John Harrington, California Senate Committee on Investments.
Michael Harrington, DSOC.
Tom Hayden.
Don Hazen, community boards liaison, Office of Manhattan (NYC) Borough Pres.
Mary Jane Heinen, Association for Appropriate Technology, MN.
Art Himmelman, Minnesota Foundation.
Tina Hobson, dir., Office of Consumer Affairs, Dept. of Energy, DC.
Nell Holly, Mn. Coalition for Welfare Reform.
Bill Houle, Indian Reservation Business Commission.
Koryne Horbal, Democratic Farmer-Labor Party, MN.
Ed Jeffords, Ozark Institute.
Phyllis Kahn, Minnesota State Representative.
Roger Kahn, dir., Colorado Coalition for Full Employment.
Lloyd Kaplan, Div., of Housing and Urban Renewal, NYC.
Ron Katteny, Colorado Energy Office.
Ed Kelly, Ohio Public Interest Campaign.
Dennis Koehler, West Palm Beach City Council.
Karen Kollias, HUD, Office of Neighborhood Development.
Steve Kulczucki, assistant director, KTCA–TV.
Bob Kuttner, director, National Commission on Neighborhoods.
Bonnie Ladin, Campaign for Economic Democracy, CA.
George Latimer, Mayor, St. Paul.
Todd Lefko, Metropolitan Council, St. Paul.
Eileen Lee, Operation Open City, NYC.
Catherine Lerza, coordinator, National Family Farm Coalition, and long associated with IPS.
Cary Lowe, California Public Policy Center.
John McGough, Criminal Justice Program, Metropolitan Council, MN.
Pat McGuigan, Technical Development Corp., Boston.
Margaret McNeill, pres., Assoc. of Neighborhood Housing Developers, NYC.
Ruth Messinger, New York City Council.
Midge Miller, Wisconsin State Representative.
David Mixner, New A.G.E., Los Angeles, CA.
Bill Mitchell, Mayor, Crested Butte, CO; Nat'l Conf. of State Legislatures.
Libby Moroff, Suburban Action Institute, New York, NY.
Alice Murphy, St. Paul Mayor's Office.
Alfredo Navarro, dir., Nat'l Rural Development & Finance Corp.
Jack Nichol, Director of Economic Development, Cleveland.
Karen Nussbaum, Nat'l Working Women's Organizing Project.
Bill Ojala, lawyer, Aurora, MS.
Nancy Olkon, Hennepin County Commissioner.
David Olson, New School for Democratic Management, San Francisco.
Karen Paget, ACTION Regional Director.
Richard Parker, Foundation for National Progress.
Marjorie Phyfe, Democratic Agenda/DSOC.
Theodore James Pinnock, Tuskeegee Institute, AL.
Michael Pirsch, Local 21, Hotel, Motel and Restaurant Employees, Rochester, MN.
John Poupart, Native American activist, South Minneapolis.
Greg Pratt, University-Community Video, Minneapolis.
Michele Radosevich, Wisconsin State Senator.
Wade Rathke, chief organizer, ACORN, Little Rock, AR.
Brewster Rhoads, CNFMP, DC.
Pat Roach, Dayton City Council.
Dr. Ronald Ronchi, Ohio Quality of Working Life Project.
Jim Rosapepe, public policy consultant, Washington, DC.
Jonathan Rowe, Deputy Ex. Dir., Multistate Tax Commission, DC.
Jim Rowen, assistant to Mayor Paul Soglin, Madison, WI.
Don Rothenberg, California Food Policy Project.
Ramon Rueda, People's Development Corporation, NYC.
Pat Lewis Sackrey, Mass., Task Force on Food and Agriculture.
Carmen Sanchez, aide, New York City Council.
Juanita Satterlee, MN. Public Service Commission.
Bob Schaeffer, legis. aide, Mass. State Senate.
Paul Schaeffer, New World Foundation.
Jim Scheibel, aide, St. Paul City Council.
Ron Schiffman, NYC Community Development Coalition.
Robert Schur, former ex. dir., Ass'n of Neighborhood Housing Developers.
Rick Scott, chairman, Democratic Farmer-Labor Party, MN.
Barbara Shailor, International Association of Machinists.
Peter Shapiro, New Jersey State Representative.
Hiram Shaw, National Center for Appropriate Technology, Montana.
Laurie Shields, Alliance for Displaced Homemakers, Oakland, CA.
Prof. David Smith, Boston, University.
Sue Smoller, Cable TV Officer, Madison, WI.
Frank Snowden, Metropolitan Transit Commissioner, MN.
Allan Spear, Minnesota State Senator.
Ken Stokes, Alderman, New Haven, CT.
Tom Tatum, National League of Cities.
Tamsin Taylor, Public Pension Fund Analyst, Berkeley, CA.
Bennie Thompson, Mayor, Bolton, MS.
Alice Tripp, Belgrade, MN.
Jane Trichter, New York City Council.
Jim Vitarello, National Commission on Neighborhoods.
Carl Wager, AFSCME Political Coordinator.
Charles Weaver, Metropolitan Council, Anoka, MN.
Lee Webb, NCASLPP executive director.
Jim Wright, New School for Democratic Management, San Francisco.
Barbara Weinschenker, Center for Local Self-Reliance, MN.
Lois Yellowthunder, League of Women Voters.
Jim Youngdale.
Bill Zimmerman, dir., LOUDSPEAKER, Campaign Communications Services, Los Angeles.
Jeff Zinsmeyer, Center for Community Change, DC.●

FIFTIETH ANNIVERSARY FOR FIRST BAPTIST CHURCH, SAN ANSELMO, CALIF.

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. JOHN L. BURTON. The first Baptist Church of San Anselmo, California, is celebrating its 50th anniversary of service to Marin County residents. Its modest beginnings can be traced to services first held in 1928 in the home of Mrs. J. G. Vickery under the leadership of Rev. A. J. Collins and later, in the homes and club quarters of the Women's Improvement Club of Marin County.

In December 1930, the church's first building, an unpretentious structure of plain stucco, was dedicated and the new baptistry first used to baptize Mrs. Joseph Miller.

Since then, the church as expanded its membership, moved to Sir Francis Drake Boulevard in San Anselmo and assisted in the establishment of the Mill Valley First Baptist Church and the Bethel Baptist Church. It has also sponsored an Iranian family and a Vietnamese refugee family, and both are now self-supporting and living in the San Francisco Bay area.

The work and contributions of the congregation of the First Baptist Church have been great assets to the community. The church is to be highly commended for its 50 years of outstanding service and inspiration.●

SENATE—*Saturday, September 23, 1978*

The Senate met at 7:45 a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. DECONCINI).

PRAYER

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

Lord God, we dare not go into this day without asking Thy blessing, for in Thee we live and move and have our being. We are not given years to live; only one moment at a time is all we have. Then grant us grace to live each day worthily. Forgive us for squandering precious moments, for wasting irretrievable opportunities, for deliberate acts of procrastination, and for chronic tardiness. Give us wisdom to lengthen our brief life by intensity of living, to fill swift moving hours with great deeds. Store our minds with Thy truth, our hearts with Thy love, that we may be calm in a crisis, strong under stress, triumphant in the storm, ever guided by the Inner Light which never fails.

We pray in the name of Thy Son our Lord. Amen.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Rhode Island (Mr. CHAFEE) is recognized for not to exceed 15 minutes.

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

Mr. CHAFEE. I yield.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Rhode Island.

Mr. CHAFEE. I might observe, Mr. President, that we are abiding by the admonition of the Chaplain not to squander precious moments, as we meet at this early hour.

A NATIONAL EXPORT POLICY

Mr. CHAFEE. Mr. President, I understand that next week the President will announce the administration's commitment to a national export policy. In my judgment, this commitment is long overdue. But more will be required, Mr. President, than bold rhetoric.

If this Government cares about exports, it will have to reverse some of its existing policies and some of its existing attitudes and will have to work for the passage of imaginative legislation in this area. Let us briefly examine the problem.

Last year the United States imported $31 billion more in goods and products than it exported—a $31 billion deficit.

Now, many have bemoaned this situation, but then have blithely explained it away as due to our oil imports and the high prices OPEC is charging.

Mr. President, this is a very handy crutch, but it fails to recognize that every industrial nation in the world that is a competitor of ours, except Great Britain, imports a far greater percentage of its oil than we do. We import, in the United States, 40 percent of our petroleum requirements, and produce 60 percent domestically—mind you, at a far less expensive price than our imports. On the other hand, Japan, West Germany, Sweden, Switzerland—you name any of our competitors, and every one of them imports nearly 100 percent of its oil requirements. So our competitors are far worse off in oil imports than we are

Obviously we want to do all we can to reduce our oil imports; but while the administration focuses its verbiage in that direction, a more serious trend is developing in our manufactured goods sector.

Look at the figures. In 1976, we had a $12 billion surplus in manufactured goods exports. In 1977, that surplus in manufactured goods exports, as opposed to manufactured goods imports, dropped to $3 billion, and it is currently running at an annual rate of a $12 billion deficit—a change, mind you, from a $12 billion surplus to a $12 billion deficit in only 2 years.

In the last 3 years, our exports in manufactured goods have not expanded in real terms, while our competitors have been achieving a growth rate of 5 percent per year.

It is no secret, Mr. President, and I think you are aware of this, that we are being saved to a very great extent in our balance-of-payments situation, to the extent that we are being saved at all, by our farmers, who exported $24 billion worth of goods in 1977.

Why do we care about this situation involving manufactured goods exports and imports and the trade deficit? We care, because jobs of Americans are involved, literally millions of jobs. What can we do about this? The solution does not lie in higher tariffs. That is self-defeating and has ramifications that are extremely serious to the future of this country and indeed to the world. So let us not go the route of higher tariffs. There are other and better solutions.

First, I would suggest the adoption of a tax policy that encourages investment in the most modern productive machinery so that our factories can compete in price and volume with foreign firms. What are some of the techniques that can be used in this tax policy? More rapid depreciation, accelerated depreciation, for our equipment; a greater investment tax credit; reduction in the corporate tax rate; reduction in the capital gains levy. All of these are steps which would encourage the investment of American dollars in better machinery and equipment.

We can begin by offering business improved financing terms and increasing the awareness of market opportunities overseas. Restrictive licensing procedures should be abolished, and the entire licensing process streamlined. A workable export tax incentive should be developed as an alternative to the Domestic International Sales Corporation, the DISC, if indeed, the DISC should be abolished.

I must say, I have great concern over the President coming forward in his so-called tax reforms and recommending the abolishment of the DISC.

Special low-cost loans could be made available to companies entering the export market for the first time. Some form of Government assistance should be made available to help companies develop overseas markets.

We know that ample opportunity exists for overseas sales. Some estimates place the potential export market in the Middle East alone over the next few years at over $100 billion. We know that thousands of jobs would result from further expansion of exports, and we know that the governments of our major trading competitors are moving aggressively to secure the business in areas where the United States is not competitive.

Mr. President, I have directed my remarks to concerning what action the Government can take and, indeed, Government action is required. But, I do believe that our own firms, our own Americans, be they in commerce or industry, have to be more aggressive in the overseas markets. Some of this indeed, I believe, falls from the fact that they are not aware of the opportunities which exist, and then, of course, some that are aware of the opportunities are not aggressive enough.

In my own State in an attempt to promote a greater awareness of export opportunities for Rhode Island manufacturers, we are scheduling special seminars in Providence aimed at exploring how and where to enter the export market. In the months ahead we plan to do additional work in this field. I encourage my colleagues in the Senate to make similar efforts with their own manufacturers.

This is an area, Mr. President, that should be of great concern to this Nation of ours.

We are aware of what is happening in the area of oil imports, but the decline in our manufactured goods exports and the increases in the manufactured goods imports from foreign nations should be of far greater concern than it recently has been to this Nation of ours. Action can be taken both at the Government level and by the individual manufacturer. I encourage steps to be taken in this direction.

I thank the majority leader and the minority leader for allowing me this time.

UNANIMOUS-CONSENT REQUEST

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand adjourned for 2 seconds.

Mr. BAKER. Mr. President, reserving the right to object, I do not have a calendar. Will somebody hand me a calendar?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following an adjournment of the Senate, no resolutions or motions come over under the rule, following the next adjournment.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object for 1 second.

Mr. ROBERT C. BYRD. Mr. President, I withdraw the previous unanimous-consent requests temporarily.

The ACTING PRESIDENT pro tempore. Both unanimous-consent requests are withdrawn.

PRIVILEGE OF THE FLOOR—HOUSE CONCURRENT RESOLUTION 633

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. MUSKIE, I ask unanimous consent that the following members of the Budget Committee staff be allowed to remain on the floor during the consideration of House Concurrent Resolution 683 and all votes thereon. They are as follows:

John McEvoy, Sid Brown, Karen Williams, Van Ooms, Dan Twomey, George Merrill, Rodger Schlickeisen, Ira Tannenbaum, Bob Sneed, Charles Flickner, Don Campbell, Barbara Levering, Anne Lockwood, Lewis Shuster, Rick Brandon, Tony Carnevale, and Al From.

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

Mr. BAKER. Mr. President, I ask unanimous consent that the following minority staff personnel be authorized the privileges of the floor during the consideration of the second concurrent budget resolution: Bob Boyd, Charlie McQuillen, Bob Fulton, Gail Shelp, and Bill Stringer.

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

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess awaiting the call of the Chair.

There being no objection, at 8 a.m., the Senate took a recess, subject to the call of the Chair.

The Senate reassembled at 8:01 a.m., when called to order by the Acting President pro tempore (Mr. DECONCINI).

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in adjournment for 2 seconds.

Mr. BAKER. Mr. President, reserving the right to object, I shall not object.

I thank the majority leader for previously withholding his request for adjournment. There are certain procedural steps that are automatically invoked with adjournment that affect substantive rights and it was necessary for me to check, as I have now checked, with certain Senators on this side to make sure that they do not feel their rights are prejudiced. They do not. I have no objection.

The ACTING PRESIDENT pro tempore. Is there objection?

There being no objection, at 8:01 a.m. on Saturday, September 23, 1978, the Senate adjourned for 2 seconds.

AFTER ADJOURNMENT

SATURDAY, SEPTEMBER 23, 1978

The Senate met at 8:01:02 a.m., pursuant to adjournment, and was called to order by the Acting President pro tempore (Mr. DECONCINI).

THE JOURNAL

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

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

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 not to exceed beyond 3 minutes and that no resolutions or motions come over under the rule.

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

ORDER OF PROCEDURE TODAY

Mr. ROBERT C. BYRD. Mr. President, the Senate today will dispose of the House message on the second concurrent resolution. Then it will go to the countercyclical bill. I understand that there may be at least two amendments—we know of one—on which there is a 1-hour limitation. There is a 30-minute limitation on all other amendments. So I anticipate that there will be at least four rollcall votes, possibly more, depending upon the number of amendments. I do not anticipate that the Senate will be in late today, but it will depend upon the number of amendments.

Senators should be well informed by now that from here on out, there will be Saturday sessions and there will be long daily sessions, with rollcall votes daily to come at any time during the day. So I hope that Senators will adjust their schedules accordingly. We are rapidly nearing the end of the calendar year, with only 3 months remaining. Christmas will occur just 3 months from Monday and there is also a national election, so we do not have a great deal of time left in which to do our work. I am sorry that we have to have Saturday sessions, but I see no alternative.

Mr. President, I yield the floor.

Mr. BAKER. Mr. President, I assure the majority leader that Members on this side are fully prepared now for Saturday sessions—not with much enthusiasm, but with a certain resignation.

Mr. President, I yield the floor.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

EXTENSION OF THE EQUAL RIGHTS AMENDMENT

The ACTING PRESIDENT pro tempore. The Senate having adjourned, House Joint Resolution 638 will now have its second reading.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 638) extending the deadline for the ratification of the equal rights amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask that any further proceedings on this measure be dispensed with.

The ACTING PRESIDENT pro tempore. Objection having been heard to further proceedings, the matter will go over to the Calendar.

SECOND CONCURRENT BUDGET RESOLUTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 683.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

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

That the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1978—

(1) the recommended level of Federal revenues is $448,700,000,000 and the amount by which the aggregate level of Federal revenues should be decreased is $21,900,000,000;

(2) the appropriate level of total new budget authority is $555,650,000,000;

(3) the appropriate level of total budget outlays is $487,500,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $38,800,000,000; and

(5) the appropriate level of the public debt is $836,000,000,000 and the amount by which the temporary statutory limit on such debt should accordingly be increased is $38,000,000,000.

SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1978, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) new budget authority, $127,000,000,000;
(B) Outlays, $112,400,000,000.
(2) International Affairs (150):
(A) New budget authority, $12,600,000,000;
(B) Outlays, $7,100,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,200,000,000;
(B) Outlays, $5,000,000,000.
(4) Energy (270):
(A) New budget authority, $8,700,000,000;
(B) Outlays, $8,100,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $13,300,000,000;
(B) Outlays, $11,500,000,000.
(6) Agriculture (350):
(A) New budget authority, $9,200,000,000;
(B) Outlays, $7,500,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $5,500,000,000;
(B) Outlays, $2,800,000,000.
(8) Transportation (400):
(A) New budget authority, $19,500,000,000;
(B) Outlays, $17,300,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $8,900,000,000;
(B) Outlays, $9,600,000,000.
(10) Education, Training, Employment, and Social Services (500):
(A) New budget authority, $32,900,000,000;
(B) Outlays, $30,300,000,000.
(11) Health (550):
(A) New budget authority, $52,000,000,000;
(B) Outlays, $48,100,000,000.
(12) Income Security (600):
(A) New budget authority, $191,800,000,000;
(B) Outlays, $159,300,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $21,050,000,000;
(B) Outlays, $20,700,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,200,000,000.
(15) General Government (800):
(A) New budget authority, $4,100,000,000;
(B) Outlays, $4,000,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $8,800,000,000;
(B) Outlays, $8,800,000,000.
(17) Interest (900):
(A) New budget authority, $48,000,000,000;
(B) Outlays, $48,000,000,000.
(18) Allowances (920):
(A) New budget authority, $800,000,000;
(B) Outlays, $800,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, —$18,000,000,000;
(B) Outlays, —$18,000,000,000.

EXTENSION OF EQUAL RIGHTS AMENDMENT

Mr. BAKER. Mr. President, I heard the Chair say a moment ago that pursuant to an objection—I take it under the rules—putting the measure directly on the calendar. It is my recollection that the transaction by the distinguished majority leader asked unanimous consent.

Mr. ROBERT C. BYRD. No; I did not say "I ask unanimous consent." I said "I ask," which is the same as an objection.

Mr. BAKER. I wanted to be sure that

it is not on the basis of an objection from me but rather at the suggestion of the majority leader that the matter has to go to the calendar.

The ACTING PRESIDENT pro tempore. Pursuant to the precedents under rule XIV, where there is objection to further proceedings after second reading of a bill or joint resolution it goes to the calendar.

Mr. BAKER. I thank the Chair and I thank the majority leader. I simply wanted the RECORD to be clear. The matter has been brought up as a result of a 2-second adjournment, after full consultation on this side of the aisle, to make sure there was no objection to that proceeding; and, as a result of that adjournment and the suggestion of the majority leader, the matter has now gone to the calendar in the ordinary course of business.

The ACTING PRESIDENT pro tempore. That is the situation.

Mr. BAKER. I thank the Chair.

Mr. ROBERT C. BYRD. Mr. President, let me say for the RECORD that I discussed this matter with the distinguished minority leader before I proceeded to set in motion the mechanism by which the ERA resolution went to the calendar.

He understood that I was going to move to adjourn and that a motion to adjourn would trigger the mechanism for the ERA extension would go to the calendar; and that, once morning business had been concluded the ERA resolution would automatically be read the second time. It requires an objection to further proceedings to then get the ERA measure on the calendar. This is what has happened, for the RECORD.

Mr. BAKER. Mr. President, the majority leader is, of course, correct. We did discuss the matter and it was agreeable on that basis. The purpose of my previous reservation was to make clear that, first, after the first request for a 2-second adjournment and my reservation of rights, the majority leader and I did discuss this matter.

I did consult with Members on this side to ascertain their points of view and to protect their interests. I indicated we would not have an objection to the adjournment. The distinguished majority leader did then adjourn, and it was on his suggestion that no further proceedings be had on the ERA extension, and thus pursuant to the rules it goes to the calendar.

I just wanted to make sure no one in reading this misunderstood how the matter got on the calendar in the first instance.

Mr. ROBERT C. BYRD. Mr. President, so that the RECORD will be preeminently clear: If there had been objection to the unanimous-consent request to adjourn, I would have moved to adjourn. That would have been a nondebatable motion and adjournment could have been achieved by motion.

Furthermore, let no one reading the RECORD misinterpret my objection to any further proceedings. The only way that this measure could be put directly on the calendar under rule XIV is by an objection to further proceedings at this stage. This does not mean that I object to taking up the ERA extension. Nor does it mean that I am opposed to an extension of the time for ratification of the ERA.

It is merely the parliamentary technique that I had to follow in order to get the measure on the calendar and in a position to be possibly called up for Senate debate at a future date.

As to the extension itself, I have some unresolved questions regarding the wisdom of setting a precedent. On this, I have an open mind, and I have stated so many times publicly in my Saturday news conferences in weeks past.

But I want the RECORD to be clear that my objection to further proceedings was required in order to finalize the action of getting the measure on the calendar.

Mr. BAKER. Mr. President, I thank the majority leader. That is entirely accurate and consistent with my understanding of the situation.

By the same token, I would point out for the RECORD that in this proceeding we have not dealt with the substance of this matter and, as a matter of fact, I will oppose the extension of ERA by simple majority vote, not because I oppose ERA, but because I have serious constitutional doubts. The majority leader is aware of that point of view.

But the reasons for my caution this morning do not relate to the substance of that debate but, rather, to the protection of the rights of Senators on this side of the aisle in respect to those matters that may occur as a result of the adjournment which has now transpired.

Mr. ROBERT C. BYRD. Mr. President, the distinguished minority leader has raised the question of a two-thirds requirement for approval of an extention of the period for ratification of ERA. I take it, from what he has stated, that he feels that a simple majority would not be sufficient, constitutionally, to assure the approval of the extension.

That matter is, of course, subject to debate, and certainly would be debated, as there are opinions on both sides. Some believe a two-thirds vote would be required, as I take it the distinguished minority leader does. Others believe only a majority vote would be required.

But the best way to determine, to be sure, the best way to be sure that an amendment or motion to that effect would be debated and acted on would be for opponents of the ERA extension to enter into a time agreement with the proponents. This would assure that a vote would occur on an amendment dealing with rescission and also on the matter of requiring a simple majority or a two-thirds vote.

If the cloture route should be followed and if cloture should be invoked, then no nongermane amendments—such as the rescission amendment which appears to be nongermane—would be in order.

That being the case, it would seem to me that the opponents of ERA would not have an opportunity to call up a rescission amendment.

So I am saying this to say that I hope that in order to do two things: First, to save the time of the Senate; and second, to give the opponents of ERA—and I am not putting myself in either class, proponent or opponent, at this moment, although I did vote for ERA on its passage in the Senate—I am simply saying that those who are already in the category of the opposition by virtue of their own choice, which I respect, could best assure that they would have a crack at a rescission amendment if they would enter into a time agreement. I hope that they will consider this and, hopefully, help to get a time agreement.

It is my understanding the proponents are willing to enter into a time agreement and are looking to give the opponents, as part of that time agreement, an opportunity to vote on the rescission amendment and also agree on a time to vote on the question as to whether a two-thirds vote or a simple majority is required to extend the ratification.

Mr. BAKER. Mr. President, I shall not take much longer. I see the distinguished Senator from Maine waiting here with great anticipation to proceed with the second budget resolution, which I think is a monumental accomplishment by him and the Senator from Oklahoma (Mr. BELLMON) and the entire committee on the congressional budget.

I do want to say, first, I, too, supported the ERA amendment when it was submitted to the Senate.

As a matter of fact, not only did I support it, I offered an amendment to it, an amendment authorizing voluntary prayer in public schools.

But the point of the matter is that I understand the requirements that the majority leader feels to expedite the business of the Senate. He understands, I am sure, the strong feelings on this subject on both sides of the aisle.

He has indicated, as I understand it, that he felt that an objection would not be made to proceeding with the consideration, say, or a time limit on a rescission amendment, if, in fact, the ERA extension were before the Senate; is that correct?

Mr. ROBERT C. BYRD. I believe that if no time agreement is reached, and if cloture were to be invoked, that a rescission amendment would not be germane and, therefore, would be ruled out of order; this would deny the opponents of ERA, or the proponents of the rescission amendment an opportunity to vote thereon after cloture.

I am confident, based on what they have told me, that the proponents of ERA are willing to enter into a time agreement, thus avoiding any possible filibuster and a cloture effort. In that time agreement they would be willing to provide that a rescission amendment be voted on.

Mr. BAKER. I thank the majority leader.

Mr. ROBERT C. BYRD. On that basis, I hope a time agreement can be reached, so as to give those opposed to the ERA amendment—as I say, at this moment, I am not in either category, but I will be in one or the other, I have an open mind now—but it would give those who are opposed to ERA and those who support the rescission amendment—and I am sure there are some who are opposed to ERA but who, if a rescission amendment could be adopted, probably would

support ERA—but it would give them assurance that they would have a crack at their amendment.

Mr. BAKER. I thank the majority leader.

I notice that his formulation of the reply was that he did not anticipate an objection from the proponents of ERA. Of course, the opponents are on both sides of the aisle. I was trying to see if it was the majority leader's best judgment that an objection would not be made on his side of the aisle to a time limitation on a rescission amendment.

Mr. ROBERT C. BYRD. To a time limitation on a rescission amendment? I cannot say that there would be no objection on this side of the aisle. I am simply saying that the proponents, as I understand it, would be willing to provide a time agreement allowing the opponents to call up such a rescission amendment.

Mr. BAKER. I thank the majority leader.

I might say that there is no misapprehension—and I have told the majority leader this previously—that I have a serious question as to whether a time agreement can be arrived at. I will submit it to my colleagues on both sides.

In this issue, on the question of whether or not a rescission amendment may be germane, the majority leader may be right, subject to a ruling of the Chair.

On the question of the two-thirds vote, as the majority leader knows better than any other Member in this Chamber, because he is the premier and No. 1 expert, now living, on the procedure in this body, there are more ways than one to skin a cat.

I suspect that, at some point or other, perhaps even at the last moment, after the Chair has announced the number of Senators voting each way, there might be just a flicker of opportunity to decide whether or not the policy of the Senate was to extend by majority or two-thirds.

I have been an attentive student of procedural instruction by the majority leader. I may not know much, but I think there is a way to present that issue to the Senate.

Mr. ROBERT C. BYRD. Mr. President, I would like to see that issue presented to the Senate, and I will state my position on that issue right now.

I do not think that a two-thirds or "super majority" is required to extend the time for ratification of ERA. This is a procedural matter; it is a detail; it is not part of the substance of the constitutional amendment itself.

Therefore, no matter how the vote comes and when it comes, if it comes, I will welcome that vote, if indeed the ERA extension can be called up. I take the position that only a simple majority is required to adopt this extension.

Mr. BAKER. Mr. President, I will take the other position—that is, that any tinkering with this amendment should be done with the same procedural dignity by which the amendment itself was first adopted, and thus the issue will be joined.

Mr. ROBERT C. BYRD. I thank my friend.

SECOND CONGRESSIONAL BUDGET RESOLUTION, 1979

Mr. MUSKIE. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. A message from the House on House Concurrent Resolution 683 is before the Senate.

Mr. MUSKIE. I thank the Chair.

Mr. President, I ask unanimous consent that Tom Dougherty, of Senator GLENN's staff, and Tom Dine and Rick Brandon, of the Budget Committee staff, have the privilege of the floor.

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

Mr. MUSKIE. Mr. President, this second budget resolution had been scheduled for 8 o'clock this morning, and we have been engaged in a discussion of other important issues, without the appearance of other Senators who conceivably might be interested in the second budget resolution.

The ACTING PRESIDENT pro tempore. The Chair is most attentive.

Mr. MUSKIE. In any case, it does not appear that amendments or objections to the resolution are likely at this point. Nevertheless, I think it is important to lay out the record of this second budget resolution, because it is an important record and will have great importance in imposing restraints and in giving guidance to our spending decisions as we move through the months ahead with respect to the fiscal year which begins on October 1, 1978.

Mr. President, the second budget resolution for fiscal year 1979, now before the Senate for final action, takes a major step toward balancing the budget.

It contains a 36-percent reduction in the deficit the President proposed last January. It reduces by 24 percent the deficit contained in the first budget resolution of last spring.

Some of the reduced deficit results from lower-than-expected costs in existing programs. But a large share of the reduction results from deliberate congressional action to cut back on new programs.

Mr. President, we can be proud of this congressional budget. It gives us real reason to hope that we can balance the budget earlier than the 1983 target established in the budget process.

The reductions in spending Congress has made show that the budget process does work. I hesitate to think how high a deficit we would have if we did not have the congressional budget process.

The budget process is far from perfect.

It contains loopholes which must be closed.

But it is clearly our best hope for reaching a balanced budget and setting reasonable priorities within such a budget.

As usual, this conference substitute between the two Houses does not resolve all individual program decisions within the budget. To do so would usurp the role of other standing committees. Reaching agreement on such line-item decisions in a budget resolution conference would be nearly impossible, because of the vastly different views about individual programs in each House.

Instead, we agree on the overall totals for each major budget priority. Then all legislation passed by the Congress must fit within them.

One specific multibillion dollar spending program did prove to be a major roadblock to the agreement, however.

The House budget resolution contemplated spending of $2 billion a year for new public works programs.

The Senate budget resolution contained more than $40 billion in traditional public works, but none for the new program. The Senate believes such a new program would be inflationary and unnecessary in our maturing economic expansion.

Although we supported such programs during the recession, we did so with the expressed view that they should be phased out as the economy recovers. New public works programs would perpetuate in inflationary boom times these programs designed to deal with recession.

This conference deadlock on this issue kept us from meeting the September 15 deadline for the conference report.

The deadlock did not delay the legislative process.

And the deadlock was resolved in a way which makes enactment of a new public works program very unlikely.

The Senate, for example, went on record last week in a 3 to 1 vote against such spending.

The Senate did so when it instructed its conferees, by a vote of 63 to 21, to stand firm against such a program.

Now, Mr. President, let me describe the parliamentary situation on this conference report.

Our conference with the House found it could make economies in the budget which actually reduced the spending totals passed by either House.

Under the rules of the House and Senate, such agreements require the conference report to be submitted in technical disagreement.

The disagreement is not over substance. It results from the parliamentary technicality that a conference report must remain within the range established by the separate action of the two Houses.

Thus, where numbers agreed to in a conference are below or above that range, the conference must report in technical disagreement even if no real issue is involved.

We have frequently reported budget resolution conferences in such technical disagreement when we reduced spending and the deficit.

We do so here, where we have reduced the deficit so greatly.

In these cases the conference actually does produce an agreement on a budget resolution, called the conference substitute.

And we have done so in this case. It is fully described in the statement of managers accompanying the conference report.

I ask unanimous consent that relevant portions of this statement of managers be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. MUSKIE. So, when the Senate votes today we will first vote to accept the conference report in technical disagreement.

A second vote will then occur on whether to accept the actual budget agreed to by the conferees and spelled out in the statement of managers. That vote will conclude congressional action on this budget resolution.

Other than this two-step procedure, this consideration of the second budget resolution will proceed as if the conference report had been reported without any technical disagreement.

MAJOR FEATURES OF THE CONFERENCE SUBSTITUTE

Now, Mr. President, let me review the major features of this congressional budget.

This budget contains the following binding totals for fiscal year 1979:

It contains revenues estimated at $448.7 billion, about $1 billion higher than estimated in the first resolution last spring.

It contains budget authority of $555.-65 billion, $2 billion less than passed by the Senate, $5 billion less than passed by the House. This conference budget authority figure is $13 billion less than proposed by the first budget resolution.

This budget contains outlays of $487.5 billion, $2 billion less than passed by either House and $11 billion less than proposed by the first resolution.

The deficit is $1 billion lower than passed by either House, and $12 billion lower than the first resolution.

The public debt contemplated by the resolution is $836 billion, $2 billion lower than passed by either House and $13 billion lower than we contemplated in the first resolution.

Mr. President, I ask unanimous consent that a table illustrating the differences between the House and Senate resolutions for fiscal year 1979 and the conference result be printed at this point in the RECORD.

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

SECOND CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1979

[In billions of dollars]

Function	Senate	House	Conference agreement
050—National Defense:			
Budget authority	127.0	127.013	127.0
Outlays	112.5	112.403	112.4
150—International affairs:			
Budget authority	12.6	12.365	12.6
Outlays	7.2	7.119	7.1
250—General science, space, and technology:			
Budget authority	5.2	5.146	5.2
Outlays	5.0	4.991	5.0
270—Energy:			
Budget authority	8.9	9.601	8.7
Outlays	8.9	8.684	8.1
300—Natural Resources and Environment:			
Budget authority	13.6	12.963	13.3
Outlays	11.7	11.380	11.5
350—Agriculture:			
Budget authority	12.2	12.225	9.2
Outlays	7.2	7.628	7.5
370—Commerce and housing credit:			
Budget authority	5.5	5.551	5.5
Outlays	2.8	2.814	2.8

SECOND CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1979—Continued

[In billions of dollars]

Function	Senate	House	Conference agreement
400—Transportation:			
Budget authority	19.5	19.451	19.5
Outlays	17.5	17.063	17.3
450—Community and regional development:			
Budget authority	8.9	10.327	8.9
Outlays	9.6	9.474	9.6
500—Education, training, employment, and social services:			
Budget authority	31.5	33.887	32.9
Outlays	30.2	31.111	30.3
550—Health:			
Budget authority	51.9	52.158	52.0
Outlays	48.6	49.298	48.1
600—Income security:			
Budget authority	191.5	192.139	191.8
Outlays	159.6	159.650	159.3
700—Veterans benefits and services:			
Budget authority	20.9	21.251	21.05
Outlays	20.4	20.913	20.7
750—Administration of justice:			
Budget authority	4.3	4.163	4.3
Outlays	4.2	4.173	4.2
800—General government:			
Budget authority	4.1	4.098	4.1
Outlays	4.0	4.035	4.0
850—General purpose fiscal assistance:			
Budget authority	8.8	8.931	8.8
Outlays	8.8	8.959	8.8
900—Interest:			
Budget authority	48.1	48.000	48.0
Outlays	48.1	48.001	48.0
920—Allowances:			
Budget authority	.5	−1.087	.8
Outlays	.5	−.743	.8
950—Undistributed offsetting receipts:			
Budget authority	−17.3	−17.163	−18.0
Outlays	−17.3	−17.163	−18.0
Revenues	447.2	450.000	448.7
Budget authority	557.7	561.019	555.65
Outlays	489.5	489.790	487.5
Deficit	42.3	39.790	38.8
Public debt	839.5	838.100	836.0

Mr. MUSKIE. Mr. President, I also ask unanimous consent that a table showing the spending totals by major mission within each function be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

REVENUES

Mr. MUSKIE. Mr. President, the tax reduction assumed in the conference substitute is sufficient to offset the higher tax burdens in 1979 which will result from inflation and social security tax increases.

The Senate resolution provided for Federal revenues of $447.2 billion, and to achieve that level, provided that revenues be decreased on a net basis by $23.4 billion. The House resolution provided for revenues of $450 billion with a net decrease for legislation of $19.9 billion.

To reconcile the difference in the size of the two tax reductions, the conferees agreed to cut the level of Senate tax reductions by $1.5 billion, or approximately 43 percent, of the $3.5 billion difference.

However, as I will explain shortly, this increase in the revenue floor reflects a technical revenue estimating adjustment. It does not reflect any change in the fiscal policy adopted by the Senate in its second resolution.

The revenue level agreed to by the conference assumes an extension through fiscal year 1979 of temporary tax reductions of $8.2 billion and additional tax reductions in fiscal year 1979 of $13.7 billion.

This $13.7 billion reduction reflects an assumption of $12.5 billion for general income tax reductions and an allowance of $1.2 billion for structural tax law changes.

The $12.5 billion of general tax reductions is the reestimated fiscal year 1979 impact of the tax policy adopted in the Senate version of the budget resolution. For the full calendar year 1979, these tax cuts will amount to $19.4 billion.

The Senate-passed second resolution revenue floor had been based upon the assumption that a $19.4 billion general tax reduction would reduce revenue collections by $14 billion in fiscal year 1979. Subsequently, CBO and the Joint Committee on Taxation both adopted a new convention for estimating the portion of a calendar year tax reduction attributable to the same fiscal year. The fiscal year impact is limited to the first 9 months or the last 3 of any calendar year.

This new methodology had been used to calculate the impact of the House-passed tax bill. It had also been incorporated in the budget resolution approved by the House.

Applying this new methodology to the tax policy assumed in the Senate resolution reduces the fiscal year 1979 cost of a $19.4 billion full-year tax cut from $14 billion to $12.5 billion.

Accepting this $12.5 billion estimate does not change the tax policy of the Senate second resolution.

The assumption of a $19.4 billion calendar year general tax reduction remains unchanged. In fact, if the Senate conferees had not agreed to this new estimate, the Senate could have approved a 1979 tax reduction several billion dollars higher on an annual basis than was anticipated in the Senate resolution.

In total, the conference substitute allows for the same $21 to $22 billion overall level of calendar year 1979 tax reductions assumed by the Senate resolution. These reductions include $19.4 billion in general reductions plus the $1.6 to $2.6 billion for structural tax changes.

NATIONAL DEFENSE AND INTERNATIONAL AFFAIRS

Now, let me review some of the major spending decisions reflected in the conference substitute.

For national defense, the conference substitute provides the same amounts as the Senate resolution except for a $100 million downward outlay reestimate.

These totals fully provide for the current congressional action on major defense bills and possible later requirements in the defense function.

These possible later requirements include the defense appropriation bill and the October Government pay raise for the Department of Defense.

The ceilings established in the conference substitute provide for needed modernization of our strategic and tactical forces and improvements in combat readiness.

In the international affairs function, the conference substitute provides the

budget authority total adopted by the Senate, with outlays $100 million below the Senate level, due to a reestimate.

These totals reflect congressional action to restrain year-to-year growth in foreign economic development assistance programs. They also provide fully for the United States share of the International Monetary Fund's Witteveen Facility.

NATURAL RESOURCES

For natural resources programs, the downward conference adjustments to the Senate resolution primarily reflect congressional action which occurred after the Senate resolution was reported. They also include some CBO reestimates.

In the general science, space, and technology function, the conference accepted the Senate-passed levels, which reflect conference agreements on the major appropriations for the function.

The energy function reflects a CBO and GAO review of progress on the strategic petroleum reserve. As a result of that review, CBO has reduced its outlay estimate for that program by $600 million.

A $200 million reduction in budget authority compared to the Senate resolution reflects the decreased likelihood we will need any budget authority for the strategic petroleum reserve beyond what is contained in the Senate-passed interior appropriation bill.

In the natural resources and environment function, the conference substitute reflects adjustments made in appropriation bills and a decreased allowance for supplemental appropriations, based on the latest estimate of requirements for such programs as the oil spill pollution liability fund and the nonpoint source pollution program.

The conference substitute reduces the Senate-passed budget authority level for the agriculture function by $3 billion, reflecting the latest estimate of the amounts of new authority needed by the Commodity Credit Corporation to operate current programs. The conference substitute also includes an allowance for legislative initiatives, such as agricultural export credit legislation and the international grain reserve bill.

Neither the budget authority nor the outlay allowance would accommodate any significant new initiatives beyond these two already proposed programs. The Senate-passed outlay level for agriculture was increased to allow for the grain reserve.

COMMERCE AND COMMUNITY DEVELOPMENT

In the commerce and housing credit function, the conferees accepted the Senate-passed ceilings. They provide sufficient funding to accommodate the current level of program activity.

The conference substitute will continue Federal support to insure an adequate supply of mortgage credit.

The conference substitute assumes continued appropriations to the Postal Service in line with current law. It assumes that the Small Business Administration will place more emphasis on the use of loan guarantees in fiscal year 1979.

In the transportation function, the conference substitute provides budget authority identical to the Senate-passed resolution. Outlays are $200 million below the Senate figures.

The outlay reduction reflects lower assumptions about the rate of spending for highway programs. The conference substitute is adequate to increase Federal support for transportation activities substantially. It will accommodate the Senate version of all major bills reported, including the pending highway and air legislation.

The figures agreed to will not accommodate the extravagant funding increases proposed in transportation legislation pending before the House.

In the community and regional development function, the conferees agreed on the Senate ceilings of $8.9 billion in budget authority and $9.6 billion in outlays. However, the House and Senate conferees differ significantly in their interpretations of these ceilings.

I want to make clear the nature of the differing interpretations of the conference substitute.

The community and regional development ceilings agreed to by the conferees are equal to those which passed the Senate. In accordance with the Senate's continuing interpretation of these ceilings, there is no room for a new public works program.

The Senate believes that further Federal stimulus of the already booming construction industry would be wasteful and inflationary.

In fact, last week, the Senate reaffirmed that judgment by a vote of 63 to 21 to instruct the Senate conferees to oppose any new public works program in this budget.

On the important issue of disaster assistance, the Senate ceilings were carefully chosen to reflect CBO's best estimate of the cost of disaster assistance in fiscal year 1979. These estimates assume that farmers will continue to be eligible for SBA disaster loans, that SBA interest rates will revert to the Government's average cost of capital, and that disasters will be declared at about the average level experienced in recent years.

In contrast, the House conferees assume that Congress will enact new legislation to reform Federal disaster assistance programs in time to achieve substantial savings in fiscal year 1979. They therefore maintain that the Senate ceilings agreed to by the conferees can accommodate up to $700 million for such a new public works spending program.

Mr. President, I believe most Senators are convinced that reforms in the SBA disaster loan program are absolutely necessary to bring Federal spending under control and to prevent the waste of tax dollars by assuring such assistance goes only to those in real need.

Senator BELLMON and I have pressed for these reforms, and we intend to continue working for them.

The President also has made a reasonable proposal for achieving needed reform.

GENERAL GOVERNMENT

In the General Government function, the conference substitute will accommodate current levels of program activity for the legislative and executive branches, increased IRS activity, and small growth in administrative law reform.

For general purpose fiscal assistance the conference substitute will allow funding of most programs at current levels. It will also contain room for a supplementary fiscal assistance program.

HUMAN RESOURCES

For human resources programs, the conference substitute retains most of the basic policies assumed in the Senate resolution.

Among these policies are funding increases for several existing programs. These programs include handicapped education, health services, child nutrition, veterans' compensation and pension programs, and an expansion of the earned income tax credit.

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

Mr. MUSKIE. Yes; I would be happy to yield.

Mr. PROXMIRE. First, I commend the distinguished Senator from Maine on what I think is a remarkable job. I do not think anybody in the Senate felt it would be possible to come in with this kind of a remarkable reduction below the estimates in January. I think where the accomplishment is particularly impressive is with respect to budget authority because these are the programs we are going to have to have outlays for in future years.

As I understand it, while much of the outlay is because of reestimates, and part of the budget authority is because of reestimates, in this case so far as budget authority is concerned, most of it, $12 billion of the $13.5 billion roughly, is a matter of actual substantive program reductions; is that correct?

Mr. MUSKIE. The Senator is correct. To give a figure which pinpoints the excellent point which the Senator is making, the budget authority number in this resolution is $13.5 billion below the President's January budget estimate.

Mr. PROXMIRE. I think that is a most reassuring achievement. I think people in this country realize that inflation is a serious problem. There are many causes of inflation. Government spending is only one, but it is an important part of it.

I notice that one of the most unfortunate developments in recent months has been that for the first time since they have been taking polls on consumers' expectations, we now have a situation in which most people feel the future will be less attractive, less favorable, and less promising, than in the past. I think that is largely because of their perceptions about inflation. What the Senator is working on here is to develop a budget situation which will begin to bring Federal spending under control, begin to reduce the increase in Federal spending so that that pressure on prices will be reduced in the one area where we, as a country, can consciously move to reduce it.

Mr. MUSKIE. The Senator is correct.

There is another point which, to my great dissatisfaction, is not sufficiently articulated, and not taken into account by economists, and that is the effect of inflationary expectations upon inflation.

I think if people begin to expect infla-

tion they govern their own behavior accordingly, and thus tend to contribute to inflationary pressure.

For instance, labor is looking for new contracts. If they expect inflation to continue at a given rate or a higher rate, then there are intensified pressures for higher settlements.

Or the average citizen, expecting inflation to continue, may well expedite his spending and contribute to demand for particular products. I know I have been doing that in the last couple of years—spending for things that I might otherwise have delayed, because of the conviction that later they would be more costly.

So I think trying to reduce action based upon inflationary expectations was very much a part of our year-long preoccupation with this budget. In other words, we felt that if we could demonstrate to the country that we are determined to reduce the potential inflationary impact of the Federal budget, then expectations of inflation might be reduced, and the inflationary impact of those expectations might be reduced.

Mr. PROXMIRE. I hate to keep pointing this out, but as the Senator may know I have tried to reduce the budget outlays by $25 billion. That would seem impossible, by any amendment I might offer, but the amazing thing is that the recommendation of the Senate and the Congress now is to go at least halfway, and that is an amazing achievement.

Mr. MUSKIE. May I say on that point that I do not think there is a real difference between the objectives of the Senator from Wisconsin and mine. I think the budget process gives us the means for moving in the direction that the Senator proposes. I have no objection to the proposing of such an amendment, but by doing it this way we do it on a selective basis that reflects priorities and perhaps adds to the willingness of Members of Congress to reduce appropriations, because they understand that priorities are given appropriate consideration.

I am delighted that the result we came up with reassures the Senator.

Mr. PROXMIRE. Well, it reassures me, but I am going to have to vote no on this resolution, although I am sure the Senator from Maine understands, because I do have impossible dreams, and I just hope that somehow we can get down even lower than we are.

But I commend the Senator from Maine and the Senator from Oklahoma for doing such a magnificent job here, far better than I expected they could do.

Mr. MUSKIE. Well, I do not object to pressure from that end, and I appreciate the Senator's suggestions.

To continue my statement:

For education, training, employment, and social services, budget authority and outlays are higher than the Senate-passed levels by $1.4 billion and $100 million, respectively.

Funding is assumed for the President's proposals for education concentration grants and a private sector employment initiative.

The most significant departure from the policies of the Senate resolution is an assumption about funding for the middle-income tuition assistance program.

The Senate resolution assumed no funding for this program. The House assumed funding of $1.5 billion.

The conference substitute assumes appropriations of $1 billion for this purpose, but the conference substitute also states clearly that the Congress must choose between the tuition tax credit and spending programs now under consideration.

We cannot afford both.

The conference substitute also includes small increases over the Senate levels in other education programs and in the CETA program.

As noted in the conference report, the conferees continue to encourage increased targeting of employment programs on the structurally unemployed as the most efficient and least inflationary way to fight unemployment. The ceilings for this function assume a phase-down, beginning in fiscal year 1979, of CETA countercyclical jobs due to the expected continuing improvement of the economy.

In the health function, the conference substitute ceilings are $100 million higher in budget authority and $500 million lower in outlays than the Senate-passed levels.

These ceilings assume that the hospital industry's voluntary efforts will continue to reduce costs in fiscal year 1979. The conferees agree that the present rate of inflation in health care costs is unacceptable. They urge the hospital industry to pursue vigorously its efforts to control that inflation.

The conference substitute also anticipates that the Department of Health, Education, and Welfare will make significant progress in reducing fraud, waste, and abuse in health programs.

In the income security function, the conference substitute is $300 million above the Senate level in budget authority and $300 million below the Senate total in outlays.

The rise in budget authority reflects the HUD-independent agencies appropriations conference agreement for assisted housing.

The lower outlay total reflects anticipated savings from the reduction of waste, fraud and abuse in programs under the jurisdiction of the Department of Health, Education, and Welfare.

For veterans benefits and services, the conference substitute increased the Senate total for budget authority by $150 million, and increased the Senate total for outlays by $300 million. These increases will accommodate the HUD-independent agencies appropriations conference agreement for veterans programs.

INTEREST, ALLOWANCES AND OFFSETTING RECEIPTS

For interest, the conference substitute provides budget authority and outlays of $48 billion, which is $100 million below the Senate resolution, based on the reduction in the deficit achieved in this conference.

For allowances, the conference substitute provides budget authority and outlays of $800 million. This amount is sufficient to cover the October 1978 pay raise for Federal employees of civilian agencies.

The conference substitute distributes to the appropriate functions savings assumed in the Senate and House resolutions for across-the-board cuts in appropriation bills.

For undisturbed offsetting receipts, the conference substitute provides budget authority and outlays of $18 billion, which is $700 million below the Senate resolution.

The conference substitute assumes that either enactment of legislation or administrative action will result in higher Outer Continental Shelf leasing bids, which will increase such receipts compared to the Senate-passed level.

FISCAL POLICY

Mr. President, the spending and tax policies in this budget will sustain the current economic expansion into its fifth year.

With this budget, we can assume an economic growth rate of 3.9 percent, some further reduction in the unemployment rate, and moderation of inflation.

I ask that a table summarizing these economic assumptions be printed in the RECORD at this point.

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

ECONOMIC ASSUMPTIONS

[Calendar years; dollar amounts in billions]

	1978	1979
Gross national product:		
Current dollars	$2,092	$2,313
Constant (1972) dollars	1,385	1,438
Incomes:		
Personal income	1,698	1,882
Wages and salaries	1,107	1,228
Corporate profits	186	200
Unemployment rate:		
Calendar year average	5.9	5.7
Fourth quarter	5.8	5.6
Consumer Price Index (percent change; year over year)	6.9	6.7
Interest rate, 3-mo Treasury bills (monthly average)	6.8	7.4

Mr. MUSKIE. The reductions in spending and the deficit achieved in this budget are necessary in light of recent developments in the economy. Unemployment has fallen more rapidly than had been expected earlier this year, decreasing the need for an expansionary Federal budget. At the same time, inflation has accelerated to a rate more rapid than had been anticipated, making a reduction in the level of budgetary stimulus the only prudent course.

This budget also provides for tax reductions to offset the tax increases in 1979 from social security tax increases and inflation.

INFLATION

Americans properly view inflation as the Nation's most pressing problem.

That comes as no surprise.

Inflation for the year has been running at close to a 10 percent annual rate.

This pace of inflation is intolerable.

To reduce it, we must follow moderate fiscal and monetary policies.

Extreme measures would produce extreme results. We cannot abruptly throw

millions of Americans out of work through impulsive budget slashes.

We cannot try to cure unemployment in the present economy with higher Federal spending and even more inflation.

We can use fiscal policy to moderate and reduce inflation. We must continue to decrease the deficit as the economy approaches capacity.

Progress toward full employment and lower inflation can be achieved through consistent Federal policies designed to avoid the boom-and-bust cycle of too much spending followed by excessive restraint.

We must also adopt so-called structural policies designed to create employment opportunities for the disadvantaged and to increase productivity and investment.

The conference substitute reduces the budget deficit. It also contains recommendations against specific action which increase prices and the inflation rate in particular sectors.

The conference substitute recognizes, for example, an urgent need to curb the rapid inflation in medical care costs.

It recommends lower outlays in the health function to reflect Federal and private efforts to reduce health cost inflation.

The conference substitute also recognizes the need for the Federal Government to set an example of wage restraint by limiting Federal pay increases this fall.

The conference substitute also encourages "targeted" public service jobs which emphasize employment and training for unskilled workers, young people, and welfare recipients—the so-called structurally unemployed.

These structurally unemployed programs help reduce the longer run tradeoff between inflation and unemployment.

Such structural unemployment policies will provide additional jobs without putting new pressures on wage rates. They will help us achieve highest rates of employment without accelerating inflation.

JOBS

Nearly 6 million American workers remain out of jobs in spite of the drop in the unemployment rate to 5.9 percent in August. Indeed, the fact we must accept this nearly 6-percent unemployment rate as an achievement, as well as a challenge, indicates how far we have come, yet how far we still have to go to recover from the recession.

The conference substitute provides for steady job gains in 1979. Employment should increase by over 1.8 million jobs during 1979, reducing the unemployment rate to 5.6 percent by the end of that year.

This means a reduction of over 3 full points in the unemployment rate and creation of about 12 million jobs since the economic recovery began in early 1975.

We cannot rest on these employment gains.

We must preserve those gains by maintaining steady economic growth.

At the same time, we must also strengthen our commitment to reducing structural unemployment.

A BALANCED BUDGET

The deficit reduction achieved in this budget represents real progress toward a balanced budget.

It is more than $12 billion lower than the current year's deficit.

The budget deficit was $66.4 billion just 3 years ago. The deficit was 4.1 percent of the GNP that year.

The deficit in this new budget resolution represents only 1.7 percent of GNP, less than half the 1976 figure.

The 5-year budget projections of this budget indicate that continued moderate economic growth led by a strong private economy will bring the Federal budget to balance by 1983.

We would, of course, prefer to balance the budget before then.

We will try.

It is possible that exceptional economic growth in the private sector will allow us to balance the budget before 1983.

But the time it will take to reach budgetary balance depends critically on both the strength of the private sector and on congressional control over the budget.

So while these projections indicate a balanced budget in 1983, they do not suggest that we can simply pass a law which will somehow magically create a balanced budget in that or any other year.

This last point is particularly important. The two budget goals I hear mentioned again and again in this body and in my own State of Maine are budgetary balance and lower taxes.

We all wholeheartedly support these goals.

But too often the rhetoric and the simple solutions that receive so much attention are not the answers to our budget problems.

The fact is that "balance the budget" amendments added to bills on the floor will not bring us either a balanced budget or lower taxes.

Nor are "across-the-board" spending cuts an effective substitute for deliberate and careful weighing of national priorities.

Neither of these approaches can effectively control Federal spending.

But Federal spending must be held down if we hope to balance the budget and reduce taxes in the years ahead.

I urge all Senators to keep that vital fact in mind as they vote on spending legislation. Budget balance will only be achieved bill by bill and vote by vote.

Not by panacea or wishes enacted into law.

The budget reflects the dividends of spending restraint.

Under this budget, the share of Federal outlays in GNP will fall from 22 percent in fiscal year 1978 to 21.6 percent in fiscal year 1979.

The budget deficit will fall from 2.5 percent of GNP in 1978 to 1.7 percent in 1979.

Most important, this spending constraint will allow Congress to reduce the deficit in the coming fiscal year and at the same time provide American taxpayers with significant tax reductions.

THE DOLLAR

Mr. President, finally I want to discuss the relationship between this conference substitute and the value of the dollar. Continued confidence in the dollar is essential to both domestic and international economic stability.

A loss of confidence not only produces financial instability in the exchange markets, but also forces more restrictive monetary policies, higher interest rates, and higher unemployment upon us at home.

