well above it at many grade levels in the system. During the same period, the failure rate has been more than halved, the dropout rate has decreased from 15 per cent to 9 per cent, and the proportion of high school graduates who are well-prepared to continue their education or begin careers has increased dramatically. Whereas, according to Mr. Owen, less than half of the county's graduating class used to go on to college, 134 of the 182 graduates will this fall. And the remaining 48, he said, have learned skills they can market with employers.

While the achievement grouping in Greensville may have resulted in a few classrooms being more black or more white than the school system as a whole, there is clearly no intent to segregate by race. For the focus in Greensville is on learning by the individual, which is what education is supposed to be all about. As for the tests used, there is nothing sinister about them. They are published by the Science Research Associates, a highly respected firm, and are used by school systems nationwide.

A child in the public schools today will be tested many times tomorrow when he leaves school to make a living. Isn't it far better that he learns how to pass tests, how to succeed, while still in school? As the late Knute Rockne, Notre Dame football coach, used to say:

"Education is supposed to prepare a young man [and woman, we'd add] for life. Life is competition. Success in life goes only to the man who competes successfully. A successful lawyer is the man who goes out and wins—wins law cases. A successful physician is a man who goes out and wins—saves lives and restores men to health. A successful sales manager is a man who goes out and wins—sells the goods . . . There is no reward for the loser. There is nothing wrong with the will to win. The only penalty should be that the man who wins unfairly should be set down."

In Greensville, they're trying to prepare a lot of life's winners. Would they be doing more of a favor to the children by contenting themselves with losers under the safe status quo?

WOMEN IMPROVE WISCONSIN NATIONAL GUARD

Mr. PROXMIRE. Mr. President, the Wisconsin National Guard has a remarkable military history dating back to action in the Civil War. For years the Wisconsin Guard has retained its reputation for excellence and combat readiness.

Thus, when the adjutant general of the Wisconsin National Guard states that women have made a great improvement in the Guard, his conclusions carry weight. And that precisely is what Brig. Gen. Hugh M. Simonson has confirmed.

The Wisconsin National Guard has increased its women members from 40 to 400 in just over 4 years—a remarkable achievement. The 40 officers and 350 enlisted women obviously have been attracted by the broad range of opportunities that are available through the National Guard. The benefits are generous and there is equality in pay, dependent allowances, travel, and pensions.

As Brigadier General Simonson says:

The old image of the servicewoman is changing—and today's female member is making it change. She no longer sits on the sidelines and watches. She is professional in every sense of the word. She can direct traffic for convoys, pitch a tent, dig a fox hole, fire an M–16 and challenge her male counterpart to outperform her.

In the years to come as new legislation opens up even more job opportunities for women in the military, the National Guard will be the beneficiary of the growing skills of women military members.

Mr. President, I ask unanimous consent that the article by Brigadier General Simonson be printed in the RECORD.

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

IN MY OPINION—WOMEN HAVE MADE A GREAT IMPROVEMENT IN THE NATIONAL GUARD IN WISCONSIN

What made National Guard men and women excel recently when within hours of being called up in the dark of night, they were manning prison guard towers instead of a bank teller's cage, and caring for invalids requiring total care instead of driving an 18 wheeler? Why did they do so well at tasks totally unrelated to their trained professions?

What makes a hundred Guard men and women give up the three major holiday weekends during the summer to operate military trucks and helicopters aiding disabled motorists on the crowded highways or attending injured motorists at an accident scene and transporting them to a hospital?

SERVICE DEMANDS SACRIFICE, TRAINING

Whatever prompts Guard men and women to cheerfully accomplish these essential services in times of emergency also caused them to volunteer for military service to protect and preserve the state and the nation.

The same thing causes members of the National Guard to sacrifice vacation time for 15 days of annual training—training that taxes both their physical and psychological capacities. The same motivation causes Guard members to give up countless weekends with their families to take on long periods of service schooling. It is not the easy way. But it is the rewarding way to display pride in our state and our country.

THEY'RE LEADERS IN TIMES OF CRISIS

The Guard, performing in an emergency situation has the image of a person who has everything under control, is ready to listen to what others have to say, is courteous and concerned for the rights of others. These are traits of a good leader. Leadership is essential and is required of every solider.

The Guard men and women who perform so diligently as a last resort when all civilian services fail to contain a situation, are carrying out their secondary mission. Their primary mission is to provide the trained, equipped and ready units required in time of war or other national emergency.

To those Guardsmen who chose to retire or separate within the past few years—eat your hearts out. Our rapidly expanding women's program—Army and Air— has substantially improved the complexion, as well as the readiness, of the National Guard.

From 40 to over 400 in a little over four years. That's what the Wisconsin National Guard has accomplished in bringing women into its ranks. With more than 40 officers and 350 enlisted women in Wisconsin's Guard. they are involved in almost every phase of operation. The new female Guard members want challenge, more responsibility, and competition. Today's Guard woman is a mechanic, truck driver, military policewoman, nurse, doctor, public information specialist, band member, communications and radio equipment operator, to name only a few.

Benefits, such as choice of jobs, opportunities for promotion, pay and retirement, are all part of the equality afforded women in the National Guard. They receive the same pay, dependent allowances, chance to travel and, of course, pension after 20 years.

THE OLD IMAGE NO LONGER HOLDS

The old image of the servicewoman is changing—and today's female member is making it change. She no longer sits on the sidelines and watches. She is professional in every sense of the word. She can direct traffic for convoys, pitch a tent, dig a fox hole, fire an M–16 and challenge her male counterpart to outperform her.

Acceptance of women into this new role in the military has been a challenge. In a once predominantly male world, women are being accepted as soldiers/airmen by their male peers. That's exactly as it should be.

They will always be women (who wants to change that?) but they are troops. And that's also as it should be.—

HUGH M. SIMONSON.

AN OUTSTANDING U.S. DELEGATION TO THE U.N. GENERAL ASSEMBLY

Mr. PERCY. Mr. President, early in his administration, President Carter made a commitment to strengthen U.S. participation in the United Nations. He pledged that he would appoint a highly qualified delegation to represent the United States at this year's United Nations General Assembly to demonstrate to other nations the importance with which this administration regards U.S. participation in the organization.

Today the Senate confirmed the nominations of one of the most outstanding delegations the United States has sent to the U.N. General Assembly in many years. President Carter should be commended for the quality of the people he has selected to work with our former colleague and now U.N. Ambassador, Andrew Young.

United States representatives include James Leonard, Jr., former president of the United Nations Association; LESTER WOLFF, U.S. Congressman from New York, and active member of the House International Relations Committee who has demonstrated a great deal of interest and knowledge in U.S. participation in international organizations; CHARLES W. WHALEN, Jr. U.S. Congressman from Ohio, a former professor of economics and also an active and knowledgeable member of the House International Relations Committee; and Coretta Scott King of Georgia, my friend and an indefatigable advocate of social justice.

I am particularly pleased that two Illinois residents have been appointed to be alternate representatives to the U.N. General Assembly this year.

I have known Mrs. Marjorie Craig Benton, of Wilmette, for many years and have long admired her active involvement in issues of local, State, and national public concern. Among other activities, she serves as president of the Better Government Association in Chicago, as Chairman of the Citizens Committee on the River City Project in Chicago, and as an early supporter and initiator, with her husband Charles Benton, and the Benton Foundation, of the 1976 Presidential forums which ultimately led to the 1976 Presidential debates.

Donald F. McHenry from Chicago, formerly with the State Department and the Carnegie Endowment for International Peace, will also be serving as an alternate delegate. Other alternate delegates are Melissa Wells, former Ambassador to Guinea-Bissau, Allard Kenneth Lowenstein, former Congressman from New York, and John Clifford Kennedy, a partner and general manager of Kennedy & Co., Lawton, Okla.

The 32d session of the U.N. General Assembly promises to be important and undoubtedly controversial. Issues involving the Middle East, Southern Africa, and the ongoing North-South dialog on international economic issues will demand the greatest negotiating skill, coordination, and good commonsense the U.S. delegation can muster. I think President Carter has put together a team that will serve with distinction and will bring credit to the Carter administration and to the country.

HE WHO IS BLIND, WILL NOT SEE: THE CAMBODIAN MASSACRE

Mr. PROXMIRE. Mr. President, I have urged ratification of the Human Rights Convention on Genocide during every session of every Congress since 1967. One of the most frustrating reactions encountered by advocates of this treaty is blind indifference. We, as Members of the Senate, seem to believe if we close our eyes to this issue, it will forever be allayed.

I would like to bring to the attention of my colleagues a recent article in the Los Angeles Times written by William F. Buckley, Jr., concerning the situation in Cambodia. Although, I disagree with the call for military action, I feel the article brings up some cogent issues.

The situation is frightening. In the past 2 years, since the Khmer Rouge took over, an estimated 800,000 Cambodians have died. The majority of these deaths have been executions. I could continue with shocking specifics, but the situation is apparent for all those who will look.

As Mr. Buckley writes:

"What is happening in Cambodia mocks every speech made by every politician in the United Nations and elsewhere about our common devotion to human rights."

We, in the Senate, cannot resort to the argument that the Human Rights Convention prohibited practices which no longer occur—it is obvious, Mr. President. that they do. I urge the Senate to put the United States on record by ratifying the convention so that our objection to such atrocities will not be viewed as hypocritical.

Mr. President, I ask the unanimous consent that Mr. Buckley's article be printed in the RECORD.

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

CAMBODIA—OUR SINFUL SLOTH

(By William F. Buckley, Jr.)

I am quite serious: Why doesn't Congress authorize the necessary money to finance an international military force to overrun Cambodia?

That force should be made up primarily of Asians—Thais, notably, but also Malaysians, Filipinos, Taiwanese and Japanese. Detachments from North Vietnam and China should also be permitted, and token representatives from voluntary units of other countries that are signatories to the Genocide Convention as well as to the various protocols on human rights.