The recent decline in the dollar is not justified by underlying economic differences between America and our trading partners. It is in large part due to a weakening of confidence—confidence that this Nation can control Government spending, control inflation, control the budget deficit, and control its appetite for imported energy.

These reductions in spending and the deficit in this budget are designed to convince the American public and the international community that the Congress is serious about reducing spending, reducing the deficit, and bringing the budget under firm control.

The moderate and prudent fiscal policy provided by these reductions shows that we are serious about restraining inflation and can resist inflationary spending.

This is the congressional budget. It is also the Federal budget.

And it is intended to be a clear signal we can bring spending under control.

EXHIBIT 1

ECONOMIC ASSUMPTIONS

The fiscal policy contained in the conference substitute is designed to maintain the economic expansion and further reduce unemployment without adding to inflationary pressures. The reduction in the deficit from $50.9 billion in the first budget resolution to $38.8 billion in the conference substitute will improve economic confidence both at home and abroad. The economic assumptions underlying the revenue and spending ceilings contained in the conference report are as follows:

[Calendar years; dollar amounts in billions]

	1978	1979
Gross national product:		
Current dollars	$2,092	$2,313
Constant (1972) dollars	1,385	1,438
Incomes:		
Personal income	1,698	1,882
Wages and salaries	1,107	1,228
Corporate profits	186	200
Unemployment rate:		
Calendar year average	5.9	5.7
4th quarter	5.8	5.6
Consumer Price Index (percent change; year over year)	6.9	6.7
Interest rate, 3-mo Treasury bills (monthly average)	6.8	7.4

BUDGET AGGREGATES

REVENUES

The House resolution provided for Federal revenues of $450 billion, and to achieve that level, provided that revenues be decreased on a net basis by $19.9 billion. The Senate amendment provided for revenues of $447.2 billion with a net decrease of $23.4 billion.

The conference substitute provides for Federal revenues of $448.7 billion, and to achieve that level, it provides that revenues should be decreased on a net basis by $21.9

billion. This revenue level assumes extension through fiscal year 1979 of temporary income tax rate reductions of $8.2 billion and additional tax reductions in fiscal year 1979 of $13.7 billion.

The conferees agree that all general income tax rate reductions become effective not earlier than January 1, 1979.

The conferees believe enactment of both a tuition tax credit and a college tuition assistance spending program would be inefficient and duplicative. The Congress should choose between these two proposals.

BUDGET AUTHORITY

The House resolution provided new budget authority of $561.019 billion. The Senate amendment provided for new budget authority of $557.7 billion.

The conference substitute provides for new budget authority of $555.65 billion.

OUTLAYS

The House resolution provided for outlays of $489.790 billion. The Senate amendment provided for outlays of $489.5 billion.

DEFICIT

The House resolution provided for a deficit of $39.790 billion. The Senate amendment provided for a deficit of $42.3 billion.

The conference substitute provides for a deficit of $38.8 billion.

PUBLIC DEBT

The House resolution provided for a public debt level of $838.100 billion. The Senate amendment provided for a public debt level of $839.5 billion.

The conference substitute provides for a public debt level of $836 billion.

FUNCTIONAL CATEGORIES

050: NATIONAL DEFENSE

The House resolution provided budget authority of $127.013 billion and outlays of $112.403 billion The Senate amendment provided budget authority of $127 billion and outlays of $112.5 billion.

The conference substitute provides budget authority of $127 billion and outlays of $112.4 billion.

150: INTERNATIONAL AFFAIRS

The House resolution provided budget authority of $12.365 billion and outlays of $7.119 billion. The Senate amendment provided budget authority of $12.6 billion and outlays of $7.2 billion .

The conference substitute provides budget authority of $12.6 billion and outlays of $7.1 billion.

250: GENERAL SCIENCE, SPACE AND TECHNOLOGY

The House resolution provided budget authority of $5.146 billion and outlays of $4.991 billion. The Senate amendment provided budget authority of $5.2 billion and outlays of $5.0 billion.

The conference substitute provides budget authority of $5.2 billion and outlays of $5.0 billion.

270: ENERGY

The House resolution provided budget authority of $9.601 billion and outlays of $8.684 billion. The Senate amendment provided budget authority of $8.9 billion and outlays of $8.9 billion.

The conference substitute provides budget authority of $8.7 billion and outlays of $8.1 billion.

The conference substitute reflects a $1.1 billion reduction in budget authority from the House resolution for the Strategic Petroleum Reserve, reflecting fiscal year 1979 needs of the program, rather than full-funding of the first 500 million barrels in the reserve. The conferees note that the full-funding approach is one means of promoting early disclosure of total program costs, improved management and long-term savings for major construction and procurement programs. The action taken on this approach to this particular program is not intended to prejudice its application to appropriate programs, which both committees will be reviewing in the context of the budget resolution for fiscal year 1980.

Also, the conference substitute incorporates a technical reestimate, provided by the Congressional Budget Office, reducing estimated outlays in the strategic petroleum reserve program by $0.6 billion.

300: NATURAL RESOURCES AND ENVIRONMENT

The House resolution provided budget authority of $12.963 billion and outlays of $11.380 billion. The Senate amendment provided budget authority of $13.6 billion and outlays of $11.7 billion.

The conference substitute provides budget authority of $13.3 billion and outlays of $11.5 billion.

350: AGRICULTURE

The House resolution provided budget authority of $12.225 billion and outlays of $7.628 billion. The Senate amendment provided budget authority of $12.2 billion and outlays of $7.2 billion.

The conference substitute provides budget authority of $9.2 billion and outlays of $7.5 billion. The reduction in budget authority from the Senate and House levels reflects the conferees' estimate of the amount of new borrowing or contract authority required to carry out Commodity Credit Corporation programs.

370: COMMERCE AND HOUSING CREDIT

The House resolution provided budget authority of $5.551 billion and outlays of $2.814 billion. The Senate amendment provided budget authority of $5.5 billion and outlays of $2.8 billion.

The conference substitute provides budget authority of $5.5 billion and outlays of $2.8 billion.

400: TRANSPORTATION

The House resolution provided budget authority of $19.451 billion and outlays of $17.063 billion. The Senate amendment provided budget authority of $19.5 billion and outlays of $17.5 billion.

The conference substitute provides budget authority of $19.5 billion and outlays of $17.3 billion.

450: COMMUNITY AND REGIONAL DEVELOPMENT

The House resolution provided budget authority of $10.327 billion and outlays of $9.474 billion. The Senate amendment provided budget authority of $8.9 billion and outlays of $9.6 billion.

The conference substitute provides budget authority of $8.9 billion and outlays of $9.6 billion.

The House conferees assume that within these amounts $0.7 billion in budget authority is available for public works.

The Senate conferees assume the amounts agreed to are necessary to fund existing legislation.

500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

The House resolution provided budget authority of $33.887 billion and outlays of $31.111 billion. The Senate amendment provided budget authority of $31.5 billion and outlays of $30.2 billion.

The conference substitute provides budget authority of $32.9 billion and outlays of $30.3 billion.

The conferees believe enactment of both a tuition tax credit and a college tuition assistance spending program would be inefficient and duplicative. The Congress should choose between these two proposals.

The conference substitute continues the first resolution assumption of a significant shift in emphasis in CETA resources to provide employment and training services targeted to the structurally unemployed. In view of improvement in the overall employment situation, the conferees recognize the reduced need for public service jobs for the temporarily unemployed. The conferees, therefore, assume a phase-down in the number of such countercyclical public service jobs and increased emphasis on private sector initiatives and programs to serve youth, who continue to suffer high unemployment. This shift should result in significantly increased savings in public assistance costs under Function 600.

These totals include a reduction in outlays of $0.1 billion which the conferees expect to result from efforts by the Department of Health, Education, and Welfare to eliminate waste, fraud, and abuse.

550: HEALTH

The House resolution provided budget authority of $52.158 billion and outlays of $49.298 billion. The Senate amendment provided budget authority of $51.9 billion and outlays of $48.6 billion.

The conference substitute provides budget authority of $52.0 billion and outlays of $48.1 billion.

These totals include reductions in outlays of $0.7 billion which the conferees expect to result from the voluntary efforts of hospitals to constrain cost increases and $0.6 billion from efforts by the Department of Health, Education, and Welfare to eliminate waste, fraud, and abuse.

600: INCOME SECURITY

The House resolution provided $192.139 billion in budget authority and $159.650 billion in outlays. The Senate amendment provided $191.5 billion in budget authority and $159.6 billion in outlays.

The conference substitute provides $191.8 billion in budget authority and $159.3 billion in outlays. These totals include reductions in outlays of $0.3 billion which the conferees expect to result from efforts by the Department of Health, Education, and Welfare to reduce waste, fraud, and abuse.

700: VETERANS BENEFITS AND SERVICES

The House resolution provided budget authority of $21.251 billion and outlays of $20.913 billion. The Senate amendment provided budget authority of $20.9 billion and outlays of $20.4 billion.

The conference substitute provides budget authority of $21.05 billion and outlays of $20.7 billion.

750: ADMINISTRATION OF JUSTICE

The House resolution provided budget authority of $4.163 billion and outlays of $4.173 billion. The Senate amendment provided budget authority of $4.3 billion and outlays of $4.2 billion.

The conference substitute provides budget authority of $4.3 billion and outlays of $4.2 billion.

800: GENERAL GOVERNMENT

The House resolution provided budget authority of $4.098 billion and outlays of $4.035 billion. The Senate amendment provided budget authority of $4.1 billion and outlays of $4 billion.

The conference substitute provides budget authority of $4.1 billion and outlays of $4 billion.

850: GENERAL PURPOSE FISCAL ASSISTANCE

The House resolution provided budget authority of $8.931 billion and outlays of $8.959 billion. The Senate amendment provided budget authority of $8.8 billion and outlays of $8.8 billion.

The conference substitute provides budget authority of $8.8 billion and outlays of $8.8 billion.

900: INTEREST

The House resolution provided budget authority of $48.000 billion and outlays of $48.001 billion. The Senate amendment provided budget authority of $48.1 billion and outlays of $48.1 billion.

The conference substitute provides budget authority of $48.0 billion and outlays of $48.0 billion.

920: ALLOWANCES

The House resolution provided budget authority of —$1.087 billion and outlays of —$0.743 billion. The Senate amendment provided budget authority of $0.5 billion and outlays of $0.5 billion.

The conference substitute provides budget authority of $0.8 billion and outlays of $0.8 billion. The conference substitute distributes to the appropriate functions savings assumed in the House and Senate resolutions as a result of across-the-board cuts and efforts to eliminate waste, fraud, and abuse in programs administered by the Department of Health, Education, and Welfare.

950: UNDISTRIBUTED OFFSETTING RECEIPTS

The House resolution provided budget authority of —$17.163 billion and outlays of —$17.163 billion. The Senate amendment provided budget authority of —$17.3 billion and outlays of —$17.3 billion.

The conference substitute provides budget authority of —$18.0 billion and outlays of —$18.0 billion.

EXHIBIT 2

AMOUNTS IN H. CON. RES. 683, SECOND BUDGET RESOLUTION FOR FISCAL YEAR 1979, BY FUNCTION AND MISSION

[In billions of dollars]

	Budget authority	Outlays
Function 050—National defense:		
Mission 1: Strategic warfare forces	13.7	12.8
Mission 2: Tactical warfare forces	77.8	67.1
Mission 3: Defensewide forces and support	22.3	19.7
Mission 4: Other national defense programs	13.2	12.8
Total, function 050	127.0	112.4
Function 150—International affairs:		
Mission 1: Foreign economic assistance and financial programs	8.8	5.2
Mission 2: Foreign military assistance and sales	2.3	.5
Mission 3: Other international affairs programs	1.5	1.4
Total, function 150	12.6	7.1
Function 250—General science, space, and technology:		
Mission 1: Science	1.4	1.3
Mission 2: Civilian space program	3.8	3.8
Total, function 250	5.2	5.0
Function 270—Energy:		
Mission 1: Energy supply	3.7	4.7
Mission 2: Energy conservation	1.1	.5
Mission 3: Emergency energy preparedness	3.0	2.2
Mission 4: Other energy programs	.8	.8
Total, function 270	8.7	8.1
Function 300—Natural resources and environment:		
Mission 1: Water resources	3.6	3.5
Mission 2: Conservation and land management	2.2	1.9
Mission 3: Recreational resources	1.9	1.6
Mission 4: Pollution control and abatement	5.5	4.4
Mission 5: Other natural resources and environment programs	.1	.1
Total, function 300	13.3	11.5
Function 350—Agriculture:		
Mission 1: Farm income stabilization	7.9	6.3
Mission 2: Agriculture research and services	1.4	1.2
Total, function 350	9.2	7.5
Function 370—Commerce and housing credit:		
Mission 1: Mortgage credit and thrift insurance	2.2	—.3
Mission 2: Postal Service	1.8	1.8
Mission 3: Other commerce and housing credit programs	1.6	1.3
Total, function 370	5.5	2.8
Function 400—Transportation:		
Mission 1: Highways	8.5	7.1
Mission 2: Railroads	2.3	2.2
Mission 3: Mass transit	2.8	2.6
Mission 4: Air transportation	3.8	3.4
Mission 5: Water and other transportation	2.1	2.0
Total, function 400	19.5	17.3
Function 450—Community and regional development:		
Mission 1: Community development	5.2	4.0
Mission 2: Area and regional development	2.6	3.7
Mission 3: Disaster relief and insurance	1.2	1.8
Total, function 450	8.9	9.6
Function 500—Education, training, employment, and social services:		
Mission 1: Elementary, secondary, and vocational education	7.8	6.4
Mission 2: Higher education	5.5	4.2
Mission 3: Research and General Education aids	1.4	1.2
Mission 4: Training and employment	11.6	12.1
Mission 5: Other labor services	.5	.5
Mission 6: Social services	6.1	5.9
Total, function 500	32.9	30.3
Function 550—Health:		
Mission 1: Health care services	47.1	43.5
Mission 2: Health research	3.1	3.0
Mission 3: Education and training of the health care work force	.8	.8
Mission 4: Consumer and occupational health and safety	.9	.9
Total, function 550	52.0	48.1
Function 600—Income security:		
Mission 1: General retirement and disability insurance	106.9	108.8
Mission 2: Federal employee retirement and disability	20.3	12.1
Mission 3: Unemployment compensation	15.4	10.4
Mission 4: Public assistance	19.6	19.7
Mission 5: Nutrition programs	3.8	3.8
Mission 6: Housing assistance	25.3	4.4
Mission 7: Other income security programs	.5	.2
Total function 600	191.8	159.3
Function 700—Veterans benefits and services:		
Mission 1: Income security for veterans	11.8	11.4
Mission 2: Veterans education, training, and rehabilitation	2.6	2.8
Mission 3: Hospital and medical care for veterans	6.1	5.9
Mission 4: Other veterans benefits and services	.6	.6
Total function 700	21.05	20.7
Function 750—Administration of justice:		
Mission 1: Federal law enforcement activities	2.1	2.1
Mission 2: Criminal justice assistance	.7	.7
Mission: Other administration of justice programs	1.5	1.4
Total, function 750	4.3	4.2
Function 800—General government:		
Mission 1: Legislative functions	.9	.9
Mission 2: Other general government programs	3.2	3.1
Total function 800	4.1	4.0
Function 850—General purpose fiscal assistance:		
Mission 1: General revenue sharing	6.9	6.9
Mission 2: Other general purpose fiscal assistance programs	2.0	2.0
Total, function 850	8.8	8.8
Function 900—Interest:		
Mission 1: Interest on the public debt	54.4	54.4
Mission 2: Other interest	—6.4	—6.4
Total, function 900	48.0	48.0
Function 920—Allowances: Mission 1: Civilian agency pay raises (total)	.8	.8
Function 950—Undistributed offsetting receipts:		
Mission 1: Rents and royalties on the Outer Continental Shelf (OCS receipts)	—3.3	—3.3
Mission 2: Employer share, employee retirement	—5.4	—5.4
Mission 3: Interest received by trust funds	—9.3	—9.3
Total, function 950	—18.0	—18.0
Total, budget	555.65	487.5

Note: Details may not add to totals due to rounding.

Mr. MUSKIE. Mr. President, I ask unanimous consent to have printed in the RECORD the statement of my good friend from Oklahoma (Mr. BELLMON), my staunch supporter in this vital effort, following my statement.

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

STATEMENT OF MR. BELLMON

During the past 4 months since the passage of the first concurrent budget resolution fiscal year 1979, the Senate has successfully balanced conflicting goals and adhered to the fiscal constraints which were established at that time. Two weeks ago, the Senate voted overwhelmingly in favor of the second congressional budget resolution, and with the presentation of this conference report, we in the committee approach completion of a fourth budgetary cycle. It now becomes the responsibility of the Senate, and Congress as a whole, aided by the Budget Committees, to adhere to the ceilings established under this resolution.

The economic objectives and priorities in the conference report reflect the general agreement by both Houses that inflation is a critically important problem. Both Houses also agreed, however that some tax reduction is required in fiscal year 1979 to counteract the fiscal drag effects arising from increased social security taxes and inflation-induced increases in personal taxes as a result of our progressive tax system. This fiscal stimulus is needed in order to preserve the extraordinary employment gains achieved thus far during the current economic expansion.

However, the Senate entered the conference disagreeing with their colleagues in the House as to the best means for achieving this stimulus. The Senate has consistently supported a two part policy—(a) a tax cut in 1979 at least equal to expected tax increases and (b) highly targeted funding in CETA and other job creation and training programs. In contrast, the House has preferred a lesser tax cut, permitting more budgetary latitude for additional funding of employment and education programs.

The conference agreement reflects the Senate position on tax policy and some accommodation to the House position on

middle-income tuition assistance and very modest adjustments in employment and education programs in function 500. For example, the increase in the revenue floor from $447.2 to $448.7 billion is the result of changes in estimating techniques and not changes in policy, and provides for the full $19.4 billion in annualized tax reductions contained in the second resolution for the coming fiscal year.

While the conferees increased budget authority for middle-income tuition assistance by $1 billion with the understanding contained in the language of the report that middle-income tuition assistance and a tuition tax credit would not both be accommodated in the fiscal year 1979 budget, the conferees succeeded in reducing aggregate budget authority from both the Senate and the House position by over $2 billion—or to a total authority for fiscal 1979 of $555.65 billion. The reduction in BA includes a large reduction in agriculture CCC borrowing authority and lesser adjustments in energy, natural resources, and offsetting receipts.

The total budget authority contained in the conference report is $18 billion below that requested by the President in his January budget message.

Aggregate outlays also are $2.0 billion below the Senate level set in the second resolution. The reduction in aggregate outlays was due to downward reestimates of energy and reductions in spending for natural resources and transportation.

As a result of these changes, fiscal year 1979 deficit is $38.8 billion or $3.5 billion below the estimate contained in the Senate version of the second resolution. I would note that this deficit figure is over $20 billion below the President's deficit as stated in his January budget report—in fact, the $38.8 billion deficit for fiscal year 1979 approximates the President's January estimates for the fiscal year 1980 deficit. We may have gained 1 full year on our road to a balanced budget.

The focus of disagreement between the Senate and the House has been the inclusion of an additional $2.0 billion in the budget for a new and expanded public works program. I am pleased that these funds are not in the conference result and I would like to congratulate Senator MUSKIE for his determination and leadership on this issue. While labor intensive public works was initially conceived to be a highly targeted program to assist the structurally unemployed, in its current form, it constitutes an expansion of countercyclical public works and clearly represents a high cost analog of the existing CETA program. For these reasons and because of the already rapid growth in construction spending which argues against additional stimulus at this time, our second concurrent resolution calls for more stringent targeting of CETA funding on the structurally unemployed and a new $400 million per year private sector initiative rather than the labor intensive public works alternative. The conference report contains additional funds for the private sector initiative and youth employment programs. The total funds allocated to the structural unemployment problem in the conference agreement amounts to $7.3 billion.

Thus, we return to the Senate from conference with the Senate position both on focus and on funding unaltered. Labor intensive public works issue is a clear example of how new programs are created which ultimately gain their own spending constituencies and absorb an ever increasing share of Federal resources. I am certain that Senator MUSKIE joins with me in expressing appreciation to the Senate for its support when this issue was brought to the floor for instruction.

The conferees' task was a difficult one and I am encouraged by their willingness to resolve their differences on the basis of substantive judgments to the benefit of both Houses. The fiscal year 1979 budget achieves our many and varied objectives with a balance between stimulus and restraint which, I believe, assures the continuation of the current expansion without aggravating our already acuate inflation problem.

Moreover, with its further reduced deficit, the fiscal year 1979 budget demonstrates clearly the ability of the Congress to execute its responsibilities with fiscal discipline. Such discipline is important not only because of citizen pressure for tax and spending limitation initiatives, but also because of the increasingly critical appraisal of U.S. economic policy in foreign exchange markets. Since January, the dollar has declined 7 percent relative to the French franc; 15 percent relative to the German mark; 21 percent to both the Swiss franc and the Japanese yen. Clearly, the cause of this adjustment is more complex than the preference of the Congress for one fiscal policy in contrast to another. However, to the extent that the dollars' decline is the result of past fiscal policy choices and the inflationary bias these policies may suggest, the fiscal year 1979 budget should serve to restore foreign confidence in the economic policy judgment of the Congress and, ultimately, contribute to a more stable dollar.

My colleagues in the Senate have supported the Budget Act and the budgetary process. With their cooperation, we have moved one more step toward balancing the budget by 1982 or earlier. But, we have a difficult road ahead. Prolonging the expansion, restraining inflation, and balancing the budget are our most important long-term considerations. They are not competing objectives, they are mutually dependent. A recession, which could be easily induced by a rise in the inflation rate, would delay a balanced budget indefinitely and create disturbing fiscal stress. The fiscal year 1979 budget and its $38.8 billion deficit, which is a full $21.8 billion below the fiscal year 1979 deficit projected by the President last January responds effectively to these long-term considerations. I urge the Senate to accept the conference report.

In my final remarks, I would like to reiterate my continued support of tax reduction as an effective fiscal policy tool and my desire that a multiyear tax reduction approach be combined with multiyear outlay projections which are an important part of the budget process. Multiyear projections of program expenditures help us to evaluate the longer term fiscal commitment we are making by our current decisions—and the corresponding constraint on our ability to achieve a balanced budget. Multiyear tax reductions would enable us to compare these commitments to our expected revenue flow, not only in light of economic expectations, but also mindful of our fiscal responsibility to those who pay the taxes.

In the context of this responsibility, we recognize that significant money could be saved by a reduction in what has recently become the much publicized fraud and abuse in Government agencies and programs. Fraud and abuse, however, is not part of the budget and is virtually impossible to be redressed through the budget process. We would hope that the relevant authorizing and appropriations committees as well as the agencies under their jurisdiction would work with us in this regard.

I would like to extend my personal appreciation to the conferees for their willingness to expedite the less controversial issues, to articulate their differences on the more controversial issues with a spirit of personal detachment, and to strive for compromise. We on the Budget Committee and in the Senate, owe a great debt to Senator MUSKIE for his initiative and leadership through these early years of the budget process and, to the extent that the American people now have confidence in the budgetary discipline of the Congress and the legislative process, they also are indebted to the guidance of my distinguished colleague from Maine.

Mr. MUSKIE. Mr. President, I am now prepared to respond to questions in the time remaining.

Mr. CHAFEE. Mr. President, I would like to join in commendation of the Senator from Maine and the Senator from Oklahoma for what they have accomplished. I want to offer my support for the second concurrent budget resolution which my able colleagues, Senator MUSKIE, chairman of the Budget Committee, and Senator BELLMON, ranking minority member, have successfully brought through a difficult conference. In the course of the Budget Committee's efforts, both in the Senate and in conference, Senators MUSKIE and BELLMON have labored hard to reduce the deficit, combat inflation, and provide additional flexibility so that taxes can be cut.

One vexing issue which faced our Budget Committee involves a matter which has been pending before our Environment and Public Works Committee's Subcommittee on Regional and Community Development; namely, the Labor Intensive Public Works bill, introduced as part of the Carter administrations urban policy. I serve on this subcommittee. In my opinion and in the opinion of nearly all the minority members of the full committee, this new $3 billion program is not justified by the condition of our economy. And I might add that $3 billion is a low estimate, since the House has proposed a bill authorizing $6 billion over 2 years for labor-intensive public works and local public works. Mr. President, we still have $2 billion left to spend on round 2 of the local public works.

Furthermore, since the bill was introduced last June, it has undergone changes, recommended and sanctioned by the administration, which undermine

the rationale offered for the program. The most attractive argument for this new expensive program, in my opinion, was that it would be targeted to those long-term unemployed in our communities, the people who have not seen the fruit of a general economic recovery. But on closer examination of the bill and all the changes it was going through, one could see that that target population was not going to receive substantial benefits. The revised administration bill provides only half the employment opportunities originally proposed for the long-term unemployed. And the labor-intensive features which make the program different from the 1976 and 1977 local public works programs, have been compromised away.

Mr. President, the number one problem facing this country today is inflation. We are trying desperately to balance the budget. The Senate recognized this by the support we gave to the Budget Committee on the vote for the Senate budget resolution that came to the floor. When Senator MUSKIE and Senator BELLMON came to us last week to show continued support, we voted 3 to 1 to hold the line on new public works spending and to instruct the Senate Budget Committee to continue their efforts to provide no funds for this program in fiscal year 1979.

Why do I bring all this up? Because, in providing budget authority for community and regional development programs, the conferees still disagree on the precise programs that will be funded in this functional category. Apparently the House believes that there is leeway to make $700 million available for public works, while the Senate conferees assume that the amounts agreed to are necessary to fund existing legislation. Specifically, the Senate anticipates that disaster assistance will account for this $700 million and then some, leaving no room for new public works.

Mr. President, I know something about natural disasters and the disaster relief programs of the Federal Government. My own State of Rhode Island suffered a disaster last winter, a blizzard, which brought forth great need for assistance to our crippled State. Experience suggests that we are being prudent in anticipating that these funds will be needed in other locations during the coming year.

In short, Mr. President, I support the Senate's position in this matter of no new additional spending for public works. Under present inflationary conditions, it is unthinkable. I believe the second concurrent resolution on the Federal budget should not be interpreted in any other way.

I would like to comment that, as I understand, the budget deficit for fiscal 1978 is $51 billion, and under this proposal it would be less than $40 billion; namely, $39.8 billion for fiscal 1979, is that correct?

Mr. MUSKIE. $38.8 billion.

Mr. CHAFEE. $38.8 billion, excuse me. So there is a drop of more than $12 billion, because the $38.8 billion is on a bigger budget; so the reduction, percentagewise, is even greater than the figures would represent. It is not just a $12 billion drop, which is very, very significant, but percentagewise it is even a more sizable drop.

Mr. MUSKIE. The Senator is correct.

Mr. CHAFEE. There is only one question I would have here. Do I correctly understand that as you went into the conference, the Senate version on the second concurrent resolution reflected a $42.3 billion deficit, and the House version was $39.8 billion, and then the conference, by pushing from both sides, came up with $38.8 billion? I have always looked on us as the leaders in tightfisted efforts over here, and I was rather discouraged to see that the House went in with a lower version than we did. Was there some sleight of hand artist there? Was their figure of $39.8 billion going into the conference a legitimate one, compared to our $42.3 billion, or are they more tightfisted than we are?

Mr. MUSKIE. No; the difference is a difference in the size of the tax cut. Actually, on the outlay side, we were below the House going into conference. We were also well below the House on budget authority. What we did was to calculate properly the fiscal year impact of the tax cut. We did not change the fiscal policy assumptions which we assumed in the first concurrent budget resolution or the Senate second budget resolution. We simply corrected the fiscal year impact of the full calendar year cut, and that correction was the result of a new methodology for estimating the fiscal year impact of the calendar year tax cut on which CBO, the Joint Committee on Taxation, and the Treasury are now agreed.

So this conference report, on the spending side, reflects solid reductions in budget authority and in outlays. I hope the Senator will be reassured about that.

Mr. CHAFEE. I thank the Senator very much.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. MUSKIE. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I came in a little earlier, first to congratulate the Senator from Maine and the Senator from Oklahoma on their very fine work. I have always sought to support the work of the Budget Committee, on which I originally served and found it a very rewarding experience. I very deeply appreciate the slight contraction of the deficit; it is extremely helpful in the world, and that is where my particular expertise is fixed.

I would like to say to the Senator, because I have noted particularly the public debt figure—which is slightly down, and I think that is important—for next year it is off, I see, by 2.1 percent, and down to $836 billion, that I think it would be very useful if a much closer relationship could be developed between the Budget Committee and the Joint Economic Committee, for this reason: No business just publishes its liabilities or its expenditures, or its cash flow, which is all we are doing. Every business publishes its assets and its liabilities. I realize that would include contingent liabilities or guarantees, on which, by the way, we have had extremely good luck.

But when I see anomalies like the one we went through yesterday over the Witteveen Facility, where we are making a bank deposit and it is charged as an expenditure, and we have a big row about it on the theory that it is an expenditure, it makes a mockery of our judgment. We would never have gone into this Witteveen Facility as an expenditure. It also makes fools of these agencies that think they are operating on a businesslike basis. As far as we are concerned, we are giving away the money, though you might as well charge off what you are depositing in a bank.

Therefore, it seems to me it might be wise, in the Budget Committee's reports, to take into account the operations of the country, to reflect that, sure, while we are in debt $836 billion, we are worth three or four or five times that, even charging contingent liabilities. I hope the Senator will think about that very seriously, because, now that the Budget Committee has matured as an agency of Congress, I think it would be extremely helpful if a balanced policy could be presented by the Budget Committee, too.

Mr. MUSKIE. The Senator makes a good point. The Federal budget includes both operating costs and capital investment.

Mr. JAVITS. Yes.

Mr. MUSKIE. The last time I looked at it, I think that capital investment amounted to some $80 billion in the budget; and what other budget in the world would put capital investment items, that have long life, in the so-called operating budget? That is a frustration.

I am not inclined to change the budget resolution itself, but I think we should focus on it, as the Senator suggests, in our reports.

Some of this information can be found in the President's budget if you look through it long enough. But what the Senator is asking for is a more visible display in our own reports which will reflect the differences between actual operating costs and investments.

Mr. JAVITS. And something about the asset side. All of that does not need to change the budget resolution. The Senator can do it in the way he brings the budget in here to reflect those facts. I hope the Senator will seriously consider that.

Mr. MUSKIE. We will look into it.

Mr. BAKER. Mr. President, I commend the Senator from Maine and the Senator from Oklahoma for their good work in this matter. I think they have done an outstanding job concerning the growing importance of the Budget Committee to the work of the Senate.

Mr. President, I ask unanimous consent that a compilation of budget outlays, revenues, and deficits, according to the administration proposal, the first concurrent budget resolution, the Senate second concurrent budget resolution, and other matters, may be printed in the RECORD at this point.

There being no objection, the table was

ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1979 BUDGETS

	President's version submitted in Jan. 1978	1st Con. Res. May 1978	Senate version of 2d Con. Res.	House version of 2d Con. Res.	Conference result, 2d Con. Res.
Budget authority	569.1	568.85	557.7	561.0	555.65
Outlays	501.0	498.8	489.5	489.8	487.5
Revenue	440.5	447.9	447.2	450.0	448.70
Deficit	−60.5	−50.9	−42.3	−39.8	−38.8

	Conference result over/under President	Conference result over/under 1st Con. Res.	Conference result over/under Senate version, 2d Con. Res.
Budget authority	−13.4	−13.2	−2.05
Outlay	−13.5	−11.3	−2.0
Deficit	−21.7	−12.1	−3.5

● Mr. HARRY F. BYRD, JR. Mr. President, I would ask the floor manager, Mr. MUSKIE, if he could provide me with some information with regard to "Federal funds deficit" as a result of this conference substitute?

COMPOSITION OF THE DEFICIT

Mr. MUSKIE. In response to the Senator's inquiry, I have asked the Budget Committee staff to prepare a table showing the budget surplus or deficit over a 40-year period, from 1940 through 1979. I submit this table for the RECORD at the conclusion of these remarks.

This table shows both the unified budget surplus or deficit—the total figure we are accustomed to dealing with in budget resolutions—and the separate surplus or deficit attributable to operations of the Federal funds and the trust funds.

The table shows each surplus or deficit both in current dollars—that is, the figures that actually show up in the budget—and in constant 1972 dollars. The constant dollar figures make year-to-year comparisons more meaningful.

Let me emphasize that I believe the best measure of the fiscal impact of the Federal budget is the unified budget deficit, which takes into account all revenues and spending by the Government.

If one is interested in economic impact, it does not matter whether a tax dollar is deposited in a trust fund or in the general fund of the Treasury. Likewise, it does not matter whether a dollar spent is paid out of a trust fund or out of a Federal fund appropriation. In the first instance, the Government has taken a dollar out of the economy; in the second, it has put a dollar back. The economy is indifferent to internal Government bookkeeping, and primarily responds to the difference between how much the Government takes out of the economy and how much it puts into the economy.

The table follows:

BUDGET SURPLUS OR DEFICIT (−)

BY FUND GROUP

[In billions of dollars]

Fiscal year—	Current dollars			Constant (1972) dollars[1]		
	Federal funds	Trust funds	Unified budget	Federal funds	Trust funds	Unified budget
1940	−4.2	1.1	−3.1	−17.9	4.8	−13.1
1941	−6.5	1.5	−5.0	−26.5	6.2	−20.3
1942	−22.8	2.0	−20.8	−78.7	7.0	−71.7
1943	−58.0	3.1	−54.9	−184.3	9.8	−174.5
1944	−51.3	4.3	−47.0	−163.9	18.6	−150.3
1945	−52.9	5.4	−47.5	−172.7	17.7	−155.0
1946	−19.8	3.9	−15.9	−64.6	12.8	−51.8
1947	.5	3.4	3.9	1.3	9.4	10.6
1948	9.0	3.0	12.0	24.0	7.9	31.8
1949	−1.9	2.5	.6	−4.5	5.9	1.5
1950	−3.1	−.1	−3.1	−7.3	−.1	−7.4
1951	2.4	3.7	6.1	5.5	8.2	13.8
1952	−5.0	3.5	−1.5	−10.2	7.1	−3.1
1953	−10.0	3.4	−6.5	−19.7	6.8	−13.0
1954	−3.1	2.0	−1.2	−6.2	3.9	−2.3
1955	−4.2	1.2	−3.0	−8.3	2.3	−6.0
1956	1.4	2.6	4.1	2.7	5.0	7.7
1957	1.6	1.7	3.2	2.8	3.0	5.8
1958	−3.2	.2	−2.9	−5.5	.4	−5.1
1959	−11.3	−1.6	−12.9	−18.8	−2.7	−21.5
1960	0.8	−0.5	0.3	1.3	−0.8	−0.4
1961	−4.2	.8	−3.4	−6.7	1.2	−5.5
1962	−6.9	−.2	−7.1	−19.0	−.4	−11.3
1963	−6.6	1.8	−4.8	−10.1	2.8	−7.3
1964	−8.6	2.6	−5.9	−12.8	3.9	−8.9
1965	−3.9	2.3	−1.6	−5.7	3.3	−2.3
1966	−5.1	1.3	−3.8	−7.1	1.8	−5.3
1967	−14.9	6.2	−8.7	−20.0	8.4	−11.7
1968	−28.4	3.2	−25.2	−36.4	4.1	−32.3
1969	−5.5	8.7	3.2	−6.6	10.5	3.9
1970	−13.1	10.3	−2.8	−14.8	11.6	−3.2
1971	−29.9	6.8	−23.0	−31.5	7.2	−24.3
1972	−29.3	5.9	−23.4	−29.3	5.9	−23.4
1973	−25.6	10.7	−14.8	−24.2	10.1	−14.0
1974	−18.7	14.0	−4.7	−16.1	12.1	−4.0
1975	−52.5	7.4	−45.1	−40.8	5.8	−35.0
1976	−68.9	2.4	−66.4	−50.1	1.8	−48.3
1977	−54.5	9.5	−45.0	−36.9	6.4	−30.5
1978 estimate	−62.7	11.8	−50.9	−39.6	7.5	−32.1
1979 estimate	−53.5	14.7	−38.8	−31.5	8.7	−22.8

[1] Surplus or deficit multiplied by the OMB "budget deflator," which is calculated by dividing constant dollar outlays by current dollar outlays. ●

● Mr. BIDEN. Mr. President, I want to join in supporting the greatly reduced budget for fiscal year 1979 that is before the Senate today.

First, Mr. President, I would like to congratulate the chairman of the Budget Committee, Senator MUSKIE, for his tenacity in conference with the House. It was his refusal to concede to a large new spending program—backed by a vote of the Senate—that made the deficit as low as it is. I would also thank the distinguished ranking minority member, Senator BELLMON, for his continuing fight to keep the budget down.

No budget is ever satisfactory in every regard. This one is no exception as far as I am concerned. But it is nonetheless a remarkable achievement. The deficit is reduced $21.7 billion below the President's original estimate of $60.5 billion. Thus, the new deficit figure is $38.8 billion. This represents a major effort on the part of Congress, working through the congressional budget process, to reduce the Federal deficit. It also represents a recognition on the part of Congress of the role that deficit spending plays in feeding inflation.

In terms of overall spending, this final congressional budget reduces outlays by over $45 billion below the original requests of the legislative committees. Spending is $13.5 billion below the President's original request.

Budget authority is the factor that drives future year spending. Much of the budget authority approved in one year will actually be spent in future years, impacting on the deficit in those years. This resolution reduces budget authority by $13.4 billion below the President's request.

This is most important because next year, and the year after, are the years that will present the real challenge to the congressional budget process. The OMB midsession review of the budget showed potential spending in the next 2 fiscal years approaching a $100 billion increase. This is simply not tolerable, especially in the inflationary climate in which we are living. We simply must find ways to bring the budget into balance in these next 2 years. We cannot do that with such large spending increases. I know that the Senate Budget Committee, under Senator MUSKIE, will face up to the challenge. I would add parenthetically that I hope the chairman has sunset legislation on the books to help in the task of restraining Federal spending. I know he shares that view with me.

I mentioned that no one is ever completely satisfied with a budget. My main concern about this one is that the revenue figure is a little tight to provide the kind of tax cut that the American people need. However, it will allow a much larger cut than that already adopted by the House of Representatives. I am sure that we can fashion a tax bill that will stay within this budget and yet provide for a major tax cut.

While I believe next year will be the big test for fiscal restraint, we have certainly made significant strides in holding back on Government spending in this resolution and I support it. ●

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

Mr. MUSKIE. I yield.

Mr. DANFORTH. Mr. President, I ask unanimous consent that Ed Twilly of Senator THURMOND's staff be granted the privileges of the floor during the consideration of the pending concurrent resolution.

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

Mr. CHAFEE. Mr. President, I make the same request for Mimi Feller, of my staff.

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

Mr. MUSKIE. Mr. President, if there are no other Senators who wish to ask questions or make observations, as indicated earlier, two motions are in order to deal with the fact that we bring back a conference report in technical disagreement.

As a first motion, Mr. President, I move that the conference report be agreed to.

The PRESIDING OFFICER. Does the Senator submit the conference report?

SECOND CONGRESSIONAL BUDGET RESOLUTION, 1979—CONFERENCE REPORT

Mr. MUSKIE. Yes.

Mr. President, I submit a report of the committee of conference on House Congressional Resolution 683 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 683) revising the congressional budget for the U.S. Government for the fiscal year 1979, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of September 20, 1978.)

The PRESIDING OFFICER. The question is on the adoption of the conference report.

The conference report was agreed to.

Mr. MUSKIE. Mr. President, I now move that the Senate concur in the House amendment to the Senate amendment to House Concurrent Resolution 683, and 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. ROBERT C. BYRD. Mr. President, I ask unanimous consent that this be a 20-minute rollcall vote with the warning bell to sound after the first 12½ minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LEAHY. Mr. President, I ask unanimous consent that Mike Chaoukas, of my staff, be granted the privileges of the floor for the entire day.

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

Mr. PROXMIRE. Mr. President, I make the same request for Howard Shuman, of my staff.

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

The Senator from Washington.

Mr. JACKSON. Mr. President, I ask unanimous consent that Mike Harvey, General Counsel for the Energy Committee, be granted the privileges of the floor for the entire day.

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

Mr. MATHIAS. Mr. President, I make the same request for Joe DeGenoa of my staff.

Mr. DECONCINI. Mr. President, I make the same request for Romano Romani, of my staff.

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

Mr. MATHIAS. Regular order, Mr. President. The time of 9 o'clock has arrived.

Mr. HATCH. Mr. President, I ask unanimous consent that Paul Haddow, of Senator RIEGLE's staff, be granted the privileges of the floor for the day.

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

Mr. DANFORTH. Mr. President, I ask unanimous consent that Allen Moore, of my staff, be granted the privileges of the floor during the proceedings of the Senate today.

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

Mr. DANFORTH. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maine. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Alabama (Mrs. ALLEN), the Senator from Minnesota (Mr. ANDERSON), the Senator from Arkansas (Mr. BUMPERS), the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Colorado (Mr. HASKELL), the Senator from Maine (Mr. HATHAWAY), the Senator from Arkansas (Mr. HODGES), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Tennessee (Mr. SASSER), the Senator from Alabama (Mr. SPARKMAN), the Senator from Mississippi (Mr. STENNIS), the Senator from Illinois (Mr. STEVENSON), the Senator from Georgia (Mr. TALMADGE), and the Senator from North Dakota (Mr. BURDICK) are necessarily absent.

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

I further announce that, if present and voting, the Senator from North Dakota (Mr. BURDICK), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Connecticut (Mr. RIBICOFF) would each vote "yea."

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Massachusetts (Mr. BROOKE), the Senator from New Jersey (Mr. CASE), the Senator from Nebraska (Mr. CURTIS), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Wyoming (Mr. HANSEN), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), the Senator from North Carolina (Mr. HELMS), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), the Senator from Virginia (Mr. SCOTT), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), the Senator from South Carolina (Mr. THURMOND), the Senator from Texas (Mr. TOWER), the Senator from Wyoming (Mr. WALLOP), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI), and the Senator from South Carolina (Mr. THURMOND) would each vote "nay."

The result was announced—yeas 47, nays 7, as follows:

[Rollcall Vote No. 397 Leg.]

YEAS—47

Baker	Hart	Morgan
Bayh	Hatfield, Paul G.	Moynihan
Bentsen	Hollings	Muskie
Biden	Humphrey	Nelson
Byrd, Robert C.	Inouye	Nunn
Cannon	Jackson	Packwood
Chafee	Javits	Pearson
Chiles	Johnston	Pell
Church	Leahy	Riegle
Clark	Lugar	Sarbanes
Culver	Magnuson	Schmitt
Dole	Mathias	Schweiker
Durkin	Matsunaga	Stone
Eagleton	Melcher	Williams
Ford	Metzenbaum	Young
Glenn		Zorinsky

NAYS—7

Byrd, Harry F., Jr.	DeConcini	Hatfield, Mark O.
Danforth	Garn	Proxmire
	Hatch	

NOT VOTING—46

Abourezk	Hansen	Ribicoff
Allen	Haskell	Roth
Anderson	Hathaway	Sasser
Bartlett	Hayakawa	Scott
Bellmon	Heinz	Sparkman
Brooke	Helms	Stafford
Bumpers	Hodges	Stennis
Burdick	Huddleston	Stevens
Case	Kennedy	Stevenson
Cranston	Laxalt	Talmadge
Curtis	Long	Thurmond
Domenici	McClure	Tower
Eastland	McGovern	Wallop
Goldwater	McIntyre	Weicker
Gravel	Percy	
Griffin	Randolph	

So the motion was agreed to.

(Later in the day the following proceedings occurred:)

Mr. MUSKIE. Mr. President, I ask

unanimous consent that it be in order to make a motion to reconsider the vote by which the resolution was agreed to.

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

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

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

The motion to lay on the table was agreed to.

(Conclusion of later proceedings.)

● Mr. MUSKIE. Mr. President, again I wish to express my deep appreciation to the ranking member of the Budget Committee, Mr. BELLMON, who is necessarily absent today. His support and leadership have been essential to the success of the budget process.

I also wish to thank the staff of the Budget Committee for their excellent work on the second budget resolution. We have come to expect the highest caliber of professionalism from them and they are always equal to the task.

I would especially like to commend John McEvoy, Sid Brown, Van Ooms, George Merill, Dan Twomey, Tom Dine, Rodger Schlickeisen, and Ira Tannenbaum for their diligent work for the committee.●

BUDGET ACT WAIVER

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 553.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 553) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 2852.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The resolution (S. Res. 553) was considered and agreed to, as follows:

Resolved, That (a) pursuant to section 402(c) of the Congressional Budget Act of 1974, section 402(a) of such Act shall not apply with respect to the consideration in the Senate of the bill (H.R. 2852) to amend the Internal Revenue Code of 1954 to provide that refunds of the taxes on gasoline and special fuels shall be made to aerial applicators in certain cases; and

(b) That waiver of this section is necessary in order to enable the Senate to consider legislation which will extend and modify the program of antirecession fiscal assistance established by the Public Works Employment Act of 1976; and further

(c) That it was infeasible to complete action on this legislation within the usual time limits prescribed by this section because of the uncertain legislative status of the program in the House and because this program is so particularly related to economic conditions as to make it highly desirable to delay action beyond the usual deadline in order to obtain as accurate a view of present economic trends as possible.

ANTIRECESSION AND SUPPLEMENTARY FISCAL ASSISTANCE FOR STATE AND LOCAL GOVERNMENTS

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 2852, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2852) to amend the Internal Revenue Code of 1954 to provide that refunds of the taxes on gasoline and special fuels shall be made to aerial applicators in certain cases.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment to strike all after the enacting clause and insert the following:

SECTION 1. This Act may be cited as the "Intergovernmental Antirecession and Supplementary Fiscal Assistance Amendments of 1978.".

SEC. 2. Section 201 of the Public Works Employment Act of 1976 (42 U.S.C. 6721) is amended by striking out "and" at the end of paragraph (6), by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and ", and by adding at the end thereof the following new paragraph:

"(8) that both an antirecession fiscal assistance program and a supplementary antirecession fiscal assistance program which aid States and local governments requiring fiscal relief constitute essential elements of a sound Federal fiscal policy.".

SEC. 3. The Public Works Employment Act of 1976 (42 U.S.C. 6721 et seq.) is amended by inserting after section 201 the following:

"Subtitle A—Antirecession Fiscal Assistance".

SEC. 4. (a) Section 202(b) of the Public Works Employment Act of 1976 (42 U.S.C. 6722(b)) is amended—

(1) by striking out "subsections (a) and (d) and inserting in lieu thereof "subsection (c)";

(2) by striking out "five" and inserting in lieu thereof "13";

(3) by inserting "the sum of" after "under this title";

(4) by striking out "plus" at the end of paragraph (1), and by striking out the period at the end of paragraph (2) and inserting in lieu thereof a comma and the word "and"; and

(5) by adding at the end thereof the following new paragraph:

"(3) such sums as may be necessary to carry out the provisions of section 206".

(b) Section 202(c) of such Act (42 U.S.C. 6722 (c)) is amended—

(1) by striking out "five" and inserting in lieu thereof "8"; and

(2) by striking out "July 1, 1977" and inserting in lieu thereof "October 1, 1978".

(c) Section 202(d) (42 U.S.C. 6722(d)) of such Act is amended to read as follows:

"(d) SUSPENSION OF ASSISTANCE.—

"(1) SUSPENSION.—If the average rate of unemployment for the United States is less than 6 percent for each of 2 consecutive quarters, so amount may be paid under this subtitle for the fourth calendar quarter of the 4 calendar-quarter period which began with the first of such 2 calendar quarters, or for any subsequent calendar quarter.

"(2) TERMINATION OF SUSPENSION.—Notwithstanding paragraph (1) of this subsection, amounts may be paid under this subtitle for calendar quarters beginning after any calendar quarter for which the average rate of unemployment for the United States equals or exceeds 6 percent until such time as paragraph (1) may require another suspension of payments.".

SEC. 5. Section 203(c) of the Public Works Employment Act of 1976 (42 U.S.C. 6723(c)(1)) is amended—

(1) by striking out "The Secretary" in paragraph (1) and inserting in lieu thereof the following: "Except as provided in section 206(b), the Secretary", and

(2) redesignating paragraph (4) as (5) and by inserting after paragraph (3) the following new paragraph:

"(4) STATISTICAL METHODOLOGY FOR UNEMPLOYMENT RATES.—Notwithstanding any provision of paragraph (3) to the contrary, in the case of a unit of local government which encompasses, or is within, a standard metropolitan statistical area or central city for which current population surveys were used to determine annual unemployment rates before January 1, 1978, the Secretary of Labor shall determine or assign the unemployment rates for such government calculated by the current population survey methodology used prior to January 1, 1978, if such rates are higher than rates determined or assigned by the Secretary of Labor for that government without applying the current population survey methodology."

SEC. 6. Section 205 of the Public Work Employment Act of 1976 (42 U.S.C. 6725) is amended by striking out paragraph (6) and by redesignating paragraphs (7) and (8) as (6) and (7). Title II of such Act is amended by striking out section 209 (42 U.S.C. 6729).

SEC. 7. Title II of the Public Works Employment Act of 1976 is amended by inserting after section 205 the following new section:

"ADJUSTMENTS FOR PAYMENTS

"SEC. 206. Adjustments.—

"(a) IN GENERAL.—Payments under this subtitle and subtitle B may be made with necessary adjustments on account of overpayments or underpayments.

"(b) CHANGES IN METHODOLOGY.—

"(1) SUPPLEMENTAL ALLOCATIONS FOR REDUCTIONS ATTRIBUTABLE TO CHANGE IN METHODOLOGY.—For any quarterly payment allocated pursuant to section 202, 203, 231, or 232 in which a local government's allocation would be reduced as a result of the termination of the use of current population survey data on an annual average basis to calculate the local unemployment rate as determined or assigned by the Secretary of Labor, the Secretary shall adjust the allocation made pursuant to this subtitle and subtitle B sufficiently to assure that such allocations are not less than the amount that otherwise would have been allocated to such local government under the unemployment rates calculated by the current population survey methodology used before January 1, 1978.

"(2) LUMP SUM SUPPLEMENTAL PAYMENTS FOR PREVIOUS UNDERPAYMENT.—For any previous quarterly payment allocated pursuant to sections 202 and 203 in which a local government's allocation has been reduced as a result of the termination of the use of current population survey data on an annual average basis to calculate the local unemployment rate as determined or assigned by the Secretary of Labor, the Secretary shall make a lump sum supplemental payment such that the total prior allocations made pursuant to this subtitle are not less than the amount that otherwise could have been allocated to such local government under the unemployment rates calculated by the current population survey methodology used before January 1, 1978.

"(3) SUPPLEMENTAL PAYMENTS LIMITED TO UNITS OF GOVERNMENT WITHIN STANDARD METROPOLITAN STATISTICAL AREAS AND CENTRAL CITIES.—No funds shall be made available under paragraph (1) or (2) to any unit of government which does not encompass, or is not within, a standard metropolitan statistical area or central city for which current

population survey methodology was used to determine annual unemployment rates before January 1, 1978.".

SEC. 8. (a) Section 210 of the Public Works Employment Act of 1976 (42 U.S.C. 6730) is amended by striking out subsections (b) and (c), and by inserting in lieu thereof the following:

"(b) SUSPENSION OF PAYMENTS FOR LOW UNEMPLOYMENT.—

"(1) SUSPENSION.—No amount shall be paid to any State or local government under the provisions of this section for any calendar quarter if the average rate of unemployment within the jurisdiction of such State or local government during the second most recent calendar quarter which ended before the beginning of such calendar quarter did not exceed 4.5 percent.

"(2) TERMINATION OF SUSPENSION.—Amounts may be paid under this subtitle to any State or local government for which payments were suspended under paragraph (1) beginning with any calendar quarter following such suspension which follows a calendar quarter for which the average rate of unemployment within the jurisdiction of the State or local government exceeds 4.5 percent, until such time as paragraph (1) may require another suspension of payments.".

(b) Payments made under title II of the Public Works Employment Act of 1976 for the calendar quarter beginning October 1, 1978, shall be made as soon as possible after September 30, 1978, but in no event later than November 30, 1978.

SEC. 9. Section 215 of the Public Works Employment Act of 1976 (42 U.S.C. 6735) is amended to read as follows:

"DATA PROVISION RESPONSIBILITIES

SEC. 215. The Secretary of Labor shall provide information and other necessary data and shall determine and assign unemployment rates necessary for the administration of this title. Such information, data, and rates shall be provided for each State and local government, and shall be made available to the Secretary to assist him in carrying out the provisions of this title. The Secretary of Labor shall also advise the Secretary as to the availability and reliability of relevant information and data.".

SEC. 10. Section 216 of the Public Works Employment Act of 1976 (42 U.S.C. 6736) is amended—

(1) by striking out "five" in subsection (a) and inserting in lieu thereof "13",

(2) by striking out "amount" in subsection (a) and inserting in lieu thereof "amounts",

(3) by striking out "section 202(b)" in subsection (a) and inserting in lieu thereof "sections 202(b) and 231(c)", and

(4) by striking out "209," in subsection (b)(3)(c).

SEC. 11. Title II of the Public Works Employment Act of 1976 is amended by inserting after section 216 the following:

"Subtitle B—Supplemental Fiscal Assistance

"FINANCIAL ASSISTANCE AUTHORIZED

"SEC. 231. (a) IN GENERAL.—Whenever the average rate of unemployment for the United States equals or exceeds 5 percent and payments under subtitle A of this title are suspended under section 202(d), the Secretary shall, in accordance with the provisions of this subtitle, make payments to State and local governments with unemployment rates above 4.5 percent.

"(b) PAYMENTS TO RECIPIENT GOVERNMENTS.—The Secretary shall pay, not later than 5 days after the beginning of each calendar quarter for which payments are authorized under subsection (a), to each State and local government which has filed a statement of assurances under section 205, an amount equal to the amount allocated to such government under section 232.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for each of the first 8 calendar quarters beginning after September 30, 1978, $125,000,000, plus such additional amounts as may be necessary to carry out the provisions of this subtitle and section 206(b)(1), for the purpose of making payments to State and local governments under this subtitle.

"(d) SUSPENSION OF ASSISTANCE.—

"(1) SUSPENSION.—If payments are being made under subtitle A or the average rate of unemployment for the United States is below 5 percent during a calendar quarter, no amount may be paid under this subtitle for the third calendar quarter of the 3 calendar-quarter period which begins with such calendar quarter, or for any subsequent calendar quarter.

"(2) TERMINATION OF SUSPENSION.—Amounts may be paid under this subtitle for any calendar quarter beginning after a calendar quarter for which payments are suspended under paragraph (1) and for which the average rate of unemployment for the United States equals or exceeds 5 percent but is less than 6 percent.

"ALLOCATION OF SUPPLEMENTARY AMOUNTS

"SEC. 232. (a) RESERVATIONS FOR ELIGIBLE STATES AND UNITS OF LOCAL GOVERNMENT.—

"(1) STATE GOVERNMENT AMOUNTS.—The Secretary shall reserve one-third of the amounts appropriated pursuant to authorization under section 231 for each calendar quarter for the purpose of making payments to eligible State governments under subsection (b) of this section.

"(2) LOCAL GOVERNMENT AMOUNTS.—The Secretary shall reserve two-thirds of such amounts for the purpose of making payments to eligible units of local government under subsection (c) of this section.

"(3) DEFINITIONS.—For purposes of this subtitle, each term used in this section which is defined or described in paragraph (3) of subsection (b) or (c) of section 203 shall have the meaning given to it in that paragraph.

"(b) ALLOCATIONS TO STATE GOVERNMENTS.—

"(1) IN GENERAL.—The Secretary shall allocate from amounts reserved under subsection (a)(1) an amount for the purpose of making payments to each State government equal to the total amount reserved under subsection (a)(1) multiplied by the applicable State percentage.

"(2) APPLICABLE STATE PERCENTAGE.—For purposes of this subsection, the applicable State percentage is equal to the percentage resulting from the division of the product of—

"(A) the State excess unemployment percentage, multiplied by

"(B) the State revenue sharing amount, by the sum of such products for all the States.

"(c) ALLOCATIONS TO LOCAL GOVERNMENTS.—

"(1) IN GENERAL.—The Secretary shall allocate from amounts reserved under subsection (a)(2) an amount for the purpose of making a payment to each local government, equal to the sum of—

"(A) the total amount reserved under subsection (a)(2) for the calendar quarter multiplied by the applicable local government percentage, and

"(B) any supplemental allocation under section 206.

"(2) APPLICABLE LOCAL GOVERNMENT PERCENTAGE.—For purposes of this subsection, the local government percentage is equal to the percentage resulting from the division of the product of—

"(A) the local excess unemployment percentage, multplied by

"(B) the local revenue sharing amount, by the sum of such products for all local governments.

"(3) SPECIAL LIMITATION.—If the amount which would be allocated for a calendar quarter to any unit of local government under this subsection is less than $100, then no amount shall be allocated for such unit of local government under this subsection for such quarter.

"(4) Supplementary antirecession fiscal assistance payment not in excess of $10,000 to be combined with general revenue sharing payment.—If the amount of any payment to be made under this subtitle to a unit of local government is not more than $10,000 for a calendar quarter, the Secretary shall combine the amount of such payment with the amount of any payment to be made to such unit under the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1221 et seq.), and shall make a single payment to such unit at the time payments are made under that Act. Whenever the Secretary makes a single, combined payment to a unit of local government under this paragraph, he shall notify the unit as to which portion of the payment is allocable to amounts payable under this subtitle and which portion is allocable to amounts payable under that Act.

"(d) Supplemental Allocation.—

"(1) IN GENERAL.—Subject to the limitations of section 233(a) the amount allocated to a State government under subsection (b), and the amount allocated to a local government under subsection (c), as adjusted pursuant to section 206, shall be increased to an amount equal to such government's revenue sharing multiple multiplied by the amount allocated to it under such subsection.

"(2) REVENUE SHARING MULTIPLE.—A government's revenue sharing multiple is the quotient of the State area revenue sharing allocation applicable to such government divided by its State area antirecession allocation. For purposes of paragraph (1), if such quotient is less than 1, then it shall be considered to be 1; if it is more than 2, then it shall be considered to be 2.

"(3) STATE AREA REVENUE SHARING ALLOCATION.—For each calendar quarter for which payments are to be made under this subtitle, the Secretary shall determine a State area revenue sharing allocation for each of the 50 States. Such allocations shall be the amount computed for each State area pursuant to section 106 of the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1225), for the most recently completed entitlement period (as defined in section 141(b) of that Act (31 U.S.C. 1262(b))), multiplied by the quotient of $125,000,000 divided by such revenue sharing allocations for all State and local governments in such entitlement period.

"(4) STATE AREA ANTIRECESSION ALLOCATION.—For each calendar quarter for which payments are to be made under this subtitle, the Secretary shall determine a State area antirecession allocation for every State. Such allocations shall be computed by adding the amount allocated under subsection (b) to a State government to the amounts allocated under subsection (c), as adjusted pursuant to section 206, to each local government within the jurisdiction of that State.

"(e) SUSPENSION OF PAYMENTS FOR LOW UNEMPLOYMENT.—

"(1) SUSPENSION.—No amount shall be paid to any State or unit of local government under the provisions of this section for any calendar quarter if the average rate of unemployment within the jurisdiction of such State or local government during the second most recent calendar quarter which ended before the beginning of such calendar quarter was equal to or less than 4.5 percent.

"(2) TERMINATION OF SUSPENSION.—Notwithstanding paragraph (1), amounts may be paid under this subtitle to any State or local government for which payments were suspended under paragraph (1) beginning with any calendar quarter following such suspension which follows a calendar quarter for which the average rate of unemployment

within the jurisdiction of the State or local government exceeds 4.5 percent.

"LIMITATION OF PAYMENTS

"SEC. 233. (a) STATE GOVERNMENTS.—No State government shall receive a payment for any calendar quarter under this subtitle which exceeds the amount of the payment such State government received under subtitle A of this title for the most recent calendar quarter for which payments were made under subtitle A.

"(b) REALLOCATION.—The Secretary shall reallocate any amounts withheld from payment under subsection (a) to units of local government in accordance with the provisions of section 232(c).

"APPLICATION OF CERTAIN SUBTITLE A PROVISIONS TO THIS SUBTITLE

"SEC. 234. The provisions of sections 204, 205, 206, 207, 208, 211, 212, 213, 214, 215, and 216 shall apply to funds authorized under this subtitle.".

The PRESIDING OFFICER. Time for debate on this bill is limited to 2 hours, to be equally divided and controlled between the Senator from Maine (Mr. HATHAWAY) and the Senator from Nebraska (Mr. CURTIS), with 30 minutes on any amendment, except an amendment to be offered by the Senator from Missouri (Mr. DANFORTH) on which there shall be 1 hour, and with 15 minutes on any debatable motion, appeal, or point of order.

The Senator from New York.

Mr. MOYNIHAN. I thank the Chair.

Mr. MUSKIE. Will the Senator yield?

Mr. MOYNIHAN. I am happy to yield to the Senator from Maine.

Mr. MUSKIE. Mr. President, I ask unanimous consent that Al Fromm of the Government Affair's staff be granted privilege of the floor during consideration and votes on this measure.

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

Mr. MORGAN. Mr. President, I ask unanimous consent that Ned Massey of Senator RANDOLPH'S staff be granted privilege of the floor during consideration of this matter.

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

Mr. DANFORTH. Mr. President, the same request for John Hamm and Chris Brewster of my staff.

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

Mr. LUGAR. Mr. President, the same request for Bob Kabel and David Gogol.

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

Mr. MARK O. HATFIELD. Mr. President, I ask unanimous consent that Del Goode of my staff be granted privilege of the floor during discussion and debate on this measure.

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

Mr. SCHMITT. Mr. President, the same request for Steven Beck of my staff.

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

Mr. JAVITS. Mr. President, I ask unanimous consent that Alan Bennett be granted the privileges of the floor during consideration of the countercyclical matter.

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

Mr. MOYNIHAN. Mr. President, I make the same request for Martin Katz, Mike Hodin, Dr. Chester Finn, and Elliott Abrams of my staff and Bill Morris of the Committee on Finance staff.

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

Mr. BENTSEN. Mr. President, I make the same request for Mike Naeve and Jack Albertine of my staff.

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

Mr. MOYNIHAN. Mr. President, I speak this morning in behalf of the antirecession and supplementary fiscal assistance program as reported from the Finance Committee.

The bill, as reported, addresses three difficult problems: The lingering effects of the 1975 recession, the deepest recession in the modern history of the United States; the question of an equitable distribution of benefits in a program that is phasing down; and, finally, the problems of fiscal responsibility with respect to present economic conditions.

The recession has ended, in the large statistical terms that we think of as macroeconomic. It has not at all ended in many of the cities and more isolated counties of this country.

Baltimore has an unemployment rate of 11.9 percent; Buffalo, 11.2 percent; Detroit, 12.5 percent; Newark, 12.7 percent; Philadelphia, 10.4 percent; St Louis, 11.6 percent.

These are unemployment rates which are representative of a certain kind of large, older, industrial city in this country. They commence to be an aspect of the economy generally.

The jolt of the 1975 recession is not over. It certainly is not over in the cities. We can say that it is not over and will not be over for a generation in my city of New York, which, under the impact of that recession, moved into insolvency and to the edge of bankruptcy. I fear the consequences of this will be with us for another generation, and possibly longer.

In this respect, and in response to this situation, the President proposed to extend the countercyclical revenue-sharing program another 2 years. The total proposed expenditure, however, is considerably lower than past funding and it will go down still further if unemployment continues to decline. Yet, it will rise if we find ourselves, as is now the case, at the end of 13 quarters of expansion, moving into a situation of rising unemployment.

The expenditures, Mr. President, can be described with some precision. In 1977, this program provided $1.6 billion to State and local governments.

In 1978, the present fiscal year, it provides $1.4 billion.

The bill before us estimates an expenditure in the coming fiscal year, 1979, of $600 million, an expenditure hardly more than one-third of a year ago.

I do not think I will trouble the Senate to go into the details of the two-tier program, save as any Senator may wish to inquire.

Secretary Blumenthal has sent each of us a letter, with an accompanying fact sheet, which sets forth very plainly what the arrangements are: that the program will be in effect at the levels I described, insofar as we have a national unemployment rate above 6 percent.

These funds will be distributed to 18,000 State and local governments, the great majority of which will be areas which have a high rate of unemployment, more than 6 percent.

We should not get used to the idea that St. Louis might have an unemployment rate of 11.6 percent or Philadelphia of 10.4 percent. These are rates that bespeak social dislocation. I suppose we can get used to anything. But we have not yet reached the point where we have decided that if enough people are well off in this country, it does not matter about those people and those places that are not well off at all.

The program is sensitive to fluctuation: at 6 percent, the present program goes in, when, for two quarters, unemployment drops below 6 percent but is above 5 percent, title II of the program goes into effect; and there you have a lesser distribution, a small distribution, but nonetheless one that is designed to go to the places of greatest need. Finally, if the unemployment rate should fall below 5 percent for 2 quarters, the program does not operate.

I should like to make a final comment on where we are with respect to those ratios and to suggest that if this bill is enacted, as I hope it will be, it having been reported very favorably from the Senate Committee on Finance, this program will be in effect.

In the second quarter of 1978, the last quarter for which we have an unemployment rate, the unemployment rate had dropped to 5.9 percent. In July, on the other hand, the monthly rate went to 6.2 percent; August, back to 5.9 percent. If I may make a quick calculation, the unemployment rate, if I am not mistaken, would have to be about 5.9 percent in order for the third quarter to be below 6 percent and the program to be in that second tier, title II.

Of course, we cannot yet know what the September rate is. But, it is not likely to go down that much. I think there is no indication that it will, so we are likely to stay in the first tier for the first two quarters of the coming year. The point is that we have a flexible and responsive approach here which, whatever the outcome of the movement of unemployment, will have a responsibly appropriate response.

Mr. President, I think the Senators are here this morning to talk of the details of this matter and not to have the subject orated. For them, this has to do with a mounting capacity in this country to fashion flexible responses to changing economic situations and to acknowledge that the national levels of economic activity often can disguise serious problems, principally in the older major cities of the country, but not in any sense exclusively.

There are some 18,000 units of State and local government which will receive moneys under this program. The money is needed, even if considerably less than in the last 2 years. But the need for it, I think, has been attested to by the facts, by the President's proposal, and by the response of the Committee on Finance.

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

Mr. MOYNIHAN. I am happy to yield to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. The Senator gave some troubling statistics about unemployment in New York, St. Louis, Philadelphia, and other cities. Will the Senator inform the Senate whether those are SMSA statistics or for the inner city?

Mr. MOYNIHAN. I believe they are SMSA statistics.

Mr. PROXMIRE. In other words, they are for the entire metropolitan area of New York?

Mr. MOYNIHAN. I did not give one for New York.

Mr. PROXMIRE. The Senator gave 12 and a fraction for New York. I think it was the highest.

Mr. MOYNIHAN. Newark. It is an unaccustomed early hour for the Senator.

Mr. PROXMIRE. The Senator's figures are very troublesome. I think they certainly constitute a basic argument for the bill. But what concerns me is that we have had a situation in this country in which we have had the greatest increase in jobs in any 18-month period in the history of the country. We have something like 6 million additional jobs.

Mr. MOYNIHAN. The Senator is entirely right.

Mr. PROXMIRE. As the Senator knows, we have had a dramatic recovery so far as employment is concerned, although there still is troublesome unemployment, particularly in the areas the Senator has underlined.

What I am concerned about, however, is the validity of some of these statistics. We have had testimony before the Joint Economic Committee for 7 years on unemployment statistics.

And the statisticians are very guarded and careful when they give us the figures that are more than nationwide, particularly when they are confined to a city and particularly a city as limited as Newark, and I know Newark has serious problems.

Will the Senator consider the possibility that some of this can be explained by what has been described as the other economy, the off-the-book economy?

An article in Fortune this month argues that about 10 percent of the gross national product and maybe as much as 12 or 15 percent of the jobs, because they are lower paid jobs, are what they call off the books. That is, a carpenter will work and get laid off and while he is getting unemployment compensation will take another job. So he will not interfere with his unemployment compensation he will be paid off the book on that. That is just not confined to a few construction workers. It is very common in many, many elements of our economy, and there are literally hundreds of thousands of jobs, Fortune alleges several million jobs that are covered in this particular way, and it is particularly common in depressed areas where many people work in the subterranean economy, that is, an illegal economy, gambling, prostitution, numbers, drugs, and this kind of thing.

The reason I raise this issue is because I think the raw statistics may not tell a very clear story of what the actual employment situation is, and I wonder if the Senator could help me with that.

Mr. MOYNIHAN. The Senator wishes to be able to help his friend from Wisconsin more than he will be able to do. This is an area in which I have had some experience. I served for a period in President Kennedy's and President Johnson's administrations as Assistant Secretary of Labor in the Bureau of Labor Statistics. As such I had nominal supervision of the Bureau.

I am familiar with those problems. Even then the question of "off-the-book" economy was something that worried statisticians, and the better they are, the less certain they are of their numbers.

Just as an example, it took us until 1963 to realize that we may not have counted about 15 percent of the male population of the major cities in the 1960 census.

In a place like New York City, or parts of Texas, for example, there are large numbers of illegal aliens who work off the book. The case is such that some of the major trade unions in this country have commenced to say, Well, whether they are here legally or illegally, they are working, and we ought to try to organize them.

There is a curious relationship of people who are illegally here but who nonetheless acquire benefits under social welfare programs.

I wish to give you, Senator PROXMIRE, a specific answer. In the main, I think they do not misrepresent the situation. We have had an extraordinary increase in employment, such that by 1978, employment as a proportion of the working age population had reached a record high of 58.9 percent.

Mr. PROXMIRE. That is a tremendously vital statistic if people look at it.

Mr. MOYNIHAN. That is right. It is a vital statistic.

Mr. PROXMIRE. When one recognizes more people are working now than at any other time in our history, the height of any boom, even, as a matter of fact, and as I understand it, more people are working now than were working in proportion to the population in World War II.

Mr. MOYNIHAN. Ever.

Mr. PROXMIRE. Ever, at any time.

Mr. MOYNIHAN. Yes.

I think it is reflected mainly in young women coming into the work force. This is most important. From about 1890, the ratio of those working to the population as a whole was one of the key indicators to which economists referred. No matter what happened, it seemed, war, famine, pestilence, prosperity, boom, bust, 56.3 percent of the population was in the work force.

From a time when no women worked, until the time when many women worked, from the time when young people went in the factories at age 9, to a time when no one could go to factories until they had a master's degree, this kind of an extraordinary mix in the population, 56.3 percent was the proportion of the work force, as if there were some law. Then in the last 10 years it began to break up. We now have 58.9 percent, not just in the work force, but working.

Mr. PROXMIRE. Working.

Mr. MOYNIHAN. Working now. At the same time, there are huge chunks of this country that have been passed by.

In my city of New York, which I know best, between 1969 and 1975 about 400,000 jobs disappeared south of 59th Street on the island of Manhattan. I think there are 12 States in the Union that do not have a work force that size. In the Newarks, the Buffaloes, one will see similar losses. And the population drop is mostly of the people who leave—retired people tend to be a fixed number—but mostly they are people who leave looking for work because the jobs have left them behind.

Now, if the Senator will bear with me, and he is always very patient with these explanations, the problem we have in a political economy is that we have not found an equilibrating function to bring the price of Government back into a competitive condition which would serve to clear the market when one gets out of equilibrium. One ought to think of government as something that is sold and paid for—there is a price for it. How much money does it cost to provide government? One can figure the cost by adding up the taxes paid and amounts borrowed and divide that by the population. One finds the government in New York State, for example, costs twice as much per capita as government in Texas, and they get more or less the same government; they get policemen, and they get school teachers.

Now, what happens when the price gets really out of line with the capacity to pay for it, or even when the capacity to pay for it drops by the number of people working in the area paying taxes? That number drops sharply, and the cost of government becomes greater than the resources of government. What do you do?

Theoretically, you cut your costs, but in the real world those costs tend to be very inelastic, partly because of things that cost the most. When you begin to have a declining economy, you tend to raise certain kinds of costs. You raise welfare costs, and you raise your general costs of looking after people who are not doing well. And there is then a situation where places that most need to reduce their expenditures, or have the most difficulty maintaining them, are at least able to do so.

That is what this bill is about. It is a small bill. It is not a bill that will have a very large place in the history of the political economy of the 20th century. It is a measure proposed by the President. The proposal for next year will be one-third the expenditure for last year, and yet it is not as much as we had hoped for, not at all what the President hoped for. But it is what seems fiscally prudent and politically feasible.

Mr. PROXMIRE. I have one final question on this that concerns me particularly. The Senator has made, I think, a very powerful and effective argument for targeting the money we have because he has emphasized that this unemployment is particularly serious in some cities. Therefore, it would seem to this Senator it would be wise to take the limited amount of money available and to direct it at those cities where unemployment is very, very high. Here we

have a situation whereas the Senator agrees we have had a tremendous improvement in employment, the greatest ever in the history of this country, more people working in proportion to the population than ever, but we still have some pockets of very serious unemployment. Therefore, why should not the bill target specifically and directly as possible the limited money available into areas where we have 8 percent, 10 percent, 12 percent unemployment and not provide, as I understand the bill does, for cities that have relatively favorable situations, in fact some that have less unemployment than the average of the Nation as a whole?

Mr. MOYNIHAN. The Senator raises an altogether appropriate point and raises it with characteristic vigor. The only response I have to offer, sir, is that this is not as targeted as it might be. On the other hand, it is also more targeted than it might be.

It is one of those outcomes of the altogether legitimate political process. There was a case for making this available to as many jurisdictions as could legitimately claim to need it. Some need it more than others. I think the Senator would agree that the statistics are impressive. More than 93 percent of the assistance under both phases of the program will go to governments with more than 6 percent unemployment, and more than 65 percent will go to governmental jurisdictions with more than 8 percent unemployment, 8 percent being at the dislocated edge of these things.

Mr. PROXMIRE. Why should not all the money go to areas that have serious unemployment? I cannot understand how you can provide any money under this kind of a bill for cities that have unemployment that is less than the national average. The national average now is less than 6 percent, 5.9 percent.

Mr. MOYNIHAN. Seven percent would fall under that average.

Mr. PROXMIRE. Yet monev is provided in the bill for cities that have less unemplovment than that.

Mr. MOYNIHAN. We would estimate that only 7 percent of these moneys go to jurisdictions which are not defined as most needing them. Given the difficulties of figuring a national formula, this is not bad.

Mr. PROXMIRE. The greatest concern of all is this money is not specifically designated for unemployment, as I understand it. It can be used for other purposes.

Mr. MOYNIHAN. It is general purpose revenue.

Mr. PROXMIRE. So it does not put people specifically to work.

Mr. MOYNIHAN. No, to the contrary. I was making the point about how you provide for the costs of Government in a situation where your resources have dropped off sharply because of unemployment.

Mr. PROXMIRE. It enables you to pay a higher salary to someone who would not get it.

Mr. MOYNIHAN. I do not think that is the fact or the experience in most of these places. Salaries are barely keeping up with inflation.

But, may I make a point as one of the persons who sponsored this legislation in the Finance Committee, that we heard from members of the committee who could grant that their State did not have the huge problems of unemployment that other States had and would not fare well under this program, but who made the legitimate claim that what the macroeconomic condition of the State concealed were situations of real difficulty within the State and within some of those cities, in the same way that the macroeconomic condition of the Nation conceals situations in some of the States.

I see my friend, the Senator from Texas, is on the floor, and I hope he will not mind my recalling that he made the point, and I am sure he would not mind my repeating it. You can look to a standard metropolitan area, such as Houston, and find it to be in the best of economic health. Yet one finds communities within Houston that are very much in need. This program tries to respond to that reality.

Mr. DANFORTH. Mr. President, will the Senator yield on that point?

Mr. MOYNIHAN. I am happy to yield.

Mr. DANFORTH. I would like to ask a question on that point. How is that relevant to anything? I mean, the point of countercyclical revenue-sharing, as I understand it, is to help governments, not to help pockets, or blocs, or subcommunities, but to help governmental units which have their tax bases eroded by virtue of a recession or particularly high rates of unemployment in that political subdivision. So that theoretically—and just giving you a hypothetical case—supposing you had a large city with a very, very affluent population and with a very healthy tax base, and yet within that community is a relatively small pocket of admittedly high unemployment. The fact that you have 90 or 95 percent of the community with a healthy tax base is sufficient to sustain the governmental operations of that municipality and, therefore, it would seem to me to make unnecessary any countercyclical revenue-sharing.

Mr. MOYNIHAN. I see the Senator from Texas is on the floor, and I yield to him.

Mr. BENTSEN. I would like to join in this debate. First, you do not have a very affluent population with a high income base. That does not happen to be the case. I, for one, felt these problems should not just continue on. When we put a program in to try to take care of a situation in the country and we put a 6-percent factor in it, I felt that when the Nation's unemployment dropped below 6 percent we ought to end the program, and that was my view.

But if you are going to continue the program then I think the formula ought to give some consideration to the working poor, and that is what we have in the South. We have a much greater percentage of the working poor than the rest of the Nation has, and that is given some consideration in the general revenue formula. You are talking about a 93-percent allocation on purely the question of high unemployment, but this is a modest amount, a modicum, to take care of the situation of the working poor.

Mr. DANFORTH. The Senator from New York has the floor?

Mr. MOYNIHAN. I have the floor, but I will be happy to yield the floor to the Senator from Missouri.

Mr. DANFORTH. I do not think the working poor in this program have anything to do with it.

Mr. BENTSEN. That is where you and I have a difference.

Mr. DANFORTH. This is not a welfare type program which is aimed at providing assistance to individuals. If that were the case, if it were a program designed to funnel money to people, then the Senator from Texas might have a point. But what this program is designed to do is to help municipalities, help counties, to help States, State governments, to conduct the operation of their governments.

So, whether or not there are working poor within a community seem to me to be irrelevant. What is relevant is whether or not the tax base of the political subdivision as a whole is a healthy tax base.

Mr. BENTSEN. Well, it may be that the Senator was not listening, because I made that point earlier. I think the tax base is eroded when you have a very substantial working poor group in the area, because you do not have the taxes to collect from them which you might have otherwise when you have a great many working poor in a city.

When I talk about a pocket of unemployed, I am not talking about a small pocket that the Senator alluded to. I am talking about a very substantial part of the city that has that type of situation in the Fifth Ward of Houston, which is a city that is the fifth largest city in the Nation, but which has that kind of a situation of a very low-income base that they are having a very difficult time taking care of.

So we talked about some assistance. We are not talking about a lot.

Mr. DANFORTH. If the Senator from New York will yield further, Mr. President, I believe it is the case that Houston over the last few years has a very healthy surplus in its own revenues.

Mr. BENTSEN. The city of Houston has also had a totally inadequate mass transportation system, and has not had some of the other things they should have had, and they are now taking out their surplus in trying to do some of the things for their citizens that, frankly, I think they should have done a long time ago; and they are having trouble in trying to do that.

Mr. MOYNIHAN. I wonder if I could make the point that it seems to me that the Senator from Texas, in the long and extensive discussions we had on this measure in the Finance Committee, has certainly made it plain to the Senator from New York that there is a question of scale here. When you talk about Texas, you talk about a big place—a fact of which residents of Texas are not loathe to remind us.

As you talk about Houston, you talk about a huge conglomerate of communities and activities, and the area to which the Senator alludes is not small; it would be a large city in most parts of the world.

Its needs are legitimate; they are no different from the needs of Newark, but

they happen to be encapsulated in another area.

I wish I could say we have made provision for them in this bill. We have made very little provision; but we do not deny their existence, because they are real. The Senator from Texas has shown forbearance in this matter. If I may say so, that is not always his characteristic.

Mr. BENTSEN. I think I thank the Senator from New York.

Mr. MOYNIHAN. Where the interests of his State are concerned.

Mr. BENTSEN. I wish to give an example, on this matter of Houston. My friend from Missouri feels very strongly on this issue, and I normally respect his judgment very much, but when he talks about the great affluence of the people of Houston, in this area of Houston that I was talking about, which is a very major area, we have 31 percent of the households below the poverty level. Ten percent of all the families are 50 percent below the poverty level. Unemployment is well over the national average, according to the latest figures.

Then we get into the problem—the Senator from Wisconsin raises with regard to how fuzzy some of the numbers get. In the Joint Economic Committee, we have the problem of statisticians trying to tell us what is happening over the country. That is particularly true in south Texas, when you get into the rural area, and what is happening to those people down there, and the incredible amount of poverty down there. With deference to the Senator from Mississippi, whose constituents are often cited as having the lowest per capita income in the United States, that is not true. The lowest per capita income in the United States is in south Texas. But we have trouble getting into that, and understanding it, with the numbers given to us.

We are trying to find some modicum of assistance in this regard, if we are going to keep this program going. Not a lot; we are talking about 7 percent, out of the 100 percent allocated, to give some consideration to the working poor.

Mr. MOYNIHAN. The Senator from Florida has risen. I am happy to yield to him.

Mr. CHAFEE. I would like the floor, when the Senator from New York has concluded.

Mr. MOYNIHAN. Mr. President, I yield the floor.

UP AMENDMENT NO. 1902

(Purpose: To strike section 11)

Mr. CHILES. Mr. President, I send to the desk a brief amendment.

The PRESIDING OFFICER. The amendment will be stated.

Mr. CHILES. Which I feel will save the taxpayers of this country around $2.5 billion over the next 5 years.

The PRESIDING OFFICER. The Senator will please permit the clerk to report the amendment.

The legislative clerk read as follows:

The Senator from Florida (Mr. CHILES), for himself and Mr. STONE, proposes an unprinted amendment numbered 1902:

On page 11, beginning with line 2, strike out all through the end of page 18.

The PRESIDING OFFICER (Mr. BENTSEN). The Senator from Florida.

Mr. STONE. Mr. President, this amendment simply eliminates the entire subtitle B, supplementary fiscal assistance to State and local governments. My amendment would leave the antirecessionary part of the bill alive and on the books to assist in any future recession.

I supported the original antirecession fiscal assistance bill to help local governments which were faced with decreasing revenues and increasing costs due to the recession. But if we are to maintain credibility for temporary job-creating programs in the future years, we are just going to have to resist the temptation to extend those programs and keep extending them indefinitely.

I think we can see that extension in every area. As we see this country come out of the recession it is now in, we are having the creation of additional programs in public works, and continuing, now, in the soft public works. We are seeing it in every area that we originally set a program to deal with the recession; now the move is on to continue or extend each if those programs.

Two arguments, I think, are made by the supporters of the bill as it came out of the committee.

The first argument is that the supplemental title B is the price that we have to pay to keep the recession assistance alive, to keep it going. When I look at the hard facts and figures, I have to conclude it is too high a price. If, in the 2 years authorized by the bill, according to the Congressional Budget Office, only $375 million of a total of $1.1 billion would be spent for the antirecession title, or title A, that is only 33 percent, and when we look at the 5-year picture we are applying to the rest of the budget—and we are going into a 5-year budget look in planning, now—this bill looks even worse.

It is unlikely, if we start this kind of general revenue assistance provided in title B, that we will be able to stop it after 2 years. We are now seeing that we cannot stop the other programs, nor the basic program of countercyclical assistance. If, therefore, we expect that we would continue to spend $600 million a year for title B in 1981, 1982, and 1983, in that case antirecession assistance would amount to only 13 percent of a total of $2.9 billion.

By adopting my amendment, the Senate can thus spend the $375 million justified by economic conditions, and save the remaining $2.5 billion, and that seems to me to be a lot better bargain for the taxpayers.

The second argument made for keeping title B is that it is part of the President's program to aid chronically distressed urban areas. The trouble is that special, highly targeted programs never seem to make it through the Congress. The Finance Committee put in a dual formula that gives every government its share according to either its unemployment rate or its general revenue sharing allocation, whichever is greater. The net result is new general revenue sharing, with everyone getting a little piece of the cake. In fact, this would be about a 9-percent increase in general revenue sharing, or a 2-percent real growth of inflation. I do not see any way that we can justify that kind of increase under current economic conditions.

Mr. President, I do not think it can be said that we have been stingy with State and local governments. The budget resolution that we just passed will provide $82 billion of outlays for aid to State and local governments in 1979. My amendment will not significantly alter that amount. Federal aid will increase by almost $6 billion, or 7.7 percent, over this year's level. It will have increased by $14 billion, or 21 percent, since 1977. And then, if you look at the 4 years, the 4-year figure since the 1975 prerecession level, we have added $33 billion, or 66 percent, to the total of State revenue levels. That is from $50 billion to $83 billion in 4 years. It seems to me there is little wonder why there is a taxpayers' revolt going on.

If I were a mayor or a Governor, I would love to see $2.5 billion more coming down the pike that I could spend without having to raise the taxes to pay for it.

I guess that is why Federal aid now pays for over 25 percent of State and local government spending.

We should stand back a moment and realize what more general revenue assistance does. The taxpayers are saying they do not want to pay more State and local taxes for local services. The committee bill would respond by saying, "OK, we will take the money from the Federal Treasury and give it to your local government."

We have a $39 billion deficit for next year. So the local taxpayer is going to pay for these services through more Federal deficit dollars that are going to add to his inflation, which is the thing driving him crazy today by the inflationary spiral. I think the American public wants tax relief but they do not want that tax relief through bigger and bigger deficits.

They want to see us cut back on spending—cut back, not add to it.

Mr. President, the Senate has gone on record for a balanced budget by 1981.

Mr. PROXMIRE. Will the Senator yield?

Mr. CHILES. I yield.

Mr. PROXMIRE. Is it not true that part B goes into effect if unemployment drops below 6 percent but not less than 5 percent in two consecutive quarters?

Mr. CHILES. That is correct.

Mr. PROXMIRE. Is it not true also that some $125 million will be distributed plus such amounts as are needed to hold cities harmless due to differences in the calculation of unemployment statistics?

Mr. CHILES. That figure would be $125 million for each quarter, plus such amount as would be necessary.

Mr. PROXMIRE. Is it not true that the formula provides the funds go to cities with unemployment in excess of 4.5 percent?

Mr. CHILES. Yes. As long as they have 4.5 or in excess.

Mr. PROXMIRE. Four and a half is well below the national average, which is 5.9 percent at the present time, is that right?

Mr. CHILES. I think that is correct.

Mr. PROXMIRE. Is it not true that the funds need not be used directly to al-

leviate unemployment but can be used for any purpose that general revenue-sharing funds can be used for, which means virtually everything?

Mr. CHILES. The cities and local governments are free to use that money for anything that they can use revenue sharing for.

Mr. PROXMIRE. So, No. 1, it is not targeted toward unemployment specifically. No. 2, it is made available to cities that have less than the national average unemployment.

Mr. CHILES. I think the Senator is correct. I think that is one of the arguments I have had with it. It really sort of amounts to a sweetener of general revenue sharing. Granted that the larger part of the sweetener goes to the bigger cities, and then a small kicker was added to sort of take care of some of the other cities, some 18,000 local governments, cities and local governments, altogether would qualify for a piece. That is 18,000 out of a total of 39,000. So about half would get something.

Mr. PROXMIRE. The effect of the Senator's amendment would be to target the money to cities that need it and it would be to eliminate the money for the cities where they have a problem, as all cities do, but not the overwhelming problem that this bill was originally intended to work on.

Mr. CHILES. The effect of the amendment would be to try to keep the program of countercyclical assistance on the books. As long as we had unemployment in excess of 6 percent, then it would come into play. It is to say to the American people, "We passed a stimulant program necessary because we had to do something to go out and try to create jobs, to try to stimulate the economy in a time that we are in a recession. We are going to keep our word. For one time we are not going to continue a program forever once that high unemployment ceases."

That is what I think is the thrust of the amendment.

Mr. CANNON. Will the Senator yield on that point?

Mr. CHILES. I yield.

Mr. CANNON. It seems to me that the Senator has made a very good point here when he expresses himself that this should be directed toward improving unemployment conditions. I just want to point out that in some of the eligible entities in my State these are some of the amounts that they receive, and I fail to understand how amounts of money like this could be used to stimulate employment: One recipient, $425; another recipient, $364; another recipient, $179; another recipient, $616; another recipient, $600; another recipient, $450.

For the life of me, I fail to see how figures like that could be used by an eligible entity in an attempt to stimulate employment. I think the Senator has made a very, very good point. Furthermore, I doubt that even these entities would be eligible now because unemployment has improved a little in my State. But when you are looking at an unemployment level of 4.5 percent and saying, "Your unemployment level is 4.6," and you can get figures like this, it seems to me something is wrong with the direction in which we are going.

Mr. CHILES. I would agree. I do not see how we could find a high priority national purpose for a program that is going to add more to general revenue-sharing when the eocnomy is returning to high employment and when the State and local sectors are running a surplus of over $30 billion a year. We are running a deficit of $39 billion a year.

Do you know what most of the States are doing with their surplus, Mr. President? They are investing that in Treasury bills. Do you know where those Treasury bills come from? We are selling those Treasury bills to finance our deficit. So they are buying those Treasury bills with their surplus so we can finance our deficit to give them more money that they can buy more Treasury bills to finance our deficit. You can run that for a long, long time if you want to. For the State and local governments, you might say that would be a form of perpetual motion, but I do not think that perpetual motion will continue forever.

Mr. DANFORTH. Will the Senator yield?

Mr. CHILES. I yield.

Mr. DANFORTH. It is my understanding that under subtitle A if unemployment is 6 percent, the total amount available under this program is $125 million per quarter. Under subtitle B the total amount available is $125 million a quarter plus the amounts necessary to pay political subdivisions if they elect to receive money under the general revenue-sharing formula as opposed to the countercyclical program. Therefore, it is my understanding that if unemployment drops from 6 percent to 5.9 percent, the amount of money available under the countercyclical revenue-sharing program increases.

I wonder if the Senator from Florida would view this as a countercyclical revenue-sharing program or a procyclical revenue-sharing program.

Mr. CHILES. I cannot quite get my mind over whether it is counter or reverse counter or pro, but I think the Senator makes a very good point.

Mr. MOYNIHAN. Will the Senator yield?

Mr. CHILES. I yield.

Mr. MOYNIHAN. Mr. President, let me respond to the Senator from Florida, and in the course of doing that respond also to my good friend from Nevada.

First of all, on the points the Senator from Nevada makes, this is not an employment stimulation program. This is a program to provide general purpose revenue to jurisdictions, cities and counties, whose resources are lower than their needs because of the high levels of unemployment which this country has experienced generally, and which it experiences in specific places, to very pronounced degrees.

We are getting used to 5.9 percent unemployment. In a moment's reminiscence, I was Assistant Secretary of Labor in 1963 when President Kennedy first sent up a proposal which had, as a target, 4.5 percent as an interim target. That was in his first economic report.

There was outrage in many parts of the country, and certainly in the Department of Labor, that anybody should think 4.5 percent unemployment was acceptable. We got the President to state it as an interim target. We are now beginning to think if we drop below 6 percent there has been some achievement.

In any event, this is designed to provide revenue, not to create jobs. If there are places in Nevada which do not get a great deal, I think that is possibly because they are not very large. Clark County has received over $2.5 million from this program since it began and Las Vegas, over $1 million. And, of course, there are places in New York State that have not gotten much under this program, because they are not very large.

I should like to make a point to the Senator from Florida. He spoke about the taxpayers' revolt and he made an important point about using Federal resources to deal with expenditures. He is right. And, that is the point. This is not an expenditure we are providing. We are providing Federal funds to pay for government services in areas which otherwise would have to raise taxes to pay for them. It is an altogether appropriate response for the Federal Government at a time when there are so many jurisdictions where the capacity to pay has run out or the degree of tax burden is extraordinary.

And there are differences in range. I know for example, that the difference of the incidence of taxation in this country is extraordinary. The cost of government per capita in New York State is twice what it is in Texas and, in some parts of Texas, it will be three times what it is in other parts of Texas.

I might point out that one of the real effects of this is a bill to cut property taxes.

Mr. DANFORTH. Will the Senator yield?

Mr. MOYNIHAN. I shall certainly yield, but not before I have an opportunity to say to the Senator from Missouri—and I see the Senator from Indiana on hand also—that this is a bill to cut property taxes.

I am happy to yield.

Mr. DANFORTH. I should like to ask the Senator from New York if he has considered, in making that assertion, that in 1977, non-Federal governmental units—State and local governments—had an aggregate surplus of $29.6 billion, and the non-Federal governmental units have had an aggregate surplus in each of the last 10 years. Therefore, obviously, if a non-Federal governmental unit—a city or county—has a surplus in its revenue such as the $5 billion that California had or the $5 million that the city of Houston, Tex., had, it would not necessarily have to raise local property taxes to pay for the surplus.

Mr. MOYNIHAN. The Senator is correct, and the circumstance—which he knows very well, and I appreciate debating with him on these matters, because he does know so much about it—is that there is not a uniform situation. The situation is complex indeed. The bulk of this money will be going to jurisdictions which are on the edge of insolvency and have been so for the last 5 years, places which have not recovered from the eco-

nomic shift that took place in the course of the largest recession, deepest recession, we have had since the 1930s.

In the course of that recession, there were huge shifts in production facilities from some parts of the country to others. It has been a common feature of those changes. But it leaves behind stranded cities and stranded people, and the President of the United States has asked that we respond.

The Senator from Florida raises a perfectly legitimate concern, when he cautions against this becoming a fixture of our Federal assistance programs. But there is a trigger built into this legislation, which will keep it from becoming permanent. This is legislation that will not be in effect if we are at levels of unemployment which, not 10 years ago, we thought to be very high indeed, 4.5 percent.

Mr. CHILES. Mr. President, I wonder if we might get the yeas and nays while we have enough Senators?

Mr. MOYNIHAN. I am happy to do that.

Mr. CHILES. Mr. President, 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. MOYNIHAN. Does the Senator wish to call up his amendment?

Mr. CHILES. Yes.

Mr. MUSKIE. Mr. President, I should like to take just a minute or two, if I may. I suppose, as much as anyone, I am responsible for the establishment of the countercyclical program. That is why I have followed its establishment, its development, and its evolution with great interest.

Part A of the pending bill continues the countercyclical program as it was originally established. I am delighted that part A is before us and I hope that the Senate will support it, because I think it is important to have the principle on the books.

I am concerned about part B. Senator CHILES has given some of the reasons for my concern as well as his own. Nevertheless, I am reluctant to see part B eliminated altogether. It is a fact, and I am satisfied by the data which has come to my attention, that, even after the national trigger shuts off part A, there are cities in distress which continue to need some kind of assistance which part A provides when there is national unemployment of 6 percent or higher. So I much prefer the Danforth amendment, which corrects some of the mistakes which I think the Committee on Finance wrote into part B.

It would establish a trigger for local assistance at 6 percent for both A and B. It would eliminate the revenue sharing bonus in part B which was written into the concept by the Committee on Finance, which I think reduces the targeting, and which has been the subject of much of the discussion here this morning. And it would reduce the cost of part B.

As the bill now stands, more money would flow at 5 percent unemployment under part B than would flow at 6 percent unemployment under part A. So part B does need reform, in my judgment. The Danforth amendment proposes such reform, and I would support it.

My difficulty with Senator CHILES' amendment is that it would eliminate all assistance for cities in real distress after part A has turned off as a result of the working of the trigger. For those reasons, I find that I cannot support the Chiles amendment but that I can support and will support the Danforth amendment.

Mr. MOYNIHAN. Mr. President, I thank the Senator from Maine for making clear what I regret to have to say about the amendment of the Senator from Florida, which is that it kills the bill. We are going to have a vote on the bill as soon as we vote on the Senator's amendment. Thereafter, if, as I do hope the Senator's amendment is not successful, then we shall hear from Senator DANFORTH a proposal which has great merit. If it did not, it would not have the support of the Senator from Maine. On the other hand, it does not have enough merit to have persuaded the Senate Committee on Finance.

Mr. CHILES. It has greater merit than it had earlier this morning.

Mr. MOYNIHAN. It may have. Such is the purpose of informed discussion of issues such as has taken place.

If the Senator is ready to put the question——

Mr. CHILES. I am ready. But I just have one word. The Senator from New York characterizes the Chiles amendment as killing the bill.

If you believe in countercyclical revenue assistance as designed by the Senator from Maine, as passed by this Senate, and as has been operating in a time that we were in a recession, then a vote for the Chiles amendment is a vote to continue that progress. If you want to change it to a completely different program, then you might want to vote against the amendment. But in no way does it kill the program as we have known it.

Mr. MOYNIHAN. The Senator is correct in what he says. But it does, in effect, kill the second stage which we are shifting into as we move away from that great recession. But, well-informed, and perfectly well-intentioned persons can differ over the wisdom of this part of the program.

Mr. MOYNIHAN. I yield back the remainder of my time.

Mr. CHILES. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to UP amendment No. 1902 of the Senator from Florida. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Alabama (Mrs. ALLEN), the Senator from Minnesota (Mr. ANDERSON), the Senator from Arkansas (Mr. BUMPERS), the

The PRESIDING OFFICER. Do Senators yield back their time?

Senator from North Dakota (Mr. BURDICK), the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Colorado (Mr. HASKELL), the Senator from Maine (Mr. HATHAWAY), the Senator from Arkansas (Mr. HODGES), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Tennessee (Mr. SASSER), the Senator from Alabama (Mr. SPARKMAN), the Senator from Mississippi (Mr. STENNIS), the Senator from Illinois (Mr. STEVENSON), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I also announce that the Senator from Connecticut (Mr. RIBICOFF) is on official business.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Massachusetts (Mr. BROOKE), the Senator from New Jersey (Mr. CASE), the Senator from Nebraska (Mr. CURTIS), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Wyoming (Mr. HANSEN), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), the Senator from North Carolina (Mr. HELMS), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), the Senator from Virginia (Mr. SCOTT), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), the Senator from South Carolina (Mr. THURMOND), the Senator from Texas (Mr. TOWER), the Senator from Wyoming (Mr. WALLOP), the Senator from Connecticut (Mr. WEICKER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

On this vote, the Senator from South Carolina (Mr. THURMOND) is paired with the Senator from Michigan (Mr. GRIFFIN).

If present and voting, the Senator from South Carolina would vote "yea" and the Senator from Michigan would vote "nay."

The result was announced—yeas 22, nays 30, as follows:

[Rollcall Vote No. 398 Leg.]

YEAS—22

Bentsen	Ford	Nunn
Biden	Garn	Packwood
Byrd, Harry F., Jr.	Hart	Pearson
Cannon	Hatch	Proxmire
Chiles	Hollings	Schmitt
Church	Johnston	Schweiker
Danforth	Lugar	Stone
	Morgan	

NAYS—30

Baker	Dole	Paul G. Humphrey
Bayh	Durkin	Inouye
Byrd, Robert C.	Eagleton	Jackson
Chafee	Glenn	Javits
Clark	Hatfield, Mark O.	Magnuson
Culver	Hatfield,	Mathias
DeConcini		

Matsunaga	Muskie	Sarbanes
Melcher	Nelson	Williams
Metzenbaum	Pell	Zorinsky
Moynihan	Riegle	

NOT VOTING—48

Abourezk	Hansen	Randolph
Allen	Haskell	Ribicoff
Anderson	Hathaway	Roth
Bartlett	Hayakawa	Sasser
Bellmon	Heinz	Scott
Brooke	Helms	Sparkman
Bumpers	Hodges	Stafford
Burdick	Huddleston	Stennis
Case	Kennedy	Stevens
Cranston	Laxalt	Stevenson
Curtis	Leahy	Talmadge
Domenici	Long	Thurmond
Eastland	McClure	Tower
Goldwater	McGovern	Wallop
Gravel	McIntyre	Weicker
Griffin	Percy	Young

So the amendment (UP No. 1902) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DANFORTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The point is well made. The Senate will be in order. Senators will take their seats.

Mr. DANFORTH. Mr. President, the amendment which I will call up as soon as some drafting changes are accomplished is the one on which there is a 1-hour time agreement. The purpose of this amendment is to better target countercyclical revenue sharing.

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

Mr. DANFORTH. I yield to the Senator from New Hampshire.

Mr. DURKIN. I thank the Senator from Missouri.

I ask unanimous consent that Jeff Petrich and Harris Miller, of my staff, be accorded the privilege of the floor.

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

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that Mr. Tom Cator, of Mrs. HUMPHREY'S staff, be accorded the privilege of the floor.

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

Mr. MOYNIHAN. Mr. President, we have not yet gotten the Chamber in order.

The PRESIDING OFFICER. The Senator from New York is correct. The Senate will please be in order. Those wishing to carry on conversations please retire to the cloakroom.

The Senator from Missouri.

Mr. DANFORTH. Mr. President, this amendment, which I will offer, does not go so far as the amendment which was offered by the Senator from Florida which we just voted on, but it does, I think, bring a little bit of rationality in the countercyclical revenue-sharing program by better targeting it to those communities with high rates of unemployment and, therefore, with tax bases which have been eroded.

The amendment which I will offer will significantly reduce the cost of the countercyclical revenue-sharing program. It will reduce it by approximately $310 million over the next 2 years.

The amendment will eliminate from eligibility all local governments with unemployment of 6 percent or less. As opposed to the current law which has a local trigger of 4½ percent, this would provide an unemployment trigger locally of 6 percent.

It would eliminate from the present bill the general revenue-sharing element of the funding formula that is under the present bill, and subtitle B communities are given the option of computing their benefits on the basis of the countercyclical revenue-sharing revenue or the general revenue-sharing formula whichever is best for them.

This would eliminate that option, which would be a substantial cost saving, and all benefits would be computed under the countercyclical revenue-sharing formula which is the existing formula in the law today.

It would eliminate State governments from eligibility under subtitle B of the program, that is, when unemployment nationally is below 6 percent State governments would not receive anything. However, it would maintain State governments as participants in the program when unemployment nationally is over 6 percent, and under subtitle B it would reduce the size of the program quarterly from $125 million a quarter, as is the case under the bill now, to $85 million quarterly, and it would hold harmless all cities over 6 percent under both subtitles A or B so that they would not be receiving any less under the program.

Mr. President, I first became interested in this program a couple months ago when I visited Cape Girardeau, Mo., and I happened to be talking to a friend of mine who is the county collector of Cape Girardeau whose name is Harold Wills Kuehle. He told me when I saw him, "We just received our $3,000 check."

Cape Girardeau County is a county of about 50,000 people. He said:

> We just received our $3,000 check. We don't know what to do with the $3,000. So we sent away for a booklet to tell us what to do about it.

I then called, when I got back to Washington, Mr. Kuehle's wife, who works for the State for the county auditor's office, and I put my secretary on the other extension of the telephone and got her to take down word-for-word what Mrs. Peggy Kuehle told me on the telephone. It is a very short story, and I wish to read it to the Senate. This is what Mrs. Kuehle said about Cape Girardeau County:

> The check came to the Treasurer's office of the county. They had no idea what the money was for, so they brought it to the auditor's office and asked what it was for and what they should do with it. We were not sure. It was anti-recession money. We had never received it before.
>
> So Mr. Mackey who is the auditor called the officer who was on the check. He did not know about it either, and said he would check on it and get back to him.
>
> We were not sure that we were supposed to have it.
>
> A call came from Washington saying we were supposed to have it, because according to their figures, it was determined that Cape Girardeau County's unemployment rate had gone up and we were entitled to it. We had never received any before.
>
> Washington said that they would send the regulations that went along with the spending of this money because it was different from revenue sharing.
>
> Cape Girardeau County has not spent the money yet because they do not know how to spend it. They have not made a decision of what to do with it because there are so many regulations. We got a kick out of it.
>
> The regulations said something like it could not be put into construction or capital improvements, anything consumable, or that could change its shape. It would be a new accounting, and so forth.
>
> It said something like it could be used for bonuses and salary increases. We were all for that, but the county court would not allow that.
>
> The regulations all said that it had to be spent in six months. You know, with a thing like this, if you do not do it just right, you have all kinds of complications.

Mr. President, I think the theory of this program at the outset of countercyclical revenue sharing was a good theory. It was to assist governments that had their tax bases eroded in periods of high unemployment.

But when you have a local trigger that is down to 4½ percent, which is below what the Council on Economic Advisers says is full employment, then you really do not have countercyclical revenue sharing at all. You have a kind of a grab bag approach. You have sort of a shotgun method of spreading money around the country.

So Cape Girardeau County, with a population of 50,000 people, receives a check for $3,000, or Madison County, Mo., I believe received a check for $164.

Senator CANNON read a list of the checks that were received by communities in his State, and the State of Missouri is very similar to that.

For example, Memphis, Mo., received a check for $345; Valley Park, $303; a town, Arcadia, Mo., received a check for $164.

That is really no real help, Mr. President, and the whole purpose of this amendment is to bring a little rationality into the program to try to target the program more effectively at those communities that really do have needs; namely, those with unemployment of over 6 percent, and to try to create a system where the money is not just spread around on sort of a willy-nilly basis as is the case with the present program.

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

Mr. DANFORTH. I yield.

Mr. PROXMIRE. I congratulate the Senator on this amendment. I think it is a thoroughly rational, sensible, and logical amendment. I hope the Senate will adopt it, because what the Senator is doing, as I understand it, is to say if we are going to continue to have a program that is going to help cities in distress it should do that. It should do that. It should not just be an addition to revenue sharing.

As I understand it, he does four things:

No. 1, he eliminates the eligibility for all governments that have unemployment of less than 6 percent.

Mr. DANFORTH. That is correct.

Mr. PROXMIRE. I cannot understand, anyone would argue against that at least

as a national policy. I can see if I were a mayor in a city that had unemployment of less than 6 percent I would not agree with it. But as a matter of national policy that makes sense.

No. 2, it would eliminate the general revenue-sharing element from the funding formula so it would restore in current law estimated savings of $22 million in fiscal year 1978. I think it is more than that now. The Senator redrafted his amendment to provide for a greater saving than he indicated in the sheet he passed around. Is that not right?

Mr. DANFORTH. That is correct. For 2 years it would be a saving of about $310 million, which would be $62 million in fiscal year 1979 and $248 million in fiscal year 1980.

Mr. PROXMIRE. So the Senator's amendment would have the effect of reducing assistance as unemployment declines rather than the reverse which is the way the bill is in its present form.

Mr. DANFORTH. That is correct.

Mr. PROXMIRE. So it would become a countercyclical program, not a countercountercyclical program.

Mr. DANFORTH. That is correct. Instead of having the amount of funds available for distribution under the program increased as unemployment goes down, which would be the reverse logic, the amount of funds under the program would be reduced as unemployment goes down.

Mr. PROXMIRE. I thank the Senator.

Mr. MOYNIHAN. Mr. President, may I say that not for the first time has the Senator from Missouri risen in this Chamber and pointed to the difficulties which are presented by the kinds of legitimate compromises which are made in the course of trying to fashion a national program of this kind. We have tried to craft a national program that will establish uniform provisions in situations with a great lack of uniformity.

It is an essential fact that this program is designed to make some provision for the difficulties of States and localities which have high levels of unemployment.

The Senator from Missouri's proposal is to eliminate those governments which have unemployment rates under 6 percent.

The Senator might want to hear that I am disposed to accept his amendment, but I do not accept the idea that 5.5-percent unemployment is an acceptable low level that precludes any public exertion; nor does he assert it. For 15 years we have been having this kind of national debate over acceptable unemployment levels, and each year I see the level of unemployment creep upward, to a point which is thought to be normal and moderate and even agreeable.

The Senator's amendment would reduce the impact of this bill. The President wanted more. President Carter wanted more than this provides. Yet the essential purpose of this legislation persists and, if anything, is to some extent clarified. We lose something, 2,900 jurisdictions lose what they would get. We must understand this. In the sense that 2,900 jurisdictions lose something, every State loses as well. The program will be diminished. I think it is significantly cut back. But it is, if I am not mistaken, consistent with the mood of the Senate today, and in the circumstances I feel the appropriate thing to do is to respond to the mood of the Senate.

I see the Senator from Texas has taken the floor.

Mr. BENTSEN. I think the Senator made some good points in the debate. I, for one, am ready to accede to his amendment, if the manager so desires.

Mr. MOYNIHAN. That is very generous and a very characteristic response of the Senator from Texas.

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

Mr. MOYNIHAN. I am happy to yield to my senior colleague.

Mr. JAVITS. I, too, am pleased that the Senator will take this amendment. It is not only because of the mood of the Senate, but because of the mood of the country. We come here from a big city, as I do, New York, which, as well as our State, has many requirements, not demands. We are in really very, very grave trouble. Therefore, when it is possible to fashion something which can help us and, at the same time, represents general economy to the total expenditure of the United States, even if it is not the optimum—and I agree with you, Senator MOYNIHAN, that it is not the optimum—it is a very wise and statesmanlike course for us to take.

I think we need so much. The difficulty of the great cities is so enormous in the problems they have, especially with us and many other cities, with the demographic problems, the shifts in population, that we should use our own best brains to minimize the cost, indeed, to emphasize more and more guarantees and borrowing and other ways in which actual expenditures will not be taxed, regardless of the archaic bookkeeping we do in our Federal Government respecting expenditures, which is ridiculous and crazy but, nonetheless, the fact that we have to live with it.