Our inactivity in respect to Cambodia is a sin as heinous as our inactivity to save the Jews from the Holocaust. Worse, actually, because we did mobilize eventually to destroy Hitler. We are doing nothing to save the Cambodians.

What is happening in Cambodia mocks every speech made by every politician in the

United Nations and elsewhere about our common devotion to human rights.

The idea, in Cambodia, isn't to go there and set up a democratic state. It is rather to go there and take power away from one, two, three, perhaps as many as a half-dozen sadistic madmen who have brought on their country the worst suffering, the worst conditions brought on any country in this bloody century.

The Rev. Francois Ponchaud, who lived in Cambodia from 1965 to 1975, estimates that 800,000 Cambodians have died since the Khmer Rouge took over two years ago. And he is thought to be inaccurate on the low side.

Richard Holbrooke, our assistant secretary of state for East Asian and Pacific affairs, puts the figure as high as 1.2 million.

Hundreds of thousands of these deaths were executions. The cause of the balance was worse: death mostly by starvation. (We finally mustered the judicial energy to execute Gary Gilmore last January; we could not have found one American, short possibly of the Son of Sam, who would have voted to starve him to death.) Other Cambodians have died of malaria and other diseases. The Khmer Rouge disdains to accept medical aid, or food, from the West.

As for the death figures, just what do they mean to those for whom human life means nothing?

Stephane Groueff, of France Soir, went to within a dozen kilometers of Cambodia recently, talking to hundreds of refugees. It is the deepest mystery as to what actually is the constitution of that evil leadership, as no correspondent has been there in two years, and the eight diplomatic delegations (seven Communist, plus Egypt) are all housebound, and denied permission to speak to any Cambodians.

There is speculation that 46-year-old French-educated Khieu Samphan, the head of the Presidium, as running the show in that country.

When you ask the Cambodian refugees who is the authority behind the Khmer Rouge, they will tell you, presumably in whispers, "the angkar." What is Khieu Samphan to the angkar? What is the role of Prime Minister Pol Pot? Or of Ieng Sari, the Hanoi intellectual whose real name is Nguyen Sao Levy? Or the Communist Party secretary general, Saloth Sar?

Groueff reports that there is only one known interview with Samphan. It was given to an Italian journalist at last summer's Colombo conference.

"In five years of war," Khieu Samphan reportedly told him, "more than a million Cambodians died. The present population of the country is 5 million. Before the war it was 7 million."

"What happened to the other million?" the journalist asked.

Samphan was annoyed.

"It's incredible," he said, "the way you Westerners worry about war criminals."

Two out of seven Cambodians are already dead. That is the equivalent of 57 million Americans killed. Even Stalin might have shrunk from genocide on such a scale. And what are we doing about it? Waiting for Rolph Hochhuth to write a play?

Is there no practical idealism left in this world? Only the endless talk that desecrates the language and atrophies the soul?

THE NUTRITION COMMITTEE

Mr. HOLLINGS. Mr. President, I believe the work of the Nutrition Committee, which was and is absolutely vital to the well-being of millions of the most vulnerable among us, is simply not yet done. That is why I rise today to support its continuation.

There are still millions of Americans who go to bed hungry each evening. Although Congress has been increasingly responsive to the problems of hunger and poverty, there remains a shamefully large segment of our population, mostly those least able to withstand the deprivation, who lack the minimum diet necessary to lead a healthy and productive life.

For example, we know that there are between 2 and 3 million homebound elderly citizens who are poor, who have no access to the present elderly nutrition programs, who live sad and isolated lives as the result of some infirmity, and who enter nursing homes at a very great expense to themselves and the Government, by the tens of thousands simply to receive adequate meals. All this information has recently been brought to the surface solely by the Nutrition Committee, and only the committee has developed comprehensive recommendations for legislative action to solve this problem.

This kind of investigation, oversight, and public education is exactly what the committee does best.

Under no other structure which currently exists in Congress would this kind of indepth, specialized, and often mutijurisdictional work, proving and exposing need and offering constructive alternative solutions, get done, except under the structure of a select committee. And this group—the homebound handicapped and elderly—represent just one very large group among us that still needs and deserves the attention of Congress.

Another group—low-income pregnant and nursing women and infants—are supposed to be served by the women, infants, and children program (WIC). This program provides high protein diet supplementation to low-income pregnant or nursing women and infants. The committee's early investigation proved that the period of greatest brain growth is the time for the most effective and low-cost nutritional supplements, which also, because of the early date, has the greatest chance for breaking the cycle of poverty.

This specific program, which connects adequate nutrition and health maintenance, has been evaluated by USDA and held to be a total success. Birth weights, head circumferences, and heights, have all been improved, while anemia and other deficiencies have been drastically reduced. The program is saving lives and reducing the shameful number of low income and minority children who die in infancy. I would like to point to this program when some decry the effectiveness of social intervention programs. The results of this program are of tremendous personal satisfaction to me, and I am proud to have been an original cosponsor. I am also happy that over 25,000 low-income women and infants participate in South Carolina.

The problem is that the program, as currently structured, cannot possibly reach more than one-fourth of those eligible in the country. I believe the committee still has a special obligation to fulfill to the more than 3 million eligible not reachable under current law.

There is another point to make about WIC. It is true that it is a program for low-income people. There is no doubt about it. But it is also a health program. It is administered through health clinics and run by doctors. It is a perfect example of the kind of multifaceted approach that can be constructed by a select committee such as the Nutrition Committee, that is charged with the obligation to investigate and educate in one particular area—like hunger—but which is left free to make recommendations that may cross traditional lines—in this case nutrition, education, and health.

I would hate to see this flexibility, which has proved to be so productive, lost. I would also hate to see the intensive oversight cease at a time when hundreds of thousands of eligibles are on waiting lists, and sustained and orderly program growth could mean so much to so many. The expertise to do this exists in the Nutrition Committee. What good could possibly come from eliminating it?

There are many other examples of the Nutrition Committee's unfinished business. Some Senators may assume that our child nutrition programs—school lunch, school breakfast, child care, summer food, commodity supplemental, and the WIC programs—are reaching most of those they are meant for. This is not necessarily true.

For example, the breakfast program serves only 10 percent of those served lunch, yet teachers and nutritionists tell us it may be a more important meal than lunch, in terms of its impact on school performance.

Over 15,000 schools still have no lunch program at all, with over 1 million low-income children left with no real access to an adequate noon meal.

That is one of the main reasons the committee should be maintained, its function, if anything, expanded.

I believe its elimination is a concession to form, an attempt at organizational cleanliness at the expense of national realities. By eliminating the Nutrition Committee, we might be hoping to eliminate hunger or poverty, but it is not going to work that way.

I have reviewed the reorganization statements made months earlier and find no suggestion that the work of the Nutrition Committee is complete or inadequate or no longer necessary. The reorganization plan did not begin to deal with the importance of the work done by the committee.

Regardless of the reasoning, however, the result is not one with which I believe a majority of Americans would concur.

The interest in problems of domestic hunger is greater than ever. Food is a finite resource basic to the maintenance of life and worthy of much gerater public scrutiny, not less. Good nutrition is the most important building block in the edifice of our individual and collective well-being. The public knows these things. We in the Senate would not be well served to ignore them.

And that brings me to the second basic reason for continuing the Nutrition Committee. Not only is the job of feeding the hungry not yet complete, the job of educating all consumers, regardless of income, in matters of diet and health, has only begun.

There is no doubt in my mind that diet and nutrition play a major role in preventing our most debilitating killer diseases, as well as extending our productive years. It is apparent that the best hope for achieving any significant extension of life expectancy lies in the areas of disease prevention, not cure or crisis care, and that nutrition along with life style and habits of personal care, provides the foundation for sound prevention.

It is also apparent that the economic costs of health care and disease, which has been a major concern of mine and many other Senators, are a large and growing burden on the Nation's resources. Many studies, including one completed recently by USDA, show how improving the American diet could help ease that burden by preventing disease before it strikes, with potential cost savings in the hundreds of millions of dollars.

The most complete possible factual background connecting diet and health has been made by testimony before the Nutrition Committee over the last several months. There is not a member of the committee who has not been profoundly impressed by the data linking dietary components to the development of atherosclerosis, the underlying cause of the No. 1 killer, heart disease, and to more than half of all cancers in women and at least one-third in men. Moreover, they have learned that nutrition has thus far been the only environmental factor which has been shown to increase the lifespan of experimental animals. Their witnesses have included the highest officials of government as well as the most respected of university lecturers and researchers.

The question before Congress now is where to go with all this new information, much of it alarming. What research need be done to determine the potential for helping reduce disease and related cost of health care? How should a food and fiber policy, taking into account health concerns and all segments of the food system, be coordinated, and who should be in charge? We do not even know, really, how present diets, changed as they are from a few years ago, affect human functional performance, or what the nutrient composition of the current food supply is.

We are at about the same stage of knowledge in dietary health matters now that we were 10 years ago with regard to poverty-related malnutrition.

The President and Members of Congress have responded to these questions, to the increasing public concern with diet, and to the growing evidence implicating diet as a major cause of disease, by asking for new, objective, expert advice.

As a result, two long-term studies have just been released by two of our most respected and unbiased groups: "World Food and Nutrition Study—The Potential Contributions of Research," by the National Academy of Science, and "Federal Human Nutrition Research—Need for Coordinated Approach To Advance Our Knowledge," by the General Accounting Office.

Both of these reports, which took many months to complete, acknowledge that major gaps in nutrition knowledge and research needs now exist, and, I quote, "the No. 1 barrier to progress in human nutrition research is a lack of central focus and coordination."

Another recent report, by the Congressional Research Service, found that—

> The planning and conduct of human nutrition research is scattered throughout complex and diversified Federal organization, none of which provides comprehensive nutrition information. Although Congressional interest in human nutrition is increasing, comprehensive information for determining the focus and direction of Federal human nutrition research is lacking.

Every group studying this issue has concluded, in short, that there is yet no fundamental structure for the management of the increasing Federal funding for human nutrition research and consequently there is much uncoordinated activity without reference to specific goals. At this early juncture, it is extremely important that a sound, sensible organizational basis be established within the Federal Government to conduct this important work, and to most wisely spend the money.

In saying this, I mean to take nothing away from the Agriculture Committee, whose chairman, the distinguished Senator from Georgia, I highly respect. I listened carefully in February when proponents of reorganization argued that eliminating this committee would do minimal damage because many of the Senators on it also serve on the Agriculture Committee.

But I think both interests—the traditional interests of the Agriculture Committee and the new highly visible nutrition issues—will be best served by the continuation of the Nutrition Committee, perhaps at only part of its current funding level, in the interests of reduced spending.

The Nutrition Committee has already established, alone among congressional committees, the most in-depth background testimony and research in many of the nutrition questions now undergoing such intense scrutiny—human nutrition research, nutrition education, food labeling, food quality, dietary goals, TV advertising, nutrition policy, elderly nutrition needs, and many others. It has members with health care expertise, who feel deeply the need to invest more in prevention through nutrition and diet and less in crisis care, whose expertise should not be lost. It has Senators and staff already familiar with legislation necessary to focus the Government's work in the above areas. I cannot believe losing this focal point, at a time when all concerned recognize this as the single most necessary ingredient in the development of a prudent food and nutrition policy, would serve our public interest. Before the Government can focus, Congress must be able to, and the Nutrition Committee has a head start on the field.

The work of the Agriculture Committee is very important, and our farm programs are well served by it.

But I am simply not sure it is geared up to, or should gear up, to do the kind of multidisciplinary work in dietetics, biochemistry, food technology, education, medicine, genetics, physiology, and agricultural science that underlie the broadening scope of human nutrition in the United States. For the next several months, at least, I sincerely believe that both committees would be best served by allowing the Nutrition Committee to continue its important work in the area of diet and health.

By doing original and much needed work in the area of diet and health, as well as continuing to provide a unique forum for the poor, the young, and the hungry, the committee is in a position to continue to help the people of America.

Members of the committee have worked hard and believe strongly in that work, and we all have benefited from it. That is why it should be continued.

THADDEUS KOSCIUSZKO

Mr. STEVENSON. Mr. President, Thaddeus Kosciuszko's significant contributions to the military victory of the United States in our War of Independence is a source of pride to all of us as recognized in Senate Concurrent Resolution 44. As we continue to mark our Bicentennial, it is fitting to recall the part General Kosciuszko played in planning the fortification of Philadelphia as well as his key role in the Battle of Saratoga and in the campaigns in North and South Carolina. I am pleased to join as a cosponsor of Senate Concurrent Resolution 44.

HUMAN RIGHTS AND NOMINATIONS

Mr. CASE. Mr. President, the Senate's confirmation today of Arthur Goldberg as chairman of the U.S. delegation to the Conference of Security and Cooperation—the CSCE—and George Landau as ambassador to Chile represent, respectively, the good news and bad news in the administration's handling of human rights.

The nomination of Ambassador Goldberg to head our delegation certainly was good news. As the original Senate sponsor of the legislation which established the Helsinki Commission, I was most pleased that President Carter selected a man who is both dedicated to the advancement of human rights and is effective in difficult negotiations.

As I commented during yesterday's confirmation hearing by the Senate Foreign Relations Committee, I also welcome the nomination of Ambassador Goldberg as an indication that the administration is not backing away from its dedication to human rights.

There have been recent comments by administration officials, including a

statement by President Carter, and even more important, some silences which have given cause for concern in that respect.

Of course there are many factors in shaping our foreign policy and dealing with individual nations. I, for one, am not prepared to claim that human rights in every case is the determining factor in relations with every country—there are limits to what we can do as a practical matter. However, I believe that through the efforts of Congress during the last session and the current one, and the welcome statements by the new administration, especially in its early days, human rights concerns have been given a higher priority in shaping our foreign policy.

On October 4, the Belgrade Conference will resume, continue the task of reviewing and following up the 1975 Helsinki accords in which 35 nations of East and West Europe and North America pledged themselves to a series of guidelines for the protection of human rights.

Therefore, I believe it is very important that this Government reaffirm its commitment to human rights.

The confirmation of Ambassador Goldberg is a welcome move in this direction.

Our concern over human rights is not confined to countries of one form of government or another, it is addressed to dictatorships of all stripes.

Therefore I questioned the nomination of a new Ambassador to Chile at this particular time. The move might be seen as a sign that the more traditional approach of the foreign service bureaucracy is still at work.

I am not concerned about the qualifications of the man selected for the job, George Landau, a career officer of considerable experience. Therefore I decided not to oppose the nomination.

But I do feel it is necessary to voice my concern over the timing. The improvements in the human rights situation in Chile are not all that perceptible. True, the old secret police technically has been abolished but apparently this is primarily a change in name. Some political prisoners have been released, but other persons have been arrested.

It is most unfortunate that the confirmation of Mr. Landau came as friends of Orlando Letelier, a former cabinet minister, marked the murder a year ago of the former cabinet minister and an American associate, Ronni Moffitt.

I hope this confirmation is not taken as a sign of a relaxation of U.S. concerns over human rights. As far as this Senator is concerned, it should not be. I trust that Mr. Landau, who handled himself very well before the Foreign Relations Committee yesterday, presses for the human rights both in individual cases and in the overall situation.

In Chile, as in dealing with the Soviet Union, we may not be able to obtain overnight improvements, but it is important to keep up the effort.

SUPPORT FOR SCHWEIKER MEDICAL SCHOOL ADMISSIONS BILL

Mr. SCHWEIKER. Mr. President, several months ago, I introduced legislation to protect medical school applicants from discrimination based on their views on abortion. My bill, S. 784, is a very simple one: it forbids schools which receive Federal support from asking their applicants' views on abortion or sterilization, or from discriminating against any applicants because of their views. Although the bill is primarily directed at medical schools, it would also apply to nursing schools and other federally-supported institutions dealing with health care education.

The need for the bill was made manifest by a survey done last year by Dr. Eugene Diamond, which I included in the CONGRESSIONAL RECORD on February 24, 1977, at page 5196. Dr. Diamond discovered that a large number of medical schools asked prospective students about abortion, and some admitted that pro-life views would be a negative factor in the admissions process.

These findings are disturbing for two reasons. First, much of the widespread disaffection with the medical profession in this country is based on the increasing depersonalization of health care, where technology often overwhelms more human concerns about care of the whole patient. I believe that a person who is opposed to abortion may well have the respect and concern for life that we should be encouraging in our young doctors.

The other reason is more basic. Although I have never seen precise statistics, I would be surprised if as many as one doctor in ten in our country has ever performed an abortion. Most physicians have practices that do not involve these questions at all. It makes no sense to screen out antiabortion students at the beginning of medical school when most of the students will not be concerned with that area of medicine in later practice.

Since introducing S. 784, I have heard from a number of people in support of this bill. Some of them have been students who faced the kind of questioning I propose to ban. Many of these students have expressed a very natural reluctance to "get involved," in some cases because they are still trying to get into medical schools. Fortunately, several students have been willing to give me their stories, which establish clearly the kind of questioning and discrimination that Dr. Diamond's study revealed in some of America's medical schools. Of equal importance is the perception of discrimination that is felt by these students, which can lead many of them not to apply to medical school at all. I would like to share a number of these letters with my colleagues, and ask unanimous consent that they be printed at this point in my remarks.

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

The Honorable RICHARD S. SCHWEIKER,
Senate Office Building,
Washington, D.C.

DEAR SENATOR SCHWEIKER: I strongly support your proposal which would disallow a medical school interviewer from asking a prospective student his position on abortion. I support this because I believe that the emotional atmosphere of this issue almost cost me my acceptance to a U.S. medical school.

While obtaining my undergraduate training at the University of San Francisco I became heavily involved in the Students United for Life. When I applied to medical school, I naturally listed these involvements as extracurricular activities. Little did I know at that time that my beliefs regarding abortion would probably prevent me from entering several medical schools.

At the University of California at Davis School of Medicine I just "happened" to be interviewed by Dr. Fred Hanson, an OB/GYN specialist who does abortions. In the next hour that I spoke with him, we debated the abortion issue for approximately forty minutes. He told me that it is difficult to say when life ends, and therefore it is also hard to say when it begins. Dr. Hanson stated that amniocentesis is 100 percent accurate, and asked whether I would abort a fetus diagnosed with Down's Syndrome. He knew that my youngest brother, Michael, had Down's Syndrome, and had been killed two months earlier, so he decided to rephrase the question. Would I abort someone with hemophilia? I asked him what sort of life these people had, since it occurred to me that if a hemophiliac led a miserable life, he could end it quite easily. He replied that hemophiliacs lead an existence that is not worth living. And so it went with Dr. Hanson.

My other U.C. Davis interviewer was a female medical student. (I believe her name was Jan Ewing.) She also was concerned about my views on abortion, and especially how I would feel toward a patient who had had an abortion.

My student interviewer at the University of Southern California School of Medicine quizzed me about my abortion beliefs, and concluded that I was consistent at the end of that issue.

At Northwestern University School of Medicine my student interviewer, because of his Jewish background, had a natural interest in Tay Sach's disease. This student, like the U.C. Davis interviewers, felt that everyone had his limit where he would or would not do abortions. His limit was Tay Sach's disease (and not Down's Syndrome), especially since the child would die by his second to fourth years anyway. Because I didn't agree with him, he accused me of being insensitive. Once again, my moral beliefs may have prevented me from entering a medical school.

In interviews at Georgetown University, Tulane University, St. Louis University, and Creighton University, the abortion issue was not discussed.

I was accepted at Georgetown, and have noted that the students in my class represent a wide variety of opinions about abortion and many other moral and ethical questions.