So I would like to join Senator MOYNIHAN in thanking Senator DANFORTH and in appreciating the thoughtfulness which dictated cutting this particular program exactly to fit what was the pressing need, and I am delighted that he is accepting it. I thank the Senator very much.

Mr. MOYNIHAN. It is characteristically generous of my senior colleague in response, and I thank him.

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

Mr. MOYNIHAN. I am happy to yield to the Senator from Maine.

Mr. MUSKIE. I think the Danforth amendment is pretty well understood by the Senate as a whole, as represented by the previous vote. The previous vote indicates that the Senate is receptive to the form as represented by the Danforth amendment. As I indicated earlier, I said I would accept it, and I see no reason to further belabor the point.

Mr. MOYNIHAN. I will belabor the point for only a little. When the Senator from Maine indicated he was for the Danforth amendment, it suggested to the Senator from New York that he had better be for it as well.

Mr. MUSKIE. I had no doubt about the position of the Senator from New York at any time.

Mr. MOYNIHAN. Mr. President, the amendment is not pending. Does the Senator from Missouri wish to move his amendment?

UP AMENDMENT NO. 1903

Mr. DANFORTH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DURKIN). The clerk will report.

Th eassistant lgeislative clerk read as follows:

The Senator from Missouri (Mr. DANFORTH) proposes an unprinted amendment numbered 1903.

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

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

The amendment is as follows:

At page 8, beginning with line 22, strike all through line 2, page 9, and insert the following:

SEC. 8. (a) Section 21 of the Public Works Employment Act of 1976 (42 U.S.C. 6730) is amended by striking out subsections (a), (b), and (c), and inserting in lieu thereof the following:

"(a) IN GENERAL.—From the amount allocated under section 203, the Secretary shall pay not later than five days after the beginning of each quarter to each State or local government which has filed a statement of assurances under section 205, and for which the State or local unemployment rate exceeds 6 percent, an amount equal to the amount allocated to such State or local government under section 203.

On page 9, line 11, strike "4.5" and insert in lieu thereof "6";

On page 9, line 18, strike "4.5" and insert in lieu thereof "6";

On page 11, beginning with line 14, strike all through line 20 and insert in lieu thereof:

"(b) PAYMENTS TO RECIPIENT GOVERNMENTS.—The Secretary shall pay, not later than 5 days after the beginning of each calendar quarter for which payments are authorized under subsection (a), to each local government which has filed a statement of assurances under section 205, and for which the local unemployment rate exceeds 6 percent, an amount equal to the amount allocated to such government under section 232.

On page 11, line 13, strike "4.5" and insert in lieu thereof "6";

On page 11, line 24, strike "$125,000,000" and insert in lieu thereof "$100,000,000";

On page 12, line 1, strike "this subtitle and";

On page 15, beginning with line 20, strike all through and including line 9, page 17;

On page 17, line 10, strike "(e)" and insert in lieu thereof "(d)";

On page 17, line 18, strike "4.5" and insert in lieu thereof "6";

On page 18, line 2, strike "4.5" and insert in lieu thereof "6".

On page 3, line 23, strike "State and".

On page 11, line 12, strike "State and".

On page 11, line 17, strike "State and".

On page 12, beginning with line 19, strike all through line 2 on page 13.

On page 13, line 3, renumber paragraph (2) as (1).

On page 13, line 7, renumber paragraph (3) as (2).

On page 13 beginning with line 12, strike all through line 2 on page 14.

On page 14, line 3, reletter section (c) as (b).

On page 17, line 10, reletter (d) as (c).

On page 17, line 13, strike "State or".

On page 17, line 16, strike "State or".

On page 17, line 21, strike "State or".

On page 18, line 1 and 2, strike "State or".

On page 18, beginning with line 4, strike through line 13.

On page 18, line 16, redesignate section 234 as 233.

Mr. DANFORTH. Mr. President, I ask unanimous consent that the amendment be considered en bloc.

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

Mr. MOYNIHAN. Mr. President, I am prepared to state that we will accept this amendment as proposed by the Senator from Missouri.

The PRESIDING OFFICER. Do both Senators yield back the remainder of their time?

Mr. DANFORTH. First of all, I would like to thank Senator MOYNIHAN, Senator MUSKIE, Senator JAVITS, and Senator BENTSEN for their cooperation and for their indulgence during the consideration of this matter. I believe the result is one that is really in the best interests of the country, because it does cut costs where costs can be cut. It does bring some rationality, hopefully, into a program which people were beginning to really scoff at, and it does provide real assistance to those communities most in need about which I know Senator MOYNIHAN feels so strongly, as well as Senator BENTSEN.

Therefore, I very much appreciate their cooperation.

I yield back the remainder of my time.

Mr. MOYNIHAN. I yield back the remainder of my time.

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

The amendment was agreed to.

Mr. DANFORTH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. DANFORTH. Mr. President, I ask unanimous consent that such technical and conforming changes in the terms of this amendment as may be necessary may be made.

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

If there be no further amendments——

Mr. MOYNIHAN. The Senator from Indiana is seeking the floor.

UP AMENDMENT NO. 1904

(Purpose: To restrict funding in certain instances until unemployment rises to 7 percent)

Mr. LUGAR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. LUGAR) proposes an unprinted amendment numbered 1904:

On page 5, line 7, strike "6" and insert in lieu thereof "7".

On page 5, line 18, strike "6" and insert in lieu thereof "7".

On page 11, line 9, strike "5" and insert in lieu thereof "7".

On page 12, line 7, strike "5" and insert in lieu thereof "7".

On page 12, line 17, strike "equals or exceeds 5 percent but is less than 6 percent" and insert in lieu thereof "is not less than 7 percent".

Mr. LUGAR. Mr. President, the purpose of this amendment is to use 7 percent as the trigger mechanism to begin the flow of funds for the operation of either part A or part B of this bill. I will not take the time of Senators to detail all of the reasons why parts A and B are good or bad. I would simply say that it appears to me that there is some consensus in this body that there ought to be a backup in terms of antirecession, and this my amendment provides for by suggesting that if unemployment in the country rises to 7 percent, at that point part A and part B would be operative; but it also makes the important point that when we are moving away from recession into recovery—and by most definitions the United States of America has been in a recovery for 2 or 3 or perhaps more years from the depth of the recession; we moved from roughly 8 percent unemployment through the 7-percent mechanism that my amendment would call for, to less than 6 percent presently, but we have fluttered back and forth around 6 percent for some time—the rationale of this legislation originally was that national unemployment, in and of itself, creates problems in cities, and that because of a general downturn that no community could alleviate all by itself, there was a national obligation to try to put some undergirding under cities that would be peculiarly disadvantaged by a national recession as opposed to a lack of local initiative, lack of strength of local government, or what have you.

I accept that premise, and the point of my amendment is not to suggest, as the House of Representatives may have suggested, that we ought to scrap the whole idea. In fact, in a "Dear Colleague" letter which many of us have received, Representatives L. H. FOUNTAIN and JACK BROOKS have said that if there was ever a time to wind up programs, this is it, that we are out of the recession and we have moved now to a fairly strong point.

I do not buy that idea. I think it is fully conceivable that in the next 2 years—and that is what this bill covers—we could come into very grave circumstances in the economy of the country, and unemployment might rise once again.

If so, and if it rises to 7 percent, parts A and B are operative. But likewise, Mr. President, for the moment the gist of my amendment is to say that no funds would be spent under parts A or B until unemployment in the country rises to 7 percent, and we are clearly into another recession.

I say this as a friend of cities. It is not my suggestion that cities be disadvantaged just for the sake of it. But, Mr. President, there is no credibility whatever in this program unless it is truly based on the thought that a national recession causes peculiar problems in cities, that it is not simply a failure of local leadership.

Second, Mr. President, politically the bill has been constructed in such a way that the cities to be advantaged include most cities of America. A case can be made, as the distinguished Senator from New York has made it earlier, that a national urban policy must focus on those situations of structural unemployment and structural decline. A good number of people, and the President of the United States is one of them, have tried to focus on that issue this year. But this is a very expensive attempt to do that, if that is the purpose and rationale of the bill, and it finally is unacceptable by people of commonsense, who say this is not purely antirecessionary aid, it is not purely a replacement of revenue; it becomes simply a boondoggle that continues on and on forever, and discredits most urban situations and urban policies that we may have, if we are not more precise in our targeting and our intent.

Admittedly, even if we put the trigger at 7 percent, as I am suggesting, criticism can be made that the program is far too broad-based, that it is still an expensive program, but there is some rationale at that point in terms of genuine national hardship triggering difficulties at the local level.

Therefore it seems to me, Mr. President, that our entire effort here will have a great deal more credibility if we do not spend money when we are in recovery, if we trigger the spending when we are in recession, and if we tie, in fact, to a point—and I have selected 7 percent, because it is sort of midway in the range of unemployment rates that we have had during this period of recession and recovery recently. It is tied in with some features of changes in unemployment statistics, which may now reflect many more women, many more young people; maybe all Americans are seeking work in larger numbers, and the work population bulges as more women and young people seek jobs at that point.

There is good basis for saying that 7 percent hits the market where it ought to, and in this manner, we not only are fiscally responsible, but I think we will have more taste in the Nation for this program as a whole.

Mr. President, I reserve the remainder of my time.

Mr. MOYNIHAN. I yield to the Senator from Michigan (Mr. RIEGLE).

Mr. RIEGLE. Mr. President, I ask unanimous consent that Stephanie Smith of my staff be accorded the privilege of the floor during the consideration and voting on this measure.

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

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. MOYNIHAN. Yes.

Mr. HARRY F. BYRD, JR. I ask unanimous consent that Edward Beck of my staff be granted the privileges of the floor.

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

Mr. MOYNIHAN. Mr. President, considering the hour and the long and useful debates and divisions which we have had on this matter, it seems to me that there is not a great deal for me to offer to the cogent points of the Senator from Indiana, who has distinguished himself in this body as an authority, as indeed he is, on urban affairs. As important, he has shown compassion in these matters,

a combination not always found in this field.

The problem is that the Senator's proposal in effect eliminates the President's program. It keeps it as a triggering mechanism awaiting another deep recession. Seven percent unemployment, to me, is a deep recession. It was the sharpest we have had since the 1930's.

I might make the point that a 6-percent unemployment rate nationally conceals 14, 15, and 16 percent unemployment rates in certain jurisdictions. The Senator from Missouri has insured that this is to be concentrated on areas which, by any standard, have heavy unemployment.

We are getting used to jurisdictions with rates of unemployment at 10 percent, 12 percent, and more. In the circumstances, it seems to me the question before the Senate now is, do we want this program to be in effect in fiscal 1979 or do we not? It conceivably could come into effect under the Senator's proposal, but God help us if it does. It would mean we will have gone back to that level of unemployment the Senator from Indiana suggests.

We know the issue. It has been clearly put. If the Senator wishes the yeas and nays, as I think he probably does——

Mr. LUGAR. Mr. President, I call for the yeas and nays.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. LUGAR. Mr. President, I would reply briefly that the points made by the Senator from New York are well-taken, and I would respond in this way: Clearly the gist of my amendment does prevent spending, whether it be under the President's plan or anyone else's. It would appear to me that that is a highly desirable thing to do at this point. I see no brief to be made, as a matter of fact, for spending money for the sake of it, nor do most Members of this body; and clearly the rationale for spending money comes only if there is in fact national distress and national unemployment that has, in and of itself, triggered this difficulty in cities.

Second, Mr. President, the correlation between national unemployment or even local unemployment and the merits of receiving revenues is not all that clearly established. It is not the purpose of this debate to go into all of the ties that there are between difficulties in urban areas and unemployment, and there are some strong correlations.

Clearly, there are some strong correlations. But it is also a fact, Mr. President, that regardless of what the national unemployment might be, there will be substantial economic distress in some urban areas and that will have to be met in an entirely different fashion, if it is to be effected.

Mr. President, I am prepared to yield back the remainder of my time and proceed to a vote on the issue. I do hope that Members will move with me to make sure the trigger mechanism is 7 percent, that this is truly an antirecession program and not extended revenue sharing, that we will save the money presently that need not be spent, in my judgment, and which could clearly be saved if my amendment is adopted

Mr. DANFORTH. Will the Senator yield 1 minute?

Mr. MOYNIHAN. I am happy to.

Mr. DANFORTH. I am going to vote against the amendment offered by Senator LUGAR. I think obviously the effect of the amendment would be to terminate the whole program, since what the whole bill amounts to is simply a 2-year extension of countercyclical revenue sharing.

It is my view that the bill as it now stands is sufficiently targeted and narrow enough in scope as to be a good program and it should not be terminated.

Mr. MOYNIHAN. Mr. President, I sum up our position by saying the amendment of the Senator from Indiana turns an antirecession measure into an antidepression measure. We would have to get to a horrendous state of economic dislocation before his proposed unemployment rate would trigger the program into effect.

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

Mr. LUGAR. I yield back the remainder of my time.

Mr. MOYNIHAN. Mr. President, I move to table the pending amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. MOYNIHAN. Does the Senator wish the yeas and nays? I believe they were ordered.

Mr. LUGAR. I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment but not on the motion to table.

Mr. LUGAR. I ask for the yeas and nays on the motion to table.

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

The question is on agreeing to the motion to table the amendment of the Senators from Indiana. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Alabama (Mrs. ALLEN), the Senator from Minnesota (Mr. ANDERSON), the Senator from Arkansas (Mr. BUMPERS), the Senator from North Dakota (Mr. BURDICK), the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Colorado (Mr. HASKELL), the Senator from Maine (Mr. HATHAWAY), the Senator from Arkansas (Mr. HODGES), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Hampshire (Mr. McINTYRE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Tennessee (Mr. SASSER), the Senator from Alabama (Mr. SPARKMAN), the Senator from Mississippi (Mr. STENNIS), the Senator from Illinois (Mr. STEVENSON), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

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

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Massachusetts (Mr. BROOKE), the Senator from New Jersey (Mr. CASE), the Senator from Nebraska (Mr. CURTIS), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Wyoming (Mr. HANSEN), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), the Senator from North Carolina (Mr. HELMS), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. McCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), the Senator from Virginia (Mr. SCOTT), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), the Senator from South Carolina (Mr. THURMOND), the Senator from Texas (Mr. TOWER), the Senator from Wyoming (Mr. WALLOP), the Senator from Connecticut (Mr. WEICKER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "nay."

The result was announced—yeas 40, nays 12, as follows:

[Rollcall Vote No. 399 Leg.]

YEAS—40

Baker	Glenn	Melcher
Bayh	Hart	Metzenbaum
Bentsen	Hatfield,	Morgan
Byrd, Robert C.	Mark O.	Moynihan
Cannon	Hatfield,	Muskie
Chiles	Paul G.	Nelson
Church	Humphrey	Nunn
Clark	Inouye	Pearson
Culver	Jackson	Pell
Danforth	Javits	Riegle
DeConcini	Johnston	Sarbanes
Durkin	Magnuson	Stone
Eagleton	Mathias	Williams
Ford	Matsunaga	Zorinsky

NAYS—12

Biden	Garn	Proxmire
Byrd,	Hatch	Schmitt
Harry F., Jr.	Hollings	Schweiker
Chafee	Lugar	
Dole	Packwood	

NOT VOTING—48

Abourezk	Hansen	Randolph
Allen	Haskell	Ribicoff
Anderson	Hathaway	Roth
Bartlett	Hayakawa	Sasser
Bellmon	Heinz	Scott
Brooke	Helms	Sparkman
Bumpers	Hodges	Stafford
Burdick	Huddleston	Stennis
Case	Kennedy	Stevens
Cranston	Laxalt	Stevenson
Curtis	Leahy	Talmadge
Domenici	Long	Thurmond
Eastland	McClure	Tower
Goldwater	McGovern	Wallop
Gravel	McIntyre	Weicker
Griffin	Percy	Young

So the motion to lay on the table UP amendment No. 1904 was agreed to.

UP AMENDMENT NO. 1905

Mr. MOYNIHAN. Mr. President, the Senator from Missouri has what is, in effect, a perfecting amendment.

Mr. DANFORTH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. DANFORTH) proposes an unprinted amendment numbered 1905.

On page 11, line 24, strike "$100,000,000" and insert in lieu thereof "$85,000,000";

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

Mr. DANFORTH. I yield.

Mr. ROBERT C. BYRD. Mr. President, I urge Senators not to leave. We are approaching third reading and passage shortly and I expect a rollcall vote on passage. I urge Senators to stay around.

Mr. DANFORTH. Mr. President, this is technically an amendment to the bill and I ask unanimous consent that it be in order.

Mr. MOYNIHAN. Mr. President, I support the Senator from Missouri in that respect.

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

Mr. DANFORTH. Mr. President, this does nothing more than correct an inadvertent error in my original amendment that has already been agreed to. I have checked it out with the manager of the bill.

Mr. MOYNIHAN. Mr. President, the record will show that the Senator from Missouri meant the figure to be $85 million.

It was the intention of the Senator to accept this amendment. I move to accept the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. MOYNIHAN. I yield back the remainder of my time.

Mr. DANFORTH. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

So the amendment (UP No. 1905) was agreed to.

Mr. MOYNIHAN. Mr. President, I have here a statement of Senator WILLIAM D. HATHAWAY, who is the distinguished chairman of the subcommittee of the Finance Committee which managed this legislation and developed it, and which helped bring about this important victory for the President's urban policy.

I ask unanimous consent that his statement be printed in the RECORD.

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

STATEMENT OF SENATOR HATHAWAY

SUPPLEMENTAL FISCAL ASSISTANCE

I urge my colleagues to act quickly and favorably on H.R. 2852, Antirecession Fiscal Assistance.

In 1976, the Congress in recognition of the state of the economy, passed the Public Works Employment Act, which provided for fiscal assistance to state and local governments which experienced severe budgetary strains during the economic downturn.

This important bill extends antirecession assistance and establishes a supplementary fiscal assistance program for State and local governments which continue to have high unemployment. I believe it is important that Federal fiscal assistance be targeted to those State and local governments which are most distressed as measured by the rates of unemployment prevailing within their jurisdictions.

I further believe that the program of countercyclical and supplementary fiscal assistance constitutes an essential element of sound Federal fiscal policy.

Furthermore, the bill has amended the funding provisions of the antirecession program in recognition of the need for continued assistance to State and local governments that have not fully participated in the national economic recovery by providing supplementary fiscal relief when national unemployment rates are below 6 percent. This bill aso retains the general administrative provisions of the existing program.

Generally, under the Finance Committee bill, the antirecession assistance and supplementary fiscal assistance programs are authorized for an additional 2 years, until September 30, 1980. The amount of funds to be distributed will be determined quarterly based on the most recently available unemployment data. The amount of funds to be authorized will depend upon whether subtitle A, the antirecession program, or subtitle B, the supplementary fiscal assistance program, is in effect. When the average rate of unemployment for the United States equals or exceeds 6 percent, subtitle A will be in effect and $125 million, plus an additional $30 million for each one-tenth of 1 percent by which that rate of unemployment exceeds 6 percent, will be distributed quarterly.

When the national unemployment rate has been less than 6 percent for two consecutive calendar quarters but exceeds 5 percent, the supplementary fiscal assistance program will be in effect and $125 million will be distributed during each calendar quarter, plus additional funds to allow State and local governments within a State area which would receive a larger allocation if the same amount of funds were distributed under the general revenue-sharing allocation formula, to receive up to twice the amount of funds they would otherwise receive under the program's distribution formula.

Additional funds will be distributed under both subtitles to allow local governments whose rates of unemployment would be higher if calculated using current population survey data to receive funds based on such higher rates. The total funds authorized during the 2-year extension may not exceed $2.25 billion.

The distribution of funds during periods when Subtitle A is in effect will continue to be based on the antirecession formula which refers to the degree by which each State and local government unemployment rate exceeds 4.5 percent.

When the national rate of unemployment has been less than 6 percent for two consecutive calendar quarters but exceeds 5 percent, the committee has determined to continue funding the program and to preserve the basic pattern of distribution based on State and local government rates of unemployment in excess of 4.5 percent, but to incorporate certain important modifications. No State government will be entitled to receive more supplementary fiscal assistance funds than it received during the last calendar quarter during which subtitle A (antirecession assistance) was in effect. Under Title II a comparison will be made between total funds which would be distributed to a State area if the same amount of money were distributed nationally using the general revenue-sharing formula and the total funds which would be distributed to such area under the antirecession allocation formula. For State areas which would receive more funds under the general revenue-sharing formula funds will be distributed to the State government and each local government within the State in an amount equal to its antirecession allocation multiplied by the ratio of the amount the State area would have received under the general revenue-sharing formula divided by the amount it would receive under the countercyclical formula, provided that the multiple may in no case exceed two.

Furthermore the bill retains most of the administrative provisions of the current law including provisions relating to the use of payments, nondiscrimination and labor standards. Special reports, which have been found to create an excessive paperwork burden for recipients, and program studies and recommendations are eliminated.

Despite the national economic recovery since the antirecession program was first adopted, many State and local governments continue to require fiscal relief. If the antirecession program were to terminate as the current law provides, when the national rate of unemployment falls to 6 percent, these State and local governments would suffer fiscal hardships which in some cases would be severe. Accordingly, the committee has determined that a supplementary fiscal assistance program is a necessary element of sound Federal fiscal policy.

I strongly urge the Senate to enact this important legislation.

Many local governments including those of Maine are financially hardpressed. Fiscal assistance is necessary in many areas—but it should be targeted to relief. I believe this bill is responsible and vitally needed. I trust the Senate will agree to expeditiously act on this vital measure.

● Mr. NELSON. Mr. President, S. 2852, the Intergovernmental Anti-Recession and Supplementary Fiscal Assistance Amendments of 1978 contain two provisions which I authored and the Finance Committee accepted. These provisions are designed to prevent any reductions in the allocations made to local governments as a result of changes made by the Bureau of Labor Statistics in the methodology used to calculate unemployment data, as well as to compensate local governments for reductions in their quarterly payments that already have occurred.

In January 1978 new procedures were initiated by the Bureau of Labor Statistics (BLS) for estimating unemployment and labor statistics. These changes were undertaken to improve the accuracy of labor market statistics, statistics which are used to allocate antirecession assistance, CETA funding, and many other forms of Federal assistance to State and local governments. However, due to this new BLS methodology a substantial decline in unemployment rates has occurred in some of the 28 standard metropolitan statistical areas and 9 central cities whose unemployment rates were calculated in a different manner as a result of the BLS methodological change. The decline in unemployment rates in many of these areas did not occur as a result of any economic changes in the area, but is instead a result of the change in the methodology used to calculate unemployment rates.

This change in the methodology used to calculate unemployment rates resulted in the decline of the unemployment rate for the city of Milwaukee, Wis., for example, from 8.9 to 5 percent—a 45-percent decrease in Milwaukee's rate of unemployment. The unemploy-

ment rate for Milwaukee County dropped from 6.9 to 4.6 percent. This statistical change meant a loss of tens of thousands of dollars for both the city and Milwaukee County.

The Bureau of Labor Statistics has stated that the new methodology is not statistically more accurate than the former methodology for the standard metropolitan statistical areas (SMSA) or central cities affected. Whether or not the old methodology for SMSA's and central cities is more accurate than the new methodology, the net effect of the methodology changes is channeling of Federal financial assistance away from many hard-pressed urban areas, whose fiscal and social problems have increased in recent months.

The bill the Senate is now considering will insure that units of local government are not adversely affected by a change in the methodology used to determine unemployment rates. The bill requires the Secretary to provide adjustment payments to local governments that have had or would have any fiscal assistance allocations reduced as a result of a change in the methodology used to calculate the local unemployment rate as determined or assigned by the Secretary of Labor. An authorization for such sums as are necessary to provide these adjustment payments is also provided for in the bill.

HISTORY

Prior to 1972 State employment security agencies, under the direction of the Department of Labor, had the responsibility of preparing estimates of unemployment for States and metropolitan areas. The estimating system was called the 70-step handbook procedure. This procedure relied primarily on unemployment insurance claims data by place-of-work, supplemented by estimates for persons not covered by unemployment insurance. Estimates for counties and cities within labor market areas were derived by applying fixed proportions of unemployment and employment from the 1970 census of the population (census share method). For example, if a county within a five-county metropolitan area had a 20-percent share of the total unemployment of the metropolitan area in 1970 and a 30-percent share of the area's total employment, these shares were used to describe the current estimates of employment and unemployment for the county.

Reliance solely on the 70-step method among the States and metropolitan areas remained in effect until the responsibility for preparation of this data was transferred to the Bureau of Labor Statistics (BLS) in 1972. At that time, BLS investigated the 70-step method and found that the following factors contributed to the collection of inaccurate and incomparable data:

Fifty different state unemployment insurance laws, involving a variety of eligibility and disqualification criteria, hindered data comparisons among states.

Uninsured estimates were measured by educated guesses of the population uncovered by unemployment insurance.

1970 census information was too outdated to use in determining current statistical relationships.

By applying fixed proportions to determine county/city estimates in metropolitan areas, an assumption was made that changes in the employment situation are shared equally by population distribution.

70-step method estimates of labor force and unemployment statistics by state did not coincide with Current Population Survey (CPS) state estimates.

These factors, as well as the passage of the Comprehensive Employment and Training Act (CETA) in 1973, which required the use of unemployment data to allocate financial assistance among labor areas, prompted BLS to introduce the following major modifications to the estimating system:

An adjustment of place-of-work estimates to place-of-residence (a concept used by the CPS and mandated by CETA).

Adjustment of unemployment insurance estimates to annual average CPS state controls through the use of an annual benchmarking procedure. This procedure involved adjusting those estimates derived from the 70-step method to the previous year's CPS control; then these statistics are again revised retrospectively at year's end when current CPS data becomes available. Annual CPS controls were introduced in three stages from 1973 to 1976 in all 50 states, 30 SMSA's, and 11 central cities.

Emphasis was placed on the improvement of unemployment insurance data by: counting claimants by county of residence instead of where they file; eliminating duplicate counting of claims because of different processing or reporting procedures; and counting only those claimants who were without earnings during the survey week.

These changes in estimating labor force and unemployment statistics were an improvement over the former statistical methods to the extent that Federal allocations were being distributed on an annual basis. However, because of the severe recession of 1974–76, several laws such as CETA, the Public Works and Economic Development Act, the Public Works Employment Act, and the Anti-recession Assistance Act, were either amended or new legislation was enacted providing for emergency allocations to State and local governments, based in part on quarterly or monthly local area unemployment statistics data.

In view of the increased reliance on local area unemployment statistics BLS has undertaken further changes in the methodology to be used to calculate labor market statistics.

NEW METHODOLOGY

As of January 1, 1978, the Bureau of Labor Statistics changed its methodology for gathering labor market statistics. These statistics are to be prepared in the following manner:

For the 10 largest states (New York, California, Illinois, Ohio, New Jersey, Pennsylvania, Michigan, Texas, Massachusetts, and Florida) and two large areas (New York City and the Los Angeles-Long Beach SMSA) labor force and unemployment statistics are to be based directly on monthly CPS data. These states and areas are large enough to support reliable monthly CPS estimates. No further revision in unemployment rates is required because actual CPS data can be used directly each month.

For the remaining 40 states, labor force and unemployment statistics must be prepared by linking the 70-step method estimates to the most recent six-month average CPS extrapolator and revised retrospectively at year's end. BLS predicts that the annual average revision rate will be reduced by 5 percent as a result of using this six-month moving average.

For all labor market areas, the estimates for the number of employed and unemployed will be computed by the 70-Step Handbook procedure, which utilizes unemployment insurance data.

In allocating the number of employed among counties within each labor market area, the estimates will be based on current estimates of population by county instead of the census share method.

In allocating the number of unemployed among counties within each labor market area, estimates will be based upon unemployment claims for the "experienced" unemployed (those who have applied for unemployment) and by the Census Share method for those who are "unexperienced" unemployed (those who do not have a recent attachment to the labor force).

In allocating the number of employed and unemployed to cities within all labor market areas, the Census Share method will be used. This applies to those cities (except New York and Los Angeles) which previously used annual CPS data in the preparation of their labor market and unemployment data.

SUMMARY

Because 28 SMSA's in which CPS data has been used to adjust the 70-step method estimates are no longer adjusted to the CPS annual average extrapolator, current labor market and unemployment estimates in these areas using the "new" methodology are not as accurate as the methodology used prior to January 1, 1978. The estimates in the nine cities within the SMSA's which formerly used CPS data to determine their share of the employed and unemployed within the SMSA, and which now use the census share method are not as accurate. And unemployment rates for counties within the SMSA's may be artificially reduced as a result of no longer "benchmarking" to the CPS annual SMSA average.

The result of the new changes has been this reduction, in most of the 28 SMSA's and 9 central cities, of unemployment rates. The lower unemployment rates in these areas has lowered Federal expenditures for programs designed to serve these very areas.

There is agreement among all interested parties that the process for estimating labor market statistics is in need of improvement. However, when Federal funding is so closely linked with an area's unemployment rate, any reduction of that rate merely through a change of statistical methodology must be carefully weighed.

The National Commission on Unemployment Statistics is authorized to assess the current procedures and methods used in the collection and analysis of labor market statistics. The Commission is to submit a report to the President and the Congress by September 1979. The Commission has been holding public hearings in furtherance of their responsibilities and investigating many of the issues raised by the new BLS methodology.

The Nelson amendments embodied in S. 2852 will insure that local governments are not adversely affected by a reduction in unemployment rates which is directly caused by a change in the methodology used to calculate unemployment rates. During the time the National Commission on Unemployment Statistics is evaluating various methodologies for calculating unemployment, no local government should have their antirecession fiscal assistance reduced because of a

methodological change in the calculation of unemployment. This bill will insure that such a reduction does not occur. And, it will provide for a one-time lump sum payment to local governments who have had their countercyclical revenue-sharing payments reduced in the past two quarters because of methodological changes in the unemployment rates.●

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

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

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

The bill was read a third time.

Mr. MOYNIHAN. Mr. President, I move the adoption of the bill.

Mr. DOLE. Mr. President, 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.

The PRESIDING OFFICER (Mr. MORGAN). The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered.

Mr. HARRY F. BYRD, JR. Mr. President, would the Chair state the issue upon which the Senate will now be voting?

The PRESIDING OFFICER. The Senate will be voting on final passage of H.R. 2852.

Mr. HARRY F. BYRD, JR. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Is that a part of that gasoline tax proposal? Did I hear the clerk read——

Mr. MOYNIHAN. This measure has eliminated the aviation fuel excise tax measure from House bill to which it is now attached.

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

Mr. BAKER. Mr. President, I yield back the remainder of the time on behalf of the manager on this side.

The PRESIDING OFFICER. All time having been yielded back, the question is, Shall the bill pass? The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Alabama (Mrs. ALLEN), the Senator from Minnesota (Mr. ANDERSON), the Senator from Arkansas (Mr. BUMPERS), the Senator from North Dakota (Mr. BURDICK), the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Colorado (Mr. HASKELL), the Senator from Maine (Mr. HATHAWAY), the Senator from Arkansas (Mr. HODGES), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Tennessee (Mr. SASSER), the Senator from Alabama (Mr. SPARKMAN), the Senator from Mississippi (Mr. STENNIS), the Senator from Illinois (Mr. STEVENSON), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

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

I further announce that, if present and voting, the Senator from North Dakota (Mr. BURDICK), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Minnesota (Mr. ANDERSON) would each vote "yea."

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Massachusetts (Mr. BROOKE), the Senator from New Jersey (Mr. CASE), the Senator from Nebraska (Mr. CURTIS), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Wyoming (Mr. HANSEN), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), the Senator from North Carolina (Mr. HELMS), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Delaware (Mr. ROTH), the Senator from Virginia (Mr. SCOTT), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), the Senator from South Carolina (Mr. THURMOND), the Senator from Texas (Mr. TOWER), the Senator from Wyoming (Mr. WALLOP), the Senator from Connecticut (Mr. WEICKER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

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

On this vote, the Senator from New Mexico (Mr. DOMENICI) is paired with the Senator from South Carolina (Mr. THURMOND).

If present and voting, the Senator from New Mexico would vote "yea" and the Senator from South Carolina would vote "nay."

The result was announced—yeas 44, nays 8, as follows:

[Rollcall Vote No. 400 Leg.]

YEAS—44

Baker	Ford	Johnston
Bayh	Garn	Magnuson
Byrd, Robert C.	Glenn	Mathias
Cannon	Hart	Matsunaga
Chafee	Hatch	Melcher
Chiles	Hatfield, Mark O.	Metzenbaum
Church	Hatfield, Paul G.	Morgan
Clark	Humphrey	Moynihan
Culver	Inouye	Muskie
Danforth	Jackson	Nelson
DeConcini	Javits	Packwood
Dole	Pell	Pearson
Eagleton	Riegle	Schweiker
Sarbanes	Stone	Zorinsky
Schmitt	Williams	

NAYS—8

Bentsen	Durkin	Proxmire
Biden	Hollings	
Byrd, Harry F., Jr.	Lugar	
	Nunn	

NOT VOTING—48

Abourezk	Hansen	Randolph
Allen	Haskell	Ribicoff
Anderson	Hathaway	Roth
Bartlett	Hayakawa	Sasser
Bellmon	Heinz	Scott
Brooke	Helms	Sparkman
Bumpers	Hodges	Stafford
Burdick	Huddleston	Stennis
Case	Kennedy	Stevens
Cranston	Laxalt	Stevenson
Curtis	Leahy	Talmadge
Domenici	Long	Thurmond
Eastland	McClure	Tower
Goldwater	McGovern	Wallop
Gravel	McIntyre	Weicker
Griffin	Percy	Young

So the bill (H.R. 2852) was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MOYNIHAN. 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 amend title II of the Public Works Employment Act of 1976 to extend the antirecession provisions of that act, and to establish a supplementary antirecession fiscal assistance program for State and local governments suffering severe unemployment.

(The following proceedings subsequently occurred:)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the action today taken with respect to the tabling of the motion to reconsider H.R. 2852, and the final vote on that measure, and the vote on the motion to advance the bill to third reading be vitiated; that the Senator from Missouri be allowed to offer amendments en bloc to make certain technical and clerical corrections; that they be agreed to en bloc; that the bill again be advanced to third reading, passed, and the motion to reconsider again laid on the table.

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

Mr. ROBERT C. BYRD. Will the distinguished Senator state whether this matter has been cleared with certain Senators?

Mr. DANFORTH. I thank the majority leader. Mr. President, during the course of putting together this amendment this morning, certain technical and clerical defects in the bill became apparent which were not caught at the time that the bill was passed. My staff has spoken with the staff of the Finance Committee, Senator MUSKIE's staff, and Senator MOYNIHAN's staff to explain in detail precisely what the problems were with the bill as passed, and to clear up each of the corrections which have now been sent to the desk, and I very much appreciate the assistance of the majority and minority leaders in this matter, and their people.

The PRESIDING OFFICER. Without objection, the motion of the majority leader is agreed to, and it is not necessary to report the amendment.

The amendment is as follows:

UP AMENDMENT NO. 1909

On page 8, beginning with line 22, strike all through line 2, page 9, and insert the following:

SEC. 8. (a) Section 210 of the Public Works Employment Act of 1976 (42 U.S.C. 6730) is amended by striking out subsections (a), (b), and (c), and inserting in lieu thereof the following:

"(a) IN GENERAL.—From the amount allocated for State and local governments under section 203, the Secretary shall pay not later than five days after the beginning of each quarter to each state and to each local government which has filed a statement of assurances under section 205, and for which the state or local unemployment rate exceeds 6 percent, an amount equal to the amount allocated to such state or local government under section 203.

On page 9, line 11, strike "4.5" and insert in lieu thereof "6";

On page 9, line 18, strike "4.5" and insert in lieu thereof "6";

On page 11, beginning with line 14, strike all through line 20 and insert in lieu thereof:

"(b) PAYMENTS TO RECIPIENT GOVERNMENTS.—The Secretary shall pay, not later than 5 days after the beginning of each calendar quarter for which payments are authorized under subsection (a), to each local government which has filed a statement of assurances under section 205, and for which the local unemployment rate exceeds 6 percent, an amount equal to the amount allocated to such government under section 232.

On page 14, line 5, strike "reserved under subsection (a)(2)" and insert in lieu thereof "appropriated pursuant to authorization under section 231 for each calendar quarter";

On page 14, lines 8 and 9, strike "reserved under subsection (a)(2)" and insert in lieu thereof: "appropriated pursuant to authorization under section 231";

On page 11, line 13, strike "4.5" and insert in lieu thereof "6";

On page 11, line 24, strike "$125,000,000" and insert in lieu thereof "$85,000,000";

On page 12, line 1, strike "this subtitle and";

On page 15, beginning with line 20, strike all through and including line 9, page 17;

On page 17, line 18, strike "4.5" and insert in lieu thereof "6";

On page 18, line 2, strike "4.5" and insert in lieu thereof "6";

On page 3, line 23, strike "State and local";

On page 11, line 12, strike "State and";

On page 12, line 3, strike "State and";

On page 12, beginning with line 20, strike all after "Sec. 232. (a)" through "(3)" on page 13, line 7;

On page 13, beginning with line 12, strike all through line 2 on page 14;

On page 14, line 3, redesignate section (c) as (b);

On page 17, line 10, redesignate (e) as (c);

On page 17, line 13, strike "State or";

On page 17, line 16, strike "State or";

On page 17, line 21, strike "State or";

On page 18, lines 1 and 2, strike "State or";

On page 18, beginning with line 3, strike all through line 13; and

On page 18, line 16, redesignate section 234 as 233.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, if an amendment to the title of the bill is required, that such be included in the overall agreement propounded in my request.

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

The title amendment is as follows:

Amend the title so as to read: "An Act to amend title II of the Public Works Employment Act of 1976 to extend the antirecession provisions of that act, and to establish a supplementary antirecession fiscal assistance program for local governments suffering severe unemployment.".

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Missouri for his diligence and his perspicacity in clearing up this matter today and in contacting the Senators whom he has mentioned, and I congratulate him on the work he has done. I thank the minority leader also for his patience and understanding, and I want to thank Mr. MOYNIHAN and Mr. MUSKIE also, in their absence, and their staffs, for their efforts.

(Conclusion of earlier proceedings.)

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to H.R. 2852.

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

ORDER OF PROCEDURE

(The following proceedings occurred prior to passage of H.R. 2852.)

Mr. CANNON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. CANNON. Mr. President, I would like to announce to my colleagues three separate items we intend to take up right after this. I do not intend to ask for a rollcall on any of them, but one of them is the Local Rail Services Act of 1978; and two, the conference report on the Amtrak Improvement Act of 1978; and three, on the Visitors' Center at Union Station.

I personally do not intend to ask for a rollcall, but those three items will be coming up.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. CANNON. Yes.

Mr. ROBERT C. BYRD. Is it the intention of any Senator to demand a yea-and-nay vote on either of those measures?

If it is not, then I would suggest Senators may rely on this being the last rollcall.

Mr. JAVITS. I did not hear the measures.

Mr. CANNON. The Local Rail Services Act of 1978, the conference report on the Amtrak Improvement Act of 1978, and the Union Station Visitors' Center authorization.

Mr. ROBERT C. BYRD. May I say to the distinguished Senator from New York that the rail services assistance program and the implementation of the Railroad Regulatory Reform Act dealing with the National Visitors' Center have both been cleared for passage by unanimous consent.

Mr. JAVITS. What was done about the railroad, Northern New York, we debated on one of those bills, the Boston and Maine, is that figure in those reports?

Mr. CANNON. No.

Mr. ROBERT C. BYRD. I am sorry, I misstated.

Mr. CANNON. That railroad problem is a different bill.

Mr. ROBERT C. BYRD. I misstated with reference to the Visitors' Center, that has not been cleared for action by unanimous consent.

Mr. BAKER. Mr. President, if the majority leader will yield——

Mr. ROBERT C. BYRD. So does anyone want a rollcall vote on either of those measures?

Mr. BAKER. Does the majority leader intend to proceed to Calendar No. 1095?

Mr. ROBERT C. BYRD. I wanted to. Mr. CANNON asked we proceed with it, thinking it might not be a rollcall vote.

Mr. BAKER. We have an objection noted on our calendar to Calendar No. 1095 by a Senator at this moment not present on the floor. If unanimous consent is asked to proceed to it, I am afraid I would have to object on his behalf.

Mr. ROBERT C. BYRD. Very well.

Would it be agreeable with everyone—I understand Calendar Order 1082 has been cleared for passage by unanimous consent, am I correct on that?

Mr. BAKER. Will the majority leader yield?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. Our calendar is clear on that, if it is agreeable to one Member, and I see him on the floor and I see no objection, so we have no objection to proceeding to Calendar 1082.

Mr. ROBERT C. BYRD. Does anyone wish to make a statement on this? I will dispose of it quickly.

Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order 1082 for not to exceed 1 minute.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The bill will be stated by title.

The assistant legislative clerk read as follows:

Calendar Order 1082, S. 2981, a bill to amend the Department of Transportation Act as it relates to the local rail service assistance program.

Mr. ROBERT C. BYRD. Mr. President, I withdraw the request. I think we better get on with the rollcall vote on final passage.

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

Mr. DURKIN. Mr. President, I ask unanimous consent that Bob Miller of my staff be granted privilege of the floor for the remainder of the day.

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

(Conclusion of earlier proceedings.)

LOCAL RAIL SERVICE ACT OF 1978

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 1082.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 2981) to amend the Department of Transportation Act as it relates to the local rail service assistance program, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BAKER. Mr. President, reserving the right to object, and I shall not object, I rise only to advise the majority leader, as I have previously done pri-

vately, that this item is cleared on our calendar, and we have no objection to proceeding to its immediate consideration and its passage.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, Science, and Transportation with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "Local Rail Services Act of 1978".

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of Congress in this Act that the Government shall assist in the provision of adequate transportation service to shippers and communities now served by light density lines. Federal funds shall be used to assist transportation services where such assistance provides economic benefits to the affected communities without placing a financial drain on the carriers providing that service.

Congress believes, however, that the parties benefiting from a Federal investment on a light density line must act to preserve the benefits of the Federal investment. Accordingly, Congress expects the States and local communities, shippers, and all elements of the railroad industry to commit themselves to long-term solutions which will enable the continued provision of adequate transportation service after the completion of the federally assisted projects.

EXPANSION OF ASSISTANCE

SEC. 3. Section 5(f) of the Department of Transportation Act (hereinafter referred to as the "DOT Act") (49 U.S.C. 1654(f)) is amended—

(1) by striking "purchasing a line of railroad or other rail properties" in paragraph (2) and inserting in lieu thereof "acquiring, by purchase, lease or in such other manner as the State considers appropriate, a line of railroad or other rail properties or any interest therein";

(2) by striking "and" immediately after the semicolon in paragraph (3);

(3) by striking the period at the end of paragaph (4) and inserting in lieu thereof a semicolon; and

(4) by adding the following new paragraphs at the end thereof:

"(5) the cost of constructing rail- or rail-related facilities (including new connections between two or more existing lines of railroad, intermodal freight terminals, and sidings), for the purpose of improving the quality and efficiency of local rail freight service; and

"(6) the cost of developing, administering, and evaluating innovative experimental programs that are designed to improve the quality and efficiency of service on lines of railroad eligible for assistance under this section and which involve cooperative action between State and local communities and railroad industry representatives or shippers.".

COST SHARING

SEC. 4. Section (5)(g) of the DOT Act (49 U.S.C. 1654(g)) is amended to read as follows:

"(g) The Federal share of the costs of any rail service assistance program for any fiscal year is 80 percent. The State share of the costs may be provided in cash or through the following benefits, to the extent the benefit would not otherwise be provided: (1) forgiveness of taxes imposed on a common carrier by railroad or on its properties; (2) the provision by the State or by any person or entity on behalf of a State, for use in its rail service assistance program, of realty or tangible personal property of the kind necessary for the safe and efficient operation of rail freight service by the State; or (3) the cash equivalent of State salaries for State public employees working in the State rail service assistance program, but not including overhead and general administrative cost. If a State provides more than 20 percent of the cost of its rail service assistance program during any fiscal year, the amount in excess of the 20 percent contribution shall be applied toward the State's share of the costs of its program for subsequent fiscal years.".

FORMULA ALLOCATION

SEC. 5. Section 5(h) of the DOT Act (49 U.S.C. 1654(h)) is amended to read as follows:

"(h)(1) For the period October 1, 1978, through September 30, 1979, each State which is, pursuant to subsection (j) of this section, eligible to receive rail service assistance is entitled to an amount equal to the total amount authorized and appropriated for such purposes, multiplied by a fraction whose numerator is the rail mileage in such State which is eligible for rail service assistance under this subsection and whose denominator is the rail mileage in all of the States which are eligible for rail service assistance under this subsection. Notwithstanding the provisions of the preceding sentence, the entitlement of each State shall not be less than 1 percent of the funds appropriated. For purposes of this subsection, rail mileage shall be measured by the Secretary, in consultation with the Interstate Commerce Commission. For the purpose of calculating the formula under this subsection, the rail mileage which is eligible shall be that for which the Commission has found that (A) the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad which is related to such project; or (B) the line of railroad or related project was eligible for assistance under title IV of the Regional Rail Reorganization Act of 1973; and such line or related projects has not previously been the subject of Federal rail service assistance under this section for more than 5 fiscal years.

"(2) Effective October 1, 1979, every State which is eligible to receive rail service assistance pursuant to subsection (j) of this section is entitled annually to a sum from available funds as determined pursuant to this subsection. Available funds are funds appropriated for rail service assistance for that fiscal year and any funds to be reallocated for that fiscal year in accordance with this paragraph. Subject to the limitations contained in paragraph (3) of this subsection, the Secretary shall calculate each State's entitlement as follows:

"(A) two-thirds of the available funds multiplied by a fraction whose numerator is the sum of the rail mileage in the State which, in accordance with section 1a(5)(a) of the Interstate Commerce Act (49 U.S.C. 1a(5)(a)), is either 'potentially subject to abandonment' or with respect to which a carrier plans to submit, but has not yet submitted, an application for a certificate of abandonment or discontinuance; and whose denominator equals the total of such rail mileage in all the States; and

"(B) one-third of available funds remaining after completion of the calculations under paragraph (1)(A) of this subsection multiplied by a fraction whose numerator equals the rail mileage in the State for which the Interstate Commerce Commission, within 2 years prior to the first day of the fiscal year for which funds are allocated or reallocated under this section, has found that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the rail mileage, and including, until September 30, 1981, (1) the rail mileage which was eligible for assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762) and (2) all rail mileage in the State which has, prior to October 1, 1978, been included for formula allocation purposes under this section; and whose denominator equals the total rail mileage in all the States eligible for rail assistance under this section for which the Interstate Commerce Commission has made such a finding and including, until September 30, 1981, (1) the rail mileage in all the States which was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762) and (2) the rail mileage in all the States which had been, prior to the enactment of this amendment, included for formula allocation purposes under this section. For purposes of the calculation directed by this paragraph, no rail mileage shall be included more than once in either the numerator or the denominator.

Notwithstanding the provisions of this subsection, each State is entitled to receive pursuant to this subsection not less than 1 percent of the total appropriation under subsection (q) of this section for that fiscal year.

"(3) For purposes of paragraphs (1) and (2) of this subsection, rail mileage shall be measured by the Secretary as of the first day of each fiscal year. Entitlement funds are available to a State during the fiscal year for which the funds are appropriated. In accordance with the formula stated in this subsection, the Secretary shall reallocate to each State eligible to receive rail service assistance under subsection (j) of this section a share of any entitlement funds which have not been the subject of an executed grant agreement between the Secretary and the State before the end of the fiscal year for which the funds were appropriated. Reallocated funds are available to the State for the same purpose and for the same time period as an original allocation and are subject to reallocation if not made the subject of an executed grant agreement between the Secretary and the State before the end of the fiscal year for which the funds were reallocated. Funds appropriated in fiscal year 1978 and prior years which are not the subject of a grant agreement when this bill becomes effective will remain available to the States during fiscal year 1979.".

PLANNING ASSISTANCE

SEC. 6. Section 5(1) of the DOT Act (49 U.S.C. 1654(k)) is amended to read as "(k)(1) On August 1 of each year, each Interstate Commerce Act, shall prepare, whichever is greater, of its annual entitlement under subsection (h) of this section to meet the cost of establishing, implement-freight or less per mile during the prior required by subsection (j) of this section.".

PROJECT ELIGIBILITY

SEC. 7. Section 5(k) of the DOT Act (49 U.S.C. 1654(k)) is amended to read as follows:

"(k)(1) On August 1 of each year, each carrier by railroad subject to part I of the Interstate Commerce Act, shall prepare, update, and submit to the Secretary a listing of those rail lines which, based on a level of usage, carried 5 million gross tons of freight or less per mile during the prior year.

"(2) A project is eligible for financial assistance under paragraph (1) of subsection (f) of this section only if—

"(A)(i) the Interstate Commerce Commission has found, since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad which is related to the project; or (ii) the line of railroad or related project was eligible for assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762); and

"(B) the line of railroad or related project has not previously received financial assistance under paragraph (1) of subsection (f) of this section for more than 36 months: *Provided, however,* That a line of railroad or related project which was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45

U.S.C. 762) or under this section prior to October 1, 1978, is eligible only until September 30, 1981.

"(3) A project is eligible for financial assistance under paragraph (2) of subsection (f) of this section only if—

"(A) (i) the Interstate Commerce Commission has found, since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad related to the project; or (ii) the line of railroad related to the project is listed for possible inclusion in a rail bank in part III, section C of the Final System Plan issued by the United States Railway Association under section 207 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 717); or (iii) the line of railroad related to the project was eligible to be acquired under section 402(c)(3) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762(c)(3)). A line of railroad or related project which was eligible for financial assistance under such section 402 or under this section prior to October 1, 1978, is eligible only until September 30, 1981; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(4) A project is eligible for financial assistance under paragraphs (3) and (5) of subsection (f) of this section only if—

"(A) the line of railroad related to the project is contained in the most recent submission under paragraph (1) of this subsection, and the project has been approved by the affected railroad; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(5) A project is eligible for financial assistance under paragraph (4) of subsection (f) of this section only if—

"(A) (i) the Interstate Commerce Commission has found, since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad which is related to the project; or (ii) the line of railroad or related project was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762): *Provided*, That a line of railroad or related project which was eligible for assistance under this section or such section 402 prior to October 1, 1978, shall remain eligible for financial assistance only until September 30, 1981; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(6) A project is eligible for financial assistance under paragraph (6) of subsection (f) of this section only if—

"(A) there is a reasonable likelihood that it will improve the quality and efficiency of local rail freight service by increasing operating efficiency, reducing the cross subsidization of unprofitable portions of a system by profitable portions of a system, or increasing productivity of workers; and

"(B) the cooperative action project shall not exceed 18 months in duration.".

TECHNICAL AMENDMENTS

SEC. 8. (a)(1) Section 5(o) of the DOT Act (49 U.S.C. 1654(o)) is redesignated as section 5(q).

(2) The first sentence of subsection (m)(1) of section 5 of the DOT Act (49 U.S.C. 1654(m)(1)) is amended by striking "(o)" and inserting in lieu thereof "(q)".

(b) The third sentence of subsection (q) of section 5 of the DOT Act, as redesignated by subsection (a) of this section, is amended to read as follows: "In addition, any appropriated sums remaining after the repeal of section 402 of the Regional Rail Reorganization Act of 1973 and of section 810 of the Railroad Revitalization and Regulatory Reform Act of 1976 are authorized to remain available to the Secretary for purposes of subsections (f) through (q) of this section.".

(c) Section 810 of the Railroad Revitalization and Regulatory Reform Act of 1976 (49 U.S.C. 1653a) is repealed.

BENEFIT-COST CRITERIA

SEC. 9. Section 5 of the DOT Act (49 U.S.C. 1654) is further amended by adding after subsection (n) thereof a new subsection (o) as follows:

"(o) The Secretary, in cooperation with representatives chosen by the States, shall, within 60 calendar days of the effective date of this subsection, promulgate regulations establishing criteria to be used by the Secretary to determine the ratio of benefits to costs of proposed projects eligible for assistance under paragraphs (2) through (5) of subsection (k) of this section. During the period prior to the Secretary's promulgation of such a methodology, the Secretary shall continue to fund projects on a case-by-case basis where he has determined, based upon analysis performed and documented by the States, that the public benefits associated with the project outweigh the public costs of that project.".

REHABILITATION ASSISTANCE

SEC. 10. Section 5 of the DOT Act (49 U.S.C. 1654) is further amended by adding after subsection (o), as added by section 9 of this Act, a new subsection (p) as follows:

"(p) A State shall use financial assistance provided under paragraph (3) of subsection (f) of this section as follows:

"(1) The funds shall be used to rehabilitate or improve rail properties in order to improve local rail freight service within the State.

"(2) The State, in its discretion, shall grant or loan funds to the owner of rail properties or operator of rail service related to the project.

"(3) The State shall determine the financial terms and conditions of a grant or loan.

"(4) The State shall place the Federal share of repaid funds in an interest-bearing account or, with the approval of the Secretary, permit any borrower to place such funds, for the benefit and use of the State, in a bank which has been designated by the Secretary of the Treasury, in accordance with section 265 of title 12, United States Code. The State shall use such funds and all accumulated interest to make further loans or grants under paragraph (3) of subsection (f) of this section in the same manner and under the same conditions as if they were originally granted to the Secretary. The State may at any time pay to the Secretary the Federal share of any unused funds and accumulated interest. After the termination of a State's participation in the local rail service assistance program established by this section, it shall pay the Federal share of any unused funds and accumulated interest to the Secretary.".

COMBINATION OF ENTITLEMENTS

SEC. 11. Section 5 of the DOT Act (49 U.S.C. 1654) is further amended by adding after subsection (q) as redesignated by section 8 of this Act, a new section (r) as follows:

"(r) Two or more States that are eligible for local rail assistance under this section may, subject to agreement between or among them, combine their respective Federal entitlements under subsection (h) of this section in order to approve rail properties within their respective States or regions. Such combination of entitlements, where not violative of State law, shall be permitted, except that—

"(A) combined funds may be expended only for purposes listed in this section; and

"(B) combined funds that are expended in one State subject to the agreement entered into by the involved States, and which exceed what that State could have expended absent any agreement, must be found by the Secretary to provide benefits to eligible rail services within one or more of the other States which is party to the agreement.".

AMENDMENTS TO THE INTERSTATE COMMERCE ACT

SEC. 12. (a) Section 1(14) of the Interstate Commerce Act (49 U.S.C. 1(14)) is amended—

(1) by designating subsection (b) thereof as subsection (c); and

(2) by adding a new subsection (b), as follows:

"(b) The Commission may, after hearing and upon finding that the expense involved will not impair the railroad's ability to perform service, order a railroad subject to this part to provide itself with safe and adequate facilities and equipment.".