I wholly applaud this proposal, but I believe that it should be expanded to include nursing schools and other paramedical training programs.

Sincerely,

CHARLES T. MORTON,
First Year Student,
Georgetown University School of Medicine.

TUESDAY, *May 31, 1977.*

RICHARD S. SCHWEIKER,
U.S. Senator, Pennsylvania.

DEAR SENATOR: I am addressing this letter to you in support of the bill to curb medical school discrimination. I applied to a number of medical schools this year and I am writing this letter because of my belief that I was discriminated against by the University of California at San Francisco. The fact that I was interviewed there in October indicates in part how strong they originally considered my application to be. I was interviewed by two people at separate times. One interview, by Dr. Perloff, was held in her office at the

medical school. She asked a number of personal questions and somehow the question of my religious background came up and I told her I was and am a Catholic. She questioned me further on the degree of my Catholic upbringing and after she was apparently satisfied she changed the subject to abortion. The fact that it was my first interview and I was nervous put me at a great disadvantage. She knew it and used it to her advantage. I told her that I am generally against abortion except in the case in which the life of the mother is involved. She accepted my stand without much comment and then went on to the subject of birth control. We had an open disagreement about birth control and finally the subject was dropped. I felt uneasy throughout the interview, but not until afterwards did I realize exactly what had happened. I was upset shortly thereafter because I felt the interview went badly. I do not know to what degree I was discriminated against except that as stated in the article "Changing Values and the Selection Process for Medical School," written by John Wellington M.D., Associate Dean at UCSF, the interview is rated highest of all considerations in the selection process, and I feel Dr. Perloff did not agree with my position on abortion and the interview went badly because of it. Perhaps if this hadn't been my first interview I could have handled myself better, but nevertheless I feel that I was discriminated against.

I am writing this letter because I now realize the urgent need for legislation to prevent interviewers from asking questions of such a controversial nature that it could lead to discrimination.

I was rejected from UCSF, but I am happy to announce that I was found acceptable at UC Davis. I hope that this letter will be of help to you.

Sincerely yours,

GREGORY SPOWART.

SANTA MARIA, CALIF., *April 23, 1977.*

Re Committee on Human Resources Medical School Applicants.

Senator RICHARD S. SCHWEIKER,
Senate Office Building
Washington, D.C.

DEAR SENATOR SCHWEIKER: This is response to your recent letter regarding our son Douglas' medical school application experiences. I have consulted with him once more for verification.

1. At the University of Southern California (a private non-denominational school) he was asked if he would do abortions. He said he would not because of personal convictions, rather, he would try to educate the woman on the subject. He felt he had excellent substantiations, including scientific (having just completed a genetics course), for any questioning. He later received notice of rejection of his application. Since he knew his application presented an ideal experience-academic-recommendation (from numerous physicians as well) background, and since he felt the interview had proceeded very well, he wrote a letter to the Assistant Dean for Admissions. Doug told him that he felt he ought to be aware of the abortion questioning if he weren't already, and that such querying was a form of "reverse discrimination". The Assistant Dean's response was "the rejection was not on the basis of a poor interview report from the interviewer to whom you allude". It should be made clear that no one is asked to come for an interview unless his application meets all competitive requirements. The interviewer could give him the good report personally, but his viewpoints on abortions could nevertheless be a deciding factor. Who will ever know?

2. He had another interview at a California state medical school where the matter of abortion and related areas was discussed for a large part of the hour interview. Once again he cited his personal convictions and strong scientific arguments. A week later, after learning of your proposed legislation, I myself wrote the Dean of the Medical School attaching the enclosed clipping and relating our son's experience. The Dean promptly wrote a long and very nice letter assuring no prejudice, though he apparently was not aware of the abortion, etc., questioning. Doug is apparently on that school's waiting list for placement. At this point in time we would rather not relate the name of the specific school—perhaps later.

(It so happens that interviewers at both schools were lady M.D.'s. This may or may not be pertinent.)

3. Of further interest. From the University of California at Davis (state school), apparently all applicants received a 4-page questionnaire to "self-identify as disadvantaged". This is the school setting for the Bakke case appealed to the Supreme Court by the California Regents. From the "Medical School Admissions Requirements" handbook is this quote: "A special introductory three-week course is offered to these students. The purpose of this course is to introduce these students to the faculty through small group meetings, to familiarize the students with medical terminology, and to improve their learning techniques."!! It is impossible to believe anyone's learning techniques can be that much improved in three weeks after already finishing four years of college.

We trust all of the above will be of help in verifying that there truly are these forms of subtle "reverse discrimination" against those most qualified. In the instance of the Davis selection process, the quality of medicine cannot help but become diluted.

Sincerely,

Mrs. R. C. RIEHLE.

IDEA,
June 14, 1977.

Mr. RICHARD VODRA,
Legislative Aide,
Hon. RICHARD S. SCHWEIKER,
Russell Senate Office Building,
Washington, D.C.

DEAR MR. VODRA: After our telephone conversation in Washington last week, and upon my return to Chicago, I was in touch with two young men whose cases I feel would clearly show evidence of discrimination against medical school applicants who oppose abortion for conscientious reasons.

I have interviewed these candidates personally, and one of them on two occasions, as to the facts of their medical school interviews, the questions asked them, their backgrounds and academic qualifications (which are excellent), and some surrounding circumstantial evidence which in my estimate lends additional credibility to their accounts.

There is no question but that there has been discrimination against these medical school candidates precisely because of their prolife stances, and that they were denied admission to the first school of their choice because of their stands on abortion.

I spoke with them on my return from Washington, and assured them that their cases could be disguised sufficiently to make it difficult for anyone to detect their true identities, if they would be willing to give an affidavit for use by Senator Schweiker in furthering the legislation he has introduced. Both students discussed the matter with their families over the weekend.

I have been informed by both that upon further consideration they and their families have decided they would rather not come forward at this time. Both have subsequently been accepted by other medical schools in the area, and because of the regular meetings of Medical School Deans and other personnel, they feel it would be a simple enough procedure for anyone interested in so doing, to uncover their identities and place difficulties in their studies towards the M.D.

They are upset by these fears, but both were very upset also by the interviews and the overwhelming evidence of prejudice against them as prolifers. If it is of any use to Senator Schweiker in furthering his legislation, he has my permission to use this letter.

Sincerely,

FATHER CHARLES C. FIORE,
Director, IDEA.

Mr. SCHWEIKER. Mr. President, in addition to these letters, I have been encouraged by the number of press endorsements of S. 784. Many of these emphasize the need to protect the freedom of conscience of our Nation's students. I ask unanimous consent that a selection of these stories appear at this point in my remarks.

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

THE RIGHT TO DISSENT

Human rights have suddenly made the headlines as a hot topic in Washington and around the world. Defining what they are in different societies and cultures may well prove a more difficult task than promoting the concept itself, but in the United States, at least, the freedom to hold religious and ethical beliefs that sometimes run contrary to the prevailing mores of American society has a long history as a constitutionally protected human right.

Since the Supreme Court's 1973 decision striking down most state and Federal abortion laws, the right of individuals and of hospitals not to participate in abortion procedures has been under fire by pro-abortion groups. Indeed, a survey of medical schools, conducted by Dr. Eugene F. Diamond and published last year in The Linacre Quarterly, indicates that in certain cases a suspicious interest in a future doctor's attitude toward abortion has been pushed all the way back to the student's interview for admission. Of the 60 schools that responded to the survey, 21 admitted that applicants were questioned about their position on abortion, and 17 said that such questions were possible; 18 denied such questions were asked, and four did not answer. To the survey's deliberately loaded, and intentionally rhetorical question, "Would a refusal to participate in abortion and/or sterilization procedures be considered a negative factor in an applicant?" two out of the 21 schools said yes. Why, one wondered, do the other 19 (or possibly as many as 40) schools bother to ask if the applicant's negative answer has no bearing on admittance?

Senator Richard S. Schweiker (R., Pa.) wonders, too, and he hopes to remove the speculation by introducing legislation that would prevent any school or institution receiving Federal funds under the Health Programs Extension Act of 1973 from questioning prospective students about their views on abortion and from discriminating against applicants because of their refusal "to counsel, suggest, recommend, assist or in any way participate in the performance of abortion or other medical services contrary to [their] religious beliefs or moral convictions." A policy, however informal, aimed at eliminating dissent within the medical profession on a controversial ethical question like abortion should not be tolerated in American society. If it requires legislation to discourage such a policy, then Senator Schweiker's bill deserves our support.

[From the Church Today, Apr. 4, 1977]

BEYOND THE ABORTION RULING

(By Rev. John C. Reedy)

If Senator Richard Schweiker's charge is true, there should be a lot of very loud screaming—which has not yet developed.

He is concerned about medical schools which are questioning applicants on their attitude toward abortion. In a news release about a bill which he has introduced, Schweiker referred to a survey which showed that 21 out of 60 schools admitted that they do question applicants on this subject.

Of the remaining 39, eighteen institutions reported that the subject might be brought up at the discretion of the interviewer.

Thirteen of the schools said that an applicant's refusal to participate in an abortion would present "administrative problems," and two said that such a refusal would be a strike against the applicant.

Given the present legal status of abortion, it's not difficult to see why these educators would prefer to avoid problems arising from conscientious objection to the procedure. They are training doctors for professional service in many hospitals which offer this choice to patients.

When classes are being taught abortion methods, would these students have to be excused? When it came time for students to be placed in residency, would the schools have to inform the hospitals that these students would refuse to participate in an abortion? In certifying the professional competence of their graduates, would they have to add a footnote saying, "with the exception of abortion procedures."

The "administrative problems" are understandable, but it would be outrageous if these problems were allowed to screen out applicants whose consciences see abortion as immoral.

If that were to happen, the wrong-headed judgment of the Supreme Court would go far beyond its intention of permitting a woman to have an abortion without legal interference; it would establish optional abortion as the approved medical and social rule in our society. And like the Amish, those who disagree with that rule would just have to endure the social penalties of dissent.

Whatever one thinks of the chances of reversing the court decision, this medical school practice represents a further step, and it calls for public response.

From the time the abortion judgment was handed down, the defenders of the decision have been less than candid in insisting that there were no social implications beyond protection of "the rights of a woman over her own body."

It was obvious that the medical profession and social welfare agencies would find it almost impossible to avoid their own dilemmas of formally endorsing abortion-on-demand or of complying only to the extent required by law.

Could public hospitals avoid discrimination, in hiring and assignment policies, against nurses and doctors who would refuse to cooperate in abortion procedures? Would not nursing schools face the same "administrative problems" found in the medical schools?

Is there any way to make sure that welfare administrators and social workers do not use the benefits they administer as a pressure to force poor women to chose abortions they don't want?

Senator Schweiker's proposal should alert groups and individuals who see the social acceptance of abortion as a national disaster.

The extension of a proabortion policy into social, medical and educational agencies is not established by decree of the Supreme Court. It is much more susceptible to public protest and political action.

Such action calls for vigilance in reviewing the policies and practices of those agencies which can give social approval to permissive abortion. It calls for forceful response, politically and legally, whenever these agencies do adopt procedures which extend the court's decision.

Even if his bill goes no further than his campaign for the Vice Presidency, Senator Schweiker deserves our thanks for calling attention to these medical school practices.

[From the Fredericksburg (Va) Free-Lance Star, March 17, 1977]

MED SCHOOL BIAS SEEN AGAINST ABORTION FOES

WASHINGTON.—If you are applying to medical schools and oppose abortion, don't let them know it. You might not get in, say some opponents of abortion.

A survey taken by a group of Catholic physicians "indicated that discrimination against candidates who oppose abortion does, in fact, exist on a small scale," says its author.

Sen. Richard S. Schweiker (R-Penn.) has recently introduced legislation designed to prevent medical schools from discriminating against applicants who oppose abortion or sterilization.

Schweiker's proposal would prohibit any medical school receiving federal funds from questioning prospective students about their views on such topics, according to Richard Vodra, a legislative assistant to Schweiker.

Federally funded schools that violate the bill's strictures would lose those funds, Vodra said.

Medical schools currently receive a total of about $300 million to $350 million per year in federal aid, according to Vodra.

"I doubt if you could run a medical school without federal money," Vodra says.

In introducing his bill in Congress, Schweiker included a survey of 60 medical schools concerning the kinds of questions they asked applicants in interviews, and what effect the answers had on the schools' admissions decisions.

The study was compiled by Dr. Eugene F. Diamond of Chicago for the National Federation of Catholic Physicians' Guilds, an association of Catholic doctors.

According to the survey, 21 of the 60 medical schools indicated they ask applicants about abortion. Another 18 said such questions were asked at the discretion of the interviewer.

Of the 60 schools, 13 said a student who refused to participate in abortion operations would cause "administrative problems" for the school.

Two schools acknowledged that an applicant's opposition to abortion or sterilization would be considered "a negative factor" in his application.

Diamond would not reveal the names of those two schools. "I feel it's a matter I should hold in confidence," he said in an interview.

In a comment attached to the survey, Diamond wrote "The results of this survey indicated that discrimination against candidates who oppose abortion does, in fact, exist on a small scale."

In the interview, Diamond said that asking a medical school applicant's views on abortion is an area of "potential bias."

Some persons in the medical education field feel that Schweiker and others are making too much out of something that may not exist.

Dr. Robert Keimowitz, director of admissions at George Washington University's medical school, says "I get the most bizarre comments" from applicants who are not accepted and from their parents.

Keimowitz says it is hard for these people to accept their denial. The pressures from such people might prompt a legislator to introduce a bill such as Schweiker's, he added.

But Keimowitz said he could not recall having heard any allegations of discrimination based on the abortion issue.

Competition for entrance to medical schools is tough.

Figures for the 1976-77 school year show that 41,684 persons applied for 15,153 places in the nation's 116 medical schools, according to Charles Fentress, spokesman for the Association of American Medical Colleges (AAMC). All of the medical schools belong to the AAMC, Fentress says.

Keimowitz said he would regard a bill like Schweiker's as "another legislative interference" in the medical education field.

Stephen R. Ramee, a first-year medical student at George Washington who was interviewed at five medical schools, says it is his impression that interviewers aren't trying to "pick people out" because of their views on such topics as abortion.

Ramee said interviewers ask "thought questions" to stimulate an intelligent response or defense of a position.

Ramee said when he was interviewed he was asked general questions about his attitudes on various subjects and about his specific goals in the medical field.

Although he wasn't asked about abortion in his interviews, Ramee said, "I've heard of questions like that asked."

Mr. SCHWEIKER. Mr. President, finally, I would like to explain in more detail why my bill is needed, and show some precedent for the approach I have chosen. Several years ago, Dr. John S. Wellington of the University of California, San Francisco, Medical Center, wrote a detailed article on the medical school admissions process, as seen by one on the inside. Wellington, John S., M.D., "Changing Values and the Selection Process for Medical School," in Ethics of Health Care—National Academy of Sciences, 1974, at 159. He revealed that the interview process is the most crucial, yet nonquantifiable, step in the selection procedure. In Dr. Wellington's words:

> Still, the principal instrument for assessing personal qualities in the candidate remains the interview. The interview has long since been stripped of any status as a valid predictor of any behavior that can be measured subsequently; yet the relative weight given to it in the selection process has increased, rather than decreased, in the 30 or more years it has been in general use. Why is this so? The answer is probably that it represents the only way in which admissions commission members feel that they can test for and apply to their own individual value system to selection. (at page 166)

Given the central role of the interview and the fact that so many of the complaints of discrimination arise from the interview setting, I felt that it was only appropriate that the question of abortion be taken out of the process. Abortion, as we all know, is a subject on which emotions run very high.

There is not likely to be any comparable subject for which the members of an admissions committee would be so ready to condemn an applicant for the "wrong" opinions. Emotions and prejudice run in both directions, and I would think we should be upset whether a student is kept out of a medical school because he is thought to be a "murderer of the unborn" or because he is thought to be "insensitive to the needs of women." I strongly believe that whatever minimal positive information could be gained from an abortion question is far outweighed by the prejudicial potential of the issue.

The method I chose in S. 784 to deal with the problem is one that originated in the civil rights struggle of recent

years. At first in facing racial imbalance, we simply tried to prohibit discrimination, but learned that the problems of proof were nearly insoluble in most cases.

A better approach turned out to be a flat prohibition on the collection of data that discrimination would be based upon. In short, if you do not ask, you will not know, and if you do not know, you cannot discriminate. New York State recently passed amendments to its human rights law that spell this principle out in more detail. I ask unanimous consent to have printed at this point in my remarks an article from the New York Times of February 6, 1977, explaining the new rules.

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

ILLEGAL QUESTIONS FOR JOB INTERVIEWS DETAILED IN NEW YORK STATE BOOKLET

ALBANY, Feb. 5—Amendments to the State's human rights law, passed during the last year by the Legislature, have made illegal dozens of personal questions commonly asked of those seeking jobs or housing.

But many people have no way of knowing their rights under the new legislation, so the Division of Human Rights has issued a 21-page booklet giving examples of typically asked questions that are now illegal.

Following are some of the questions on various subjects.

Age—Legal question: "Are you between 18 and 65 years of age? If not, state your age." Illegal question: "How old are you?" or "what is your date of birth?"

Arrest record—Legal question: "Have you ever been convicted of a crime? Give details." Illegal question: "Have you ever been arrested?"

Health—Legal question: "Do you have any impairments that would interfere with your ability to perform the job for which you have applied?"

Illegal question: "Do you have a disability?" or "Have you ever been treated for any of the following diseases. . . ?"

The Human Rights Division also points out that it is illegal for a prospective employer or landlord to inquire about marital status, either directly or through an indirect question such as "Do you wish to be addressed as Miss or Mrs.?" or "What are the ages of your children, if any?"

Other blanket prohibitions include questions about the use of birth control or future plans for having children, the applicant's place of birth, whether the applicant is a native-born or naturalized American citizen, national background or religion.

According to the state agency, a prospective employer cannot ask an applicant to "list all clubs or societies to which you belong" and cannot require or even suggest that the applicant enclose a photograph.

Many of these questions may legally be asked once the applicant has been given the job or apartment. Penalties, which can be imposed by the Human Rights Commissioner, range from a reprimand to a $500 fine.

The explanatory booklet, called "Rulings on Inquiries," may be obtained free from the division's office at 2 World Trade Center, New York, N.Y. 10047.

Werner H. Kramarsky, the Human Rights Commissioner, urged anyone who had been asked an illegal question to file a complaint through any of the division's 13 regional offices.

Mr. SCHWEIKER. Mr. President, my bill was introduced to deal with a problem that has been shown to exist both by survey and personal experience. It is not only an abortion bill. It is also a first amendment bill, seeking to protect the freedom of those who hold an opinion that may not be shared by some within the medical education establishment to enter and practice the profession of their choice, if they are otherwise qualified to do so. I hope that the Senate will have the opportunity to act on this legislation in the near future.

THE HELSINKI ACT

Mr. DOMENICI. Mr. President, on the eve of the Belgrade Conference reviewing the progress and problems of implementing the Helsinki Final Act, I wish to remind the Soviet Union that the U.S. Congress remains ever vigilant in its duty of monitoring these accords.

The Helsinki agreement espouses many sound international principles such as sovereignty, equality, and respect for the rights inherent in sovereignty; refraining from the threat or use of force; inviolability of frontiers; cooperation among states; and respect for human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief, and equal rights and self-determination of peoples.