(b) Section 1a(4) of the Interstate Commerce Act (49 U.S.C. 1a(4)) is amended by adding at the end thereof the following new sentence: "The terms and conditions referred to in subdivision (b) of this paragraph may include a direction, where the Commission finds it to be in the public interest to do so, awarding trackage rights to another common carrier by railroad or to a State, or a political subdivision thereof, over all or any portion of the lines of the applicant's railroad, solely for the purpose of moving equipment and crews in nonrevenue service between any lines operated by such other carrier, State, or political subdivision. In making such determination, the Commission shall consider the views of any State or other party directly affected by such abandonment or discontinuance and shall fix just and reasonable compensation, in accordance with section 3(5) of this part, for such trackage rights.".

EFFECTIVE DATE

SEC. 13. This Act shall take effect on October 1, 1978.

Mr. CANNON. Mr. President, the bill that is now before us, S. 2981, amends the Department of Transportation Act as it relates to the local rail services assistance program to correct several key deficiencies which have been identified in the existing branch line rehabilitation and service continuation program.

As a result of low rates of return and the reluctance of private capital to invest in the rail industry, reduced capital construction and deferred maintenance are normal preludes to the abandonment of light density railroad. While some branch line service has become nonessential over the years, a substantial amount of this service remains crucial to numerous shippers who have no other cost efficient means available to transport their commodities. In addition, as branch line track conditions and service deteriorates, other shippers either relocate their business or divert to other more reliable modes of transportation, resulting in higher cost and disruption in local and regional economies. I believe a one-time infusion of rehabilitation assistance into some of these lines could reverse the deterioration cycle, reviving a line which could provide good service to the shipper and a viable contribution to the railroad.

However, Mr. President, under current law funds presently are only provided to States for those lines authorized for abandonment by the final system plan or for which the ICC has determined the public convenience and necessity no

longer require operation. Consequently, lines which may serve no valid transportation purpose and which should no longer be in the rail system are being maintained with Federal funds.

In addition, operating subsidy assistance which was intended to be short term and transitional in nature is being viewed by some States as long term and developmental. Service on lines which, from an economic standpoint, would have been discontinued after a brief period is being supported. In some cases, such lines are even being rehabilitated under the program. Many States are therefore using scarce resources to attempt to restore these worst and least needed lines to financial viability. However, rehabilitation costs for many of these lines are excessive due to years of deferred maintenance. The potential for returning these lines to profitability is exceedingly slim or nonexistent.

As a result of these conditions, Federal funds are being spent under current law to attempt to salvage the worst lines in the railroad system, at high cost, and with little, if any, potential for success. At the same time, more important and valuable lines owned by the railroads continue to deteriorate for lack of private investment because the return on such an investment is too low to attract private capital. State representatives testifying on this bill expressed their belief that providing one-time assistance to a marginally profitable line, perhaps through rehabilitation, represents more rational planning than permanently subsidizing an unprofitable line which has been authorized for abandonment.

Mr. President, the Committee on Commerce, Science, and Transportation agrees with the State rail representatives that the public interest would be better served by a program which directs assistance to the more valuable branch lines before they have degenerated to a point of abandonment and while they are still owned and operated by private enterprises. High railroad capital investment thresholds are typical, particularly, in States with extensive branch line mileage and problems. As a consequence, there are a considerable number of lines which, though not presently candidates for abandonment, will be in the future unless rehabilitation assistance is provided at least in part by a nonrail source.

Therefore, Mr. President, the bill now before this body has as its centerpiece the establishment of a preabandonment assistance authority. Under this bill States may make grants or loans for rehabilitation of certain lines before they have been abandoned. This assistance would be directed by the States to those private sector branch lines which are in need of rehabilitation and for which such rehabilitation would have a positive return on investment but at a lower level than is acceptable to railroads.

Mr. President, I believe that this approach to the problems of low density branch lines, which expands the universe of lines eligible for rehabilitation assistance to include any line which carried 5 million gross tons or less freight per year, is a significant improvement over the current law and gives the States greater flexibility to address their transportation needs and to make key decisions on resource allocation. While the legislation we are considering today will not resolve the Nation's rail dilemma, the establishment of a permanent local rail service assistance program, based upon a program of preabandonment assistance, should refine and provide considerable benefit to the overall rail revitalization effort initiated by the 4R Act of 1976.

Mr. President, I strongly recommend this bill to my colleagues and respectfully urge their approval at this time.

Mr. FORD. Mr. President, I ask unanimous consent that Martha Maloney, of my staff, be accorded the privilege of the floor during discussion and vote on S. 2981.

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

The Senator from Iowa.

Mr. CULVER. Mr. President, as a cosponsor, I am pleased the Senate is considering S. 2981, the Local Rail Services Act of 1978, today. This bill provides small towns and rural communities relief from the often devastating economic and social consequences of wholesale branch line abandonment.

With over 7,200 miles of track within its borders, Iowa is vitally dependent upon an efficient and cost-effective rail system. Yet, during the last several years, rail service has deteriorated throughout the Midwest. Many railroads lack the capital necessary to keep their track in sound condition. The "go slow" orders that result from deferred maintenance create car shortages and delays which impose severe burdens on farmers, shippers, and consumers. Some lines have deteriorated so much that elimination of service is the only feasible course of action. In Iowa, over 570 miles of track have been abandoned in the last 5 years and another 270 miles have been considered for abandonment. Many of these branch lines can be made efficient and self-sustaining if rehabilitation assistance is available.

Mr. President, in testimony before the Senate Commerce Surface Transportation Subcommittee last June, I stated that the original language of S. 2981 would prevent some potentially viable branch lines from receiving Federal assistance. Under the 1976 Railroad Revitalization and Regulatory Reform Act, Federal assistance can be provided for category 3 lines that have gone through the Interstate Commerce Commission's abandonment process. S. 2981 would have extended aid to category 1 and category 2 lines that are candidates for abandonment in the future. While the concept of rehabilitating lines that would otherwise face abandonment is sound, the record suggests that lines that have deteriorated to the point of abandonment are often not good candidates for upgrading.

As an alternative, I suggested that we needed an identification system analogous to that used in battlefield medical care stations known as "triage." Such a system would not provide aid to the truly hopeless cases and not squander scarce Federal dollars on the prosperous tracks which do not need assistance, but direct aid where it would do the most good: lines which are ailing but which, with assistance, could make vital economic and social contributions to the communities they serve.

Eligibility for Federal assistance should not be based on abandonment status. Instead, eligibility should be extended to all branch lines—so-called class A and class B light density lines carrying up to 5 million gross tons a year—that can demonstrate potential economic viability and performance of essential services. Federal rehabilitation funds could then be expended on branch lines that—while not actual or potential candidates for abandonment require capital to significantly improve their performance.

The success of Iowa's nationally acclaimed State branch line assistance program illustrates the soundness of basing eligibility upon the potential performance of the line. Iowa's program bases assistance on such factors as the cost of upgrading and using a branch line versus shipping by other modes of transportation and the social and economic consequences of abandoning track. Lines that have a good cost/benefit ratio and provide essential services become candidates for assistance. During the 3 years this program has been in existence, the percentage of grain shipped over 700 miles of rehabilitated track has increased by 29 percent and shippers have saved over $3 million annually.

Mr. President, the Senate Commerce Committee subsequently amended S. 2981 to make all class A and class B branch lines that meet the cost/benefit criteria established under the bill eligible for Federal rehabilitation assistance. This expanded eligibility will greatly benefit the Midwestern States. Iowa alone has some 1,200 miles of branch line track that, while not subject to abandonment, are prime candidates for rehabilitation. S. 2981 will permit many of these lines to be upgraded before they become functionally useless.

Mr. President, two midwestern railroads—the Rock Island and the Milwaukee Road—have declared bankruptcy and several others are in marginal financial health. Further whole abandonment of track will only exacerbate the already severe import that eliminating service has upon the transportation requirements of communities in my State. Under the amended S. 2981, Iowa will receive over $4.3 million to upgrade its critically needed branch lines next year. These funds will help minimize the potentially devastating consequences of abandonment in our rural areas.

Mr. President, S. 2981 reaffirms the commitment to improving branch lines that began with the 4R Act. I strongly support this bill and urge its passage.

Thank you, Mr. President.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Nevada yield so that I might propound an inquiry to him?

Mr. CANNON. Certainly.

Mr. HARRY F. BYRD, JR. I was advised by the Virginia State Department of Transportation that under the Senate local rail services bill as originally drawn it would be difficult, if not impos-

sible, to complete the ongoing rail rehabilitation on the Delmarva Peninsula. In the bill before the Senate now has consideration been given to onging rehabilitation projects such as the improvements on the line serving the Delaware, Maryland, and Virginia Peninsula?

Mr. CANNON. Mr. President, first, I am not familiar with that particular line myself, but I would say that this bill provides, makes provision for, rehabilitation of lines before they have once become abandoned. So it does not authorize proceeding in that fashion.

Insofar as that particular line is concerned, the allocation is made on a State basis. Virginia will receive less money than it received last year. However, all States will participate, and the amount of money actually put into the particular line will be solely up to the State, so the State officials will have to decide how much of the allocation they put into the line.

Under the present $67 million in the bill for this year, Virginia gets $670,000 as its share, and it would then be up to the State to allocate that money for rehabilitation of whatever lines they determine to rehabilitate.

Mr. HARRY F. BYRD, JR. Is there a time limitation on when the rehabilitation money can be used?

Mr. CANNON. Was the question, Is there a time limit? This appropriation extends through fiscal year 1979. The present formula goes for all of next year, and the original act was to expire in 1981.

Mr. HARRY F. BYRD, JR. I would point out that a considerable investment already has been made in the Delmarva rail improvements, and should this be abandoned all of this money will have been wasted and the rail service vital to three States could be lost.

As I understand it, the Senate bill calls for two-thirds of the funds to preabandonment lines, and preabandonment does not include Delmarva. This formula, as I understand it, goes into effect in 1980.

Mr. CANNON. The Senator is correct on that. As far as I know, that line is not included. But all of the moneys are not directed toward the preabandonment lines. That is the method of making the allocation. That allocation is made to the States, and it is solely up to the State as to whether this line will or will not be continued.

Furthermore, there is a provision in the bill that permits more than one State to join together in a cooperative arrangement, which sounds to me like this is a line that goes into two or more States.

Mr. HARRY F. BYRD, JR. Three States are interested in this.

Mr. SARBANES. Mr. President, will the Senator yield on that point?

Mr. HARRY F. BYRD, JR. I yield.

Mr. SARBANES. I share the concerns of the Senator from Virginia. We have this line which serves the Delaware, Virginia, and Maryland peninsula, which serves three States.

One other thing I am concerned with, and I believe it is covered in the bill. We need the authority so that an allocation to the State for rail rehabilitation can be used by that State not only within their own boundaries but within the boundaries of another State when it serves the joint purpose.

For instance, suppose Delaware is prepared to transfer some of its allocation to Virginia to maintain the functioning of that total rail system. The work would take place in Virginia, although it benefits not only Virginia, but Maryland and Delaware. We have an interrelated system there, and it is very important to us that we be able to use these moneys in coordination with one another, and maintain the entire system. If the Virginia part of the system does not work, it impacts negatively on both Maryland and Delaware. Is that permitted under the legislation?

Mr. CANNON. It is permitted under the legislation. The legislation was specifically amended so as to permit that kind of cooperation where the line is located in more than one State, so that the States can cooperate and pool their money together for the rehabilitation efforts on a line that is of particular benefit to more than one State.

Mr. SARBANES. That would meet one of our concerns. We still have the concern of the Senator from Virginia about whether this line enters into the allocation.

Mr. CANNON. All I could say is that the line is eligible, but it is up to the States to make the allocation. We provide the money for it.

The $67 million is authorized to be furnished for this purpose of rehabilitation of lines, lines that either have been discontinued or are about to be discontinued; but it is up to the respective States to say; it is not up to us to say how much of that amount should be allocated for a particular State project.

Mr. HARRY F. BYRD, JR. Certain funds will be allocated under the pending legislation?

Mr. CANNON. Under the pending legislation, but not for a particular line.

Mr. HARRY F. BYRD, JR. But not for a particular line. The States——

Mr. CANNON. The allocation would be made to the States, and any funds that are made available to a State may be used for any particular purpose, in their judgment.

I have pointed out that Virginia, for example, under the formula that is authorized, would receive $670,000 of the $67 million. Maryland would receive $797,470.45 of the $67 million.

Mr. HARRY F. BYRD, JR. Would Delaware be involved also?

Mr. CANNON. And Delaware would receive $670,000, the same amount as Virginia.

Mr. HARRY F. BYRD, JR. And under the legislation, the three States would be permitted to comingle whatever funds the State agencies decide should go into this project?

Mr. CANNON. The Senator is precisely correct.

Mr. SARBANES. I thank the Senator from Nevada.

Mr. HARRY F. BYRD, JR. I thank the Senator from Nevada.

UP AMENDMENT NO. 1906

(Purpose: To provide authority for railroads to furnish safe and adequate car service)

Mr. FORD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kentucky (Mr. FORD) proposes an unprinted amendment numbered 1906.

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

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

The amendment is as follows:

On page 33, strike all from line 23 through line 3 on page 34, and insert in lieu thereof the following:

"(b) The Commission may, upon petition and after a hearing on the record, and upon finding that a carrier by railroad subject to this part has materially failed to furnish safe and adequate car service as required by subsection 1(11), require such railroad to provide itself with such facilities or equipment as may be reasonably necessary to meet such obligation, provided the evidence of record establishes, and the Commission affirmatively finds, that

"(1) The provision of such facilities or equipment will not materially and adversely affect the railroad's ability to otherwise provide safe and adequate transportation services;

"(2) The expenditure required for such facilities or equipment, including a return which equals or exceeds the railroad's current cost of capital, will be recovered; and

"(3) The provision of such facilities or equipment will not impair the railroad's ability to attract adequate capital.".

Mr. FORD. Mr. President, this is a substitute for the committee amendment which I offered and was reported on August 25. Since the committee's consideration of this legislation, I have further refined and clarified its language.

The content—and intent—of the substitute sets forth specific criteria which was not included in the original amendment. In addition, Mr. President, it now contains a safeguard to assure that no railroad is driven to bankruptcy as a result of the additional enforcement power vested in the Interstate Commerce Commission.

Let me offer a brief explanation as to why I feel that the Senate should adopt this amendment. I want to bring to the Senate's attention a situation in the eastern part of my State which involves either the inability or refusal of a major railroad line—which incidentally has a service monopoly in the area—to deliver adequate service to coalfield shippers. In my opinion, the lackadaisical attitude of the L. & N. could not only threaten the economic stability of one of my State's most important industries—coal production—but could also pose a serious impediment to this Nation's energy goals.

For the past several months, I, along with other members of my State's congressional delegation and the Interstate Commerce Commission, have tried to alleviate this most serious situation. Yesterday—some 6 months after this situation was first brought to the ICC's attention—the Commission favorably approved an emergency service order to require the parent railroad to supply the L. & N. with 100 locomotives.

While I hope that the ICC's action is

neither too little nor too late, steps must be taken to give the Commission sufficient authority to assure that similar situations are not permitted to fester for such a long time before resolution.

What we had here in this instance was a classic example of a major railroad turning its back on its public obligations, choosing to sacrifice service for profits. Meanwhile, due to limitations within the existing law, the Federal agency charged with regulating this railroad was handcuffed in ability to respond to the shippers' claim of inadequate service.

It became readily apparent to me that corrective action was in order.

The legal remedies provided by this amendment should give the ICC the necessary power to require a negligent railroad to provide safe and adequate service. But, most important to me, the amendment will provide the necessary public forum for shippers to bring a situation of inadequate service to the attention of the ICC.

It should not take the combined efforts of two Senators, two Congressmen, the Governor, and a former Governor to bring about a public hearing before the ICC.

But, in the case of the Eastern Kentucky coalfield situation, it did.

If this amendment is approved, there is little chance of a similar situation recurring in the future.

I strongly urge that my colleagues approve this substitute amendment.

Mr. DANFORTH. Mr. President, the amendment offered by Senator FORD is acceptable.

Mr. DURKIN. Mr. President, will the Senator from Kentucky yield for a question?

Mr. FORD. I would be delighted to yield for a question.

Mr. DURKIN. It is my understanding, and I would like to make it clear for the record, that the Senator's amendment is broad enough so that if ConRail has half the cars in the country bottled up on the east coast, as has happened in the past, the ICC has the authority to step in and move those cars.

Mr. FORD. The Senator from New Hampshire is absolutely correct.

What this basically does—the shippers have not had the opportunity for a forum before the Commission. What this does then is to give them this opportunity to come before the Commission. It gives the Commission the authority to say to that railroad, "Move your cars." This is basically what it amounts to. The ICC has not had that authority. Under this we give it, but we have some safeguards, too.

It does not allow the Commission to be punitive as it relates to the railroads. It sets out in the amendment certain provisions for guidelines as they relate to the economic position of that railroad.

Mr. DURKIN. I commend the Senator from Kentucky because I think this language is needed.

Mr. FORD. I appreciate the compliment of the Senator from New Hampshire and I appreciate his support.

Mr. President, I have no further statements and I am prepared to move the amendment unless anyone has a question.

Mr. CANNON. Mr. President, the committee understands that this amendment clarifies the additional authority that will be granted to the Interstate Commerce Commission and assures that no railroad will be driven to bankruptcy as a result of this additional enforcement authority.

The committee supports this substitute amendment and would emphasize that it is not aimed at the many well-managed and service-oriented railroads throughout the Nation—only those which, despite the inherent responsibilities to provide adequate common carrier responsibilities are recalcitrant in their performance of these services.

The committee joins the Senator from Kentucky in urging the approval of this amendment.

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

The amendment was agreed to.

Mr. DURKIN. I would ask the Senator from Nevada if the subcommittee has examined the 1981 expiration date for the subsidy program in light of the favorable experience many States have had with the program?

Mr. CANNON. We have, and we know of the Senator's interest in the likelihood of the possible extension of this program. Our bill does not automatically terminate the program, but the authorization does expire and if the program is to be continued, a new authorization would be required.

Mr. DURKIN. So I would understand the situation to be that those lines that are making good progress under this program would have a better chance to qualify for subsidies than others that have not picked up as much freight volume.

Mr. CANNON. If the program is to be extended, those lines that have responded well would obviously receive highest consideration. And I might also say that this factor—how well the lines in the program are responding—would be important to an overall consideration of whether the Congress would choose to extend the program. Obviously, if success is being achieved the case for extension would be more persuasive.

Mr. DURKIN. It is also my understanding that the limitation on operating subsidies provided in this bill does not indicate that it is the intention of the Senate to bring an end to the branch line program—or to indicate that the program itself is designed to destroy the subsidized branch lines, but simply reflects the fact that the authorization for funds only extends through fiscal 1981.

Mr. CANNON. That is correct.

Mr. DURKIN. I thank the distinguished chairman of the committee (Mr. CANNON), and I also thank Senator LONG for their efforts in working out something which was a very real problem for the people of New Hampshire, in my area of the country. We did not get all we wanted, but we did better than we originally expected, and I appreciate the efforts of Senator CANNON and Senator LONG and Senator FORD in trying to work this out.

Mr. President, I am happy to have that understanding with my distinguished colleague. The reason I have been so concerned about this provision goes to the very purposes for which Federal subsidies were provided to decaying branch lines in the first place. These subsidies, modest in amount and purpose, were designed to give the States the wherewithal so that they could reverse the dismal spiral of deterioration and neglect which had decimated rail service in large parts of the country, especially in the Northeast.

In many cases the subsidies have been successful in stabilizing service and preserving the economic base of the regions which are served. But the neglect of a quarter century cannot always be repaired in 3 or even 5 years.

Mr. President, the dismal downward spiral of the railroad industry has affected my region particularly harshly. We in New England have seen at first hand the economic catastrophe that comes from inept railroad operations. And today we face a situation where the survival of many companies—and perhaps the economic health of the entire region—balances precariously on the survival of a few railroads. New Hampshire and New England must have a balanced transportation system built around a revitalized rail network.

But we are not alone in facing this problem. As the distinguished senior Senator from South Dakota recently observed, the problems of the Eastern railroads threaten the health of all railroads, and the difficulties faced in the East may be faced by all in a few years.

In the face of these difficult problems, however a few rail lines have shown that aggressive marketing and good business sense can turn the situation around. The Providence and Worcester line in Southern New England is an outstanding example of how good management and hard work can take a derelict line and turn it into a profitable operation. Similarly the State-run branch lines, which were uniformly so bad off as to be the first candidates for abandonment by the railroads, have begun to show the prospect of profitability. As I said before, for many of these lines there will be a long hard road ahead before they can break even.

Mr. President, the last thing we need to do is to cut these projects off at the knees just as they are struggling to their feet.

For this reason, I welcome the expression of interest that my distinguished colleagues have made today. I hope and expect that we can take a careful look at this problem in its most general sense—not as a railroad problem solely but as an economic development problem that has fundamental implications. I will do all that I can to foster this reexamination in future years and to continue the comeback of these once-proud, neglected lines and the areas they serve.

Once again, I want to thank my distinguished colleague, the senior Senator from Louisiana, who chairs the Surface Transportation Subcommittee so ably, for his comments and for working closely with me on this important measure.

UP AMENDMENT NO. 1907

(Purpose: Amend the Regional Rail Reorganization Act with respect to commuter service)

Mr. CANNON. Mr. President, I have three amendments that I send to the desk and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1907.

Mr. CANNON. 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 page 34, insert the following immediately after line 19:

"AMENDMENTS TO THE REGIONAL RAIL REORGANIZATION ACT OF 1973

"SEC. 13. Section 304(e) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 744(e)) is amended—

"(1) by—

"(A) striking the comma at the end of paragraph (4)(B), and inserting in lieu thereof "; or" and

"(B) adding the following new subparagraph after paragraph (4)(B):

"(C) offers a rail service continuation payment, pursuant to subsection (c)(2)(A) of this section and regulations issued by the Office pursuant to section 205(d)(5) of this Act, for the operation or rail passenger service provided under an agreement or lease pursuant to section 303(b)(2) of this title or subsection (c)(2)(B) of this section where such offer is made for the continuation of the service beyond the period required by such agreement or lease: *Provided*, That such services shall not be eligible for assistance under section 17(a)(2) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1613(a)(2)), as amended; "; and

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

"(7) If a State (or a local or regional transportation authority) in the region offers to provide payment for the provision of additional rail passenger service (as hereinafter defined), the Corporation shall undertake to provide such service pursuant to this subsection (including the discontinuance provisions of paragraph (2) hereof.) An offer to provide payment for the provision of additional rail passenger service shall be made in accordance with subsection (c)(2)(A) of this section and under regulations issued by the Office pursuant to section 205(d)(5) of this Act, and shall be designed to avoid any additional costs to the Corporation arising from the construction or modification of capital facilities or from any additional operating delays or costs arising from the absence of such construction or modification. The State (or local or regional transportation authority) shall demonstrate that it has acquired, leased, or otherwise obtained access to all rail properties other than those designated for conveyance to the National Railroad Passenger Corporation pursuant to sections 206(c)(1)(C) and 206(c)(1)(D) of this Act and to the Corporation pursuant to section 303(b)(1) of this title necessary to provide the additional rail passenger service and that it has completed, or will complete prior to the inception of the additional rail service, all capital improvements necessary to avoid significant costs which cannot be avoided by improved scheduling or other means on other existing rail services, including rail freight service and to assure that the additional service will not detract from the level and quality of existing rail passenger and freight service. As used in this subsection, "additional rail passenger service" shall mean rail passenger service (other than rail passenger service provided pursuant to the provisions of paragraphs (2) and (4) of this subsection) including extended or expanded service and modified routings, which is to be provided over rail properties conveyed to the Corporation pursuant to section 303(b)(1) of this title, or over (A) rail properties contiguous thereto conveyed to the National Railroad Passenger Corporation pursuant to this Act or (B) any other rail properties contiguous thereto to which a State (or local or regional transportation authority) has obtained access. Any provision of this paragraph to the contrary notwithstanding, the Corporation shall not be required to operate additional rail passenger service over rail properties leased or acquired from or owned or leased by a profitable railroad in the region.

"(8) The Secretary, in consultation with the Association, shall undertake a study to determine the best means of compensating the Corporation for liabilities which it may incur for damages to persons or property resulting from the operation of rail passenger service required to be operated pursuant to this subsection, or section 303(b)(2) of this title which are not underwritten by private insurance carriers or are not indemnified by a State (or local or regional transportation authority). The study shall identify the nature of the risk to the Corporation, the probable degree of uninsurability of such risks, the desirability and feasibility of various indemnification programs including subsidy offers made pursuant to this section, self-insurance through a passenger tax or other mechanism or government indemnification for such liabilities. Within one year of the date of enactment of this paragraph, the Secretary shall prepare a report with appropriate recommendations and shall submit the report to Congress. Such report shall specify the most appropriate means of indemnifying the Corporation for such liabilities in a manner which shall prevent the cross-subsidization of passenger services with revenues from freight services operated by the Corporation.".

On page 34, line 21, strike "13" and insert in lieu thereof "14".

Mr. CANNON. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

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

Mr. CANNON. These are amendments which the committee is offering on behalf of Senator WILLIAMS.

ConRail and the Department of Transportation have reviewed the amendments and they are agreeable to them. They are designed to clarify and improve the commuter rail program operated by ConRail and subsidized by State and local transportation authorities in the Northeast.

Mr. FORD. Mr. President, as a point of explanation, is this on local rail service?

Mr. CANNON. Yes.

Mr. President, these amendments are designed to clarify and improve the commuter rail program operated by ConRail and subsidized by State and local transportation authorities in the Northeast.

These amendments:

First, assure that ConRail will continue to provide commuter rail service, which it currently provides under preconveyance contracts, as long as a State or local commuter authority offers a subsidy adequate to cover the cost of the service, as determined by the Rail Services Planning Office;

Second, require ConRail to provide modified or additional commuter service if a State or local commuter authority offers an adequate subsidy; and

Third, require the Department of Transportation to study and recommend to Congress a means of indemnifying ConRail for uninsurable losses it may incur in the operation of commuter rail service.

By law, ConRail must provide rail passenger service when a subsidy is offered. Subsidies provided to ConRail by State and local governments for the operation of commuter service include the cost of insuring ConRail against losses due to accidents. However, ConRail has been unable to obtain insurance for certain losses—those below $2 million and those over $50 million per occurrence. Some States, on the other hand, argue that they are prohibited by law from guaranteeing the payment of unpredictable losses. This leaves ConRail unprotected against uninsurable losses. To resolve this dilemma, this amendment would direct the Secretary of Transportation, in consultation with the association, to conduct a study to determine the best means of compensating ConRail for any uninsurable losses which it might incur as a result of being forced to provide commuter services under subsidy.

Mr. President, I urge the adoption of the amendments.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments of the Senator from Nevada.

The amendments, en bloc (UP No. 1907) were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. Are there further amendments to be proposed?

Mr. MELCHER. Yes, Mr. President, there is an amendment. We are drafting it as rapidly as possible. 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. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

THE COMPARATIVE COSTS OF THE NEWPORT NEWS AND PHILADELPHIA NAVAL REHABILITATION FACILITIES

Mr. HARRY F. BYRD, JR. Mr. President, yesterday the General Accounting Office submitted to me and to Representative TRIBLE of Virginia a report analyzing the difference in cost between using the Newport News Shipbuilding & Drydock Co. and the Philadelphia Naval Yard in the carrier rehabilitation program.

I had asked the General Accounting Office to analyze in detail as to which yard could handle the carrier overhaul in the most economical way from the point of view of the American taxpayer. I think it is very important, Mr. Presi-

dent, that in all of our Government programs——

The PRESIDING OFFICER. Will the Senator suspend for a moment, until we obtain order in the Chamber? This is an important subject; the Senator is entitled to be heard. The staff will please clear the aisles, and Senators will take their seats.

The Senator from Virginia may proceed.

Mr. HARRY F. BYRD, JR. It is very important that in all our programs the administrators utilize the facilities and contracts which can best protect the tax dollars of the working people.

The General Accounting Office, after going into this matter very exhaustively, submitted to me a comprehensive report which said that the Navy might have to pay an extra $119 million to get an aircraft carrier overhauled in Philadelphia as compared to having that same aircraft carrier overhauled in the shipyard at Newport News, Va.

That is a tremendous sum of money.

The Navy, in the ship rehabilitation program, plans to overhaul four aircraft carriers. As a result of that report from the General Accounting Office, and after studying it with some care, I sent the following telegram to the Secretary of the Navy, which I wish to read to the Senate. It is addressed to the Honorable W. Graham Claytor, Secretary of the Navy, Department of the Navy, the Pentagon, Washington, D.C.:

The General Accounting Office today reported that a saving to the Government of between $102 and $119 million can be achieved by assignment of the aircraft carrier *Saratoga* to Newport News Shipbuilding and Dry Dock Co. for work under the service life extension program.

At a time when inflation is our most critical domestic problem, and the Federal Government is running huge deficits, it is vital that the Defense Department set an example of prudence and economy in its operations.

In the light of the GAO finding, I cannot conceive that the Secretary of the Navy, in whom I have great confidence, will fail to take advantage of the saving to the taxpayers throughout the country available through assignment of the *Saratoga* to Newport News.

This is signed HARRY F. BYRD, JR., U.S. Senator.

Mr. President, in the Baltimore Sun today is a comprehensive, and I think excellent, report on the General Accounting Office report to the Congress. The article in today's Baltimore Sun was written by Charles W. Corddry, who is a member of the Washington bureau of the Sun. Mr. Corddry did an excellent job in taking a very difficult, complex, and comprehensive report and putting it into words which make clear the findings from that GAO study.

Mr. President, I ask unanimous consent that the Baltimore Sun article of today be printed at this point in the RECORD.

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

CARRIER OVERHAUL COST HELD UNDERESTIMATED

(By Charles W. Corddry)

WASHINGTON.—A report to Congress said yesterday the Navy might have to pay an extra $119.2 million to get an aircraft carrier overhauled in Philadelphia, as planned by the administration, instead of in a private shipyard at Newport News, Virginia.

Prepared by the General Accounting Office, the analysis was viewed as a source of political embarrassment for Vice President Mondale, who announced in April the selection of the government's Philadelphia Naval Shipyard to overhaul and modernize the carrier Saratoga.

It was rare for a Vice President, instead of the Navy alone, to make such an announcement. But Mr. Mondale was anxious to counteract the effects in Philadelphia of a broken campaign promise to keep open that city's Frankford Army Arsenal. He happily said the carrier work would create "more than 2,600 new jobs."

Now Mr. Mondale's second undertaking regarding defense work for the city could backfire. The GAO, a congressional watchdog agency, called on the Navy to reassess the Saratoga decision and determine whether it "can still be justified" in light of new cost and other data.

Navy officials had no formal reaction but let it be known informally they already are considering whether to shift the Saratoga work to the Newport News Shipbuilding and Dry Dock Company.

A spokesman for Mr. Mondale said he had not seen the GAO report yet and had no comment. The issue is "up to the Navy to decide now," the spokesman said, and it would be "improper [for Mr. Mondale] to be involved in it."

The GAO report, faulting the Navy for "inconsistencies and errors" in cost analysis, was made public by Senator Harry F. Byrd, Jr. (Ind., Va.) and Representative Paul S. Trible, Jr. (R., Va.).

They requested the independent study after a "superficial" Navy analysis indicated that it would cost only $15 million to $30 million more to do the work in Philadelphia and that other advantages made such a course worthwhile.

The net effect of the Navy's errors, the GAO said, was that the service "understated the estimated costs at Philadelphia and overstated them at Newport News."

The accounting office's revised estimate showed that the work would cost $472.1 million at Newport News, $561 million at Philadelphia if certain legislative "reforms" are made to slow the rise in federal blue-collar pay, and $577.3 million at Philadelphia if the pay changes are not made.

The cost spread between the two cities thus could be $88.9 million to $105.2 million. The GAO said another $14 million should be added to cover the government's cost of retirement systems in effect for federal workers in the Philadelphia yard. The total "saving" from sending the Saratoga to Newport News therefore could run to $119.2 million.

This shows how "wasteful" it would be not to give the Virginia company the work, Senator Byrd said, calling it "regrettable that this work assignment has become entangled in national politics." That was a reference to Mr. Mondale's interest in the matter.

Mr. Trible, whose district includes Newport News, noted the maximum cost difference cited by the GAO was four times that estimated by the Navy. On the basis of GAO estimates, he said, the Navy could buy a nuclear-powered attack submarine with the money it would save by having Newport News modify the Saratoga and three other carriers for which similar overhaul is planned.

The Navy essentially intends to rebuild the four super-carriers in order to add 15 years to their normal 30-year service life.

The GAO noted the Navy orginally considered only two options—sending the first ship to Newport News and the next three to Philadelphia or sending all four to Philadelphia.

The second alternative won, at least last April, on grounds that there were production and management advantages in doing work in series at one yard, that Philadelphia met the basic criteria and that Newport News would be occupied with construction of a new aircraft carrier. Ironically, that was the carrier that President Carter scuttled when he vetoed the defense authorization bill.

The GAO could have accepted those considerations, it said, if the cost differences were not so large and if it had now become apparent that Newport News may be able to handle all four ships.

The GAO said the Navy kept estimated Philadelphia costs down by planning to use 1,174 Saratoga crew members as part of the work force—a practice frowned on by Congress—and then by computing their pay at 1977 rates, though the work would be done between late 1980 and early 1983. Another Navy error was to calculate a profit for the Philadelphia yard, though a government yard would get none, and double profit for Newport News. Certain other costs, such as hiring and training, were not calculated at all, the GAO said.

Mr. PROXMIRE. Mr. President, if the Senator from Montana has an amendment to offer, I will defer to him, of course, so that we can finish this bill. If he does not, I have something else to speak on briefly. I will leave it to the Senator from Montana.

Mr. MELCHER. The Senator from Wisconsin may proceed.

Mr. PROXMIRE. Mr. President, I will not take long. I will be happy to desist whenever the Senator from Montana is ready.

SEPTEMBER GOLDEN FLEECE AWARD GOES TO OFFICE OF EDUCATION

Mr. PROXMIRE. Mr. President, I am giving my Golden Fleece of the Month Award for September to the Office of Education for spending $40,375 in an attempt to give 35 of its ambitious or unhappy bureaucrats a new lease on their career lives. By paying over $1,100 for each participant to take what it called a "creative career and life planning" course during working hours, the Office of Education found a way to help its employees on the way up or on the way out while letting the taxpayers down.

While I believe overburdened citizens should not have to shell out tax dollars for such purposes at all, ironically the same course with the same instructors could have been taken on employees' own time for $475, or a total cost of $23,750 less.

Among the things the students faced or were told to do in their 3½-hour sessions on each of 10 days were:

First, to take a holistic rather than an atomistic approach to life;

Second, to write a 50- to 200-page autobiography;

Third, to analyze their hobbies;

Fourth, to keep their eye on the "divine radar"; that is, the enjoyable moments or periods of their lives;

Fifth, to figure out, in Walter Mitty fashion, how they would give away $10 million (Do Federal bureaucrats really need a course to tell them how to do that?);

Sixth, to reconstruct and write a diary

of their entire lives in which they "boast a lot"; and

Seventh, to conduct an onsite personal survey of a community in the general area of where they live during which they talk to people according to a well thought-out plan which leaves room for "improvisation, serendipity, and the chance encounter." (Let's hear it for the chance encounter.)

My argument is not with the private firm which gave the course, the talented authors of the official textbooks, or the private citizens who want to take the course and pay for it out of their own pockets. My objection is to the Government shelling out the money and picking up the tab.

The announcement of the Office of Education about the course stated that the "problem solving approach to goal identification" would be used "to help employees determine their goals in life and make changes in their environment, lifestyle, careers, and direction which will aid them in gaining satisfaction both on-the-job and in their personal life."

My only advice to those who approved spending taxpayers' money for the course is the old adage, "Physician, heal thyself." After this display of questionable judgment, they may wish to consider most seriously the issue of changing careers themselves, or, as the course textbooks put it, to do a "functional analysis of your transferable skills."

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

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

GLADIATORS, KNIGHTS, AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, on Monday, September 18, under the auspices of the United Nations, a special seminar convened in Geneva on national and local institutions for the promotion and protection of human rights. This seminar is being held, in part, to commemorate the 30th anniversary of the U.N. adoption of the Universal Declaration of Human Rights.

Mr. President, this document—the Universal Declaration of Human Rights is an extremely important declaration.

What exactly does it do?

It is an effort to establish a comprehensive common standard of human rights covering civil, political, economic, and social rights. It is very similar to our Declaration of Independence in the ideals it expresses.

This declaration, however, was not meant to stand alone. It was meant to be followed by a series of specific human rights treaties dealing with such topics as racial discrimination, political rights of women, abolition of slavery, and genocide, among others. Unfortunately, only two of these treaties—the treaties on the political rights of women and the abolition of slavery have been ratified by the Senate.

Not a record to be proud of, that is for sure. But that is the precise reason why this seminar is of such importance. It is part of the U.N.'s ongoing effort to keep the problems of human rights in the forefront of world debate.

Thirty-two countries plus a host of other intergovernmental organizations and interested special agencies are meeting for a dozen days to exchange ideas and experiences gained in their struggle for human rights. The basic goal, according to the U.N. office in Geneva, is "to encourage greater awareness in matters relating to human rights and fundamental freedoms."

As the senior Senator from Wisconsin, I particularly want to commend the Secretary of State for his outstanding choice of Mr. Bruno Bitker as the U.S. representative to this seminar. Mr. Bitker, a fellow Wisconsinite, has, since 1947, been one of the most outspoken, intelligent, and rational advocates of human rights. He has testified before the Senate Foreign Relations Committee many times, recently in May 1977 as chairman of the American Bar Association's Committee on International Human Rights. At that time, as in the past, he strongly urged ratification of the Genocide Convention.

Mr. Bitker has devoted his life to the fight for human rights. His reason, in his own words:

> Political entities are not eternal; like man-made structures, they can crumble with the passage of time. But ideals and ideas never die. What is recognized through the Universal Declaration of Human Rights are those principles which are basic and essential to man's well being. It is in the support of these rights and in the dignity of every individual that I have directed my thoughts and my energies over the years.

Mr. President, by the Senate's failure to ratify the necessary treaties which support the Universal Declaration, our eloquent and devoted Representative, Mr. Bitker, is left a gladiator without his sword—a knight without his armor.

Mr. President, for almost 30 years we have failed to ratify the Genocide Convention and other human rights treaties. It is high time that our Representatives be given the wherewithal to carry out their missions. Outstanding individuals such as Bruno Bitker deserve the full backing of this body in their efforts.

And I can think of no better tool than prompt action on ratifying the important human rights treaties now pending before us, beginning with the Genocide Convention.

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

The PRESIDING OFFICER (Mr. JOHNSTON). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AMTRAK IMPROVEMENT ACT OF 1978—CONFERENCE REPORT

Mr. CANNON. Mr. President, I submit a report of the committee of conference on S. 3040 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3040) to amend the Rail Passenger Service Act to extend the authorizations for an additional fiscal year, to provide for public consideration and implementation of a rail passenger service study, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of August 11, 1978.)

Mr. CANNON. Mr. President, the conference report on S. 3040, the Amtrak Improvement Act of 1978, provides authorization for appropriations for Amtrak for fiscal year 1979, a review and reevaluation of the Amtrak route system by the Department of Transportation, and numerous other provisions designed to improve Amtrak operations. The Senate first considered S. 3040 on May 10, 1978, and approved a total authorization for Amtrak of $655 million for fiscal year 1979, as well as directing the Department of Transportation to immediately review and reevaluate the Amtrak route system. The House of Representatives, in disagreeing with the Senate provisions, raised the authorization level to $755 million, amended the route reexamination process, and included numerous other provisions relating to specific problem areas of Amtrak operations. On August 11, 1978, the House and Senate conferees met and worked out the differences on the two versions of S. 3040. All of the members of the committee of conference approved and signed the conference report on S. 3040.

The House has already approved the conference report by an overwhelming margin and I strongly recommend to my colleagues that they do likewise. This legislation represents a major attempt on the part of Congress to carefully review Amtrak's performance to date, and determine what type of route system should be implemented for the future. For too long, Congress has approved Amtrak's operating budget without careful consideration of the cost factors involved and the overall benefits achieved by the system. Amtrak's operating subsidy has grown from a meager $22 million in fiscal year 1971 to a whopping $530 million in fiscal year 1978. The Federal Government cannot, as a matter of policy, continue to fund these enormous operating deficits. The time has come to reverse these rising deficits and the vehicle for change is contained in S. 3040.

The conference report reflects the con-

cern of the House and Senate conferees that we must provide both for Amtrak's short-term financial needs as well as the long-term rationalization of Amtrak operations. In essence, the conferees agreed to provide necessary support for Amtrak for the coming fiscal year while setting into motion numerous changes that will have far-reaching effects on Amtrak and the role of the Federal Government in subsidizing rail passenger operations. I should like briefly to describe some of the major provisions of the legislation.

Section 2 of the conference report provides authorizations in the amount of $600 million for operating expenses, $130 million for capital expenditures, and $25 million for loan guarantees. These figures are identical to those contained in the House version of S. 3040 and represent a substantial increase from the levels approved by the Senate on May 10.

Though I do not believe the Federal Government should continually subsidize the ever-increasing operating deficits of Amtrak, I believe there are extenuating circumstances that necessitate these high authorization levels for fiscal year 1979. As my colleagues are aware, the Department of Transportation is conducting a detailed analysis and review of Amtrak operations in order to recommend to the Congress a more efficient and rational route system for Amtrak. With final approval of the new route system due sometime during the summer of 1979, I believe it would be counterproductive to withhold necessary funds for the smooth transition from the old to the new route system at that time. We should not doom the new system before it gets a chance to succeed. The higher authorization level takes into account the uncertainty over the final date of approval of the new system, as well as transition costs of the new system.

In supporting this higher authorization level, I want to stress to my colleagues that I have not abandoned my belief that the Amtrak subsidy must be reduced. I will not support funding in the future for Amtrak that does not reflect an awareness on the part of Amtrak management that these escalating subsidies must be reversed. I should also like to state to my colleagues that a reduction in the Amtrak subsidy does not automatically result in a loss of passenger service. I have no argument with Amtrak running trains wherever there is a possibility of increasing ridership with sound operating and marketing practices. I do, however, believe that these train passengers must pay a greater share of the actual cost of providing the service.

In line with this conviction, I insisted that language be inserted into the conference report stating that Amtrak fares must be altered to reflect. more appropriately, the true cost of providing passenger services. We cannot allow Amtrak to charge unreasonably low fares for the sole purpose of creating an artificial level of demand for rail service.

Section 4 of the conference report, and the section which I believe is the most important for the long-term future of Amtrak, relates to the Department of Transportation's reexamination of the Amtrak route system and operations. The overall outline of the route reexamination process is as follows: First, development and submission to the Congress of preliminary recommendations by the Department of Transportation; second, hearings conducted by the Rail Service Planning Office on the preliminary recommendations; third, submission by the Secretary to the Congress of final recommendations and subsequent approval of those recommendations by the Congress; and fourth, implementation of the new route system. The conference report establishes a procedure for final approval of the recommended route plan that, while granting adequate time for congressional study and review, does not place unnecessary political roadblocks in front of the plan. Upon submission of the Department's final recommendations to the Congress on December 31, 1978, the Congress will be given a period of 90 calendar days of continous session in which to adopt a resolution of disapproval. If neither House adopts such a resolution, the final recommendations will be considered approved at the end of the 90-day period. This procedure parallels the procedure set forth in the Regional Rail Reorganization Act of 1973 for development and adoption of the final system plan.

In closing, I urge my colleagues to accept the conference report on S. 3040 because I believe it provides a mechanism by which Amtrak can reverse the trend of its operating subsidies. The conference report represents a compromise between the short-term financial needs of Amtrak and the long-term role that rail passenger service should play in our Nation's transportation system. Under this legislation, the Department of Transportation has a mandate to rationalize the Amtrak route system in order to help reduce unnecessary and unproductive train routes. Even more importantly, we have sent a clear message to Amtrak management that states, in no uncertain terms, that the Congress will no longer continue to haphazardly fund unproductive passenger operations that the American public does not want and cannot afford to subsidize.

This legislation represents a first step in the overall rationalization of our Nation's transportation resources. It does not provide any quick or easy solutions to the problems facing Amtrak. It will, however, focus attention on the need to carefully review the role that Amtrak should play with respect to our Nation's other forms of passenger transportation, and how the benefits of rail passenger service can be achieved within reasonable funding requirements.

Finally, I thank the members of the conference committee and in particular, Senator RUSSELL B. LONG and Senator JOHN C. DANFORTH, the chairman and ranking minority member respectively, of the Surface Transportation Subcommittee, for their interest and dedication in working out this compromise. Without their interest and clear understanding of the issues, a compromise on S. 3040 would have been made immeasurably more difficult.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

LOCAL RAIL SERVICE ACT OF 1978

The Senate resumed consideration of the bill.

The PRESIDING OFFICER. S. 2981 is open to further amendment.

Mr. CANNON. Mr. President, I understand that the Senator from Montana has an amendment that he will try to work up. I understand what his problem is. I wish to explain to him that I do not think he can do what he would like to do.

First, he is concerned about the Milwaukee Railroad, which has been in bankruptcy. It is very unfortunate, but it is not the only railroad in the country that is in bankruptcy.

There is a suggestion being talked about that certain moneys ought to be set aside over and above the moneys now authorized for that railroad or for railroads in bankruptcy in general. First, I should like to point out that any move to amend the amount now would be subject to a point of order, as it is not within the amount of the budget resolution. There is no room in the resolution for a new authorization of additional money.

Second, I point out that under the Emergency Rail Service Act, Congress authorized $160 million in a revolving fund for assistance to bankrupt railroads. That is required to be paid back as they make money in their current operations. At the present time, there is over $50 million available in that fund from repayments of loans to bankrupt railroads which would be available under the act for the Milwaukee and any other bankrupt railroads to make application for funds to assist them.

Third, I should like to point out that they are eligible under title V for loan guarantees under section 511 if they wish to proceed in that fashion.

Last, I point out that the Milwaukee has not suffered serious traffic diversion since it went into bankruptcy.

For all of those reasons, I oppose any amendment that would attempt to earmark any funds for any particular bankrupt railroad. I would oppose and call a point of order if any move is made to increase the authorization, in that it is not within the budgeted amount. I suggest to the people who support the Milwaukee that the Milwaukee ought to apply under the provisions of the Emergency Rail Services Act for a loan or for assistance if that is what they need.

Mr. DURKIN. Will the Senator yield?

Mr. CANNON. Yes; I yield.

Mr. DURKIN. I share the chairman's concern. I also share the concern of my friend from Montana. I point out that the coal conversion bill that has cleared the Senate and will undoubtedly clear Congress this year and will be signed into law by the President, does amend the purpose clause in title V and does provide funds for rehabilitation for an additional $100 million authorization and loan guarantee provision for the re-

pair and rehabilitation of rail lines to haul coal.

Inasmuch as the Delaware and Hudson is very, very important to us in northern New England and inasmuch as the Boston and Maine is already in chapter 77 trusteeship, and is of vital importance to my people in New Hampshire and also the entire New England region, if there were any amendment at this time that would divert or preempt funds that could go to the Boston and Maine or go to the D. & H. I should have to, as graciously but as vigorously as possible, resist at this time.

I do give my assurance to the Senator from Montana that I am concerned with rails, very concerned, and I shall be glad to work with him and see if there is some way that we can solve his problem without impacting so adversely on northern New England and, for that matter, the entire New England-Northeast region.

Mr. MELCHER. Mr. President, the sympathy of my colleague on the Committee on Commerce is very much appreciated, but I have to point out, that the Milwaukee Railroad, a transcontinental railroad, that extends from Chicago to the west coast, in its present state of bankruptcy poses a tremendous hazard for the continuation of adequate railroad service in the United States.

I find, listening to the people that work on the Milwaukee and the people that are served by the Milwaukee, that they are extremely frustrated by the fact that in dealing with this insolvent railroad, it is tough enough to find out when and what railroad management and the bankruptcy judge are ever going to do to help. When you get a railroad in bankruptcy and you are dealing with a railroad that is intent only on salvaging a portion of that line and leaving a lot of us in the West high and dry, and you are working with a bankruptcy judge whose experience is remote from the conditions that we live in in the West—people are demanding that we get something done. I am going to offer an amendment that will simply pay some attention to the Milwaukee problem that exists here and now.

It could be assumed, I suppose, that the Milwaukee, in bankruptcy, would be working diligently, somehow, to pull itself together and keep on operating a railroad in our western States. Well, forget that assumption. That is not a valid assumption. If you look back a few years ago, about the fourth or fifth time that the Northern Pacific and the Great Northern filed a railroad merger application, those of us who opposed that merger stated that if you allow three healthy railroads to merge (the Great Northern Pacific and the Burlington), that they would have the Milwaukee between them and it would be like crushing a walnut with a nut crasher.

It has taken a few years for that to happen to the Milwaukee. They are being crushed cut of existence.

The freight is going to the Burlington Northern. The freight comes off the Milwaukee because the merged line is much bigger serving more points

There are hundreds of miles of mainline track of the Milwaukee which needs repair for the very explicit reason that they have got bad orders on them. They have 10-mile-an-hour orders, 20-mile-an-hour orders, 30-mile-an-hour orders, and when you are in that condition and bankrupt you are never going to come out of it without outside capital. Economically the Milwaukee can only recover by hauling more freight at normal speeds. They cannot do that without track repair.

So I want to assist the bankruptcy judge to be able to work out some system where we keep service going on the Milwaukee line. The key to that is improvement of the roadbed and the track and get rid of those bad orders.

UP AMENDMENT NO. 1908

Mr. President, I worked out an amendment here. I hope it is acceptable to the committee. I offer it on behalf of myself and my colleague from Montana (Mr. PAUL G. HATFIELD). I send it to the desk and ask for its immediate consideration. Its effect is to require prompt consideration by the Federal Railroad Administration for Emergency Railroad Service loans for the Milwaukee. The funds are available for roadbed and track improvement and this is a true emergency.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. MELCHER) for himself and Mr. PAUL HATFIELD, proposes an unprinted amendment numbered 1908:

Add a new section at end of bill:

The Federal Railroad Administration is required to promptly review the condition of the Chicago, Milwaukee, and St. Paul Railroad and to consider assisting the railroad in loans for roadbed and track improvement.

Mr. CANNON. Mr. President, I think that is an amendment that the committee could accept. We certainly are very much concerned about the plight of all of these bankrupt railroads, as well as the plight of some that are near bankrupt.

This does require the Federal Railway Association to immediately examine their plight and to consider assistance to them for those purposes, which certainly are proper purposes.

It may be that, as the Senator says, by assisting them under the authority of the act, which they have $50 million available for at the present time, they could upgrade their tracks and roadbeds to the point where a number of these slow orders could be removed, and it might become a viable, successful railroad once again.

Mr. DURKIN. Will the Senator yield for a question?

Mr. CANNON. Yes.

Mr. DURKIN. I want to commend the Senators from Montana for their diligence and concern with a very real problem in their area.

As I understand the amendment, the FRA will give consideration, but there is nothing express or implied in the amendment that would require the appropriate agencies to give any degree of priority. This amendment just gets their attention.

Mr. CANNON. They would be required to immediately examine the problem, and it is certain to get their attention, as the Senator says, and then make a determination, but to consider giving them assistance for those purposes.

Mr. DURKIN. Without any priority.

Mr. CANNON. They would not have any priority. We could not give them any priority over any other bankrupt railroad.

Mr. DURKIN. Right.

I thank the chairman and the Senators from Montana.

Mr. DANFORTH. Will the Senator yield for a question?

Mr. CANNON. Yes.

Mr. DANFORTH. Following the question of Senator DURKIN, I just want to make it clear that this does not in any sense state the preference of the Congress for one bankrupt railroad as opposed to other bankrupt railroads.

It is my understanding that there are now some five bankrupt railroads in the country. While I am sure all of us are concerned about the plight of the Milwaukee railroad, or any of the other four bankrupt railroads, and we would hope the Secretary of Transportation would be attentive to the problems of all bankrupt railroads, in no sense do we state any kind of a preference on the part of the Congress or any kind of a desire that the Secretary will favor one railroad over the others.

Mr. CANNON. Mr. President, I say to my colleague, first, I think there are only three bankrupt railroads, rather than five, as he stated, at the present time. There is one, the D. & H., which may be added to that group shortly, I am not sure.

But this is not intended to establish any preference at all. They are all entitled to assistance, if they can be assisted, under the Emergency Rail Services Act. That is why we passed it.

We made that money available on a revolving basis so when money comes back in it is eligible and available for just this type assistance to railroads that are bankrupt.

I believe about $50 million of this money came back from assistance that had been made available to the Penn Central. That is why we have $50 million in the fund now, and we will have more money coming back that will be in the revolving fund, available to assist these bankrupt railroads under this emergency act.

Mr. DANFORTH. It is my understanding that under the law the Secretary of Transportation has the discretion to determine how the money in this revolving fund can most effectively be spent, and that we do not intend in any way to impinge upon that discretion.

Mr. CANNON. The Senator is correct.

It is for the Secretary and his advisers to make that determination under the tests. There are certain tests that must be met in the act, unless those were to be waived by law, but if the railroad meets those tests, then it is up to them to make the determination.

Vote.

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

So the amendment (UP No. 1908) was agreed to.

BRANCH LINE ASSISTANCE

● Mr. CLARK. Mr. President, I would like to take this opportunity to offer my comments in support of this bill. I was an original cosponsor of this legislation when it was introduced in April, and I am pleased that it has reached the floor of the Senate so expeditiously. I would like to commend the committee for its very prompt and thorough action.

This bill represents a significant step toward addressing the problem of branch line abandonments, a problem that can have devastating effects on many communities and the rail system as a whole.

In my home State of Iowa and the rest of the Midwest, for example, adequate rail service is the lifeblood of many smaller agricultural communities. Abandonments of the branch lines which serve these towns can have disastrous effects for everyone there. Furthermore, an adequate branch line network is essential to the health of the rail system as a whole because goods which enter the flow of commerce on branch lines will remain in the rail system, traveling long distances over the carrier's profitable main lines.

Mr. President, S. 2981, the bill now before us, significantly broadens the Federal branch line assistance program to make it an effective tool in addressing the serious problem of rail abandonments.

As you may know, the rail service program was developed to provide Federal assistance to the States to help ameliorate the effects of rail abandonments. But as it currently operates, the program works counter to the States' interest, by not allowing them the most effective use of the limited amount of Federal dollars they receive. Currently, States can only use Federal funds under this program to repair those tracks which the Interstate Commerce Commission (the ICC) has already cleared for abandonment, that is, lines which have already been determined to be "losers." Ineligible for assistance is that class of lines not yet bad enough to be abandoned, but that will deteriorate beyond repair unless we do something about them now.