As a result of this agreement, the Soviets have gained recognition of the postwar boundaries and political status quo in Europe; reaffirmed the Soviet predominate position in Eastern Europe and at the same time increased their influence in Western Europe, gradually reducing American influence without precipitating a strong united Western Europe; expanded economic cooperation with the West, gaining access to Western technology and know-how and, lastly, improved their international image, tarnished by the 1968 Czechoslovak invasion.

The Communist countries are seeking cooperation in business, economic matters and the sciences. The Soviets have received what they have wanted since 1954; Western recognition of the existing postwar borders of Eastern Europe.

From a democratic point of view, such concessions can only be truly justified if the Soviet bloc countries live up to the human rights sections they accepted in the document.

The real thrust of the human rights sections are the underlying principles inherent in the human condition—that is the striving for freedom and individual liberty. Only those repressive governments which do not afford their people elemental social, political or religious rights would not and could not comply with the accords of Helsinki.

I wish at this time to publicize the U.S. Government exit visa representation list of divided families, which as of September 8, contained 107 cases involving 295 individuals who want to be reunited with their families as provided in the Helsinki agreement. Typical of these cases is the situation of Aloyas Jurgutis of Chicago. Mr. Jurgutis is an immigrant to this country, having left his native Lithuania 3 years ago. His wife, Maria, and 13-year-old daughter, Daina, have requested exit visas three times and have three times been denied. Maria Jurgutis has been placed under constant surveillance, has lost her job, and her daughter has been expelled from school. Are these not denials of human rights? Does this not violate the spirit of Helsinki?

Secretary of State Cyrus Vance has presented this list of families begging for reunification to Soviet authorities on numerous occasions. There has been no response.

It is time we receive as many concessions as we give. We will not be satisfied with cosmetic compliance.

The Soviet Union is actively pushing for compliance of the nine sections of the act which benefit it and unless we push for compliance with the human rights section this will go down in history as another in a series of victories for the Soviets at the bargaining table.

I, for one, will continue to demand the reunification of families listed on the exit visa representation list. I will not relent in demanding compliance with the human rights sections of the Helsinki Act, and I will continue to speak on behalf of those who cannot speak for themselves. I know many of my colleagues in the Senate join with me in these sentiments.

THE ECONOMIC OPPORTUNITY AMENDMENTS OF 1977

Mr. WILLIAMS. Mr. President, on September 14, 1977, I was pleased to cosponsor with my colleague from Wisconsin (Mr. NELSON) and others, S. 2090, the Economic Opportunity Amendments of 1977. This legislation reauthorizes the programs operated under the auspices of the Economic Opportunity Act, most of which are operated by the Community Services Administration, for a 3-year period. The intent of the amendments proposed is to enable this agency to function more effectively and efficiently in delivering services to the poor.

The Office of Economic Opportunity, the predecessor of CSA, was created in 1964 to lead the War on Poverty. For many of this agency's supporters, the memory of the turbulent history of OEO remains as real today as the significant segments of our society who still suffer from the problems caused by poverty The decision to dismantle OEO by the Nixon administration caused Congress to rename the organization the Community Services Administration and to reiterate its status as an independent agency. The effort of the dismantling effort, however, had caused instability, low morale among employees, ineffective personnel management, and in some instances, a lack of fiscal and program control. In spite of this background this agency and its mission to the poor has survived. More importantly, local poverty programs with their involvement of the community have established an effective delivery system for providing services while helping to alleviate the dilemmas confronting poor people.

A recent congressional report suggested major reforms were needed in the Community Services Administration and it elaborated upon many of the problems which exist in this agency. Many of the recommendations suggested by that re-

port have already been implemented by the dynamic, aggressive, and committed leadership which is now managing this agency. During the recent hearings on the confirmation of its Director, Ms. Graciela Olivarez and the agency's Deputy and Assistant Directors, I was most impressed with the enthusiasm and creative new approaches envisioned by this new management for CSA. Many of the appointees have previous experience in the poverty program and a demonstrated commitment and sensitivity to the problems of the poor. In addition, the hearings revealed an appreciation by this new leadership for the stringent program and fiscal management needed by this agency.

CSA has already developed and implemented new methods for interdepartmental coordination and cooperation as well as new requirements for program planning and evaluation. It is hoped CSA will testify in the near future before the Human Resources Committee on the status of their plans for implementing changes throughout CSA in program evaluation.

The amendments proposed by this legislation will enable CSA to seek innovative and effective methods to alleviate the effects of poverty as well as to assist in the proper management of the program. These proposed amendments will also assist CSA in implementing long range planning and in monitoring the size and length of service of those community representatives serving on the local board.

A minimum of 15 persons is suggested on a CAA's Board of Directors so as to reflect more accurately local participation. Such persons may serve no more than a total of 7 years. In addition, it is proposed that the Director will be permitted to delegate to regional officials the authority to make grants or contracts so as to reduce funding delays and decentralize authority.

Since 1967 the local contribution or non-Federal share by local programs has increased. Many CAA's could not increase their local financial support and waivers provided by statute for instances of extreme poverty and the failure of reasonable efforts to raise the match locally, had to be granted by the Agency. I am pleased, then, that the administration is recommending the amendment to return the non-Federal share to 20 percent with the Federal share not to exceed 80 percent.

The independence of CSA as mandated by Congress is most significant and largely accounts for the very survival of the poverty program. Because of the very strong congressional commitment to independence in 1974, conferees amended the statute to require the President to submit to Congress any reorganization plan which may have involved a transfer of the program. The proposed amendment would repeal this requirement because of the enactment of more general reorganization authority. The unique role of CSA as an independent advocate for the poor in forcing other agencies and departments to deal with problems of poverty and as a laboratory for testing new approaches to fighting poverty is critically important and must be continued.

The Economic Opportunity Amendments of 1977 propose to repeal a portion of section 222(a)(12) which grants authority to CSA to winterize homes for the poor and elderly. This weatherization program was successfully developed by CSA and it involves a total community effort which utilizes local CAP agencies as the delivery network. The CSA weatherization effort is not a program of merely insulating the homes of low-income people or the elderly thereby reducing their fuel costs. CSA's weatherization program is a community effort which employs and utilizes the skills of the poor within a given area. It is for this reason I cannot support this proposed amendment.

I would like to also underscore, Mr. President, another important provision in this proposed legislation which will reauthorize the Head Start program through 1981. As my colleagues will readily concur, this is a program that has been widely recognized to be one of the most popular and successful early childhood programs ever instituted by the Federal Government. As chairman of the Senate Human Resources Committee which has jurisdiction over this children's program and also a long-time supporter of the Head Start program, I would like to take this opportunity to reaffirm my support for the continuation of this program which has proved so vital to the lives of so many of our children.

This program was proposed in the original War on Poverty legislation by President Johnson to assist the economically disadvantaged child to reach his or her potential through a series of services.

The services ranged from comprehensive health screening and treatment, to nutritional, social, educational, and mental health services to eligible preschool children. Much of the early attention of the program focused on improving the cognitive skills of the children. Yet, the program also served as a vehicle to improve the child's health, to aid the child's social and emotional development and to improve and expand the child's ability to think, reason, and speak clearly. The program further assisted the whole family to better utilize community resources, as well as to overall improve communication between parent and child.

Each of the basic components of the Head Start program have enjoyed considerable success. The most notable achievements, however, have been in the area of health and the socialization of children. An illustration of some of these accomplishments may be cited from some of the numerous evaluations of the program. One representative report stated that the early Head Start detection and screening program resulted in fewer cases of anemia, substantially improved immunization levels, better nutritional practice, and overall better health for the participants of the program.

A candid examination of these Government and privately sponsored program evaluations will reveal that the program has not been without some fault. Recommendations have been made, some of which have already been incorporated and others of which I am hopeful we will be able to more carefully examine during the course of oversight hearings on this legislation. The consensus of the reports points to the many accomplishments of this landmark program and supports the need to continue such services to children of poor families.

One feature of the Head Start program that I believe has been key to the success of this preschool child development program is the important role that parents have played in the participation of the program as well as in program planning and administration. I feel very strongly that a provision which would require the active participation of the parent should be intricately woven into any Head Start legislation that moves through the Congress.

Unfortunately, the remarkable achievements the program has enjoyed are not appropriately reflected in the past funding levels for Head Start. The Nixon and Ford administrations gave little priority to the needs of the disadvantaged and this was reflected in the low budgets for child development programs serving the needy. It greatly concerns me that only 15 percent of the children eligible for this program are actually receiving services. Even the projected increases allowed in the Labor-HEW appropriations bill for fiscal year 1978 will merely increase services to 90,000 additional children. This level will still only bring the services to less than 20 percent of the children in need. Thus, a stronger commitment to expand the program is clearly necessary if we are to assist the underpriviledged child to break the vicious cycle of poverty.

Head Start has served as a prototype and inspiration for numerous other developmental programs that have benefited our children. As a long time supporter of the Head Start program, I welcome this opportunity to underscore the need to continue this program which has so vitally impacted upon the lives of our children. As chairman of the Senate Human Resources Committee, I look forward to holding hearings on this and other child development programs.

Mr. President, therefore, I am pleased to reaffirm my continuing support for the Community Services Administration.

THE PANAMA CANAL TREATY

Mr. THURMOND. Mr. President, I have before me a news article written by John Chamberlain for publication in The Florida Times-Union and published in the August 19, 1977, edition. Mr. Chamberlain's analysis of the terms of the Panama Canal treaties is informative and one with which I totally agree.

The Panama Canal is vital to our national security and economic well-being. President Carter is attempting to persuade the American people to put both in jeopardy in order that Panama be appeased. In view of the importance of this issue to the U.S. Senate and the

American people, I ask unanimous consent that this excellent analysis by Mr. Chamberlain be printed in the RECORD.

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

[From the Jacksonville (Fla.) Times-Union, Aug. 19, 1977]

GUANTANAMO SURRENDER NEXT

(By John Chamberlain)

The Carter Administration pulled a fast one when it divulged the major points of its proposed new Panama Canal Treaty during a Congressional recess.

This meant it would be days before the opposition, including Democrats as well as Republicans, could form its lines for putting pressure on 17 more or less undecided Senators who are still needed to block the treaty, which must have 67 votes to pass.

There must also be House of Representatives concurrence, a requisite for treaties that dispose of U.S. property.

The treaty, as set forth by our negotiators, contains its superficially reassuring features. We do not propose to relinquish all control of the canal until the year 2000. By then the present Panamanian dictator, Omar Torrijos, will be overthrown or dead. We can be sure the face of the world will be changed almost unrecognizably in 23 years.

Brezhnev will be gone, Jimmy Carter (if the fates are kind to him) will be sitting on a porch in Plains, Ga., shelling peanuts. Ronald Reagan may still be riding a horse but he will no longer be a political force unless Geritol develops some unsuspected properties.

By 2000 there may not be much Alaskan oil left to put in big tankers that can't get through the canal anyway.

So why, since many of us won't even be around in 2000 A.D., isn't it the mark of expedient wisdom to leave the long-term future of the canal up to our children, along with the six trillion of debt obligations that we have already bequeathed to them?

The reason why this is a stupid question is that Marxists of every stripe regard the fight over the treaty as a test of will in a struggle that is not going to be postponed to 2000.

The Panamanian Marxists have already made blackmail claims on us to compensate for artificially low canal fees. Our willingness to give up sovereignty over the sublime engineering feat that our technology (and our tropical medical hygiene) made possible where the French canal builders had failed will not be lost on Fidel Castro, who will surely be raising the question of our Caribbean base in Guantanamo.

The Jamaican Prime Minister, Michael Manley, who has welcomed thousands of Cubans to his country to run such things as a "people's militia," will be putting in more phone calls to Havana. The Washington-based Council for Inter-American Security, which has excellent correspondents, speaks of Jamaicans staring with awe at closed circuit television replays of Panamanian youth being trained in warfare, singing and shouting Marxist slogans. This is the sort of thing that dictator Torrijos looks upon with complaisance, even if it is "unofficial" insofar as his government is concerned. It makes it look as though we were quitting the canal out of fear.

Some of the still officially undivulged terms of the Treaty which I saw circulating last week at an Inter-American Symposium at the University of Miami in Florida would seem to indicate that many of the attributes of Canal Zone sovereignty are scheduled to be relinquished to Panama long before 2000. U.S. citizens working for the Department of Defense or whatever authority will be operating the canal will be required to have Panamanian visas on ID cards. U.S. Customs employees will lose their jobs immediately.

There could be a five-year rotation plan for canal employees recruited in the U.S. for "noncritical" jobs (pilots and marine engineers would, fortunately, be another matter). PX and Army commissary privileges would be discontinued after five years, with no compensatory cost-of-living subsidy from the U.S. government.

In short, the treaty would make it unpleasant for U.S. citizens to take jobs in the Canal Zone. With U.S. police jobs being turned over to Panamanians, who knows how many Castroites would be telling Americans where to park their cars or when to put out their lights?

We are told that the Canal Treaty must be accepted if Latin America as a whole is to be appeased. This is arrant nonsense. There is only worry in the West Coast Latin countries (Chile and Peru with their copper, Ecuador with its bananas) lest a Panamanian-owned canal, presumably "nationalized," should hike the canal tolls. When Brazil and the Argentine complain of Yankee "imperialism" these days, they have Carter's selective statements on "human rights" in mind, not the U.S. engineers who keep watch on the canal's Gaillard cut and Gatun dam.

The Senate, if it is seeking to know the truth about Latin American opinion, should find some means of conducting honest polls all the way from Guatemala to Cape Horn. An honest poll might disclose a yearning for a "users' control" of the Canal after 2000.

Everyone knows what happened to the Suez Canal when the "users" lost sovereignty there.

THE CHRISTENING OF THE "MESABI MINER"

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the distinguished Senator from Minnesota (Mr. HUMPHREY), and the blessing attached thereto.

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

STATEMENT BY SENATOR HUMPHREY

Earlier this summer, Mrs. Humphrey and I had the pleasure and honor of participating in the christening of the ore ship, *Mesabi Miner*, in Duluth, Minnesota.

The Reverend Norbert W. W. Mokros, the seafarers' pastor for the Port of Duluth-Superior, delivered the blessing for the ship. Because I was so moved and impressed with what Reverend Mokros had to say in his blessing, I would like to share his words with my colleagues.

THE OCCASION OF THE CHRISTENING OF THE M/V MESABI MINER—A BLESSING

(By Norbert W. W. Mokros; Seafarers' Pastor, Port of Duluth-Superior, Saturday, June 11, 1977)

In the beginning God created all things.

He touched the earth of Nothern Minnesota and blessed it with a great abundance of iron ore. He looked upon his creation. Behold, it was and is good.

In the beginning of mining activities in Northern Minnesota men and women of different heritage joined in daily work to harvest the treasures which God had placed into the ground. The Mesabi miners looked upon God's gift and upon the work of their hands. Behold, they were and are good.

In the beginning of her journey through life we have come together to dedicate this great ship, the *Mesabi Miner*. Behold, she is forged out of God's gift, the iron ore. She is a good ship.

God's blessings come without human prayers but we pray at this time that in her journey through life the *Mesabi Miner* may be blessed to be a blessing.

May her name remind present and future generations of the men and women of the Mesabi Range whose hard work has become the cornerstone of our prosperity.

May present and future generations of iron ore miners prosper as the *Mesabi Miner* carries the evidence of their daily work to distant ports.

May shipyard workers who built her be praised for a job well done.

May those who own and manage her be richly rewarded for their faith in the future.

May present and future generations of seafarers look on her with pride and may they find the *Mesabi Miner* a safe and good ship in all seasons.

May wind and waves and the secrets of the deep cause her no harm.

May her life be long and may her time upon the waters bring daily work and daily bread for generations to come.

MESABI MINER,

I bless you to be a blessing!

From the bow to the stern, from the keel to the bridge, from port to starboard.

In the name of the Father, and the Son, and the Holy Spirit.

Amen!

NOTICE CONCERNING NOMINATIONS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Jacob V. Eskenazi, of Florida, to be U.S. attorney for the southern district of Florida for the term of 4 years; vice Robert W. Rust, resigned.

Rafael E. Juarez, of Colorado, to be U.S. marshal for the district of Colorado for the term of 4 years; vice Doyle W. James.

Roy A. Smith, of Ohio, to be U.S. marshall for the southern district of Ohio for the term of 4 years; vice Elmer J. Reis, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Wednesday, September 28, 1977, any representations or objections they may wish to present concerning the above nominations with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Robert J. Del Tufo, of New Jersey, to be U.S. attorney for the district of New Jersey for the term of 4 years; vice Jonathan L. Goldstein.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Wednesday, September 28, 1977, any representations or objections they

may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ORDER FOR ADJOURNMENT UNTIL 2 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 2 p.m. tomorrow.

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

ORDER TO RESUME CONSIDERATION OF S. 2104 TOMORROW

Mr. ROBERT C. BYRD. I ask unanimous consent that after Mr. ALLEN has been recognized on tomorrow under the order previously entered, the Senate resume consideration of the unfinished business.

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

COMMITTEE MEETING

Mr. ROBERT C. BYRD. Mr. President, earlier today, I obtained unanimous consent for the Foreign Relations Committee to sit during the sessions of the Senate October 10 to 14 to consider the Panama Canal treaties. I now wish to supplement that request to include September 26, 27, 29, 30, and October 4 and 5. I make this request because it is very possible that the Senate will be convening early on those days.

Mr. BAKER. Mr. President, reserving the right to object, I shall not object. I, of course, join the majority leader in that request. The majority leader and I have cosigned a letter to the chairman and ranking member of the Foreign Relations Committee urging them to conduct hearings, extensively and exhaustively and indicating to them that we shall make our respective efforts as majority and minority leader to expedite progress of those proceedings. So, not only do I not object to this, I urge the Foreign Relations Committee to continue those hearings for as long as necessary to make sure we make a thorough and complete record on this subject.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished minority leader for this observation and I join with him in his statement fully.

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

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the role.

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

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 2 p.m. After the two leaders have been recognized under the standing order, Mr. ALLEN will be recognized for not to exceed 15 minutes after which the Senate will resume consideration of the unfinished business, S. 2104.

Debate on that bill, or on amendments in relation thereto, may ensue during the afternoon. It is conceivable that, governed by circumstances that may obtain at some point during the afternoon, the Senate could very well go to some other matter and transact other business.

However, no rollcall vote will occur on tomorrow prior to the hour of 6:30 p.m., unless it should become necessary to have a rollcall vote in order to establish a quorum. I do not anticipate that happening, but I think I should point out for the record that such exigency can, of course, occur.

But other than that possibility, there will be no rollcall votes tomorrow until 6:30 p.m. At 6:30 p.m. tomorrow Mr. JACKSON will be recognized for the purpose only of moving to table the Pearson-Bentsen substitute to the bill S. 2104.

That will be a rollcall vote, and I ask unanimous consent at this time that it be in order at any time tomorrow to order the yeas and nays on that motion.

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

Mr. ROBERT C. BYRD. That rollcall vote to table the Pearson-Bentsen amendment in the nature of a substitute, No. 862, will occur at 6:30 p.m. and that rollcall vote on that motion to table that substitute shall not exceed 30 minutes, and the results of the vote shall not be announced before 15 minutes have expired on the vote.

Mr. BAKER. Will the majority leader yield to me a second?

Mr. ROBERT C. BYRD. I yield.

Mr. BAKER. I believe in previous conversation this was made clear, but for the record is it clear that if we reduce the time for the rollcall from 30 minutes down to not less than 15 minutes it will be done only on the concurrence of our respective sides speaking through the majority leader and minority leader?