Frankly, such an arrangement just does not make sense. We tell the States they must put their Federal funds into losers, instead of letting them put this money into lines which have a good chance of being saved.

Mr. President, the bill now before us changes all that. It gives States the flexibility they need to use Federal rail assistance funds on those branch line improvements they feel would be most productive. It accomplishes this by making eligible for assistance all lines carrying less than 5 million gross tons annually, the so-called class A and B branch lines.

Mr. President, if I can digress just 1 minute, I think I can demonstrate how effective a branch line assistance program can be. As you may know, Iowa is universally recognized to have one of the most progressive and professional transportation departments in the Nation. The Iowa Department of Transportation has experimented with its own branch line assistance program, carefully selecting those rehabilitation projects from which it felt the most benefits could be derived. Its experience demonstrates what can be accomplished if the States are permitted the necessary flexibility to put funds into the optimum projects.

In an unprecedented arrangement, the State, local communities, shippers, and carriers have joined in financing the repair of over 453 miles of branch lines in Iowa and are working on repairing an additional 265 miles. All told, $21.5 million have been invested in these improvements, with the State contributing 51 percent of the costs, shippers contributing 35 percent and carriers 14 percent.

The gains from these improvements have been phenomenal. The percentage of grain shipped by rail increased by 29 percent after the lines were upgraded. The annual savings to shippers using these lines has been 1.8 cents per bushel. This represents annual savings of $3 million in transportation costs for the 170 million bushels of grain that move on these upgraded lines.

The savings result from the fact that the upgraded lines can carry heavier loads at greater speeds. These lines can now handle 100-ton hopper cars at 25 miles per hour, permitting carriers to more than double their operating speeds. An added benefit is the sharp decrease in derailments experienced by carriers over the improved track.

Mr. President, Iowa could accomplish even more with the funds available to it under the local rail service assistance program. But the results will not be nearly as impressive if the State is not permitted the utmost flexibility in selecting the best possible candidates for rehabilitation.

The Iowa Department of Transportation has already identified 30 additional lines—1,200 miles of track—whose rehabilitation would yield significant economic benefits. But none of these lines would be eligible for Federal assistance under the current criteria. All would be eligible under the bill currently before us.

One further point, Mr. President, I believe passage of this bill is crucial to the success of the Federal Railway Administration's efforts to strengthen the midwestern rail network. As chairman of the Senate Agriculture Committee's Rural Development Subcommittee, I have been carefully following the Federal Railway Administration's efforts to develop some realistic solution to the midwestern rail crisis. The hope is that if we act now, we can avoid the kind of irreversible deterioration in the system that led to the establishment of ConRail in the Northeast. Undoubtedly, one solution to the Midwest's problems will be the abandonment of lines which everyone—shippers, railroads, local communities, State planners—believes are nonessential. The tough problem will be what to do about the essential light density lines which are deteriorating and are therefore less profitable, but which the railroads simply cannot afford to repair given their current financial straits.

These are the lines for which Federal assistance is necessary. And it is for this reason that I believe the changes we are proposing are necessary if we are going to engage in a meaningful search for solutions under section 401. State and Federal transportation planners need the kind of flexibility that expanding the rail service assistance program will bring.

I urge the passage of this bill.●

Mr. CANNON. Third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendments to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

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

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

S. 2981

An Act to amend the Department of Transportation Act as it relates to the local rail services assistance program, and for other purposes

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 "Local Rail Services Act of 1978".

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of Congress in this Act that the Government shall assist in the provision of adequate transportation service to shippers and communities now served by light density lines. Federal funds shall be used to assist transportation services where such assistance provides economic benefits to the affected communities without placing a financial drain on the carriers providing that service.

Congress believes, however, that the parties benefiting from a Federal investment on a light density line must act to preserve the benefits of the Federal investment. Accordingly, Congress expects the States and local communities, shippers, and all elements of the railroad industry to commit themselves to long-term solutions which will enable the continued provision of adequate transportation service after the completion of the federally assisted projects.

EXPANSION OF ASSISTANCE

SEC. 3. Section 5(f) of the Department of Transportation Act (hereinafter referred to as the "DOT Act") (49 U.S.C. 1654(f)) is amended—

(1) by striking "purchasing a line of rail road or other rail properties" in paragraph (2) and inserting in lieu thereof "acquiring, by purchase, lease or in such other manner as the State considers appropriate, a line of railroad or other rail properties or any interest therein";

(2) by striking "and" immediately after the semicolon in paragraph (3);

(3) by striking the period at the end of paragraph (4) and inserting in lieu thereof a semicolon; and

(4) by adding the following new paragraphs at the end thereof:

"(5) the cost of constructing rail- or rail-related facilities (including new connections between two or more existing lines of railroad, intermodal freight terminals, and sidings), for the purpose of improving the qual-

ity and efficiency of local rail freight service; and

"(6) the cost of developing, administering, and evaluating innovative experimental programs that are designed to improve the quality and efficiency of service on lines of railroad eligible for assistance under this section and which involve cooperative action between State and local communities and railroad industry representatives or shippers.".

COST SHARING

SEC. 4. Section (5)(g) of the DOT Act (49 U.S.C. 1654(g)) is amended to read as follows:

"(g) The Federal share of the costs of any rail service assistance program for any fiscal year is 80 percent. The State share of the costs may be provided in cash or through the following benefits, to the extent the benefit would not otherwise be provided: (1) forgiveness of taxes imposed on a common carrier by railroad or on its properties; (2) the provision by the State or by any person or entity on behalf of a State, for use in its rail service assistance program, of realty or tangible personal property of the kind necessary for the safe and efficient operation of rail freight service by the State; or (3) the cash equivalent of State salaries for State public employees working in the State rail service assistance program, but not including overhead and general administrative cost. If a State provides more than 20 percent of the cost of its rail service assistance program during any fiscal year, the amount in excess of the 20 percent contribution shall be applied toward the State's share of the costs of its program for subsequent fiscal years.".

FORMULA ALLOCATION

SEC. 5. Section 5(h) of the DOT Act (49 U.S.C. 1654(h)) is amended to read as follows:

"(h)(1) For the period October 1, 1978, through September 30, 1979, each State which is, pursuant to subsection (j) of this section, eligible to receive rail service assistance is entitled to an amount equal to the total amount authorized and appropriated for such purposes, multiplied by a fraction whose numerator is the rail mileage in such State which is eligible for rail service assistance under this subsection and whose denominator is the rail mileage in all of the States which are eligible for rail service assistance under this subsection. Notwithstanding the provisions of the preceding sentence, the entitlement of each State shall not be less than 1 percent of the funds appropriated. For purposes of this subsection, rail mileage shall be measured by the Secretary, in consultation with the Interstate Commerce Commission. For the purpose of calculating the formula under this subsection, the rail mileage which is eligible shall be that for which the Commission has found that (A) the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad which is related to such project; or (B) the line of railroad or related project was eligible for assistance under title IV of the Regional Rail Reorganization Act of 1973; and such line or related projects has not previously been the subject of Federal rail service assistance under this section for more than 5 fiscal years.

"(2) Effective October 1, 1979, every State which is eligible to receive rail service assistance pursuant to subsection (j) of this section is entitled annually to a sum from available funds as determined pursuant to this subsection. Available funds are funds appropriated for rail service assistance for that fiscal year and any funds to be reallocated for that fiscal year in accordance with this paragraph. Subject to the limitations contained in paragraph (3) of this subsection, the Secretary shall calculate each State's entitlement as follows:

"(A) two-thirds of the available funds multiplied by a fraction whose numerator is the sum of the rail mileage in the State which, in accordance with section 1a(5)(a) of the Interstate Commerce Act (49 U.S.C. 1a(5)(a)), is either 'potentially subject to abandonment' or with respect to which a carrier plans to submit, but has not yet submitted, an application for a certificate of abandonment or discontinuance; and whose denominator equals the total of such rail mileage in all the States; and

"(B) one-third of available funds remaining after completion of the calculations under paragraph (1)(A) of this subsection multiplied by a fraction whose numerator equals the rail mileage in the State for which the Interstate Commerce Commission, within 2 years prior to the first day of the fiscal year for which funds are allocated or reallocated under this section, has found that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the rail mileage, and including, until September 30, 1981, (1) the rail mileage which was eligible for assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762) and (2) all rail mileage in the State which has, prior to October 1, 1978, been included for formula allocation purposes under this section; and whose denominator equals the total rail mileage in all the States eligible for rail service assistance under this section for which the Interstate Commerce Commission has made such a finding and including, until September 30, 1981, (1) the rail mileage in all the States which was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762) and (2) the rail mileage in all the States which had been, prior to the enactment of this amendment, included for formula allocation purposes under this section. For purposes of the calculation directed by this paragraph, no rail mileage shall be included more than once in either the numerator or the denominator.

Notwithstanding the provisions of this subsection, each State is entitled to receive pursuant to this subsection not less than 1 percent of the total appropriation under subsection (q) of this section for that fiscal year.

"(3) For purposes of paragraphs (1) and (2) of this subsection, rail mileage shall be measured by the Secretary as of the first day of each fiscal year. Entitlement funds are available to a State during the fiscal year for which the funds are appropriated. In accordance with the formula stated in this subsection, the Secretary shall reallocate to each State eligible to receive rail service assistance under subsection (j) of this section a share of any entitlement funds which have not been the subject of an executed grant agreement between the Secretary and the State before the end of the fiscal year for which the funds were appropriated. Reallocated funds are available to the State for the same purpose and for the same time period as an original allocation and are subject to reallocation if not made the subject of an executed grant agreement between the Secretary and the State before the end of the fiscal year for which the funds were reallocated. Funds appropriated in fiscal year 1978 and prior years which are not the subject of a grant agreement when this bill becomes effective will remain available to the States during fiscal year 1979.".

PLANNING ASSISTANCE

SEC. 6. Section 5(1) of the DOT Act (49 U.S.C. 1654(1)) is amended to read as follows:

"(1) During each fiscal year, a State may expend not to exceed $100,000, or 5 percent, whichever is greater, of its annual entitlement under subsection (h) of this section to meet the cost of establishing, implementing, revising, and updating the State rail plan required by subsection (j) of this section.".

PROJECT ELIGIBILITY

SEC. 7. Section 5(k) of the DOT Act (49 U.S.C. 1654(k)) is amended to read as follows:

"(k)(1) On August 1 of each year, each carrier by railroad subject to part I of the Interstate Commerce Act, shall prepare, update, and submit to the Secretary a listing of those rail lines which, based on a level of usage, carried 5 million gross tons of freight or less per mile during the prior year.

"(2) A project is eligible for financial assistance under paragraph (1) of subsection (f) of this section only if—

"(A)(i) the Interstate Commerce Commission has found, since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad which is related to the project; or (ii) the line of railroad or related project was eligible for assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762); and

"(B) the line of railroad or related project has not previously received financial assistance under paragraph (1) of subsection (f) of this section for more than 36 months: *Provided, however,* That a line of railroad or related project which was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762) or under this section prior to October 1, 1978, is eligible only until September 30, 1981.

"(3) A project is eligible for financial assistance under paragraph (2) of subsection (f) of this section only if—

"(A)(i) the Interstate Commerce Commission has found, since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad related to the project; or (ii) the line of railroad related to the project is listed for possible inclusion in a rail bank in part III, section C of the Final System Plan issued by the United States Railway Association under section 207 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 717); or (iii) the line of railroad related to the project was eligible to be acquired under section 402(c)(3) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762(c)(3)). A line of railroad or related project which was eligible for financial assistance under such section 402 or under this section prior to October 1, 1978, is eligible only until September 30, 1981; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(4) A project is eligible for financial assistance under paragraphs (3) and (5) of subsection (f) of this section only if—

"(A) the line of railroad related to the project is contained in the most recent submission under paragraph (1) of this subsection, and the project has been approved by the affected railroad; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(5) A project is eligible for financial assistance under paragraph (4) of subsection (f) of this section only if—

"(A)(i) the Interstate Commerce Commission has found, since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad which is related to the project; or (ii) the line of railroad or related project was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762): *Provided,* That a line of railroad or related project which was eligible for assistance under this section or such

section 402 prior to October 1, 1978, shall remain eligible for financial assistance only until September 30, 1981; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(6) A project is eligible for financial assistance under paragraph (6) of subsection (f) of this section only if—

"(A) there is a reasonable likelihood that it will improve the quality and efficiency of local rail freight service by increasing operating efficiency, reducing the cross subsidization of unprofitable portions of a system by profitable portions of a system or increasing productivity of workers; and

"(B) the cooperative action project shall not exceed 18 months in duration.".

TECHNICAL AMENDMENTS

SEC. 8. (a)(1) Section 5(o) of the DOT Act (49 U.S.C. 1654(o)) is redesignated as section 5(q).

(2) The first sentence of subsection (m)(1) of section 5 of the DOT Act (49 U.S.C. 1654(m)(1)) is amended by striking "(o)" and inserting in lieu thereof "(q)".

(b) The third sentence of subsection (q) of section 5 of the DOT Act, as redesignated by subsection (a) of this section, is amended to read as follows: "In addition, any appropriated sums remaining after the repeal of section 402 of the Regional Rail Reorganization Act of 1973 and of section 810 of the Railroad Revitalization and Regulatory Reform Act of 1976 are authorized to remain available to the Secretary for purposes of subsections (f) through (g) of this section.".

(c) Section 810 of the Railroad Revitalization and Regulatory Reform Act of 1976 (49 U.S.C. 1653a) is repealed.

BENEFIT-COST CRITERIA

SEC. 9. Section 5 of the DOT Act (49 U.S.C. 1654) is further amended by adding after subsection (n) thereof a new subsection (o) as follows:

"(o) The Secretary, in cooperation with representatives chosen by the States, shall, within 60 calendar days of the effective date of this subsection, promulgate regulations establishing criteria to be used by the Secretary to determine the ratio of benefits to costs of proposed projects eligible for assistance under paragraphs (2) through (5) of subsection (k) of this section. During the period prior to the Secretary's promulgation of such a methodology, the Secretary shall continue to fund projects on a case-by-case basis where he has determined, based upon analysis performed and documented by the States, that the public benefits associated with the project outweigh the public costs of the project.".

REHABILITATION ASSISTANCE

SEC. 10. Section 5 of the DOT Act (49 U.S.C. 1654) is further amended by adding after subsection (o), as added by section 9 of this Act, a new subsection (p) as follows:

"(p) A State shall use financial assistance provided under paragraph (3) of subsection (f) of this section as follows:

(1) The funds shall be used to rehabilitate or improve rail properties in order to improve local rail freight service within the State.

"(2) The State, in its discretion, shall grant or loan funds to the owner of rail properties or operator of rail service related to the project.

"(3) The State shall determine the financial terms and conditions of a grant or loan.

"(4) The State shall place the Federal share of repaid funds in an interest-bearing account or, with the approval of the Secretary, permit any borrower to place such funds, for the benefit and use of the State, in a bank which has been designated by the Secretary of the Treasury, in accordance with section 265 of title 12, United States Code. The State shall use such funds and all accumulated interests to make further loans or grants under paragraph (3) of subsection (f) of this section in the same manner and under the same conditions as if they were originally granted to the Secretary. The State may at any time pay to the Secretary the Federal share of any unused funds and accumulated interest. After the termination of a State's participation in the local rail service assistance program established by this section, it shall pay the Federal share of any unused funds and accumulated interest to the Secretary.".

COMBINATION OF ENTITLEMENTS

SEC. 11. Section 5 of the DOT Act (49 U.S.C. 1654) is further amended by adding after subsection (q) as redesignated by section 8 of this Act, a new section (r) as follows:

"(r) Two or more States that are eligible for local rail assistance under this section may, subject to agreement between or among them, combine their respective Federal entitlements under subsection (h) of this section in order to improve rail properties within their respective States or regions. Such combination of entitlements, where not violative of State law, shall be permitted, except that—

"(A) combined funds may be expended only for purposes listed in this section; and

"(B) combined funds that are expended in one State subject to the agreement entered into by the involved States, and which exceed what that State could have expended absent any agreement, must be found by the Secretary to provide benefits to eligible rail services within one or more of the other States which is party to the agreement.".

AMENDMENTS TO THE INTERSTATE COMMERCE ACT

SEC. 12. (a) Section 1(14) of the Interstate Commerce Act (49 U.S.C. 1(14)) is amended—

(1) by designating subsection (b) thereof as subsection (c); and

(2) by adding a new subsection (b), as follows:

"(b) The Commission may, upon petition and after a hearing on the record, and upon finding that a carrier by railroad subject to this part has materially failed to furnish safe and adequate car service as required by subsection 1(11), require such railroad to provide itself with such facilities or equipment as may be reasonably necessary to meet such obligation, provided the evidence of record establishes, and the Commission affirmatively finds, that

"(1) The provision of such facilities or equipment will not materially and adversely affect the railroad's ability to otherwise provide safe and adequate transportation services;

"(2) The expenditure required for such facilities or equipment, including a return which equals or exceeds the railroad's current cost of capital, will be recovered; and

"(3) The provision of such facilities or equipment will not impair the railroad's ability to attract adequate capital.".

(b) Section 1a(4) of the Interstate Commerce Act (49 U.S.C. 1a(4)) is amended by adding at the end thereof the following new sentence: "The terms and conditions referred to in subdivision (b) of this paragraph may include a direction, where the Commission finds it to be in the public interest to do so, awarding trackage rights to another common carrier by railroad or to a State, or a political subdivision thereof, over all or any portion of the lines of the applicant's railroad, solely for the purpose of moving equipment and crews in nonrevenue service between any lines operated by such other carrier, State, or political subdivision. In making such determination, the Commission shall consider the views of any State or other party directly affected by such abandonment or discontinuance and shall fix just and reasonable compensation, in accordance with section 3(5) of this part, for such trackage rights.".

AMENDMENTS TO THE REGIONAL RAIL REORGANIZATION ACT OF 1973

SEC. 13. Section 304(e) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 744(e)) is amended—

(1) by—

(A) striking the comma at the end of paragraph (4)(B), and inserting in lieu thereof "; or"; and

(B) adding the following new subparagraph after paragraph (4)(B):

"(C) offers a rail service continuation payment, pursuant to subsection (c)(2)(A) of this section and regulations issued by the Office pursuant to section 205(d)(5) of this Act, for the operation of rail passenger service provided under an agreement or lease pursuant to section 303(b)(2) of this title or subsection (c)(2)(B) of this section where such offer is made for the continuation of the service beyond the period required by such agreement or lease: *Provided*, That such services shall not be eligible for assistance under section 17(a)(2) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1613(a)(2)), as amended."; and

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

"(7) If a State (or a local or regional transportation authority) in the region offers to provide payment for the provision of additional rail passenger service (as hereinafter defined), the Corporation shall undertake to provide such service pursuant to this subsection (including the discontinuance provisions of paragraph (2) hereof). An offer to provide payment for the provision of additional rail passenger service shall be made in accordance with subsection (c)(2)(A) of this section and under regulations issued by the Office pursuant to section 205(d)(5) of this Act, and shall be designed to avoid any additional costs to the Corporation arising from the construction or modification of capital facilities or from any additional operating delays or costs arising from the absence of such construction or modification. The State (or local or regional transportation authority) shall demonstrate that it has acquired, leased, or otherwise obtained access to all rail properties other than those designated for conveyance to the National Railroad Passenger Corporation pursuant to sections 206(c)(1)(C) and 206(c)(1)(D) of this Act and to the Corporation pursuant to section 303(b)(1) of this title necessary to provide the additional rail passenger service and that it has completed, or will complete prior to the inception of the additional rail service, all capital improvements necessary to avoid significant costs which cannot be avoided by improved scheduling or other means on other existing rail services, including rail freight service and to assure that the additional service will not detract from the level and quality of existing rail passenger and freight service. As used in this subsection, "additional rail passenger service" shall mean rail passenger service (other than rail passenger service provided pursuant to the provisions of paragraphs (2) and (4) of this subsection) including extended or expanded service and modified routings, which is to be provided over rail properties conveyed to the Corporation pursuant to section 303(b)(1) of this title, or over (A) rail properties contiguous thereto conveyed to the National Railroad Passenger Corporation pursuant to this Act or (B) any other rail properties contiguous thereto to which a State (or local or regional transportation authority) has obtained access. Any provision of this paragraph to the contrary notwithstanding, the Corporation shall not be required to operate additional rail passenger service over rail properties leased or acquired from or owned or leased by a profitable railroad in the region.

"(8) The Secretary, in consultation with

the Association, shall undertake a study to determine the best means of compensating the Corporation for liabilities which it may incur for damages to persons or property resulting from the operation of rail passenger service required to be operated pursuant to this subsection, or section 303(b)(2) of this title which are not underwritten by private insurance carriers or are not indemnified by a State (or local or regional transportation authority). The study shall identify the nature of the risk to the Corporation, the probable degree of uninsurability of such risks, the desirability and feasibility of various indemnification programs including subsidy offers made pursuant to this section, self insurance through a passenger tax or other mechanism or government indemnification for such liabilities. Within one year of the date of enactment of this paragraph, the Secretary shall prepare a report with appropriate recommendations and shall submit the report to Congress. Such report shall specify the most appropriate means of indemnifying the Corporation for such liabilities in a manner which shall prevent the cross-subsidization of passenger services with revenues from freight services operated by the Corporation.".

CHICAGO, MILWAUKEE, AND ST. PAUL RAILROAD, REVIEW OF

SEC. 14. The Federal Railroad Administration is required to promptly review the condition of the Chicago, Milwaukee, and St. Paul Railroad and to consider assisting the railroad in loans for roadbed and track improvement.

EFFECTIVE DATE

SEC. 14. This Act shall take effect on October 1, 1978.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Has the Senator from Nevada completed?

Mr. CANNON. Yes.

Mr. FORD. Mr. President, normally at the end of a bill such as this, and other pieces of legislation, those of us rise to compliment our colleagues. I do not want this one to seem a routine statement as to the complimentary remarks I am about to make.

I want to thank the distinguished Senator from Missouri (Mr. DANFORTH) for his knowledge that he displayed here today on this piece of legislation. I am pleased with his questions of the chairman and his cooperation. I want to thank him for that.

Mr. President, I want to compliment the chairman of the Commerce, Science, and Transportation Committee, the Senator from Nevada, for his patience and being always willing to sit down and try to work out problems with other colleagues.

I think that was evident on the floor today as he worked with the distinguished Senators from Montana.

I would like to thank Senator CANNON on my behalf for the time he has given me and the help he has given me in order that I might serve my colleagues better.

I want it in the RECORD to let others know how much I appreciate his help.

Mr. DURKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. DURKIN. I am not going to be long. I just want to join in the support and join in the remarks of my colleague (Mr. FORD) on all the work the chairman and the ranking member have done, and the Senators from Montana, on this very important piece of legislation.

Mr. CANNON. Mr. President, I thank my colleagues for their very kind remarks. I appreciate very much the help they have given me.

Mr. ROBERT C. BYRD. Mr. President, I, too, compliment the distinguished Senator from Nevada (Mr. CANNON) and the distinguished Senator from Missouri (Mr. DANFORTH) on the leadership they have provided in connection with this matter, the skill with which they have handled it, and the speed with which they have dispatched it. I congratulate them.

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

Mr. ROBERT C. BYRD. I yield.

Mr. BAKER. Mr. President, I thank the majority leader for his remarks. On my own behalf, I commend the managers of this bill on both sides of the aisle for proceeding expeditiously and to bring us to this point late this Saturday afternoon.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, with statements therein limited to 5 minutes each, and that the period be limited to 10 minutes.

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

REPORTS OF COMMITTEES

The following reports of committees were submitted:

OLDER AMERICANS ACT AMENDMENTS— CONFERENCE REPORT

Mr. EAGLETON, from the committee of conference, submitted a report on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12255) to amend the Older Americans Act of 1965 to provide for improved programs for older persons, and for other purposes (95–1236).

By Mr. CHURCH, from the Committee on Energy and Natural Resources, without amendment:

S. Res. 567. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 10587. Referred to the Committee on the Budget.

By Mr. CHURCH, from the Committee on Energy and Natural Resources, with an amendment and an amendment to the title:

H.R. 10587. An act to improve the range conditions of public grazing lands (95–1237).

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. SCHMITT:

S. 3521. A bill to amend title II of the Social Security Act to provide for annual reporting, to the employees and self-employed individuals concerned, of the amounts of the social security tax contributions made or imposed with respect to their wages and self-employment income and of the amounts of the wages and self-employment income for which they have been credited; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SCHMITT:

S. 3521. A bill to amend title II of the Social Security Act to provide for annual reporting, to the employees and self-employed individuals concerned, of the amounts of the social security tax contributions made or imposed with respect to their wages and self-employment income and of the amounts of the wages and self-employment income for which they have been credited; to the Committee on Finance.

THE SOCIAL SECURITY REPORTING ACT

● Mr. SCHMITT. Mr. President, I am introducing legislation today entitled the Social Security Reporting Act, which is designed to provide participants in the social security system with basic information on the status of their accounts with the Nation's retirement system. Currently, participants in social security do not receive any reports from the Social Security Administration. Social security taxes are deducted from the individual's salary, and the individual receives a W–2 form, which in the most general sense might be considered as a receipt, but there is no systematic accounting of contributions to the system either on an annual or a long-term basis.

This bill would provide each individual paying social security taxes with an annual report giving the following information:

First. The amount of taxes paid by the individual and his employer in the current year;

Second. The cumulative total taxes paid by the individual and his or her employer(s) over the individual's lifetime;

Third. The amount of total surplus or deficit in the social security trust funds; and

Fourth. A telephone number and address where individuals can gain additional information on the status of their account.

The social security system is the largest retirement program in the Nation and in the world. Over 100 million individuals are currently participating in the system, of whom approximately 34 million are dependent on social security payments for their welfare. It is highly appropriate for the Social Security Administration to provide basic information on the status of contributions to the millions of Americans who are involved in this system.

It is interesting to note that Congress has imposed extensive reporting requirements on private pension plans with the passage of the Employee Retirement Income Security Act of 1974 (ERISA). Under that act, the following information must be furnished to pension plan participants by the plan sponsor:

First. A copy of the summary plan description;

Second. A summary of any material modifications in the plan's terms and any change in certain information;

Third. A copy of the summary annual report; and

Fourth. An updated summary plan description.

These requirements amount to a very substantial body of information. If a pension plan sponsor should provide wrong or incomplete information, or if he should omit certain information, it can lead to antifraud remedies and civil penalties.

In light of the numerous reporting requirements which Congress has mandated for private pension plan administrators under ERISA, it is surprising to many to note that Congress has not mandated similar reporting requirements for the Social Security Administration. In fact, the Social Security Administration is not required to furnish individuals any information at all on an automatic basis. Although over 90 percent of all workers in this country—over 100 million persons—are covered under the social security program, and most of them are compelled to be so covered, Congress has not directed the Social Security Administration to furnish program participants with any of the information that is required of private pension plans around the country. This differing treatment is not only indefensible, but it is also contrary to the rationale for ERISA's strict reporting requirements in the first place. The ERISA Act itself reads:

> It is hereby declared to be the policy of this Act to protect . . . the interests of participants in employee benefit plans and their beneficiaries by requiring the disclosure and reporting to participants and beneficiaries of financial and other information with respect thereto. . . .

Insofar as almost all employee benefit plan participants are also covered under the social security program, and most of these persons will depend upon social security benefits for the greater portion of their total retirement income, does it make sense to mandate full disclosure for the private programs, but not for the public program? If Congress has determined that it is sound public policy to require private employers to furnish complete descriptions of their pension plan of their plan's financial condition, is it not also sound public policy to extend such disclosure requirements to the Nation's largest retirement income program as well?

The Social Security Act is one of the most complicated pieces of legislation in existence today. Yet it is also the framework for the largest retirement, disability, and survivors insurance program in our country. Virtually everyone in America is affected by the program in one way or another. Unfortunately, the level of public understanding relating to the program is frightfully poor. Rumors are rampant concerning the system's financial and benefit structures. Often, one gets conflicting information from different social security offices concerning the law's provisions. It seems as if no one, even the experts, can explain the program's operations in layman's terms.

Given the size of the social security program, it is not surprising to note that social security wage information is occasionally reported, transcribed, or filed incorrectly. None of us knows for sure whether our social security records are correct or not unless we write to the Social Security Administration and request a copy of our statement of earnings. Even then, the only information sent, after several months' wait, is the yearly record of earnings that have been credited to our account, the number of quarters of coverage required for eligibility, and the number of quarters of coverage earned to date. Nowhere are we even told what a quarter of coverage is, let alone how much money we have actually contributed to the system, how much our employer has contributed to the system, where that money is at the present time, how much effective interest—if any—our contributions earn, what our estimated benefit amount will be when we retire, how much of our contributions go toward program administration, and so forth.

The people of America deserve to know more about their social security program. It should not be incumbent upon each and every person covered under the program to write to the Social Security Administration on a yearly basis to make sure that the Government has correctly credited their account with the right amount of earnings for that year. Congress should mandate that all persons be sent a copy of their earnings record each year so that they would know how much money they and their employer have contributed to the program since their participation began and what earnings have been credited to their account for eligibility and benefit purposes. Congress should also mandate that all participants in the social security program be provided with general descriptive information concerning the program so that they understand its workings and are informed about what type of retirement security they are "purchasing" with their contributions.

While we recognize that instituting reporting requirements for the Social Security Administration will entail additional sums of money for program administration, we feel that such money will be well spent. Congress recognized the need for adequate disclosure in retirement income plans when it took the first step in 1974 by requiring private pension plan administrators to furnish plan participants with certain information so that they will be better informed about their future retirement protection from those plans. The next step must now be taken so that individuals can get "the whole picture." This can only be done in information similar to that furnished to persons covered under private employee benefit plans is provided to persons covered under the social security program.

I urge favorable consideration of this bill and ask unanimous consent that it be printed in full in the RECORD.

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

S. 3521

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

FINDINGS OF FACT AND STATEMENT OF PURPOSE

SECTION 1. (a) The Congress hereby finds and declares that—

(1) while extensive reporting requirements have been placed on private pension plans in the Employee Retirement Income Security Act of 1974, participants in the social security system are not furnished reports with respect to their and their employers' contributions to that system; and

(2) there is widespread concern, among individuals covered under the social security system or receiving benefits thereunder, as to long-term safety and stability of the system and as to the ability of the personnel administering the system to effectively monitor the more than 100 million accounts for persons currently engaged in work covered under social security.

(b) Therefore, in order to—

(1) assure that an accurate record is kept of (A) the wages and self-employment income of each individual whose work is covered under the social security system and (B) the amount of the social security taxes which have been imposed and paid on or with respect to the wages and self-employment income of each such individual; and

(2) increase the confidence of the public in the safety and stability of the social security system,

it is the purpose of this Act to provide for annual reporting, to the employees and self-employed individuals concerned, of the amounts of the wages and self-employment income for which they have been credited and of the amounts of the social security tax contributions imposed and paid with respect to their wages and self-employment income.

AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

SEC. 2. (a) Section 205(c)(2) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(D)(i) On the basis of information obtained by or submitted to the Secretary, he shall at the earliest practicable date after the close of each calendar year (commencing with the first calendar year which ends after the date of enactment of this subparagraph), but in no event later than July 1 of the next succeeding calendar year, certify to each individual who for that calendar year has received wages or self-employment income which is subject to the tax imposed by sections 3101 and 3111 or section 1401 of the Internal Revenue Code of 1954, the following information, which shall be presented in a clear and understandable form:

"(I) the individual's social security account number;

"(II) the individual's birth date;

"(III) the total amount of wages for which the individual has been credited for the calendar year, and the portions of that total paid by each employer to the individual for the year;

"(IV) the total amount of the taxes imposed (and the total amount actually collected) on the individual's wages for the year by section 3101 of such Code, with these totals being broken down to show (a) the amount of taxes paid (and the amount actually collected) for old-age, survivors, and disability insurance under subsection (a) of such section 3101, (b) the amount of taxes imposed (and the amount actually collected) for hospital insurance under subsection (b) of such section 3101, and (c) the portions of these totals which were imposed with respect to wages paid by each employer of the individual for the year;

"(V) the total amount of the taxes imposed (and the total amount actually collected)

on the individual's wages for the year by section 3111 of such Code, with these totals being broken down to show (a) the amount of taxes paid (and the amount actually collected) for old-age, survivors, and disability insurance under subsection (a) of such section 3111, (b) the amount of taxes imposed (and the amount actually collected) for hospital insurance under subsection (b) of such section 3111, and (c) the portions of these totals which were imposed with respect to wages paid by each employer of the individual for the year;

"(VI) the total amount of the wages and the total amount of self-employment income for which the individual has been credited for the year and all preceding years and the total of the taxes imposed (and of the taxes actually collected) under such section 1401, such sections 3101 and 3111, and corresponding provisions of prior law, with respect to the total amounts of wages and self-employment income, with these totals being broken down to show for each year the data required to be shown in clauses IV and V;

"(VII) the total amount of self-employment income for which the individual is credited for his most recent taxable year which ends with the close of (or during) the year;

"(VIII) the amounts paid into, the amounts paid out of, and the amount of the surplus or deficit in, the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund for the latest fiscal year for which that information is available, and the projected surplus or deficit in such Trust Funds for the next ensuing five fiscal years, based upon the most recent reports of the Boards of Trustees of such Trust Funds; and

"(IX) a telephone number and address to which questions regarding the individual's accounts can be directed.".

"(ii) The Secretary of the Treasury shall cooperate with and assist the Secretary in carrying out the provisions of this subparagraph by furnishing to the Secretary on a regular basis any relevant records or information which he has or is able to obtain regarding the amount of the taxes imposed (and the amount of taxes collected) on or with respect to the self-employment income of any individual under section 1401 of the Internal Revenue Code of 1954, sections 3101 and 3111 of such Code, corresponding provisions of prior law, or with respect to payments made by a State with respect to service performed by an individual who is employed in a position covered under an agreement entered into by the State under section 218.

"(iii) For purposes of the data required to be furnished by the Secretary under clause (i), payments made by a State pursuant to an agreement entered into under section 218 with respect to service of an individual performed in a position covered by the agreement and amounts of remuneration with respect to which the payments are made shall be regarded, respectively, as taxes imposed and paid pursuant to sections 3101 and 3111 of the Internal Revenue Code of 1954 and as wages of the individual which are subject to those taxes.

"(iv) Any individual (or the survivor of any individual) who is authorized, upon request, to receive information pertaining to the individual's wages and self-employment income record under subparagraph (A) shall, upon request, be furnished the information with respect to the individual and his employment record which is required to be furnished under clause (i) to individuals to whom that clause applies.

"(v) There are authorized to be appropriated to the Trust Funds, from time to time, such sums as the Secretary determines would place the Trust Funds in the position which they would have been in if the preceding provisions of this subparagraph had not been enacted.".●

ADDITIONAL COSPONSORS

S. 2929

At the request of Mr. HATCH, the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 2929, the taxpayer's bill of rights.

AMENDMENT NO. 3241

At the request of Mr. FORD, the Senator from North Carolina (Mr. MORGAN) and the Senator from Michigan (Mr. RIEGLE) were added as cosponsors of amendment No. 3241, intended to be proposed to S. 3229, the Postal Service Amendments Act of 1978.

AMENDMENTS SUBMITTED FOR PRINTING

MEDICAID AND MEDICARE REIMBURSEMENT REFORM ACT—S. 1470

AMENDMENTS NOS. 3629 THROUGH 3632

(Ordered to be printed and referred to the Committee on Finance.)

Mr. HATCH submitted four amendments intended to be proposed by him to the bill (S. 1470) to provide for the reform of the administrative and reimbursement procedures currently employed under the medicare and medicaid programs and for other purposes.

● Mr. HATCH. Mr. President, I am today introducing four amendments to the proposed Medicaid and Medicare Reimbursement Reform Act, legislation which rumor suggests will be considered by the full Senate during the coming week. I intend my amendments to be applicable to S. 1470 or to the medicare-medicaid amendment to the House passed tariff measure, H.R. 5285; whichever bill comes up first.

I will be presenting a full analysis of my proposals if and when the parent bill is considered on the floor. As a preliminary explanation, however, I note that two of my amendments either clarify the effective date of or delay entirely the cost reimbursement provisions of the act. These provisions establish the date by which the Secretary as required by the bill, must determine average per diem hospital payments which will apply to all American hospitals. Regardless of the merits of this unusual grant of authority to the Secretary of HEW, as proposed in the bill, my amendments simply require that a more reasonable period of time be provided in which deadlines become less menacing and more reasonable for everyone involved.

The third of my four amendments requires that a failure to comply with a court order for child support by any Federal employee shall be grounds for that employee's discharge from Federal employment. At present, incredible as this appears, no authority exists under current law to reprimand or discharge a Federal employee who deliberately fails to meet a legal obligation to provide for child support. In the private sector, it is very seldom that a company or firm would not take some action against an employee who is also an absent father unwilling to care for his children. Certainly there is no reason why employees in the public sector should be exempt. There is no reason why the sanction of a reprimand, or even a discharge if there is a repeated failure to comply with a child support court order, should not be available to the Federal Government.

Finally, I have proposed an amendment which deletes the provision relating to the reasonable charge for physicians' services. Limiting physicians' fees in the arbitrary and unrealistic way this legislation does will in the long run run serve neither the cause of hospital cost containment, nor the quality of health care. The bill without my perfecting amendment would have a particularly deleterious effect on the practice of medicine in many urban areas where the fees are arbitrarily capped below what they should be according to the given State cost formula. Physicians' fee reimbursement under medicare has always been determined on the basis of a "reasonable charge system," and it was a promise made to physicians at the inception of the program. Since the time many of us have encouraged a program of voluntary hospital cost containment, these particular physicians' charges have been decreasing in scale and cost. To reward these efforts at economizing by "strongarming" physicians in the way this legislation does is unfair, and my amendment would return the composition of the fees section of section 7 to the original intent of the medicare legislation as first conceived and enacted.

If my brief description of the amendments I offer to the medicare-medicaid administrative reimbusement legislation suggest to you that I have many problems with the bill as it has been written, then please know that you are on target. As it presently stands, the bill would have many unfortunate consequences for patients and doctors alike. I know that I am not the only Member of this distinguished Chamber feeling this way, and I certainly hope that we do not bring up this measure for a final vote before we have a healthy and extensive debate. I, for one, intend to actively participate in such a debate. If ever there was a bill for which we ought to diagnose 40 "CC's" of deliberation and debate, this is it.

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

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

AMENDMENT NO. 3629

Strike out beginning on page 27, line 12, through page 31, line 2.

Redesignate sections 8 through 35 as sections 7 through 34, respectively.

AMENDMENT NO. 3630

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

FAILURE OF FEDERAL EMPLOYEE TO PROVIDE COURT ORDERED CHILD SUPPORT

SEC. 47. (a) Part D of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"FAILURE OF FEDERAL EMPLOYEE TO PROVIDE CHILD SUPPORT

"SEC. 463. Notwithstanding any other provision of the law, the failure of an employee of the United States or the District of Columbia (or any agency, subdivision, or instrumentality thereof) to provide child support (as defined in section 462(b)) for which such employee has a legal obligation, shall be grounds for a reprimand of such employee, and if such failure continues for an unreasonable period of time after such a reprimand, shall be grounds for the removal from employment."

AMENDMENT No. 3631

On page 5, line 10, strike out "1979" and insert in lieu thereof "1980".

On page 7, line 3, strike out "1979" and insert in lieu thereof "1980".

On page 7, line 23, after "payment" insert ", for any accounting year beginning on or after July 1, 1980,".

AMENDMENT No. 3632

On page 7, line 23, after "payment" insert ", for any accounting year beginning on or after July , 1979,".●

CIVIL RIGHTS OF INSTITUTIONALIZED PERSONS—S. 1393

AMENDMENTS NOS. 3633 THROUGH 3635

(Ordered to be printed and lie on the table.)

Mr. MORGAN submitted three amendments intended to be proposed by him to the bill (S. 1393) to authorize actions by the Attorney General to redress deprivations of constitutional and other federally protected rights of institutionalized persons.

CIVIL RIGHTS OF INSTITUTIONALIZED PERSONS—H.R. 9400

AMENDMENTS NOS. 3636 THROUGH 3644

(Ordered to be printed and lie on the table.)

Mr. MORGAN submitted nine amendments intended to be proposed by him to the bill (H.R. 9400) to authorize actions for redress in cases involving deprivations of rights of institutionalized persons secured or protected by the Constitution or laws of the United States.

SENATE RESOLUTION 567—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. CHURCH, from the Committee on Energy and Natural Resources, reported the following original resolution, which was referred to the Committee on the Budget:

S. RES. 567

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 ———. Such waiver is necessary because the bill would authorize expenditures of $15,000,000 in addition to the range management budget of the Bureau of Land Management for fiscal year 1979. The program's likely budgetary effect would be to raise the range management budget item of the BLM by $10,000,000 in fiscal year 1979. The committee's 1979 fiscal year report to the Committee on the Budget submitted in March 1978, (Pub. No. 95–95) stated that S. 2475, the companion legislation to H.R. 10587, would likely pass. That report outlined the likely budgetary impact through fiscal year 1983 that would result from enactment of the legislation. H.R. 10587 did not pass the House until July 10, 1978. Committee consideration of the legislation was deferred because of the committee's consideration of other priority legislation, including the Alaska National Interest Lands Act, the ("d-2" lands bill) and continuing consideration of the National Energy Act which required a substantial amount of the committees attention.

ADDITIONAL STATEMENTS

BLACKBOARD TYRANNY

● Mr. HATCH. Mr. President, while the tax revolt which sweeps the Nation today continues, and more and more Americans become politically active, there is yet another movement which is beginning to gain strength. This new revolt is powered by those parents who are concerned about the quality of education which their children are receiving. This movement, and the nature of the educational programs which have aroused it, are the subject of an important new book. The study is Connaught Coyne Marshner's "Blackboard Tyranny," published by Arlington House and containing a foreword by Congressman ROBERT K. DORNAN.

Mrs. Marshner, a former teacher and mother of two, finds that many parents across the Nation are becoming perturbed by the substandard and nontraditional nature of the education which is being given to many students in the American public schools. Among the major concerns she cites are a lack of discipline and study requirements, and teachers who are both unprepared in the subject matter and unconcerned about their pupils' mastery of content. She also finds that parents are upset about social promotion policies which disrupt intellectual progress, subjective grading systems which do not prepare the child for a world of objective standards, and a general trend toward "faddism" which has banished the basic "3 R's" from the classroom. The results of these deficiencies, as extensive testing has revealed, are that the graduates of American public schools are below their proper age level in reading ability, and occasionally even illiterate; they are below par in mathematical computational skills, exhibit a poor attitude toward learning and society in general, and are often unqualified to assume useful roles in a modern, technologically oriented culture.

Mrs. Marshner documents as well the factors which have hurt the students. One of these is what she characterizes as self-serving teachers unions and associations which often seem more interested in their members' salaries and job security than in the welfare of the students. An example of this is the United Federation of Teachers, whose past strikes over financial considerations have taken children out of the classroom for extended periods of time.

The book also describes how governmental intervention with actions of noneducational intent have interfered with the learning process. Such acts include the busing of students, the banning of prayers in school, and the imposition of specific textbooks which may offend regional customs and morality, as occurred in the Kanawha County, W. Va. case which came to national attention in 1974. In these instances governmental decisions, at local and national levels, have caused such furor and raised such concern among parents over the welfare of their sons and daughters that the learning process in the schools was greatly hindered.

The author's answer to this dissatisfaction is for parents to come together to change the situation. As she states, "parents are an interest group, just as much as longshoremen or firemen," and working together they could wield just as much power. Accordingly, the latter chapters of the book are a guide to the formation of parents' groups and to how these can be used to influence policy. Detailed information is given on how to write a newsletter, set up a table of organization, and approach the mass media and public officials with cogent and coherent arguments.

I hope that parents all over the country will read "Blackboard Tyranny." Not only will they then perceive the depth of the problem, but they will have a much needed manual for action. The book is one of the tools which will allow parents to mobilize in order to rectify a situation that is rendering our next generation unskilled, unlearned, and unproductive, and again develop schools aimed toward knowledge instead of behavior modification. Only such a sound educational system will provide the leaders and solid citizens which America will need for a promising and strong future.

Proposition 13 has shown one thing clearly: that voters are prepared to take matters in their own hands when they become convinced that the Government is unresponsive to their needs. The position of the average American on the type of education which he wants for his children is clear. I hope that in debating pertinent legislation the Congress will take heed of his concerns rather than let this become one more issue increasing our citizens' alienation from their Government and moving them to take matters into their own hands.●

MUSEUM OF AFRICAN ART

● Mr. MORGAN. As a Regent of the Smithsonian Institution, as well as a cosponsor of S. 2507, the bill authorizing the Smithsonian to acquire the Museum of African Art, I would like to take this opportunity to commend the distinguished senior Senator from Rhode Island for his extraordinary effort on behalf of this legislation. His lifelong interest in and experience with museums has provided him with unique perspectives on their problems and their possibilities, and served him extraordinarily well in this instance.

After examining various aspects and elements of this legislation in his capacity as chairman of the Committee on Rules and Administration, the distinguished Senator raised the question of an appropriate home for the museum and helped to focus a continuing discussion of that issue. It is he who initially

recognized that as a unit within the Smithsonian Institution and a musem of national stature, the Museum of African Art would ultimately require a home more adequate than its quarters near the Capitol.

As a direct result of his concern the staff of the Smithsonian has already undertaken efforts to explore new locations for the Museum of African Art closer to the center of the Institution's existing operations on the mall. Several potential sites have been visited and their long-term possibilities are currently being explored. By letter to the chairman of our Committee on Rules and Administration, the Secretary of the Smithsonian, S. Dillon Ripley, has advised of these efforts and made a commitment to report regularly to the Congress on activity to relocate the Museum in consonance with the growth of its collections programs. My own associations with the Smithsonian have provided ample evidence that this effort will continue to be one of high priority, and I look forward to working toward the goal the Senator has so admirably set for us.

Again, may I express to him my personal appreciation and that of the Institution for his knowledge and foresight. I share his view that given the efforts already underway and the commitments that have been made, it seems appropriate to accept the amendments to S. 2507 made by the other body, and to forward this legislation to the President for his approval.●

THE GREAT FREDERICK FAIR

● Mr. MATHIAS. Mr. President, for more than a century high standards for agriculture and animal husbandry have been set by the farmers who bring their crops and livestock to the Frederick Fair. Each year a desire for excellence stimulates Maryland's farmers to attempt to best the records of previous years in both quality and quantity. The results of the skill and work can be measured at Frederick, Md., when the Great Frederick Fair is opened.

Today's Baltimore Sun reports on this year's fair and I ask that the article be printed in the RECORD.

(See exhibit 1.)

If the Senate pursues its work diligently today so that we can all leave the Capitol at a reasonable hour, I urge all Senators to spend the afternoon at the Great Frederick Fair.

EXHIBIT 1

SMOOTH-SHOULDERED BEAUTIES PARADE PAST JUDGES AT FREDERICK COUNTY FAIR

(By Robert Ruby)

FREDERICK.—The beauty queens were strutting their stuff yesterday at the Frederick County Fair, showing off trim, smooth shoulders, pleasantly full chests and what connoisseurs of good looks know to be good legs.

First came the dairy cows, then lumbering beef cattle, hens and cocks and finally grunting swine.

"You look for something stylish," said 17-year old Mike Moore, of Mount Airy, Md., looking over the passing parade. "You have to sort of imagine what they're going to look like later."

So it went for the 116th year at Maryland's oldest county fair and the one with probably the best known livestock shows. Before it ends tonight, fair officials expect more than 120,000 persons to come to the 64-acre fairgrounds.

More than most other fairs, the Frederick event retains a country flavor. Church and volunteer groups run many of the concessions. The year's prize-winning pumpkins and jams are prominently displayed in one of the seven exhibition buildings, all of them devoted to agriculture and crafts.

The Moore youth was one of more than 50 high school students from five counties trying to match their rankings of animals with choices made by adult advisers.

There were ribbons and plaques for the students consistently picking out the best members of a herd, as well as a chance to compete later in state, regional and national contests sponsored by the Future Farmers of America.

Young Moore, a senior at Damascus High School in Montgomery county, was only practicing for a regional meet. "A good judge can pick out the best animal in five minutes," said the youth, wearing blue jeans, a blue work shirt and a blue Peterbilt cap. In dairy cattle, he looks for widely spaced ribs, an udder that is high and wide in the rear and tightly drawn in front and a smoothness in the shoulders.

In judges' eyes, swine are little different. "You want to see some smoothness through the shoulders and trim jowls," said Edward Mayne, an agriculture teacher at Boonsboro High School in Washington county. "The rear half of the pig is the most important half, because that's where the ham is."

Adding to the barnyard chorus were more than 100 roosters and hens, noisily carrying on in a building nearby. Around the ferris wheels and games of chance that formed the midway, it was so crowded that it was difficult to walk.

Frederick county schools and offices were closed for the fair yesterday, making the lines even longer for rides like the Super Loop. For $1, the very brave could be strapped into a cage-like train that ran along a vertical track to leave them about 60 feet in the air and upside-down.●

JOINT STATEMENT BY MR. CLARK AND MR. CULVER ON TUITION TAX CREDITS

● Mr. CLARK. Mr. President, this is a joint statement of myself and Senator CULVER on tuition tax credits.

In recent weeks, we have been asked why we did not support the tuition tax credit bill in the Senate this year, since we had indicated support for such legislation in 1972.

We would like to take this opportunity to explain the reason.

In 1972, and before that, we felt that tuition tax credits offered a reasonable approach to the problem of helping offset the financial burden which many parents face in sending their children to nonpublic schools. We recognized then—and we recognize now—the vital contribution that nonpublic schools make to American education.

However, in 1973, the U.S. Supreme Court ruled in the Nyquist case that a New York State tuition reimbursement and tax credit plan was unconstitutional—and in our view, and the view of many others, that ruling has set a constitutional roadblock in front of Federal tuition tax credit efforts.

We feel that none of the tuition tax credit plans offered since the Nyquist decision—including the one that came before the Senate this August—is free of the same constitutional problems, and we therefore have not been able, in conscience, to support them.

We are well aware that some of our colleagues feel that we should go ahead and implement a tuition tax credit plan and leave it to the Supreme Court to rule on its constitutionality.

We would agree with that if we had a plan that seemed to have a reasonable chance of meeting the Court's constitutional requirements—a plan which offered real hope of being viable.

As Members of Congress, we have a responsibility to make that kind of judgment. Indeed, our oath of office requires us to uphold the Constitution, and we therefore have a sworn obligation to weigh the constitutionality of the measures that come before us.

And the plan that came before us in August had not met preliminary constitutional tests. The Justice Department's Office of Legal Counsel, in a March 16, 1978, memorandum, and the American Law Division of the Congressional Research Service, in a February 2, 1978, memorandum, had both concluded that this legislation suffered from the same constitutional problems as the Nyquist case plan and would be ruled unconstitutional by the Supreme Court.

We felt there was no real way we could support this legislation in good conscience under these circumstances.

We felt that it would be counterproductive to the cause of nonpublic schools to support legislation that would almost certainly fail to meet a constitutional test.

This does not mean that we have not worked to ease the financial burdens of parents with children attending church-supported nonpublic schools. We have.

In the absence of a viable tuition tax credit plan, we have instead supported expansion of the kinds of Federal assistance which the Supreme Court has ruled nonpublic schools can receive. This is assistance which directly benefits students, such as school nutrition programs, and title I programs of the Elementary and Secondary Education Act, which help students learn basic education skills.

This year, for example, the Senate increased ESEA title I funding for the next fiscal year and we supported that legislation. Approximately $315 million of the funds in this bill are earmarked for nonpublic schools.

Federal assistance like this makes a definite contribution toward holding down tuition costs in nonpublic schools by helping pay operating costs.

In fact, the Federal Government currently provides significantly more money for nonpublic elementary and secondary schools than most people realize. In fiscal year 1978, for example, according to the Congressional Budget Office, nonpublic elementary and secondary schools received $87 per student from all Federal sources, while public schools received $165.

Such aid has stood the test of constitutionality and this would appear to us the appropriate direction to take in pro-

viding equitable Federal assistance to nonpublic schools.

A few final words need to be said regarding the tuition tax credit bill considered by the Senate this year.

Constitutional problems aside, there is no question that this legislation contains several major inequities.

The way it is structured, for example, most of its assistance goes to wealthier families, instead of the lower income families who need assistance the most. A full 80 percent of its benefits would go to families with incomes of $20,000 or more. Only 20 percent would go to families earning less than $20,000.

The bill also provides substantial tax breaks to wealthy families who send their children to elite nonchurch-related prep schools, which hardly seems appropriate.

And it also provides substantial tax breaks to families who send their children to nonchurch-related private schools simply to avoid integration. Catholic schools have led the way in opposing people who are trying to use nonpublic schools to perpetuate racism, and certainly the Federal Government should not support these people either.

These, then, are our reasons for voting as we did on the tuition tax credit bill that came before the Senate this year. We fully realize the importance of this issue to our constituents, but we acted as we thought we had to act—responsibly and in good conscience. And we hope that this discussion will help you to understand our thinking.

EXTENDING RATIFICATION FOR ERA

● Mr. GARN. Mr. President, the resolution to extend the ratification deadline for the equal rights amendment, House Joint Resolution 638, may come before the Senate during the next few weeks. If it does come to the floor, I trust our colleagues will cast votes based on informed conviction, not political pressure. I know there is plenty of political pressure; I hope there is enough informed conviction.

As we might expect, there are several sides to this issue, and each side claims and will continue to claim that it has this "informed conviction" on its side. I am trying to be open to various views and conclusions and to continually inform my own convictions. I am compelled to report, however, that the more I learn the more I am convinced that House Joint Resolution 638, as presently constituted, is unfair and probably unconstitutional. Therefore, I am continuing to press for two amendments to promote fairplay and constitutional integrity: The first amendment would express the right of States to change their minds and the second amendment would require the resolution to pass by a two-thirds vote. As I have said many times, if these two amendments are agreed to I will vote for the resolution, although I will continue to have grave doubts about its constitutionality and wisdom.

In an effort to share with our colleagues some of the information that I have found particularly useful, I periodically insert material into the CONGRESSIONAL RECORD. Today, I am inserting an exerpt from an article that was coauthored by one of this century's most brilliant and renowned constitutional scholars, Edward S. Corwin. The excerpt is taken from "The Constitutional Law of Constitutional Amendment," 26 Notre Dame Lawyer 185 (winter, 1951), which was coauthored by Mary Louise Ramsey.

The exerpt that will appear in the RECORD begins on page 201 of the Corwin-Ramsey article, but before inserting it I would like to remind this body of some of the accomplishments of the late Professor Corwin.

Perhaps we are most often reminded of Professor Corwin's work by a volume that is probably in the office of every Member of Congress, the Constitution of the United States, Annotated. This indispensable reference work was edited by Professor Corwin for the 1952 edition, and his "Introduction to the 1953 Edition" still appears in today's editions. Corwin taught and lectured at this country's most prestigious universities, including Princeton, Yale, Harvard, Johns Hopkins, Boston University, and Claremont College. His books include "The Doctrine of Judicial Review," "The Constitution and What It Means Today," "Court Over Constitution," "The President: Office and Powers," and "Total War and the Constitution." This country lost a great scholar, and a man who loved the Constitution, when Professor Corwin died in 1963.

I ask to have a portion of the Corwin-Ramsey article printed in the RECORD.

The excerpt follows:

Does a state legislature exhaust its power to act on an amendment by the adoption of a resolution accepting or rejecting it? In *Coleman* v. *Miller*, Chief Justice Hughes reviewed the events leading up to the proclamation that the Fourteenth Amendment had been ratified and concluded that "the political departments of the Government dealt with the effect both of previous rejection and of attempted withdrawal and determined that both were ineffectual in the presence of an actual ratification".[53] This proposition rests upon a concurrent resolution adopted by Congress in 1868, declaring the Fourteenth Amendment operative as a part of the Constitution. That resolution included in the list of states which had ratified the Amendment the names of three—Louisiana, North Carolina and South Carolina—which first rejected and later ratified the proposal, and of two—New Jersey and Ohio—which had attempted to withdraw their earlier ratifications.[54]

Upon closer examination this legislative precedent is found to be less conclusive than the opinion of the Chief Justice indicated. There was another, quite distinct, issue involved in the dispute as to whether the Fourteenth Amendment had been duly ratified; namely, whether the seceding states should be counted in ascertaining the number of states necessary for ratification. On January 11, 1868, before any state had attempted to change its mind, either by ratifying after rejection, or by retracting its previous consent, Senator Sumner of Massachusetts introduced a joint resolution which recited that twenty-two states had ratified the Fourteenth Amendment and declared that it was to all intents and purposes a part of the Constitution.[55] A similar resolution was offered in the House of Representatives by Representative Bingham on January 13th.[56] Two days later, the Ohio Legislature voted to revoke its assent which previously had been certified to the Secretary of State. On January 31st, Sumner expressed the opinion that the attempted withdrawal of Ohio's ratification was ineffective. After stating that the "assent of the State once given is final," he went on to say that the action of Ohio was a nullity because the Amendment was already a part of the Constitution. He declared:[57]

"This amendment was originally proposed by a vote of two thirds of Congress, composed of the representatives of the loyal States. It has now been ratified by the Legislatures of three fourths of the loyal States, being the same States which originally proposed it, through their representatives in Congress. The States that are competent to propose a constitutional amendment are competent to adopt it. Both things have been done. The required majority in Congress have proposed it; the required majority of States have adopted it. Therefore I say this resolution of the Legislature of Ohio is *brutum fulmen*—impotent as words without force."

In a brief exchange with Sumner, Reverdy Johnson of Maryland voiced the tentative impression that assent could be withdrawn at any time before ratification was complete. Said he:[58]

". . . supposing the amendment not to have been adopted . . . my impression is that they can withdraw; . . . I look upon what the States do preliminary to a decision of a majority which, when made, makes the amendment proposed a part of the Constitution as a mere promise or undertaking that each will assent when the others are ready to assent, but that the day after the assent is given, or at any period subsequent to the giving of the assent, if the State assenting thinks that it has made a mistake, and that the Constitution should not be amended in the way proposed, it may withdraw its assent."

In the Senate, the Ohio resolutions were referred to the Committee on the Judiciary, which also had Sumner's original motion under consideration.[59] No further action was taken by that House until July 9th, when it called upon the Secretary of State for a list of the states which had ratified the amendment.[60] By that time the New Jersey Legislature also had voted to revoke its ratification and six additional states, including Louisiana, North Carolina and South Carolina, had ratified. On July 18th, Sherman introduced a new resolution declaring the amendment effective; this also was referred to the Committee on the Judiciary,[61] which was discharged from consideration thereof on July 20th.[62] The following day, after being changed to a concurrent resolution, it was approved in the Senate without debate and without a recorded vote. It was rushed to the House of Representatives which promptly concurred, also without debate, but by a yea-and-nay vote.[63] In this resolution, the 29 states named as having given their assent, including the five which had changed their minds, were referred to as "being three fourths *and more* of the several States of the Union."[64]

Inasmuch as Congress did not take this action until additional ratifications had been certified, it is plausible to infer that a majority did not support the view of Sumner and Bingham that the Amendment had become effective before the further ratifications or attempted withdrawals were made. The resolution adopted was not, however, inconsistent with their thesis. It also can be supported by Johnson's tentative opinion that a state's assent could be revoked at any time before ratification was complete. In the absence of committee reports or recorded debate, it is impossible to find in this legislative history an endorsement of either of the two

Footnotes at end of article.

theories advanced for declaring the amendment adopted.

In any event, the inclusion in this list of Louisiana, North Carolina and South Carolina is not decisive as to the effect of a rejection by a legislature which is admittedly competent to act on a constitutional amendment. At the time they expressed their dissent, these states were treated by Congress as being still in a state of rebellion; they were required to adopt new constitutions and to ratify the pending amendment before they could obtain readmission to the Union.[65]

That the resolution declaring the adoption of the Fourteenth Amendment was not regarded as a determination of the effect either of rejection or withdrawal was demonstrated by events attending the adoption of the Fifteenth Amendment. Again, Ohio reversed itself, this time by approving the Amendment after first voting against it,[66] while New York repudiated its earlier assent.[67] In discussing these developments on the floor of the Senate, Roscoe Conkling of New York took the position that a ratification was irrevocable but that a rejection had no legal effect whatsoever.[68] Davis of Kentucky argued that a vote by a state legislature either to reject or to ratify was final and conclusive.[69] Significantly, neither mentioned the adoption of the Fourteenth Amendment or the resolution of Congress declaring it to be in effect.

Not until two additional states had ratified, thus making it unimportant whether New York and Ohio were counted, did the Secretary of State proclaim the adoption of the amendment. His proclamation listed these two states among those which had ratified, but it also recited without comment that the New York Legislature had passed resolutions "claiming to withdraw" its ratification. Ohio's previous rejection was not mentioned.[70] Prior to the issuance of this proclamation, a resolution similar to that adopted with reference to the Fourteenth Amendment had been introduced in the Senate to confirm the Fifteenth, but it never came to a vote.[71] Without qualification, it named New York and Ohio as having ratified the latter Amendment.

The persistence of sharp disagreement as to the correct interpretation of Article V is reflected in the unsuccessful effort made at this time to pass a bill declaring that any attempted revocation of a State's consent to an amendment should be treated as null and void. The House approved such a measure,[72] which, however, died on the Senate Calendar after being reported adversely by the Judiciary Committee.[73] Earlier in the session the upper House had voted to postpone indefinitely a joint resolution of similar tenor.[74]

Looking to the merits of the issue, there appears to be nothing in the language or policy of Article V to preclude ratification at any time, irrespective of prior disapproval. The Constitution speaks only of ratification by the states; there is no reason why an unfavorable vote by one legislature should bar contrary action by its successors. The teaching of *Dillon* v. *Gloss* that ratification should "reflect the will of the people in all sections at relatively the same period . . ." lends support to the view that later retraction should also be taken into account. Likewise, if change of public sentiment is relevant, the formal action of a state withdrawing its prior consent is pertinent. What weight should be given this relevant fact would, however, be for Congress to determine.

FOOTNOTES

[53] Coleman v. Miller, 307 U.S. 433 at 449 (1939).
[54] 15 STAT. 709 (1868).
[55] CONG. GLOBE, 40th Cong., 2d Sess. 453 (1868).
[56] *Id.* at 475.
[57] *Id.* at 877.
[58] *Id.* at 878.
[59] *Id.* at 453, 878.
[60] *Id.* at 3857.
[61] *Id.* at 4197.
[62] *Id.* at 4230.
[63] *Id.* 4296.
[64] *Id.* at 4266. Emphasis supplied.
[65] 15 STAT. 2 (1867); 15 STAT. 73 (1868).
[66] CONG. GLOBE, 41st Cong., 2d Sess. 110 (1869); *Id.* at 918 (1870).
[67] CONG. GLOBE, 41st Cong., 2d Sess. 377 (1870).
[68] *Id.* at 1477.
[69] *Id.* at 1479. Both Conkling and Davis argued from the premise that ratification by a state legislature had the same effect as would ratification by a convention in case that method were chosen by Congress. Both assumed that ratification by a convention would be final. Davis made the further assumption that rejection by a convention would exhaust the power of a state to act on an amendment. Conkling did not meet this issue squarely.
[70] CONG. GLOBE, 41st Cong., 2d Sess. 2290 (1870).
[71] *Id.* at 1444, 2738, 3142.
[72] *Id.* at 5356.
[73] CONG. GLOBE, 41st Cong., 3d Sess. 1381 (1871).
[74] CONG. GLOBE, 41st Cong., 2d Sess. 28 (1869); *Id. at* 3971 (1870).●

WHAT ABOUT THE CHILDREN OF OUR MILITARY PERSONNEL?

● Mr. SCHMITT. Mr. President, if the Senate again considers the bill which would create a separate Department of Education, S. 991, I will offer an amendment to delete the transfer of the overseas schools for dependent children from the Department of Defense. This issue is a serious one and one which has received very little attention in the Senate.

The Department of Defense overseas dependents' schools were created in 1946 to provide elementary and secondary education for children of military personnel stationed outside the continental United States and Puerto Rico. At the present time there are 267 such schools with about 135,000 students. These schools depend on the military for numerous support services such as supplies, food services, school buses, transportation of personnel, warehousing, and so many other services.

More importantly, Mr. President, these schools serve the children of our military personnel. They meet the special needs of these children. It is not difficult to understand that children who are uprooted every 2 or 3 years and transplanted to a military base in another country would have special needs and require special consideration. Is it asking too much, Mr. President, for the United States to meet these special needs? Is it asking too much to give the children of our men and women in uniform a little special attention for the sacrifices which they are making?

There is no justification to remove this school system from the jurisdiction of the Department of Defense which has successfully administered these schools, other than attempting to justify the creation of a new bureaucracy called the Department of Education. This is, I believe, the bottom line of this transfer. We have forgotten what is best for the children. We have become obsessed with the creation of a new and an unneeded Department. To justify this Department we are attemping to transfer anything and everyone that we can. Let us look at the record.

This new Department of Education will mean more money, more personnel, and more regulation and paperwork. The transfer of the Department of Defense overseas dependents' schools will serve to increase the personnel of the new Department of Education. Let me quote from the dissenting views of Representative LEO J. RYAN in the House report on the Department of Education Organization Act:

> It is more personnel. The Department (of Education) would be increased by 9,200 people from the Department of Defense alone, just to run the overseas dependent schools. That means that over 50 percent of the personnel of the new Department of Education will be operating the first national school system! Why? Over 42 new super-grade positions would be created to administer what advocates of the change are quick to point out is "just a reorganization."

Mr. President, it is clear to this Senator that the transfer of the overseas schools for dependent children is important only to justify the creation of a new Department of Education in numbers of personnel and amount of appropriations. In addition, there will always be the temptation to use this "national school system" for experimentation in teaching methods for application to the Nation as a whole at some time in the future. I must object to allowing even the possibility that these 135,000 students will be used for bureaucratic experimentation to satisfy the whims of special educational interests rather than the desires of parents.

Mr. President, too little attention has been focused on this issue and on the issue of a separate Department of Education. One does not create Federal departments, especially in an area traditionally reserved to State and local authorities, lightly. Yet that is what we are doing. One should not jeopardize a successful program, in this case the overseas schools, for the sake of justifying some other dubious action, the creation of the Department of Education.

Mr. President, 11 members of the House Committee on Government Operations—Republicans and Democrats, liberals and conservatives—filed report on the House bill to create a Department of Education. They strongly objected to the proposed transfer of this school system to the proposed Department of Education. I ask that these additional views be printed in the RECORD.

The additional views follow:

ADDITIONAL VIEWS OF HON. JOHN N. ERLENBORN, HON. BENJAMIN S. ROSENTHAL, HON. JOHN CONYERS, JR., HON. CLARENCE J. BROWN, HON. PAUL N. MCCLOSKEY, JR., HON. GARRY BROWN, HON. CHARLES THONE, HON. TOM CORCORAN, HON. THOMAS N. KINDNESS, HON. ARLAN STANGELAND, AND HON. JOHN E. (JACK) CUNNINGHAM

We have particular objections to inclusion within a Department of Education of the operations and functions of Department of Defense overseas dependent schools. We concur in this conclusion with our colleague, John Erlenborn, ranking minority member of the subcommittee of the Committee on Education and Labor which has jurisdiction

over Defense schools, and a cosponsor of House approved legislation which would provide Defense schools with a statutory basis.

By way of background, there are 267 overseas dependents' schools with an enrollment of 135,000, approximately 10,000 personnel, and a proposed fiscal 1979 budget of $350 million. This is comparable to the 11th largest school system in the U.S. The Office of Management and Budget reports that 77 percent of enrollment is concentrated in the European area (extending to the Persian Gulf), 20 percent in the Pacific, and 3 percent in the Atlantic.

Why do we oppose this transfer? For basically two reasons. First, the overseas schools are interwoven with the military communities abroad. Second, we do not believe a Department of Education should directly operate schools.

As to our first objection, there exists a strong relationship between DOD schools and the military. Primarily, military dependents attend these schools. It makes no sense to transfer authority over the education of these children to a Department with little or no interest in the welfare of military communities. Perhaps we should also permit the Agriculture Department to operate the House dining room because of its knowledge of food production, or include the Foreign Service within the Department because its purpose, after all, is education.

DOD schools depend on the Defense Department for a variety of services: personnel functions, warehousing, transportation of personnel and supplies maintenance, food services, and school buses. The cost of duplicating these services would be prohibitive. Cooperative agreements are possible, of course, but the administrative hurdles would be enormous. Who would arbitrate disputes between the Secretaries of Defense and Education? Should we have the Office of the President decide who is responsible for school lunch facilities in England or bus service in Okinawa? Rufus E. Miles, Jr., long an advocate of a Department of Education and familiar professionally with the DOD schools, recommended against including them, citing problems of logistical support:

"The Department of Defense has a system in being that is operated overseas where the logistical support is adjunct to its other logistic support of bases and personnel. A Department of Education would have no such logistic support, nor any other advantage that would make it wise to consider transferring the operation to a Department of Education. The costs would rise because of the need to duplicate such a support system. Again, the arguments against the operation of any schools by a Department of Education should, alone, be decisive."

Dr. Anthony Cardinale, Director, Dependents' Education, added:

"The logistical support system necessary to maintain the worldwide dependents' education program is now provided by the base commander through the military departments. To remove the budgetmaking process and budget decisions from the military department and the Department of Defense places both in an inoperative position."

Significantly, the Office of Management and Budget in initially recommending against the transfer, said:

"Problems of coordinating logistical and housekeeping support for the schools would be increased. The schools now rely completely on the military for logistical and housekeeping support. It is the most readily available and seems to be the most efficient and economic source of such support. If the schools were transferred to the Department of Education, the acquisition of these kinds of support from the military would become cumbersome and bureaucratic, and the schools would suffer as a result. A transfer would in effect be recreating, at least in part, an excessively layered structure, which is the very thing DOD is attempting to eliminate. This could require an excessive amount of time of officials in higher reaches of both departments and produce adverse effects on the attainment of goals."

Our second objection is our belief that a Department of Education should not directly operate schools. With respect to DOD schools, we would have immediately what we fear most about a Department of Education—a Federal school board. The problems of running schools on a day-to-day basis and administering national policy are incompatible. Setting criteria for grant wards is far different from setting bus routes and enforcing attendance. Centralized direction in Washington would abrogate existing responsibility now resident in base commanders in the same way that we fear local and State control over schools will be diminished.

It is entirely possible—if not unquestionably probable—that the spanking-new Department of Education would view DOD dependents as laboratory mice, encouraging, if not mandating, certain teaching practices abroad with the intention of encouraging, if not mandating, what is viewed as its successes throughout the country.

Indeed, OMB saw this possibility as an argument against the transfer:

"There is some concern that transfer would lead to intrusion in the educational programs of the schools. The schools might be viewed as an opportunity to experiment by many education staff. At least at the outset, there could be an irrepressible urge to observe, study, and tinker with the programs of the schools."

The casualties of experimentation would be the 135,000 overseas dependent studies. Consistency in curriculum and educational programs is important to any child but is particularly necessary within the context of overseas schools, where the normal tour of duty is 3 years, entailing a change in overseas schools or from overseas to a stateside school every 3 years.

Those of us who have followed the fortunes of the overseas schools know that they have been subject to some trying times within the past few years. Although those problems have been mostly resolved, the implementation of a transfer to a new agency would unquestionably threaten the educational program and ensure that more attention would be paid to bureaucratic problems than to the needs of children. The welfare and morale of our armed forces demands that we reject this proposed transfer.

For these reasons, we are convinced the transfer of DOD overseas dependent schools to the Department of Education would be an unfortunate and unnecessary mistake.

John N. Erlenborn, Benjamin S. Rosenthal, John Conyers, Jr., Clarence J. Brown, Paul N. McCloskey, Jr., Garry Brown, Charles Thone, Tom Corcoran, Thomas N. Kindness, Arlan Stangeland, Jack Cunningham●

ERA: NO TIME LIMIT ON EQUALITY FOR MEN AND WOMEN

● Mr. BAYH. Mr. President, on Friday, August 4, 1978, testimony, which "urges Congress to provide an additional 7-year period for the ratification of the equal rights amendment, as mandated by the proposed legislation, Senate Joint Resolution 134, was presented on behalf of the American Federation of Labor and Congress of Industrial Organizations before a hearing of the Subcommittee on the Constitution.

Several similar endorsements to extend the ratification period of the ERA have also been received by the subcommittee.

Each testimony submitted is a demonstration that the proposed constitutional amendment which proposes "equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex" remains a profound issue with the American public and is emphatically supported by numerous groups of American citizens representative of various walks of life.

Many of these same constituents equally express their concerned opposition to any legislative action which would allow States, who have already adopted the ERA, to rescind their previous acceptance of the proposed constitutional amendment, on the basis that rescission is an entirely separate issue and it has never before been recognized by the Congress of the United States.

Therefore, Mr. President, I ask that the testimonies and attachments presented by the AFL–CIO, United Automobile, Aerospace, and Agriculture Implement Workers of America, Communications Workers of America, American Federation of Government Employees, National Association of Counties, National League of Cities, League of Women Voters, National Advisory Committee for Women, Women's Equity Action League, Council for Women's Rights, and the National Association of Women Business Owners, be printed in the RECORD.

The material follows:

EXTENDING THE DEADLINE FOR THE RATIFICATION OF THE EQUAL RIGHTS AMENDMENT

(Statement of George Meany, president, American Federation of Labor and Congress of Industrial Organizations on S.J. Res. 134, Aug. 4, 1978)

On behalf of the American Federation of Labor and Congress of Industrial Organizations, I would like to express our appreciation of this opportunity to present our views on S.J. Res. 134 which would extend the deadline for ratification of the Equal Rights Amendment. The AFL–CIO supports S.J. Res. 134 and urges Congress to provide for an additional seven-year period for ratification of the Amendment when the original seven-year period expires March 1979.

The AFL–CIO at its Twelfth Constitutional Convention held in Los Angeles, California in December 1977, unanimously reaffirmed its support of the Equal Rights Amendment and called upon its state federations and affiliated unions to redouble their efforts to secure its ratification by the states. The Convention laid out an active program of information, education, and cooperative effort with other groups supporting the Equal Rights Amendment to obtain the necessary ratifications to put the Amendment into effect.

As is well known, thirty-five states have ratified the Equal Rights Amendment; only three additional ratifications are needed. Those three have proved difficult to obtain largely because of a vicious campaign against it by such right-wing groups as the STOP ERA Movement of Phyllis Schafly, the John Birch Society and the Conservative Caucus. Misinformation, emotional rhetoric and distortion have been used wildly and recklessly to influence state legislators to oppose or hold back on ratification of the Equal Rights Amendment. These groups have even succeeded in obtaining votes to rescind earlier ratifications in three states, even though the constitutionality of these recission votes is questionable.

But while the campaign against ratification of the Equal Rights Amendment has achieved some measure of success, the cam-

paign for it has also had its substantial successes quite apart from the thirty-five States' ratifications thus far achieved. Sixteen States have adopted Equal Rights Amendments of their own. Some States have revised their entire state legal code to conform to the Equal Rights Amendment. Title VII of the Civil Rights Act of 1964 and the Equal Pay Act of 1963, have been extended to cover public employees and many other previously unprotected groups. Changes providing for equal treatment of men and women have been made in the Social Security Act and others are contemplated. The educational opportunities and credit rights of women have been strengthened.

These succeses have made it imperative that the campaign for ratification of the Equal Rights Amendment shall be allowed to continue. Balanced against the negative efforts of the opposition to prevent ratification they suggest that the seven-year period which the Congress provided for when it adopted the Amendment was not long enough. It did not allow the necessary broad favorable consensus to develop in the face of the campaign of misrepresentation and distortion waged against it. With three states yet required for ratification, additional time would seem reasonable and required.

The AFL–CIO Executive Council considered this problem at its meeting in February 1978, and adopted a statement calling upon Congress to grant an extension of time for the Equal Rights Amendment to be ratified. This statement pointed out that ratification of the Amendment "is of crucial importance to millions of American women, especially working women," since it would "insure once and for all recognition by the American people that equality under the law is a basic freedom which cannot, and must not, be abrogated because of one's sex." The "majority of women" who favor ratification, the the statement urged, "should have sufficient opportunity to present the facts to the public and state legislators." "It would be a travesty of democratic process," the AFL–CIO Executive Council concluded, "to permit the slanderous campaign waged by right-wing extremists to block this recognition of the fundamental rights in our society."

We are aware of the arguments that have been made against extending the period for ratification of the Equal Rights Amendment. They are, we believe, without foundation. If Congress can fix a time limit for ratification of an amendment, it seems to us, it can extend that limit if it believes additional time is needed for the public to understand the issues involved in the proposed amendment.

There is no issue here of changing rules in the middle of the game. The consideration and adoption of a constitutional amendment is not a game. It is a serious business, affecting the basic rights of millions of our citizens. The people should have the time they need to render a mature and informed judgment on it; they should not be rushed by vicious campaigns that distort the basic issues, nor should they be overwhelmed by the millions of dollars that have been poured into the effort to stop ratification of the Equal Rights Amendment.

Adoption of S.J. Res. 134 by the Congress would signal the continuing concern of the legislative branch of the government that the movement for equal rights for all is not to be halted. If additional time is needed for ratification of the Equal Rights Amendment, we see no reason why it should not be provided. Nor do we see any reason to believe that provision of additional time will necessarily result in relaxation of efforts to complete ratification within the original seven-year period.

Assurance that "Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex" is a basic requirement of modern-day living. It should be made part of our basic law as scon as possible; if not before March 22, 1979, when the present seven-year ratification period expires, as early in the additional seven-year period S.J. Res. 134 provides for as possible.

The AFL–CIO supports approval of S.J. Res. 134 and urges favorable action on it by the Subcommittee, the full Senate Judiciary Committee and the Congress.

PSSU,
September 8, 1978.

MEMBER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: The Pennsylvania Social Services Union, Local 668, SEIU, AFI–CIO, is a statewide union local in Pennsylvania representing 12,000 workers in jobs performing social and rehabilitation work, and equal rights protection. An inherent ideal of our members, both in the work they do and in their own lives, is the belief in equal rights and equal representation for all United States citizens.

It is the elected representatives of these members who have passed ERA resolutions, have been actively pursuing passage of the ERA through letter-writing campaigns, lobbying in Washington, and participating in ERA demonstrations, and who are continuing to press for the ERA extension.

We believe the ERA to be a human rights issue which affects *all* Americans—men, women and children—economically, socially and politically. We believe to support ERA and ERA extension legislation is an admission that the inequality which has existed between the sexes should not continue, and that more than half of our citizens are not second class citizens because they are women.

We believe that you feel we are all equal, as well.

With these thoughts in mind, we hope that you will support ERA extension legislation with your vote in the Senate. Only if there is an extension can ERA *be* ratified, only if ERA *is* ratified will there be equal protection for all regardless of sex.

Our 12,000 workers in Pennsylvania *urge* you to vote in favor of ERA extension, not with crippling amendments, but simply for the additional time needed to secure passage in three additional states.

We also ask that you commit yourself to voting for cloture, should a filibuster be attempted on this important human rights issue. The ERA extension won a strong victory in the House of Representatives, we hope our U.S. Senators will not misrepresent the views of the same constituents.

Please vote yes on extension, and yes on cloture to end a filibuster on the issue.

Thank you for taking the time to consider our views, and the feelings of the 12,000 citizens we represent.

Sincerely yours,

JANE PERKINS,
Secretary/Treasurer.
ANDREW L. STERN,
President.

SEPTEMBER 19, 1978.

Hon. BIRCH BAYH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: The American Federation of State, County and Municipal Employees, AFL–CIO urges your support of the resolution to extend the deadline for ratification of the ERA as it passed the House without any crippling amendments.

The need for the equal rights amendment is still as appropriate today as when it passed the Senate by a vote of 84 to 8 and the House by a vote of 354 to 23 in 1972. Even a cursory examination of the current political, legal and economic situations illustrates the issue's vitality and timeliness.

Since a deadline for ratification is not contained in the amendment itself, Congress certainly has the power to extend the time limit and should do so. We strongly urge you to support the extension, and in the event of a fillibuster attempt, we urge you to vote to cut off debate so that this critical and fundamental legislation may be decided.

There can be no time limit on equality. A vote for the extension is a vote for human rights. Once again, we urge you to support the extension, without any amendments.

Sincerely,

WILLIAM B. WELSH,
Executive Director for Governmental Affairs, American Federation of State, County and Municipal Employees.

SEPTEMBER 1, 1978.

DEAR SENATOR: The UAW supports most emphatically the proposed extension of the time period for ratification of the Equal Rights Amendment, and urges you not only to support the extension but to indicate now to the Senate leadership your willingness to vote for cloture when the extension legislation is considered.

Were it not for the insidious campaign of mistruths that has been waged against the ERA, it would not be necessary to seek the ratification extension. Indeed, if the American people had the opportunity to learn what ERA really is—a simple yet crucial step toward human rights—without the phony issues of co-ed toilets and the like, we are confident ratification by 38 states would come quickly.

Unfortunately, the issue has been clouded by the nature of the anti-ERA campaign, and the approach of ratification deadline argues for the proposed extension. There is nothing in the Constitution, nor in almost 200 years of history surrounding Constitutional amendments, to suggest that the Congress may not, by majority vote, change the deadline for ratification of a proposed Constitutional amendment.

In addition, the nation that has been advanced that states be permitted to rescind ratification of a proposed Constitutional amendment has no foundation in Constitutional history. To permit states to rescind ratification resolutions would be to mock the ratification process and create turmoil during the ratification procedure for this and other proposed amendments.

The UAW urges you to state promptly your support for cloture so the Senate may act on this issue, your opposition to permitting states to rescind their ratification and, of course, your support of the extension of the deadline for ratification of the ERA.

Thank you.

Sincerely,

HOWARD G. PASTER,
Legislative Director.

AUGUST 8, 1978.

Hon. BIRCH BAYH,
Chairman, Subcommittee on the Constitution, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Communications Workers of America (CWA) takes this opportunity to again assure you of our support for S.J. Res. 134, which would extend the deadline for ratification of the Equal Rights Amendment for an additional seven years.

CWA, with more than half of its membership made up of women, was one of the first labor unions to come out in support of the ERA. We have fought in every state of the union for its ratification. And most recently, we have adopted a policy prohibiting any national meeting of our union in a non-ERA ratified state.

At our recent Annual Convention held in June of this year in San Francisco, we reaffirmed our support for the ERA. Attached

is a copy of that resolution, which we hope you will make part of your hearing record on S.J. Res. 134.

Sincerely yours,

GLENN E. WATTS,
President.

RESOLUTION 40A–78–2—EQUAL RIGHTS AMENDMENT

Our 34th Annual Convention in 1972 soundly endorsed the ratification of the Equal Rights Amendment, becoming one of the early major groups supporting the necessary drive for approval by at least 38 State Legislatures, so the Amendment can become part of the United States Constitution.

On a nationwide basis, we have worked with many other groups to secure State ratification. As of today, 35 States—3 short of the minimum—have ratified. The deadline set by the Congress was 7 years beginning on March 22, 1972, when the final action was taken on Capitol Hill.

In February 1978, the Executive Board of the Communications Workers of America acted to exert this Union's maximum economic pressure on the 15 States which have failed to ratify the Equal Rights Amendment. The Board motion stated:

"MOVED: That CWA Conventions be held in states that ratified the Equal Rights Amendment to the Constitution of the United States of America, and that the President of CWA give due consideration to the ratification situation as other meetings of CWA are planned."

The 15 "holdout" States are Alabama, Arizona, Arkansas, Florida, Georgia, Illinois, Louisiana, Mississippi, Missouri, Nevada, North Carolina, Oklahoma, South Carolina, Virginia and Utah.

In reviewing the targeted States, we have the votes but strong opposition from leaders of the Legislatures in some States. In others, we must await the hoped-for replacement of key "anti" members after the 1980 elections. We must now realistically anticipate the expiration of the 7-year ratification period. Legislation to extend the ratification period is now pending in the Congress.

Opponents of the Equal Rights Amendment are trafficking nationally in the myth that the 7-year period for ratification by the States is some kind of holy writ. The facts are that of the 27 Amendments, only 5—the 18th, 20th, 21st, 22nd and the 27th "Equal Rights" Amendment currently pending—had time limits of a uniform 7 years set for ratification.

Opponents contend that the present moves to extend the ratification period amount to "tampering" with the Constitution. Article V of the Constitution; the amendment article, sets no time limit for ratification. Some opponents believe the pending extension legislation would set a "frivolous precedent" by setting "new rules to the game." We believe Equal Rights cannot be associated with the term "frivolous."

Resolved: That this 40th Annual Convention of the Communications Workers of America join with the AFL-CIO and other groups in support of the extension legislation; be it also

Resolved: That CWA, its Districts and Locals continue the educational campaign to cause major groups to shift meetings out of the 15 unratified States, so the clearest possible message—the economic one—may shine through.

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, SEPTEMBER 1978—EQUAL RIGHTS AMENDMENT

AFGE will reaffirm its support for the ERA and support passage of legislation to extend the deadline for ratificaion of the amendment. In supporting the economic boycott of States that have failed to ratify ERA, the union will not hold national conventions in such States during any extension for ratification granted by Congress.

SEPTEMBER 11, 1978.

Hon. BIRCH BAYH,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR BAYH: The National Association of Counties (NACo), which represents 1725 counties in the United States, has publicly supported the ratification of the Equal Rights Amendment since July 1974. We support the ERA extension as a necessary step in the ratification effort.

NACo urges your support for the extension and opposes any crippling amendments such as rescission. In the event of a filibuster attempt, we urge you to vote for cloture.

We welcome your support for the passage of this important human rights issue that affects every American citizen economically, socially, and politically.

Sincerely,

BERNARD F. HILLENBRAND,
Executive Director.

AUGUST 4, 1978.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The National League of Cities strongly urges you to approve the extension of the deadline for state ratification votes on the Equal Rights Amendment. The Board of Directors of the National League of Cities reaffirmed its support for the ERA at its July 14–15 meeting, and agreed that the issue was too important to be put to rest next March.

City officials are committed to the principle of equal treatment of women and are convinced that the ERA is needed if that principle is to be guaranteed in practice. If NLC can be of any assistance in accomplishing this goal, please let me know.

Sincerely,

ALAN BEALS,
Executive Director.

MEMORANDUM

SEPTEMBER 19, 1978.

To Members of the United States Senate.
From Ruth J. Hinerfeld, President; Nancy Neuman, Action Chair.
Re extension of the Equal Rights Amendment Ratification.

The foremost goal of the members of the League of Women Voters of the United States is ratification of the Equal Rights Amendment. Our members in all fifty states, Puerto Rico, the Virgin Islands and the District of Columbia have pledged their time and efforts towards securing ratification. Just this past year we have raised over $1 million to be spent towards the goal.

In line with our support for ratification efforts is our support for the proposal to extend the time limit for ratification. The debate on the ERA is as lively today as it was the day Congress passed the resolution in 1972. Congress must not cut off this crucial dialogue around the country.

We urge you to vote "yes" on the bill, H.J. Res. 638, as passed by the House of Representatives, to extend the limit for ratification. In addition, we ask that you vote "yes" on cloture on the first round so that the issue may receive a vote in the Senate this session.

We strongly oppose and urge you to oppose any attempts to add language to the bill authorizing rescission. Constitutional scholars have testified before the House and Senate this year that to make a decision about rescission at this time would be "premature, misleading and not binding on a future Congress." The rescission issue should be decided by the Congress in session at the time thirty-eight states have ratified.

SEPTEMBER 19, 1978.

Hon. JAMES O. EASTLAND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR EASTLAND: On March 22, 1972 the United States Senate voted 84 to 8 to approve the Equal Rights Amendment to the Constitution. For that historic action, we thank you.

By its overwhelming vote, the Senate showed its commitment to justice and equal rights, responsibilities and opportunities for American women, as well as its recognition of the need to end the pervasive legal discrimination against women that still persists.

This is also the commitment of the National Advisory Committee for Women, which includes representatives of major women's organizations and constituencies in our nation.

In the six and a half years since Congress approved the Equal Rights Amendment, 35 of the 38 required states have voted to ratify the Amendment. Three-fourths of the American population live in those states, and in a number of the remaining non-ratifying states, polls reveal majority support for the Amendment. Nationally, polls have shown repeatedly that a majority of Americans favor the ERA. The Amendment also has the support of the Administration, the Democratic and Republican Parties and more than 200 national organizations, representing a cross-section of Americans.

Clearly, the ERA remains a timely national issue of concern and importance to the American people. It is within sight of final ratification. Yet, because of state legislative time schedules and political realities, it is almost certain that favorable votes in three additional, states cannot be achieved by the original March 22, 1979 deadline set by Congress in its joint resolution approving the ERA.

Most state legislatures have adjourned for the remainder of this year. It is unlikely that legislatures convening in 1979 will have sufficient time to consider and act on the Amendment in the very short period before the existing deadline. Moreover, time is required for the democratic electoral process to make its influence felt in changing the anti-ERA position of some state legislators or the composition of some legislatures. It is a shocking fact that in the past year, ratification of ERA was blocked in three states by the votes of a total of only 20 legislators.

With just a handful of votes remaining as an obstacle to inclusion of fundamental human rights for women in our Constitution, it is imperative that Congress act to provide the additional time needed to carry out the mandate of the American people for equality of women.

The National Advisory Committee for Women, therefore, favors speedy Senate passage of a resolution, already enacted in the House, to extend the ratification period beyond the March 22, 1979 deadline, without provision for rescission by the states, without requirement of more than a simple majority of Senators present and voting, and without delaying tactics threatened by a few Senators.

Because the National Advisory Committee just recently held its first organizing meeting, it takes this opportunity to inform members of the Senate of its position. Further, the Committee has encouraged the President to continue his dedicated efforts on behalf of the Equal Rights Amendment.

If the Senate fails to approve the extension resolution, the issue will not go away. Instead, the entire ratification process will begin anew, taking up the valuable time of the Senate and House, the state legislatures and the electorate for an avoidable repetitive exercise.

More important, failure of the Senate to provide the practical means for ratification of the ERA within the next few years will be

widely interpreted as a reversal of the Senate's stand in favor of equal rights for women. It will be seen nationally and internationally as a rejection of the most basic of human rights for more than half the population of the United States.

The Senate has a major responsibility to help overcome two centuries of neglect and discrimination directed against women. The National Plan of Action adopted at the Congressionally-mandated National Women's Conference last year shows a lengthy agenda of issues affecting women that awaits consideration and action.

At the heart of that agenda is the Equal Rights Amendment. Its ratification is needed to provide a clearcut and permanent Constitutional basis for action to end discrimination against women. The U.S. Supreme Court has consistently refused to treat sex discrimination as inherently suspect under the 5th and 14th Amendments to the Constitution. In 1977, the U.S. Civil Rights Commission found more than 800 gender-based references in the U.S. Federal Code. In 1978, the same Commission reported that women have made little progress in approaching economic equity with men.

Although some gains in eliminating sex bias have been made in Federal and state laws, much discriminatory legislation remains on the books. A case-by-case approach is costly and time consuming and fosters polarization. A clear national mandate is essential to equity, and that is what the ERA would permanently engrave in our Constitution.

In favoring extension of the ERA ratification period without crippling amendment, the National Advisory Committee for Women is convinced of the constitutionality and necessity for such action. We refer you to the legal arguments set forth in the Senate and House hearings, in Justice Department memoranda, and in statements by such leading Constitutional authorities as Professors Jerome A. Barron (George Washington University), Paul Brest (Stanford University), Norman Dorsen (New York University), Thomas Emerson (Yale University), Ruth Bader Ginsburg (Columbia University), Kenneth L. Karst (University of California) and Laurence Tribe (Harvard University).

To summarize the main legal arguments:

The seven-year limitation on ratification is a procedural not a substantive matter. Article V of the U.S. Constitution sets forth no specific time limit within which ratification by three-fourths of the several states must take place. The first seventeen Amendments and the 19th Amendment were ratified without any time limit imposed on the process. The seven-year limitation, a purely arbitrary time limit, is not part of the Equal Rights Amendment adopted by the ratifying states even though discussed in debate or included in the proposing language. It was included in the 18th and subsequent amendments introduced to insure the viability and relevance of such amendments. The ERA is clearly viable, relevant and contemporaneous, as much so as if it were to be ratified in 10 years as in seven years.

There is no language in Article V of the Constitution that allows for rescission. Article V provides only for the positive act of ratification. All legal and historical precedents are against permitting rescinding a ratification vote. Congress disallowed rescission in connection with the 14th, 15th and 19th Amendments and the U.S. Supreme Court upheld Congressional authority to do so in its opinion in *Coleman* v. *Miller* (1937). The weight of opinion of Constitutional authorities is that rescission votes would not be binding on the ratification process.

A simple majority vote in each House is sufficient to extend the ratification period under Article V. The Constitution is explicit in describing those situations in which a two-thirds vote is required; in all other cases, a simple majority suffices. When an amendment to the Constitution is proposed, a two-thirds vote is needed. Extension (or removal) of the time limit requires only a simple majority vote. This interpretation of Article V has been consistently followed by Congress since the Constitution was adopted.

In sum, constitutional authorities agree that: the language of Article V itself, the Supreme Court decisions interpreting that article, the Congressional precedents, and the procedural nature of the time limitation, which is set forth in the preambular portion of the Joint Resolution proposing the Equal Rights Amendment rather than the proposed amendment itself, all indicate that Congress can extend the ratification period by a joint resolution approved by majority vote of the members of each House of Congress present and voting.

We deeply appreciate your giving time to consideration of views of the National Advisory Committee for Women on this enormously important national issue.

Sincerely,

CARMEN DELGADO VOTAW,
BELLA S. ABZUG, *Cochair.*

SEPTEMBER 14, 1978.

DEAR SENATOR: Women's Equity Action League urges you to VOTE YES on the proposal to extend the time limit for ratification of the Equal Rights Amendment, in the form passed by the House of Representatives. The ERA is the most important human rights issue since the 14th Amendment and the women's suffrage 19th Amendment.

It is essential that this profound issue be placed upon the Senate calendar, and voted upon by the Senate. VOTE YES FOR CLOTURE ON THE FIRST ROUND to end a filibuster and ensure a vote on the extension resolution.

VOTE NO ON ANY RESCISSION AMENDMENT. Rescission is an entirely separate and distinct issue. Rescission is not authorized in the Constitution and has never been recognized by Congress before.

Extension of the time limit is a procedural matter which requires only a majority of Congress. VOTE NO ON THE AMENDMENT TO REQUIRE A ⅔ VOTE.

A vote for the extension is a vote for equal rights. There can be no arbitrary time limit on equality.

Sincerely,

CRISTINE CANDELA,
National President.

SEPTEMBER 16, 1978.

DEAR SENATOR: The membership of Council for Women's Rights (CWR) has requested that I contact you about H.J. Res. 638, the extension of the time for ratification of the Equal Rights Amendment, which the House of Representatives recently passed by a substantial majority.

When the Equal Rights Amendment was originally introduced in 1923, it had no time limit for ratification. The seven year limit was attached (despite our protests) to appease Senator Sam Ervin and Congressman Emanuel Cellers.

You will be asked to vote on four crucial issues.

1. A filibuster has been promised. This would be disastrous not only to the cause of women's equality but to the Senate itself. There is little time to finish other critical business in this session. We ask that you vote yes for cloture.

2. H.J. Res. 638 requires only a simple majority vote. It is not a constitutional amendment, but a change in the preamble of the resolution that sent the Equal Rights Amendment to the states, and it does not require a two-thirds vote. Please vote no on any action to require a two-thirds majority.

3. Although there has been much debate about allowing rescission if the extension is granted, this is clearly not a valid issue. Only the Congress sitting when the 38th state ratifies can vote on this matter. We ask that you vote no on any rescission amendment.

4. Finally, you will be asked to vote on the extension itself. The Constitution leaves the question of timeliness to the discretion of Congress. The Equal Rights Amendment is an issue that is viable and that deserves further time for debate. In one state legislature, it has never been released from committee and never debated on the floor. We believe that this violates the constitutional process. It is a matter of grave concern that a handful of legislators in any state can so easily block the passage of this critical amendment. Please vote yes on the extension of time for ratification of the Equal Rights Amendment.

In 1972, a majority of the Senate voiced a strong commitment to equal rights and justice for women. Your votes on the above issues will reassure women across the country that you are genuinely concerned about the fact that women still do not have the protections that the Constitution grants to male citizens at birth.

Sincerely,

BARBARA EVANS CRAWFORD.

DEAR SENATOR: The National Association of Women Business Owners strongly supports your affirmative vote on H.J. Res. 638, extending the time limit on passage of the Equal Rights Amendment. We feel this bill is vital to all women in business and the only real, viable way to assure their entrance into the mainstream of both government and private business.

When this bill reaches the floor, we urge you to vote Yes on the Equal Rights Extension; Yes for cloture to end the filibuster threatened by the opponents of the bill; No on the amendment requiring ⅔ vote (Yes, on majority vote) and No, on the rescission amendment.

The National Association of Women Business Owners views this issue as one of human rights. There is no other way to look at it. While arguments both for and against the extension amendment have reached passionate proportions, The Equal Rights Amendment stands for the equality that so many Americans have been denied for too long.

We are counting on your support.

Sincerely,

CAROL J. RAYKOWSKI,
Director.●

NATURAL GAS PRICING

● Mr. NELSON. Mr. President, almost 18 months ago as part of a comprehensive energy program, President Carter proposed a reasonable compromise to resolve the 40-year controversy over natural gas pricing.

The President's natural gas recommendation consisted of three basic proposals. First, a reform and simplification of the massive amount of bureaucratic redtape that is involved in setting natural gas prices.

Second, an extension of Federal price controls and mandatory allocations to the intrastate market.

Third, the establishment of one national price for new natural gas. The price of new discoveries would be calculated at the Btu equivalent of new domestic oil, approximately $1.75 per Mcf in April 1977. The costs of inflation would then be passed through to the consumer on a regular basis. This carefully balanced approach provided adequate

protection to the consumer and adequate economic incentives to the producer.

President Carter's natural gas program contained one common theme, one fundamental principle that must be contained in each and every piece of energy legislation enacted by the Congress, the concept of equitable burden sharing, of spreading the necessary hardships as evenly as possible across the Nation. The administration's original natural gas program allowed adequate economic incentives for industry. Prices would certainly go up under the White House plan; however, the consumer in exchange for higher prices, would receive gas from the intrastate market; the consumer would be protected by a price ceiling; and the consumer would know that in times of national shortage each and every sector of the economy and of the Nation would be treated exactly alike.

The House of Representatives passed this plan but the Senate, on October 4, 1977, rejected the administration's legislation by four votes on a rollcall vote of 50 to 46. The Senate then adopted a bill to totally deregulate the price of natural gas over a 7-year period.

H.R. 5289, the natural gas conference report that the Senate has before it today, is an attempt to reconcile two irreconcilable positions. It is a hodgepodge of complex and detailed language that comprises a legislative program which totally rejects the President's original recommendations.

First, H.R. 5289 does not simplify the natural gas regulatory process. The conference report complicates and muddies an already difficult situation. At least 300 new Federal bureaucrats and $10 million would be needed to enforce the conference report and the possibility exists that an additional 500 Federal employees, a total of 800 people, may be needed to implement this new language.

Second, for all practical purposes this bill does not regulate the intrastate natural gas system. The four States that produce over 90 percent of the Nation's gas will continue to be exempt from regulation.

Third, rather than placing a price ceiling on the cost of new natural gas as advocated by the President, H.R. 5289 imposes a pricing mechanism that actually sets a floor for the pricing of new natural gas. Under this bill, the price of natural gas will double by 1985. Producers will earn tens of billions of dollars, yet consumers may only receive between 3.5 and 5 percent more gas than would normally be expected to come on line if this bill becomes law. Moreover, while interstate consumers will share the burdens of the increased prices, they will not share any of the gas from the intrastate system in times of shortage.

ECONOMIC INCENTIVES

Proponents of the legislation argue that still higher natural gas prices are necessary to encourage additional exploration and development. This argument is not supported by the facts and is refuted by administration economics and energy experts.

Since 1970, the price, the controlled price of natural gas, has increased 1,608 percent. Exploration has increased significantly because of these higher prices. For example, drilling is up 130 percent since 1972. All available rigs are at work. Almost 12 trillion cubic feet of gas were discovered last year alone, 58 percent more than the previous year, the highest level of new discoveries since 1968.

The current price for controlled gas of $1.54 per Mcf is very generous. It is designed to allow at least a 15-percent rate of return on invested capital after taxes. The average rate of return for business is 10 percent with heavy manufacturing averaging 8.5 percent. Profits throughout the industry are at the highest levels in history.

Additional incentives from the consumer's pocketbook are not needed.

It seems to me, however, that the question of pricing is of secondary importance to the basic issue of fairness. The American public would pay higher prices for natural gas if they were sure they were not being gouged by the industry. They would pay the higher prices if they were sure that all sectors of the economy and all sections of the Nation were sharing equally in the costs and benefits of the program.

EQUITABLE BURDEN SHARING

If in the spirit of moving together to solve a common problem, consumers and consuming States agree to pay higher prices for natural gas, what then are producers and producing States willing to concede to the consuming public? Nothing.

The mandatory allocation provisions of the conference report discriminates against interstate industries and residential consumers of natural gas. If we are faced with a severe winter, and there are shortages of natural gas in one or two regions of the country, H.R. 5289 stipulates that only States like Wisconsin, States that receive gas via interstate pipelines, will be forced to send their gas to the worst hit areas. The intrastate system will not have to do one thing to help ease the Nation's burden if the conference report becomes law.

Furthermore, the conference report provides that only interstate pipelines will have to establish a priority allocation program in anticipation of shortages. In other words, Wisconsin and other consuming States will have to decide which industries and factories are closed and how many people are laid off in order to stretch the available supply of natural gas. While jobs are lost and businesses are closed, producing States that compete with Wisconsin for jobs and business, States served by intrastate gas may, under the terms of the conference report, continue to burn natural gas as a boiler fuel while at the same time large supplies are capped and unused in the four major producing States.

Finally, H.R. 5289 imposes a mandatory incremental pricing program, a pricing mechanism designed to "cushion" the impact of higher prices on residential customers by increasing costs to industrial users of natural gas. Once again, only the interstate market will be affected.

The bill provides that the cost of interstate industrial gas would be equal to the Btu equivalent of No. 2 fuel oil. Wisconsin Public Service chairman, Charles Cicchetti, states that this will force industries in Wisconsin off gas and on to cheaper imported No. 6 fuel oil. This effect is directly contrary to the purposes of the administration's natural gas pricing provision as described by Deputy Secretary of Energy, John O'Leary in testimony to the Senate Energy Committee. Mr. O'Leary states in the clearest possible terms that the administration does not want the price of natural gas to industrial consumers to approximate or exceed the Btu equivalent of oil.

The administration does not want industries curtailing the use of natural gas if they will only increase the use of foreign oil. Regrettably, this is precisely the impact the incremental pricing provisions will have on industrial States like Wisconsin. Moreover, rather than "cushioning" the impact on residential consumers, the incremental pricing provisions of the conference report will have a severe impact on consumers. As industrial users switch from gas to oil in order to maintain their rate base and pay their fixed costs, the publicly regulated utilities will have no choice but to seek increases in its rates from its remaining residential and commercial customers.

The administration has even advocated enactment of this conference committee report on conservation grounds. It argues that the increased prices will reduce consumption by as much as 1.5 million barrels of oil per day. The increased prices will come in two forms: through the incremental pricing mechanism, and through the higher wellhead price set by the bill which is estimated to be near $3.86 per Mcf in 1985. The estimated energy savings are no more than crude guesses. What the administration has failed to realize is that this law will have to be implemented in each and every State of the Nation. And, the program contained within this legislation contradicts the energy conservation program the States are required to adopt under the Federal Energy Conservation Policy Act.

For example, Wisconsin, since it is a consuming State, a State served by an interstate pipeline, will have to enact the incremental pricing provisions of the conference report. As noted above, the Chairman of the Public Service Commission indicates that this will force industry off gas and onto oil. More importantly, it poses the Governor and the energy office in Wisconsin with a serious dilemma. Under existing statutes, Wisconsin, like every other State, must adopt a State energy conservation plan.

Wisconsin has, according to the Department of Energy, designed and implemented the best State energy conservation plan in the Nation. This plan is tailored to the State's specific needs and based upon the type of industry and type of energy available to Wisconsin. According to the Public Service Commission, energy use in Wisconsin is now 20 percent below the national per capita conservation figure. In fact, Wisconsin's energy plan exceeds the federally mandated energy savings by a factor of two.

Now the administration proposes to impose a natural gas policy that contradicts its own goals and principles, a policy that will wreak considerable havoc with the Wisconsin program. If the natural gas conference report becomes law, business and industry in Wisconsin will be needlessly and recklessly jeopardized. A State which has accepted the challenge and has done the best job will be penalized for doing the right thing.

THE DOLLAR ABROAD

The administration has one more argument for the bill, an argument that on the surface is quite appealing—"the whole world is watching argument."

The administration characterizes this bill as a test of national resolve, as a personal challenge to the President's ability to lead. They argue that the strength of the dollar abroad is linked to enactment of this bill.

The dollar's serious problems in relationship to the Japanese yen and the Swiss and West German mark have little to do with the price a homeowner in Oshkosh, Eau Claire, or Milwaukee pays for natural gas. The basic weakness of the dollar abroad is tied to our serious inflation problem here at home. The additional price of gas that is mandated by the conference report, a price that is higher than proposed by either the President, the Senate or the House, will only add to our domestic inflation problem. Therefore, the position of the dollar will be further weakened by this bill. This legislation will hurt, not help the dollar abroad.

Furthermore, if this bill is rejected it will not, contrary to the pronouncements in the press, have a major impact on American foreign policy. Who are we fooling?

Proponents of this legislation argue that the Senate must adopt the natural gas conference report to illustrate to the world that America is willing to take whatever action is necessary to solve a very serious energy problem. This is indeed a noble statement, a statement that no one can argue with. We must enact a comprehensive national energy program to reduce our imports; to expand domestic production of oil and gas, to develop the technology to cleanly use our abundant resources of coal; to harness the limitless power of the Sun. However, this natural gas conference report is not a critical component of that plan.

Practically every proponent concedes that this is not a good bill. Senator BUMPERS, a supporter of the compromise, said on the floor "I do not take a great deal of pride in this bill . . ." Proponents agree that perhaps, perhaps 5 percent more gas will be produced, but the Senate must ask itself 5 percent at what price?

WHAT CONGRESS SHOULD PASS

In April 1977, President Carter submitted a carefully designed program to the Congress, a program to pay a generous return on invested capital for industry to encourage exploration and development, a program designed to curb the inflationary spiral, and a program designed to assure equal treatment of all States and each and every sector of the economy.

The administration's plan called for the saving of 4.5 million barrels of oil per day by 1985. That assessment, however, is challenged by the economists in the Congressional Budget Office. After a careful review the Budget Office estimates that the administration's proposals would only save approximately 3.6 million barrels per day. There has been a wide range of estimates but they generally fall into the 4 million barrel a day range.

Over the last 16 months each House of the Congress has passed legislation that saves 90 percent of the President's goal. There is general agreement on all the other components of the President's plan with the exception of the crude oil equalization tax. Congress should move quickly to pass the remaining parts of the President's package: the coal conversion bill, the energy conservation bill, and the electric utility reform bill. The crude oil tax should not be enacted. It made little sense and saved little oil, only 200,000–400,000 barrels per day.

In any event, one thing is certain. Under the natural gas conference report prices will double by 1985 and only 3.5 to 5 percent more gas will be produced. This is just too high a price to pay for such a small amount of new supply. The impact on the consumer and on the economy is just too great.

The Senate should reject this natural gas bill; it is not an important component of a national energy program. The Congress should complete action on the three remaining conference reports. It is this package of legislation that constitutes a major addition to the national energy plan the Congress has been adopting since 1974.

SUMMATION

The facts we must use to form an educated judgment, to make a critically important decision just do not exist. Each interest group, each lobby has its own charts, its own facts, and its own figures. Each and every estimate differs from every other estimate. And, perhaps, most importantly, the Administration simply has not made a convincing argument for the bill.

No one argues that this conference report is a sound piece of legislation. In fact, it is a very bad bill. It is far from the principles and policies endorsed by the White House last April. It bears little resemblance to the bill that I voted for almost 16 months ago.

Nevertheless, the proponents argue "Let us pass this conference report now and come back next year to correct any mistakes." The House passed the administration's bill. The Senate by four votes defeated this sound approach and adopted a deregulation concept. The debate in the Senate these last few weeks has informed and educated Members and the public. We know we do not face an immediate shortage; rather, we have a national surplus of gas. We know that a doubling of prices will only produce 3.5 to 5 percent more gas over the next 7 years. We know much more now about the natural gas issue than we did a few months ago. And we know that we do not have to act on natural gas pricing this year—it is not an important component of a national energy plan. It will not save energy and it will add very little new gas at an unacceptable cost.