Mr. ROBERT C. BYRD. Yes. As the minority leader has correctly stated, the minimum time for the rollcall vote will be 15 minutes, the maximum time will be 30 minutes. If in the opinion of the distinguished minority leader and myself, based on the advice we receive from our very diligent and effective staffs, all Senators have answered the rollcall vote in less time than 30 minutes, the Chair then will announce the results of that vote.

It is unclear at this time as to what will occur following the vote on the motion to table the Pearson-Bentsen amendment. It is conceivable that other rollcall votes may have been ordered during the afternoon on other matters, and that agreement has been reached by the Senate during the afternoon that such other rollcall votes would occur back to back behind the vote on the motion to table.

But what I have stated with respect to back-to-back votes would be a matter for the Senate to determine, and would require unanimous consent. So, all Senators are adequately protected.

I would hope that following the vote on the motion to lay on the table the Bentsen-Pearson amendment in the nature of a substitute, the circumstances would be such that the Senate could proceed further into the evening and make additional progress on the legislation. We cannot foresee at this time whether that will be the case, but I would hope that all Senators would be prepared to stay late tomorrow evening, in the event that circumstances following the vote which begins at 6:30 p.m. would indicate that progress can be made.

Friday I suspect—at this point at least—will be a long day, and rollcall votes will occur throughout the day on the Natural Gas Pricing Act and/or other matters. Senators are informed—and they have been repeatedly told—that if there is not a resolution of the natural gas pricing bill by the close of business Friday, the Senate will be in session on Saturday.

Now, by "resolution" I mean final action on that bill or a unanimous-consent agreement which would provide a time certain for final action on that bill—in either of which events the Senate would not be in session on Saturday. As of now, I should think that the chances for avoidance of a Saturday session, inasmuch as they hinge entirely on either of those two possible eventualities, are not good; but I hope that time will provide the answer and that all Senators, being reasonable men, will work together in an effort to resolve the pending matter before the close of business Friday.

Mr. BAKER. Mr. President, the majority leader kindles just a slight glow of hope that we may not be in session on Saturday, but I must say in all candor that I believe at this point I should still estimate, for those on my side who are curious about that calendar, that the chances are no better than 50–50 that we will avoid a Saturday session.

Mr. ROBERT C. BYRD. Mr. President, I am glad the distinguished minority leader has made this observation. I doubt that the chances are even close to 50–50. I did not make that statement for the record for the purpose, at all, of kindling any spark of hope, but, made the statement rather hoping that it might stimulate the thinking of Senators and generate their willingness to find a way to resolve the matter before the close of business on Friday.

I really think it is a forlorn hope at this point, but "hope springs eternal in the human breast," and the distinguished minority leader and I always wish for a little portion of luck in any case.

ADJOURNMENT UNTIL 2 P.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 2 o'clock tomorrow afternoon.

The motion was agreed to; and at 6:45 p.m. the Senate adjourned until tomor-

row, Thursday, September 22, 1977, at 2 p.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 21, 1977:

DEPARTMENT OF STATE

Arthur J. Goldberg, of the District of Columbia, to be Ambassador at Large and United States Representative to the Conference on Security and Cooperation in Europe (CSCE) and Chairman of the United States Delegation to the CSCE.

George W. Landau, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile.

The following-named persons to be representatives of the United States of America to the thirty-second session of the General Assembly of the United Nations:

Andrew J. Young, of Georgia.
James F. Leonard, Jr., of New York.
Lester L. Wolff, U.S. Representative from the State of New York.
Charles W. Whalen, Jr., U.S. Representative from the State of Ohio.
Coretta Scott King, of Georgia.

The following-named persons to be alternative representatives of the United States of America to the thirty-second session of the General Assembly of the United Nations:

Donald F. McHenry, of Illinois.
Melissa F. Wells, of New York.
Allard Kenneth Lowenstein, of New York.
Marjorie Craig Benton, of Illinois.
John Clifford Kennedy, of Oklahoma.

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.

IN THE AIR FORCE

The following officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Abner B. Martin, (50), xxx-xx-x... xxx-...FR (major general, Regular Air Force), U.S. Air Force.

Brig. Gen. Walter D. Reed, xxx-xx-xxxx FR (brigadier general, Regular Air Force), U.S. Air Force for promotion to the grade of major general and for appointment as The Judge Advocate General, United States Air Force, under the provisions of chapter 839 and section 8072, title 10 of the United States Code.

Lt. Gen. John F. Gonge, U.S. Air Force, (age 55), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. George Gordon Cantlay, xxx-xx-x... xxx..., U.S. Army.

Maj. Gen. Charles Calvin Pixley, xxx-xx-x... xxx-x...Army of the United States (brigadier general, Medical Corps, U.S. Army) for appointment as the Surgeon General, U.S. Army, with the grade of lieutenant general, under the provisions of title 10, United States Code, section 3036.

The following-named Army Medical Department officers for temporary appointment in the Army of the United States, to the grades indicated, under the provisions of title 10, United States Code, sections 3442 and 3447.

To be major general, Medical Corps

Brig. Gen. Spencer Beal Reid, xxx-xx-xxxx, Army of the United States (colonel, Medical Corps, U.S. Army).

Brig. Gen. George Ivan Baker, xxx-xx-xxxx, Army of the United States (colonel, Medical Corps, U.S. Army).

Brig. Gen. William Sinclair Augerson, xxx... xxx-xx-x... Army of the United States (colonel, Medical Corps, U.S. Army).

To be brigadier general, Medical Corps

Col. Quinn Henderson Becker, xxx-xx-xxxx, Medical Corps, U.S. Army.

Col. William Raymond Dwyre, xxx-xx-xxxx, Medical Corps, U.S. Army.

Col. Edward James Huycke, xxx-xx-xxxx, Medical Corps, U.S. Army.

The following-named Army Medical Department officers for appointment in the Regular Army of the United States, to the grades indicated, under the provisions of title 10, United States Code, sections 3284, 3306, and 3307.

To be major general, Medical Corps

Maj. Gen. William Albert Boyson, xxx-xx-x... xxx-... Army of the United States (brigadier general, Medical Corps, U.S. Army).

Maj. Gen. Charles Calvin Pixley, xxx-xx-x... xxx-x...Army of the United States (brigadier general, Medical Corps, U.S. Army).

To be brigadier general, Medical Corps

Brig. Gen. Spencer Beal Reid, xxx-xx-xxxx, Army of the United States (colonel, Medical Corps, U.S. Army).

Brig. Gen. George Ivan Baker, xxx-xx-xxxx, Army of the United States (colonel, Medical Corps, U.S. Army).

Maj. Gen. Kenneth Ray Dirks, xxx-xx-xxxx, Army of the United States (colonel, Medical Corps, U.S. Army).

The following officers for appointment in the Adjutant General's Corps, Army National Guard of the United States, under the provisions of title 10, United States Code, sections 593(a) and 3392:

To be major general

Brig. Gen. William Emmett Ingram, xxx-... xxx-xx-...

Brig. Gen. James George Sieben, xxx-xx-x... xxx...

To be brigadier general

Col. Robert Lee Childers, xxx-xx-xxxx.
Col. Francis Alphonse Ianni, xxx-xx-xxxx.

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. Richard Ray Taylor, (age 54), xxx-xx-xxxx Army of the United States (major general, U.S. Army).

The following-named Army Medical Department officer for temporary appointment in the Army of the United States, to the grade indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be brigadier general, Medical Service Corps

Col. James Julius Young xxx-xx-xxxx, Medical Service Corps, U.S. Army.

IN THE NAVY

Rear Adm. James B. Stockdale, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

Rear Adm. William J. Crowe, Jr., U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving and for appointment as senior Navy member of the Military Staff Committee of the United Nations in accordance with title 10, United States Code, section 711.

IN THE AIR FORCE

Air Force nominations beginning Peter J. Abadie, to be captain, and ending Gary A. Wandmacher, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on August 1, 1977.

Air Force nominations beginning William D. Bates, to be colonel, and ending Charles O. Titus, to be colonel, which nominations were received by the Senate on August 16, 1977, and appeared in the CONGRESSIONAL RECORD on September 7, 1977.

Air Force nominations beginning Alfred R. Abbatiello, to be lieutenant colonel, and ending Rita J. Wetzel, to be lieutenant colonel, which nominations were received by the Senate on August 16, 1977, and appeared in the CONGRESSIONAL RECORD on September 7, 1977.

Air Force nominations beginning Barry S. Abbott, to be first lieutenant, and ending Richard W. Siefke, to be first lieutenant, which nominations were received by the Senate on August 16, 1977, and appeared in the CONGRESSIONAL RECORD on September 7, 1977.

Air Force nominations beginning Robert O. Osborne, to be major, and ending Peter H. V. Winters, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 14, 1977.

IN THE ARMY

Army nominations beginning Gasper V. Abene, to be lieutenant colonel, and ending Johnny L. Cokley, to be first lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on August 1, 1977.

Army nominations beginning Harold L. Albert, to be colonel, and ending Barbara J. Young, to be first lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on August 4, 1977.

Army nominations beginning James B. Baylor, to be colonel, and ending Robert T. Cummins, to be lieutenant colonel, which nominations were received by the Senate on August 29, 1977, and appeared in the CONGRESSIONAL RECORD of September 7, 1977.

IN THE NAVY

Navy nominations beginning Farouk B. Asaad, to be lieutenant commander, and ending Deborah N. Moore, to be lieutenant (j.g.), which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on August 1, 1977.

Navy nominations beginning Thomas C. Adams, to be captain, and ending Marilyn A. Edgar, to be lieutenant, which nominations were received by the Senate on August 15, 1977 and appeared in the CONGRESSIONAL RECORD on September 7, 1977.

IN THE MARINE CORPS

Marine Corps nominations beginning beginning Joseph P. Holt, to be second lieutenant, and ending James P. Guerrero, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on August 4, 1977.