There will be changes made in the Senate this November. The chances are very good that the 18 or so changes in the Senate will make it possible to design and pass a sound measure early next year when the 96th Congress convenes.

Since we are not faced with an immediate problem, since the bill will not save any energy, since the legislation will only produce a very small, an insignificant amount of new gas, the Senate, in my judgment, should defeat the conference report and the President should resubmit his original legislation when the 96th Congress gets underway early next January.

We should all share the burdens and the benefits of a national energy program. Without this theme embodied in the law, no comprehensive and tough national energy effort will ever be implemented.

The conference report asssures the Nation of higher prices but only promises minimal new supplies of natural gas. The costs are to be shared by everyone but the benefits will be enjoyed by a relative few. No bill, to paraphrase Presidential Press Secretary Jody Powell, would be better than this bill.

The least that can be said is that under the current regulatory scheme if certain emergency powers are restored to the President, all States and the Nation will be no worse off this winter than we are today. This cannot be said if the conference report on the natural gas bill becomes law.

Mr. President, I submit for the RECORD two tables to be printed in the RECORD. Table I shows the dramatic increase in natural gas prices over the last 20 years.

Year:	*Price (cents per mcf)*
1955–64	14–17
1965 (area rate)	16.5
1973	25
1974 (national rate)	42
1975	52
1976	$1.42
1977	$1.57

Table II illustrates the rate of discovery and net production of drilling from 1950–77:

TABLE II.—*Natural gas production compared to discoveries, revisions, and extensions of proven gas reserves, 1950–75 (tcf.)*

Year	Discoveries, revisions, extensions	Net production
1950	12.0	6.9
1951	16.0	7.9
1952	14.3	8.6
1953	20.3	9.2
1954	9.5	9.4
1955	21.9	10.1
1956	24.7	10.8
1957	20.0	11.4
1958	18.9	11.4
1959	20.6	12.4
1960	13.9	13.0
1961	17.2	13.4
1962	19.5	13.6
1963	18.2	14.5
1964	20.3	15.3
1965	21.3	16.3
1966	20.2	17.5
1967	21.8	18.4
1968	13.7	19.4

TABLE II.—*Natural gas production compared to discoveries, revisions, and extensions of proven gas reserves, 1950–75 (tcf.)*—Cont.

Year	Discoveries, revisions, extensions	Net production
1969	8.4	20.7
1970	*37.2	22.0
1971	9.8	22.1
1972	9.6	22.5
1973	6.8	22.6
1974	8.7	21.3
1975	10.5	19.7
1976	7.5	19.5
1977	11.9	19.45

*Includes Alaska.
Source: AGA Gas Facts, Table 4, reprinted from JEC Study, p. 14.●

CORRECTION OF COMMITTEE REPORT NO. 95–1196

● Mr. PELL. Mr. President, I wish to correct for the RECORD a typographical error which occurred in Committee Report No. 95–1196 on the Disease Prevention and Health Promotion Act of 1978. On page 53 of the committee report, in section IIIA(3) the final sentence should have read, "The Conference required by Section 305 would involve about 500 participants." ●

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I understand that everything on the Executive Calendar with respect to nominations, beginning with "New Reports," has been cleared for action on both sides. If that be the case, I ask unanimous consent that the Senate go into executive session for that purpose.

Mr. BAKER. Mr. President, reserving the right to object—and I will not object—I advise the majority leader that he is correct, as usual, and that these nominations are cleared on our calendar as well, being nominations for the U.S. Air Force, U.S. Army, and nominations placed on the Secretary's desk.

Mr. ROBERT C. BYRD. I thank the distinguished minority leader.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominations be considered and confirmed en bloc.

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

(All nominations considered and confirmed today are printed at the conclusion of the Senate proceedings.)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to move en bloc to reconsider the vote by which the nominations were confirmed en bloc.

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

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

Mr. BAKER. 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 unanimous consent that the President be immediately notified of the confirmation of the nominations.

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

LEGISLATIVE SESSION

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

The motion was agreed to, and the Senate resumed the consideration of legislative business.

SPECIAL ORDER FOR MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders have been recognized under the standing order, Mr. SCHMITT be recognized for not to exceed 15 minutes.

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

SPECIAL ORDER FOR TUESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday, after the two leaders have been recognized under the standing order, Mr. MORGAN be recognized for not to exceed 15 minutes.

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 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.

ORDER FOR RECESS UNTIL 9:45 A.M. ON MONDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:45 a.m. on Monday next.

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 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.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, I hope that on Monday the Senate can proceed to the consideration of either Calendar No. 1038, S. 1185, the parimutuel wagering bill, or Calendar No. 1040, Labor-HEW appropriations, or both, within the constraints of the time agreement that has been entered into on the natural gas conference report. At this point, I cannot say which of these measures will be called up on Monday, but I am stating for the RECORD the likelihood that one or both will be called up.

There may be other measures cleared for action on Monday. I anticipate rollcall votes on Monday.

RECESS UNTIL 9:45 A.M. ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9:45 a.m. on Monday.

The motion was agreed to; and at 1:34 p.m. the Senate recessed until Monday, September 25, 1978, at 9:45 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate, September 23, 1978:

IN THE AIR FORCE

Lt. Gen. Bryan M. Shotts, 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. John Franklin Forrest, [redacted], U.S. 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. Julius Wesley Becton, Jr., [redacted], U.S. Army.

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. David Ewing Ott, [redacted], (age 55), Army of the United States (major general, U.S. Army).

The following-named officers 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. Rolland Valentine Heiser, [redacted] (age 53) Army of the United States (major general, U.S. 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. James Madison Lee, [redacted], Army of the United States (brigadier general, U.S. Army).

IN THE MARINE CORPS

Lt. Gen. Leslie E. Brown, U.S. Marine Corps (age 58), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 5233.

The following-named officer under the provisions of title 10, United States Code, sec-

tion 5232, to be assigned to a position of importance and responsibility designated by the President, in grade as follows:

To be lieutenant general

Maj. Gen. Adolph G. Schwenk, [redacted], U.S. Marine Corps.

IN THE AIR FORCE

Air Force nominations beginning John G. Abizaid, to be lieutenant colonel, and ending Robert A. Poksay, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 6, 1978.

Air Force nominations beginning James B. Alford, to be lieutenant colonel, and ending George E. Stavros, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 6, 1978.

Air Force nominations beginning John C. Aarni, Jr., to be major, and ending Ronald W. Turner, to be major, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 6, 1978.

Air Force nominations beginning George G. Aitken, to be captain, and ending James L. Wilson, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 6, 1978.

IN THE NAVY

Navy nominations beginning Harold S. Blinka, to be lieutenant (j.g.), and ending Paul R. Woodley, to be lieutenant (j.g.), which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 6, 1978.

Navy nominations beginning Patricia A. Daly, to be ensign, and ending Mark A. Walker, to be ensign, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 6 1978.

EXTENSIONS OF REMARKS

HOW WE OFFICIALLY LOST BRAZIL

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. McDONALD. Mr. Speaker, the Carter administration "human rights" policy has turned out to be rather selective. We roar at our friends and whisper accusations at the Communist nations. In fact, we even ignore human rights violations in Communist China entirely. This policy has failed. An area of most spectacular failure has been South America. There, we have succeeded in alienating Argentina, Brazil, and Chile, the so-called ABC powers and the most powerful countries on that continent. In South America we have evidenced great concern for Marxist-oriented agitators, which must have the Politbureau in the Kremlin rolling on the floor with laughter over the spectacle of the stupidity and the duplicity of the "leaders" of the West. The same policy is having similar results in Asia and Africa as the Carter administration expresses minimal opposition to Soviet adventures on both continents.

Government Executive magazine for September 1978 details the story of how "human rights" policy cost us the friendship of Brazil. It is a sad story when we recall that Brazil sent troops to help us fight in Italy during World War II and let us have bases in her land during the same war. The list of American allies and friends is growing shorter in the world. Therefore, I commend this article to the attention of my colleagues. The article follows:

U.S. INTERNATIONAL TRADE—HOW WE OFFICIALLY LOST BRAZIL

(By Stephen G. Saltzman)

On September 19th, the Joint Brazilian-U.S. Military Commission will close, victim of mindless United States policies and bureaucratic ineptness.

Brazil's decision to cancel this bilateral agreement after nearly four decades marks the low point of official Brazil-U.S. relations which had been rotting for years but which were finally brought down by the Carter Administration's amateurish tinkering in the affairs of others. The demise of our military cooperation with Brazil is not critical—its shape and substance had become archaic and needed change. But this event flags problems that run deeper.

There is almost no government to government exchange between Brazil and the U.S. today. And an adversary relationship, several years of age, shows no signs of slowing.

Our long friendship with Brazil withstood decades of U.S. gaffes, unqualified ambassadors, and empty sloganeering (see Alliance for Progress, etc.). While there have been many exceptions, U.S. officials in the backwaters of their careers have found their way to Rio de Janeiro and more recently to Brasilia in a seemingly endless procession of mediocrity. We have thrown Brazil only an occasional sop in the years since World War II as our policy makers have looked instead to areas they deemed to merit higher priority.

Enough finally become enough, however. Only the stature and importance of the U.S. itself saved our recently replaced ambassador from being declared persona non grata by an antagonistic Brazilian government during the last years of his accreditation there.

The road back will be rocky and it will be slow. It will have to proceed from an understanding of what destroyed an easy-going friendship in the first place.

LITTLE ACORNS

There has always been a segment of Brazilian officialdom that was anti-U.S. But for Brazil there were so many plusses to continued good relations that this element remained quashed despite years of what can only be described as back of the hand treatment by American policy and its architects. So the sore was adequately festered and ready to run pus when the case of Frederick Morris surfaced in 1974. This American citizen, who was or posed to be a pastor in Brazil's troubled northeastern city of Recife, was arrested by Brazilian authorities and allegedly tortured during his interrogation, a matter which the U.S. press has aired thoroughly.

The Brazilians still believe Morris was a CIA agent but, in any case, the facts remain that he intruded himself into Brazilian political affairs and he associated with known subversives while being a guest of Brazil. What the Brazilians resented most about this affair was the way it was blown out of scale by two U.S. officials. This earned for these two officials and for U.S. policy in Brazil the undying enmity of two Brazilian officials who ultimately played key roles in worsening official Brazil-U.S. relationships.

The U.S. consul in Recife at the time of the Morris case Richard Brown. Brown leapt to Morris' defense with near-messianic fervor, publicly accusing Brazilian officials of atrocities. This brought him under attack by Brazilian officials and by the Brazilian press.

Most professional diplomats would consider that the official point had been adequately made and would move quietly to drain the matter of its news value. John Crimmins, our ambassador, instead came on scene with vociferous and impassioned defense of Morris and of his consul. These acts, with their bad press, infuriated a close advisor of President Geisel, Brazilian General Moacyr Barcellos Potyguara, who was performing as Commander of the Recife-based 4th Army.

They also infuriated Ambassador Antonio Azevedo da Silveira, Brazil's Minister of Foreign Relations. Both felt they had been talked down to, that they had been exposed to unnecessary public view, and that the U.S. representatives had bungled the matter. Crimmins, who was replaced this Spring by Robert Sayre, will not be remembered kindly in Brazil after his six long years of acrimonious comment, stiff-neckedness, and icy manner which, after the Morris affair, appeared to be intentional expressions of U.S. attitudes.

SWIFT CONTRADICTION

Henry Kissinger finally was persuaded to look south toward damaged relations and, in 1976, visited Brazil for some fence mending. This visit resulted in an agreement between the two countries to consult each other on all important economic and political issues involving both countries and their relations with the rest of the world. It was good, soothing syrup. Singling out Brazil for such special treatment seemed to be the right touch. It seemed, for a brief time, that government to government relations would return to be as harmonious as ongoing unofficial economic, professional, technological, and cultural relations, which were thriving.

Almost on top of Kissinger's visit and as one of his first acts in office, President Jimmy Carter sent Vice President Walter Mondale off to West Germany in a blaze of self-serving publicity to try to pressure that country into reneging on its agreement to provide nuclear power technology to Brazil. He did this without any notice to Brazil, the freshly-consummated Kissinger agreement notwithstanding. He also dispatched Deputy Secretary of State Warren Christopher to Brazil, again with trumpets and fanfare, to pressure the Brazilians out of their deal with West Germany. Carter was going ot deliver on a campaign promise to stop nuclear proliferation, damn the torpedoes.

Brazil's reaction was swift, spontaneous and unanimous. The press exploded in pro-

test against Carter's tampering with Brazil's internal affairs. In unprecedented actions, cities and citizens from every corner of the country sent messages to President Geisel pledging total support for any counter action he might take against Carter or the U.S. It is difficult to overstate the magnitude of this issue in Brazil, however overblown it may seem to us. It continues to receive some front page treatment a year and a half later.

The nature of Brazil's outrage has many components.

ICING THE CAKE

Of course there is the matter of the Kissinger agreement; clearly, there is no basis of credibility for any near- or middle-term Brazilian-U.S. agreements after this one was ignored so arrogantly. There is also the fact that Brazil has worked for years as the leader in developing nuclear non-proliferation cooperation among Latin countries and is a signatory to such a pact—an accomplishment to which Brazilians point with pride. Also, the agreement with West Germany to provide nuclear powerplant technology and hardware contains strong safeguards against misuse of the technology and its products. And then there is the matter of meddling in the internal affairs of a proud and vibrant sovereign power.

In the midst of all this, along came two more Americans, alleged priests, again in Recife, charging that they were tortured in a Brazilian prison. Once again, Foreign Minister Silveira desired to keep this matter at a quiet state level and once again John Crimmins blew it out of scale with excessive publicity. It has never been determined if Thomas Capuano and "Reverend" Lawrence Rosebaugh were indeed pirests, but it didn't advance the cause of our friendship when Rosalynn Carter went out of her way to journey to Recife to pose with these two questionable characters in photographs which got worldwide distribution. One would have thought the point had already been made. What else were we trying to prove?

By this time, Ambassador Silveira, not known for a placid nature, was feverish. In an unrelated routine action, General Potyguara had been transferred to Brasilia to serve as Chief of the Armed Forces General Staff, the rough equivalent of our Joint Chiefs. His rankling anti-U.S. attitude was evident in his public and private statements. Our Brazilian mission watches such matters closely. The flag had to be up. It had to be red. And it had to be waving furiously. Our ambassador presumably did not sense a need for delicacy at this time, as we shall see.

Back in the U.S., Congress had been debating very publicly the question of using foreign assistance to pressure recipient governments into human relations postures acceptable to Jimmy Carter. One result of that debate was that the Secretary of State was henceforth required to report to the Congress on the human rights records of any country proposed for assistance.

Thus, beginning in Fiscal Year 1978, the Security Assistance Program was to be published in two volumes, one being the Program and the other being Reports on Human Rights Practices. The latter document categorized various governments according to Amnesty International's notions of being "free," "partly free," "not free," and so on. By late February of 1977, advanced reports concerning certain countries began to filter into Congressional offices, and from those sieves to the press. Word got out that this internal U.S. working paper contained recommendations to cut programs in countries such as Argentina, Uruguay, Chile, and Guatemala. Brazil, which in fact had been categorized "partly free," was cleared for continued assistance. Although the actual report was not in their hands, U.S. officials in Brazil were planning to go ahead on a normal basis with Brazilian security assistance.

The Argentine government, in an angry advance initiative, informed the U.S. that it would accept no assistance of any kind that was based on an attempt to mold internal policy, a position that was widely applauded by the Argentine people.

ROUTINE EXPLOSION

At this juncture, State sent to its missions courtesy copies of the human rights reports with approval to release them to host governments in advance of public release. Despite the obvious tension in Brazil and the example of the popularity of the Argentine's action against this new U.S. policy, John Crimmins decided to send this advance copy of State's report to Ambassador Silveira. He sent it over in a routine delivery by messenger.

Silveira had been spoiling for a fight since the West German affair but he didn't have the correct vehicle. Crimmins, who should have known better, provided the vehicle. The advance copy was fired back the next morning, unstudied, and accompanied by a strong note rejecting out of hand any foreign intrusion into Brazil's internal affairs. It mattered not to Silveira that Brazil's assistance package was virtually intact for FY '78. Crimmins' timing, and method, couldn't have been worse. It was only a question of time before the military assistance pact—important furniture in the showcase of official cooperation—would end.

President Geisel asked his confidante General Potyguara to recommend the future course of Brazilian-U.S. military cooperation. Behind the scene, U.S. and Brazilian officers at the working level struggled to produce a set of options that would preserve some form of continued cooperation, which they felt to be of mutual interest. In September, 1977, two days before he retired from active duty, General Potyguara took his revenge. He disregarded his staff's softer recommendations and recommended instead that Brazil unilaterally cancel the pact. President Geisel accepted his old friend's suggestion and gave the Americans a year to wind down and leave.

If you were a fly on Carter's wall you would probably know that the only reason Crimmins was not relieved immediately was to avoid the appearance of reprobation, even though Carter could claim that Crimmins was overdue for reassignment anyway. His replacement, Sayre, is finding the Brazilians to be cold and distrustful. Part of the press views him as a CIA agent and speaks often of "Crimmins' boys" whom it says are still "running things in the American embassy."

It doesn't help much that our government puts on its human rights hat when and as it becomes convenient to do so. In Uruguay, for instance, it became common for American officials to be pinned down with questions about his inconsistency. "Why," they would be asked, "do you assist a country like Iran, where human life hangs constantly in the balance, and yet you continue to try to force us to conform to your ideas of how we should act?" These questions became so frequent, and so embarrassing, that an official line was given U.S. representatives in Uruguay and some other countries. Tell them, the line went, that Iran is of great importance to the United States and that your country is not of great importance to us. You can't fault this as not being straightforward. And it is perhaps time we were honest about this ancient axiom. Jimmy Carter's human rights crusade may or may not advance humankind's lot, but it is safe to say that it has earned him and the United States some bad lumps in Latin America.●

HOW BALTIC STATES TORMENT RUSSIA

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. DERWINSKI. Mr. Speaker, over the years, I have placed major emphasis on the tragedy of the Soviet-conquered Baltic States, Estonia, Latvia, and Lithuania. However, special importance must be given to the strong determination of the people of these nations to continue to resist, "Russification."

In the current issue of U.S. News & World Report (September 25), Robin Knight, that magazine's Moscow bureau chief, makes a similar point; namely, that the people of the Baltic States have managed to maintain their nationalistic spirit despite Soviet oppression. I wish to insert his article at this point:

HOW BALTIC STATES TORMENT RUSSIA

(The Kremlin's carrot-and-stick policies to Russify three nationalistic republics aren't paying off. Balts still stubbornly resist integration.)

VILNA.—Persistent unrest in Estonia, Latvia and Lithuania underscores Moscow's inability to destroy grass-roots nationalism there even after centuries of Russian domination of the area.

Violent upheaval is not in the cards. Over the years, most of the Balts have grudgingly learned to live with Russian rule—and relish their new prosperity.

Yet spontaneous anti-Russian outbursts repeatedly emphasize how peoples of the three states oppose any and all attempts to erase their national identities in the campaign to create a single "Soviet man."

Not even harsh Moscow-imposed measures and an effort to turn the Baltic region into the Soviet Union's most economically advanced area have been successful in pruning Estonia, Latvia and Lithuania from their ancient roots. Instead, there has been a resurgence of anti-Russian feelings and a very stubborn burgeoning of Baltic nationalism.

For all this antipathy, Russian control of the Baltic states is longstanding, dating back to 1710 in Estonia and Latvia and 1795 in Lithuania. Moscow's suzerainty was broken only during the 22-year period between 1918 and 1940 when all three lands enjoyed a precarious independence and in 1941–44 when Germany overran the region.

None of the states returned happily to the Russian fold after World War II, especially Lithuania, where armed resistance continued until 1955.

Encouraging the dream of some Balts that they may someday achieve independence is the continued refusal of the U.S. and other NATO nations to legally accept Russian authority over the Baltic states. This stems from the 1945 Yalta Conference when Joseph Stalin rejected plebiscites that would have allowed the republics to determine their own futures. Representatives from the prewar governments still enjoy diplomatic accreditation in the U.S.

Anti-Soviet incidents occur more regularly in the Baltic states than any other part of the Soviet Union, where national groups—notably Georgians and Armenians—have forcefully asserted their claims to maintain their religious, linguistic and ethnic traditions.

A year ago, for instance, a pop-music fes-

tival at Liepaja, a Latvian coastal resort, ended with youths running through the town shouting, "Freedom, freedom." Months earlier, a similar incident occurred in an Estonian city.

Lithuania, however, is the most nationalistic of the three states; even the smallest excuse is sufficient to touch off an incident. Success of the Vilna soccer team in the national championships last fall sparked demonstrations by thousands of Lithuanians who rampaged through the capital shouting anti-Soviet and nationalist slogans. Autos reportedly were overturned, police cars set afire, windows smashed and Soviet propaganda banners torn down.

SEETHING IRE

Mass protest is common in Lithuania. On several occasions in the 1970s, thousands signed petitions complaining of religious persecution. More *samizdat*—underground publications—emerge from Lithuania than anywhere else in the U.S.S.R. The study of the national heritage has become so popular with the young that it is now said to be supervised by the KGB, the Soviet secret police.

One consequence of this widespread unrest is that dissidents in Lithuania have very little room for maneuver. Surveillance of their activities is continuous. Viktoras Petkus, leader of a group monitoring Moscow's human-rights record in Lithuania, received a 15-year sentence in July. Other activists have been exiled, stripped of citizenship or fired from their jobs.

To ordinary Russians, the Baltic states are "the West." Hundreds of thousands flock here each summer to enjoy what they conceive to be bourgeois pleasures. This similarity to Western nations lies at the heart of the area's discontent over Moscow's rule.

In Riga, capital of Latvia, cathedrals, discotheques and Italian-style coffee bars project a flavor quite distinct from that in Russia. In the ancient Estonian capital of Tallinn, the houses, cobbled sidewalks and wrought-iron signs recall historic links with Germany.

Vilna, once center of a feudal kingdom, is the most "Western" Soviet city. Its long-haired teen-agers in jeans and Scandinavian-made T-shirts would look at home in Western Europe or America. Women are stylishly dressed, and homes and gardens reflect more careful maintenance than is usual in Russia.

A GLIMPSE OUTSIDE

Estonia may be the only place in the Soviet Union where Western TV can be seen. With a $50 attachment sold in state stores, viewers can receive transmissions from Finland, often including such U.S. programs as "Cannon" and "Columbo."

The average Balt has an ironic, half-mocking attitude toward the Russians. Officially, the Moscow connection is justified for the economic progress it has brought since 1944. Privately, feelings are different. One *samizdat* puts it like this: "Love and friendship between Lithuanians and Russians? It's the friendship and love between a lamb and a wolf."

It is in Lithuania that the Kremlin concentrates its effort to weaken the enduring strength of the Roman Catholic Church. Despite repression, officials concede that 40 percent of Lithuania's 3.4 million population are regular churchgoers. Priests say the real figure is nearer 60 percent. In a territory no larger than West Virginia, more than 500 parishes still function.

In Vilna, the Immaculate Conception Church regularly atracts 8,000 worshipers each Sunday. The Dawn Gates Chapel is crowded with people of all ages on any day of the week.

Moscow worries that a link between the church and opponents of the regime could develop into mass resistance to Communist rule. The fears may be exaggerated, yet they are perceptibly more real than a decade ago—due almost entirely to heavy-handed attitudes on religion by authorities.

In schools, it's not uncommon for 8 and 9-year-olds to be forced to attend lectures on atheism. Three quarters of the seminaries are closed.

Catholic resistance to such pressures is marked by the huge number of religious petitions addressed to Soviet and world leaders. One petition protesting persecution in Lithuania attracted more than 17,000 signatures. Several included not only signatures, but addresses and telephone numbers.

Faced with wide-based unrest, Moscow has adopted carrot-and-stick policies. On one hand, the Kremlin seeks to Russify the Baltic states. On the other, substantial economic assistance has been poured into the area.

In 1940, just 8 percent of the Estonian population, 10 percent of the Latvian and 2 percent of all Lithuanians were Russian. Today, the respective figures are 25, 30 and 9 percent. Most of the new Russian residents live in the cities and have taken factory and administrative jobs.

The Kremlin also has made strenuous efforts to force the Russian language on the Balts. It is a compulsory subject in schools, and television programs are heavily weighted in its favor. Nevertheless, most Lithuanians, even high officials, speak Russian only in the presence of Russians.

IRON HAND

The Baltic states are kept under tight political control by Moscow. Key posts in the Communist Parity and party organizations are held by Russians or by Balts who grew up in Russia and who returned home only in the wake of the Red Army.

Real trouble in the region has been warded off over the past 30 years only by massive Soviet investments that have transformed the Baltic economy and given the people the highest living standards in the U.S.S.R.

Estonia shows the best resutls, with the highest per capita production in the Soviet Union. Three percent of the Soviets' overall industrial output is generated by an Estonian labor force comprising only half of 1 percent of the U.S.S.R.'s total workers.

Lithuania has moved from agricultural backwater to the dynamo of Soviet light industry. Wage levels are well above the national average. In restaurants, it's not uncommon to see female shop assistants at lunch sharing bottles of champagne selling for $8 each. Car ownership is rising rapidly. Diets, as in Estonia and Latvia, are markedly better than in Russia, with more meat and less potatoes and bread.

A few small groups in the Baltic states still advocate independence from the Soviet Union. But for most of the region's 7 million people, prosperity—at least for now—outweighs the drawbacks of Kremlin control.

Nevertheless, defiant Baltic nationalism is viewed with concern in Moscow. The Kremlin's failure to eliminate anti-Russian fervor there could bode ill for Communist ambitions to draw all of the Soviet Union's 17 major ethnic groups into a single mold.

AFTER DECADES, A FLOW OF WESTERN TOURISTS

TRAKAI, LITHUANIA.—One plus from U.S.-Soviet détente has been an increase in the number of Western tourists, including Lithuanian Americans, permitted to visit the Baltic states.

Estimated to number 1.6 million—about half the population of present-day Soviet Lithuania—most Lithuanian Americans arrived in the U.S. immediately before World War II or soon after. Many still have relatives in the Soviet Union.

For decades, Moscow refused to allow more than a handful to return each year. But this policy has been relaxed, and about 2,000 now visit their homeland each year, including such spots as this ancient capital of Lithuania. Many are permitted to stay with relatives—but only in one of the six towns that are currently open to foreigners.

FEW HOTELS

Soviet officials concede that many more Lithuanian expatriates would return were it not for a chronic lack of hotel rooms. In Vilna, for instance, only four small hotels are open to foreigners. Another 700-room hotel has been under construction for 15 years but is not likely to open before the early 1980s.

Several American travel agents are offering special Baltic tours. One costs $1,250, lasts 15 days, and includes visits to all three Baltic capitals—Vilna, Riga and Tallinn.

But obtaining a visa to visit the Soviet Union remains a chancy business—particularly if an applicant has relatives living here or has a local-sounding name.

One West German travel agent say his firm made 850 applications for visas to visit the Baltic states in 1977. Only 214 were accepted.

Soviet officials insist, however, that "genuine" foreign tourists and visitors wishing to be reunited with relatives have nothing to worry about. But they must agree to visit only the few cities open to foreign travelers and to scrupulously observe the many restrictions on photography and tour arrangements.●

SCHOOL TEACHER'S OPINION OF A CABINET-LEVEL DEPARTMENT OF EDUCATION

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. McCLOSKEY. Mr. Speaker, with respect to the proposed Federal Cabinet-level Department of Education, I would like to call the attention of our colleagues to a recent letter I received from a school teacher in my own congressional district:

DEAR CONGRESSMAN McCLOSKEY: In reply to your letter of September 5th, may I say how strongly I oppose a Cabinet-level Department of Education. I agree with you that educational responsibility lies at the local level.

As a school teacher, I've had experience in schools with both State and Federal aid programs, and know personally that these support programs are not as effective as they're intended to be. The rationale behind these assistance programs is often excellent, but by the time the actual funds and materials reach the school, there's often little left to affect the children's education.

It seems with every new program there's a tremendous amount of paperwork, accountability, recordkeeping, etc. Again, the rationale is understandable, but *someone* has to do the paperwork so some, or *much*, of the funds go for filling out papers.

In California we've lost, incredibly, in relinquishing control of local schools, due to Proposition 13. The people don't realize yet what they've sacrificed. *Please* do all you can to help things from getting any worse. Every additional control agent proportionately decreases the level of education we're able to provide at the local level.

Sincerely,

VIVIAN EFTING,
Teacher, First Grade,
Bubb School, Mountain View, Calif.●

A TRIBUTE TO NICHOLAS J. RAIA

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. LENT. Mr. Speaker, on September 29, 1978, the Cardinal Mercier General Assembly, fourth degree, Knights of Columbus, Ninth New York District, is honoring an old and good friend of mine, Nicholas J. Raia, of Massapequa, N.Y. I would like to join with the members of the Cardinal Mercier Assembly, and with Nick's many, many friends in paying him tribute as he concludes his service as the faithful navigator of the assembly.

In supervising the activities of the more than 2,000 members of the Cardinal Mercier Assembly, Nick Raia has demonstrated those outstanding qualities of persuasive leadership, unstinting personal effort, and devotion to church and country which have carried him to the top ranks of leadership in the fourth degree of the Knights of Columbus.

Nick Raia has been a member of the Knights of Columbus for more than two decades. All through those years Nick has been generous in offering his time, his talents, and his energy to further the charitable, fraternal, patriotic, and religious goals embodied in the Knights of Columbus fraternal order. Whatever the task that needed doing, Nick was there with his infectious smile to offer his capable assistance. Whether it was taking charge of arrangements for the Fourth of July parades, as chairman of the charity ball, or in the many offices he held in the memorare council and then the Cardinal Mercier Assembly, Nick always demonstrated determination to get the job done, and done the right way, which marks the outstanding leader.

Few have given as much of their time to church activities as has Nick Raia. Few have done as much to help strengthen support for the ideals and principles which have made our Nation the most envied in the world.

And we have sorely needed such devotion and dedication in past years. It had become all too popular for Americans to scoff at those of us who honor and respect our Nation and those great principles of freedom, justice, and opportunity on which it was built. The cynics and the doomsayers were filling the land with their cries of despair.

Now, that dark picture is brightening. We are seeing a new surge of pride in our Nation, its history and its accomplishments. We are witnessing a new wave of faith in our country's ideals; a new dedication to those great principles on which, under God, it was founded.

And in no small part, this great change has come about because of the tireless devotion of leaders like Nick Raia, made possible through organizations like the fourth degree of the Knights of Columbus, which strive unceasingly to strengthen love of country and responsible citizenship. In the near century since its founding, the Knights of Columbus fraternal order has grown to become a vital force in our Nation, in helping preserve our spiritual, and moral heritage. Our Nation owes a debt of gratitude to such organizations.

So, too, does our Nation owe a debt of gratitude to dedicated citizens like Nick Raia who give so much of their lives to help preserve and strengthen our spirit of patriotism.

It is most fitting, therefore, that we join in paying tribute to Nick Raia. His accomplishments during his years of dedicated service to the Knights of Columbus, capped by his outstanding record as faithful navigator of the Cardinal Mercier Assembly, deserve the highest commendation. His record of achievement will serve as a model for those who follow for a job well done.

I extend my heartiest congratulations to Nick, for a job well done. And my warmest best wishes for the future to Nick, his lovely wife Rosalie, and to his children Frank and Dina.●

EXCESSIVE PUBLIC WORKS SPENDING

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. CONTE. Mr. Speaker, my strong opposition to this year's public works appropriations bill and its pork-barrel boondoggles is well known.

The following article provides some insight into the political and economic realities of these wasteful and often environmentally harmful projects and offers a regional perspective on the bill's overall impact:

EXCESSIVE FEDERAL SPENDING

(By Michael J. McManus)

WASHINGTON.—The President is expected to veto a public works bill in the next week or so, with directions to the Congress that it should remove $1.8 billion worth of "expensive, pork barrel projects that we do not need."

Members of Congress from the Northeast and Midwest should take the lead in sustaining the President's veto, for most projects the President wants deleted are for water projects that are uneconomic and/or environmentally unsound. And most would stimulate further growth in the Sunbelt at our expense.

In fact, seven of the projects, costing more than $600 million were supposed to have been dropped forever, in a compromise worked out last year between the White House and the Congress, after he sought to kill 18 water projects that encourage population growth in arid areas with federal subsidies.

Curiously, when an amendment was offered on the House floor to reinstate those cuts by Rep. Robert Edgar, D-Penn., 80 Northeast and Midwest voted for the Sunbelt pork barrel projects, resulting in a defeat of the Edgar Amendment by a 142–234 vote.

Furthermore, the figures used by the Congress in estimating the costs of these projects assume that the federal government can borrow money at 3.25 percent interest or less, when the current borrowing rate is really about 8 percent. That simple figure alone means that cost of all of the deleted projects is higher than the most optimistic estimate of benefits.

How did such a bill ever get approved?

It is a tale of politics at its worst: backscratching deals made by members of Congress, trading boondoggle for boondoggle, acting in defiance of alleged interest in economies of government, coupled with the bungling of the administration which produced its list of acceptable projects only after Congressional committees had already acted to balloon up the water project costs by $1.8 billion.

It is also a story of misplaced priorities by Northern Congressional leaders, including some with presidential aspirations: Reps. Jack Kemp, R-N.Y., Philip Crane, R-Ill.

One can understand why Sunbelt congressmen stick together on this bill. Not one dollar of TVA investments or of the $7.8 billion spent by the Bureau of Reclamation has benefitted the North, and only 9 percent of the Army Corps of Engineers' proposed water construction budget will be spent in the 16 states from Maine to Minnesota.

For example, federally subsidized power in the Southeast wholesales for six-tenths of a penny. But it wholesales to Boston Electric for 4.35 cents, to Cleveland Electric for 4 cents and 2 cents to Duquesne Power in Pittsburgh. No wonder energy-intensive industry has moved south.

And federally subsidized water is often cheaper in the arid West than in the Northeast where water is plentiful but unsubsidized. A thousand cubic feet of water costs $5.90 in Tucson and as little as $2.10 in Salt Lake, but $18.90 in New Haven, $13.38 in Philadelphia, $8.90 in Boston and $7.50 in Detroit.

Since 1970, the federally irrigated Southwest and West has attracted two million residents from our region.

Why, then, did 80 northern congressmen vote in favor of a bill that added $600 million worth of projects that had been rejected plus 27 new starts costing $1.2 billion more than was recommended by the President?

"In any bill, there are going to be some projects better than others," said Jack Kemp. "I can't line-item veto what I don't like."

I responded, "That's not so in this case since the Edgar amendment gave you a chance of voting down seven wasteful projects while not affecting a project in your district."

Rep. Frank Horton, R-N.Y., cochairman of the Northeast-Midwest Congressional Coalition, said one reason he accepted the committee's judgment rather than the President's was his belief the President may have been threatening a veto "for PR reasons." He had seen how a dam in Rochester had prevented a flood during Hurricane Agnes. "Furthermore, I don't think our region ought to arbitrarily oppose another region's projects, particularly when there's going to be a very delicate problem down the road, when our region wants to get money to rebuild its sewers. It could cost several billion dollars in Chicago alone."

He has a point. Newark operates with century-old wooden sewers and Boston loses half of its water through leaks.

But it is going to take a lot of figuring to justify a total replacement of the sewer systems of old cities. Should the Northeast and Midwest accept pigs in a poke from the Sunbelt so we can hustle them for our own costly dreams?

This observer says no. I'd rather see our region rally around the President's thoughtful water policy which provides the first carefully considered set of ground rules upon which the economic and environmental tradeoffs of all federally funded water projects are openly proposed, debated, and decided upon without the log-rolling and chicanery that characterizes the current system.●

INTERVIEW WITH DR. STEVEN TANNENBAUM

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. GRASSLEY. Mr. Speaker, as we all know there has been a lot of confusion and uncertainty regarding the use of nitrites as a preservative since the release of a study by the U.S. Department of Agriculture and the Food and Drug Administration carried out under contract with Dr. Paul Newberne at Massachusetts Institute of Technology. Many scientists familiar with this type of research have provided valuable comment about this project. One such individual is Dr. Steven Tannenbaum who is professor of Food Chemistry at Massachusetts Institute of Technology. On August 16 Mr. John McGown of WMT-stations in Cedar Rapids, Iowa interviewed Dr. Tannenbaum. Following is the text of Mr. McGown's interview with Dr. Tannenbaum:

INTERVIEW WITH DR. STEVEN TANNENBAUM

This is John McGown reporting from WMT-Stations. We are interviewing a gentleman by the name of Dr. Steven Tannenbaum, Professor of Food Chemistry at Massachusetts Institute of Technology. We were put into contact with Dr. Tannenbaum by the Consumer Alert Council of Stamford, Connecticut.

What's involved here is the research report that received headlines and news coverage through the networks this past weekend involving nitrites in food—nitrites in tests with rats, actually. We have Dr. Tannenbaum on now and I would like to ask him a question about what he thought when he picked up the Saturday paper and first read the headline about the MIT test that the government was reporting.

TANNENBAUM. Well, I guess I was a little bit in a state of shock, because I had been somewhat familiar with the work that was going on. It was not going on in my laboratory. It was going on in one of my colleague's laboratory, but, I felt that there was a distinct air of overreaction on the part of the government, given the nature of the conclusions in the report.

McGOWN. They talked about that this might suggest that the Delaney Clause should be invoked. What is your answer to that? Do you think that we have enough evidence at this point that the Delaney Amendment could be invoked, and try to do the samething they tried to do with saccharin, or do you think more data is needed?

TANNENBAUM. Well, you have a very complex situation here. We're—nitrite has been tested many times in several different countries under a variety of conditions. And, up until now no one had ever demonstrated that nitrite itself caused tumors under any circumstances in the rat or other test animals. One which already has a very high incidence of lymphomas and probably caused by a virus. And, as I understand it, it's traditional in testing of this type to not use an animal that has a natural high rate of tumors because it's difficult to interpret what a small increase means above what you would find in a control group. So, when you come down to the question of whether or not the Delaney Clause should be invoked, I think that now you're talking about a definition of terms which would be in the hands of lawyers, because I don't know whether the words in the Delaney Clause "induce cancer" apply in this particular case.

McGOWN. The Delaney Clause, I think, is very specific that if it causes cancer at any level in humans or animals it has to be invoked, so, there is probably very little choice. The question now becomes as to whether the data are sufficient in scope and statistically significant, and that type of thing. One thing that I noticed was that they used the Sprague-Dawley rats, where the Canadians in their studies used the Wistar rats. You were mentioning that there is a difference in their susceptibility to contracting cancer, of the different ones. Is that maybe why there is a difference between the Canadian test with cooked bacon with nitrite in it and this one which was done with feeding nitrite to rats?

TANNENBAUM. There are several tests aside from the Canadian tests. There is one that was done in Germany with BG rats and there was one done in Holland with a different strain of rats, and the thing that's unique about this strain is that it apparently carries this virus which causes lymphomas, whereas, the other rats did not carry anything like that. And, the conclusion of Dr. Newberne, who was the investigator who conducted the study, is that this is not an initiator of cancer, but in fact is something which may modify the carcinogenic process—the kind of substance called the promoter, which is a substance which cannot in itself cause cancer, but which can modify something else which causes cancer. So, one has to ask, then, whether given the fact that so many other negative studies have been done in similar species of rats, what the significance of the study is in the strain of rats that already has induced in it the kind of cancer that one finds from the test substance, namely nitrite.

McGOWN. I want to ask you something related to this. I noticed that it was 8.4 percent of the two control groups that contracted lymphomas, whereas, it was 12.5 percent of the nitrite-receiving groups that did. Isn't that 8.4 percent an extremely high level for any control group?

TANNENBAUM. Extremely high, is the word for it. I mean, it's almost unheard of, except in a rat that's specifically susceptible to this sort of tumor. That's my point. I think that this tends to color the nature of the results with regard to their interpretation. I mean, it's an experiment which bears, I think, repeating under the conditions where the animals don't naturally have this high rate of lymphomas.

McGOWN. I agree with you that the test probably needs to be repeated. One of the things that worried us the most is the way the news media handled it—because it received national attention with headlines, like "Nitrite Causes Cancer"—"Nitrite May Cause Cancer"—and there wasn't a newspaper in the United States, I guess, that didn't carry it either Saturday or Sunday, and there wasn't a network show that didn't have it on at least a couple of nights. This worries us as to why this happens. If you can show a negative, the news media seems to hop right in on it. If the MIT study had shown that nitrite didn't cause cancer do you think it would have gotten as much attention from the national news media?

TANNENBAUM. I'm sure it wouldn't. I think that an additional factor in this case is that it is the way the people in government associated with the release of the data, particularly Carol Foreman, handled the release. It's my understanding that it was released only to the news media and that no one else had a copy of it until several days later, and I think a lot of the way the headline writing came out had to do with the way the document was worded, particularly in the first paragraph. I think that if you would have read the articles and read past the headlines down to the second and third paragraphs, it came out reading quite a bit differently. Even though, with respect to where the nitrite comes from, I think that the government statement shows a clear bias against nitrite from the very start.

McGOWN. I agree with you. I've read the test, the report of the test in the news release and the stories in the newspapers. I think that with each step it grew in magnitude. The test points out some things. They carefully say things, like "The data are only suggestive" and "the biological significance of nitrite associate lesions of the lymphoreticular system is unclear," and things like this—carefully wording it, like a scientist would. Then, the news release, which I have read, seemed to go further, and the newspaper stories seemed to even go further than that. I think that this is one of the great problems we encounter with this type of thing. Don't you agree?

TANNENBAUM. I think thats' equally true for foreign affairs as it is for food additives. That's a problem of newspaper headline writing. I think it's something I don't have much to comment on.

McGOWN. I noticed in the wire stories that came in today that USDA and FDA have turned this over to the Justice Department, and asked if the Food Laws will allow the agencies to begin a phase in of a ban on nitrite. So, now we've moved from the scientific circles, to the bureaucratic circles, to the legal circles.

TANNENBAUM. Well, I think that that's where the final battle always takes place. I mean, there is a set of laws which governs the legislation of food additives, and the interpretation of those laws usually falls into the hands of the lawyers. And, I think it's how they ultimately will interpret the meaning of some of those words, like "induce," that I think will influence the outcome. But, I think, also, that a big problem is that the law itself doesn't allow the agencies to make value judgments on the use of an additive, for example, in comparison to the risk that would be entailed if one did not use the additive.

McGOWN. This is the same thing that occurs, I think with the antibiotic situation that's going on with the FDA and Dr. Kennedy. We have to relate risk to benefit, but the law does not allow the government to relate these two things. This is probably why there is going to have to be some action from Congress to change the Delaney Clause to bring this around to where it should be.

TANNENBAUM. Well, that's right. And, in this particular case, I mean, the risk is botulism, which I think carries with it a very serious risk of death, so that one is dealing with a very specific benefit that would result in the shortening of life, so that I think this is a case that is quite different than many of the others and I think the government has to take into consideration the risks in this particular case.

McGOWN. I noticed in Food Chemical News toward the end of last year, that you had reported on some work with nitrites, and you pointed out if nitrite in bacon were to be banned there could be up to 1,000 more cases of botulism a year. Now we're talking about taking nitrite out of hot dogs, bacon, luncheon meats, country cured hams and many other things. Obviously this risk of botulism will grow in magnitude beyond the estimated 1,000 cases—right?

TANNENBAUM. I think that the amount of risk is going to be gigantic, and I think that the cost to society is going to be gigantic because there isn't going to be any way for the commercial channels to handle this meat. You have a tremendous volume of meat that's been handled in a certain fashion and now all of a sudden the government is going to turn around and say that you can't handle it that way. You have thousands of meat proc-

essing plants. I mean, I just don't understand. What are they talking about? They'll be putting people out of work. It just doesn't make any sense, at all, except in the context that there's a political goal in mind here. And, I mean, certainly I don't see a rational health or economic goal in the kind of decision-making process that's being carried out here.

McGOWN. Dr. Tannenbaum, I appreciate you giving us so much of your time. I realize you're on vacation and we appreciate the Consumer Alert Council putting us in contact with you.

We've been talking to Dr. Steven Tannenbaum, Professor of Food Chemistry at Massachusetts Institute of Technology, and this is John McGown reporting from WMT-Stations.●

SOUTH AFRICA WRONG ON NAMIBIA

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. WON PAT. Mr. Speaker, South Africa is wrong in deciding to reject the United Nation's proposal to give Namibia independence.

I was appalled yesterday to read of South Africa's decision to go ahead with its own plans for elections in the colony of Namibia. The attitude of the South African government is not going to bring about independence for the hard pressed residents of Namibia; rather, I and many others who are familiar with the problems in that part of the world are convinced that South Africa is courting a long and disastrous war with the Southtwest Africa People's Organization (SWAPO).

The United Nation's Security Council reached agreement on its long debated Namiba proposal on July 27 of this year. The United States is a partner to this document which spells out clear guidelines for putting an end to South Africa's rule of Namibia which dates back to a World War One League of Nations Mandate. The U.N. revoked that mandate years ago and it has taken great effort to put forth a workable plan for Namibian independence.

It must be noted that the U.N. is not the only world group to approve the Namibia Proposal. It recently received the full support of the Inter-Parliamentary Conference in Bonn, Germany. As one of the American Representatives to the IPU meeting, I was privileged to serve on all phases of the Committee on Non Self-Governing Territories and Ethnic Questions which drafted and later approved a resolution which urged "the continuation of most strenuous efforts towards the complete elimination of colonialism in the world." This historic resolution, which was later adopted by the entire conference, urged South Africa to take the same steps in Namibia as are contained in the U.N. resolution.

It was the goal of the hundreds of international legislators representing more than 75 countries at the conference that our efforts, combined with those of many others, would encourage South Africa to follow a moderate course of action in the matter of Namibia.

We did not ask South Africa to take any steps which could endanger its security. By its own official comments, the Pretoria government has signalled its intentions of giving the residents of Namibia a greater degree of selfgovernment. But the major difference between South Africa's proposal to hold elections by the end of this year in Namibia and that of the resolution adopted by the United Nations and the Inter-Parliamentary Conference is the question of maintaining South African troops in Namibia.

We have asked Pretoria to remove its armed forces from Namibia; it has obviously chosen not to do so. The consequences of South Africa's decision to retain full military control is bound to foster continued armed violence in Southern Africa.

Mr. Speaker, it is just this sort of situation we at the Conference attempted to avoid. On behalf of the American delegation and officials from Australia, the Federal Republic of Germany, the United Kingdom, and New Zealand, I rose again and again to seek support for removal of language in our resolution which would approve the use of armed struggle by emerging nations to achieve selfdetermination.

My statement read in part that "we fully support the principle of full democracy in South Africa, but we seek peaceful solutions and note that violence only begets violence." The efforts of the American delegation were defeated, largely at the behest of Third World nations. Perhaps they understood better than we that South Africa will never give up Namibia except by force. This unfortunate viewpoint is held by the distinguished foreign correspondent, Mr. David B. Ottaway, who wrote in the September 21, 1978 Post that South Africa's rejection of the U.N. plan is "bound to provoke greater Soviet and Cuban involvement in the South African administered territory."

Closely echoing his views are Zambian President Kenneth Kaunda and Angolan President Agostinho Neto, both of whom supported the U.N. plan and both of whom are going to be hard pressed to support SWAPO actions against South African forces without Namibia.

It would seem that no sooner have we done our level best to produce peace in the Middle East than the dire threat of war breaks out in Southern Africa. It is my observation that man can achieve anything he wishes to achieve—even peace. But it would seem that not all wish peace. For those who seem bent on maintaining a hold over a country to which they have no legal rights, I would urge that they first stop and listen to the voices of their neighbors and friends who want to put a stop to colonialism and war. The opportunity is there. They and we must accept it or face the unthinkable consequences.

Thank you.

AN UNSUNG HERO RETIRES

HON. JIM WRIGHT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. WRIGHT. Mr. Speaker, one of the true unsung heroes of our time will be leaving the Air Force next Friday after 35 years of service, and I do not want this event to pass without notice.

The unsung hero of whom I speak is Lt. Gen. John Peter Flynn.

If I tell you that he is the Inspector General of the Air Force, that probably would not mean much.

If I tell you that he has served in three wars and received numerous decorations, including the Air Force Cross, the Distinguished Service Medal with oak leaf cluster, the Silver Star, the Legion of Merit with 2 oak leaf clusters, the Distinguished Flying Cross with 6 oak leaf clusters, the Bronze Star Medal with V device, the Air Medal with 14 oak leaf clusters, the Purple Heart with oak leaf cluster and many more, that might not mean too much either.

But if I told you that General Flynn was the officer principally responsible for maintaining the morale of American prisoners of war in Vietnam for over 5 years, you might begin to get the measure of this remarkable man.

Jack Flynn began his military career as an aviation cadet in February 1943. He graduated the next year and served during the remainder of World War II flying F–51 fighter aircraft.

In that war, the Korean war, and Vietnam war he proceeded to log more than 4,500 flying hours. During the Korean war he flew F–80's. During the Vietnam conflict he flew F–105's. He also served in various responsible positions with fighter units in the United States, Japan, and Europe.

The ultimate test of his courage, strength and devotion to country, however, came during the Vietnam conflict. In August of 1967 he joined the 388th Tactical Fighter Wing in Thailand as vice commander. On October 25 of that year while flying a combat mission over Hanoi he was shot down and taken prisoner—the highest ranking allied prisoner of war held by the North Vietnamese.

For more than 5 years, until the American prisoners of war were released in March, 1973, Jack Flynn had the awesome task of providing leadership and direction to men living under the worst imaginable conditions.

In spite of the persistent efforts of his captors to prevent any unity among the prisoners, Jack Flynn organized and led the Fourth Allied Prisoner of War Wing, an organization which allowed the men to help each other survive.

It was his devotion to his country and his refusal to shirk his responsibilities to his fellow Americans, in spite of severe personal hardships, that mark General Flynn as an American hero second to none.

Under circumstances which would have overwhelmed most of us, General Flynn set an example for his followers

which instilled in them a desire to return home with honor—which they did.

Few of us who watched the airplanes land and the first of these former prisoners salute the American flag on deplaning will forget the pride we felt in these brave countrymen. That this moment could occur, that these men could return with such spirit and such a sense of honor—all this was made possible largely through the integrity, the courage, and the greatness of soul that characterize Jack Flynn.

This is the legacy that he leaves behind as he retires from the Air Force. Few men have given so much for their country short of life itself. Of course, he will be missed, but his memory will remain alive throughout the Air Force, for he is a living legend.

In paying tribute to General Flynn, I would not be telling the whole story if I did not mention Mary Margaret Flynn, the wonderful lady who provided support and understanding throughout his career, especially during those long years of confinement in North Vietnam; it was a great comfort to Jack to know that his wife could be depended upon to manage things at home. Her steadfast courage and sensitivity serve as an example of all the quiet contributions made by the family members of our service men and women.

Jack and Mary Margaret are about to put these years of active service behind them and to begin yet another phase of their lives. I know their many friends in the Air Force and the Congress join me in the hope that the best years of their lives are still to come.●

TRIBUTE TO MRS. TERRY BLAKE

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. JOHN L. BURTON. Mr. Speaker, on Sunday, September 10, the first National Grandparents Day was celebrated as a result of a special resolution passed by Congress and the President in August.

As one of the cosponsors of the measure, I know that a lot of credit should go to many different people who helped to make this tribute to grandparents possible, but a California grandmother deserves a few extra words of praise for her years of campaigning for a grandparents day.

Mrs. Terry Blake, a former actress and current resident of Los Angeles, has been working for a grandparents day since 1955. She claims she is the first in the field to advocate a grandparents day and has geen pushing for this observance during the past 23 years.

Mrs. Blake has been a grandmother 10 times and has spent several thousand dollars trying to get a resolution passed. She has campaigned across the country three times and in 1955, she brought her crusade to Washington, D.C., with a petition containing 4,000 signatures in the hopes of seeing President Eisenhower about a grandparents day. Although she did not see the President then, her efforts have now paid off in helping to launch a National Grandparents Day.●

SUSPENSION SEASON FEVER IS HERE AGAIN

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. DORNAN. Mr. Speaker, we are in the season again when there is a tendency to push through a variety of controversial measures under the suspension procedure. This procedure denies Members of the House an adequate opportunity to analyze, debate, and amend significant bills.

Recently, a major piece of health legislation, the Health Planning and Resources Development Act, H.R. 11488, was brought up under suspension and failed to pass. Members of Congress need to be alert if an attempt is made to bring up another major health measure which is even more controversial—the Health Services Amendments of 1978 (H.R. 12370). This measure needs to be fully debated and discussed on the House floor rather than rushed through under the suspension procedure.

H.R. 12370 contains funding for the controversial title X family planning grants. Despite clear prohibitions in the law that Federal money should not go to promote abortion as a method of family planning, title X provides funds for planned parenthood and other groups which promote abortion and controversial publications, films, et cetera, which undermine generally accepted standards and values about sex and sexual conduct. The granting of Federal funds to private agencies which promote abortion is a misuse of Federal funds and needs to be thoroughly reviewed by Members of the House. We need to be better aware of how the funds of the taxpayers are being used.

We should be aware that the excessive level of funding in title X will make more money available to some of the most controversial programs. (See report of the Committee on Interstate and Foreign Commerce on H.R. 12370, section 5, family planning, page 49.) This measure should not be rushed through on suspension. If it comes up under suspension, I urge you to vote against the bill so that the full membership of the House will have the benefit of a thorough debate and examination of the programs contained in H.R. 12370, the Health Services Amendments of 1978.

Several Members of Congress were planning to offer corrective amendment to title X, in order to bring the program back in line with the original act passed in 1970. We were aware that the Interstate and Foreign Commerce Committee had asked for an open rule, and we were relying upon that in our deliberations. So that everyone may better understand the serious objections conveyed to us from around the country, I will briefly outline some of the abuses under title X:

FUNDING OF ABORTION SERVICES

Section 1008 of title X states:

None of the funds appropriated under this title shall be used in programs where abortion is a method of family planning.

Known as the Dingell amendment, this provision has never been removed from the law. Our esteemed colleague, Mr. PAUL ROGERS, in health services program hearings on H.R. 2954 and H.R. 2955 held on February 19, 1975 has also stated in a response to the U.S. Coalition for Life, Export, Pa. (page 260):

That the law is very clear as to the design and content of programs funded under Title X of the Public Health Service Act. None of the funds appropriated under Title X may be used in programs where abortion is a method of family planning. This provision would not merely prohibit the use of such funds for the performance of abortions but would prohibit the support of any program in which abortion counseling or abortion referral services are offered.

In spite of these excellent efforts of Mr. ROGERS and others, HEW, Planned Parenthood, and others have chosen to ignore the clear intent of the law. Clear documentation has been prepared by Mr. Chuck Donovan, of the National Right to Life Committee, that at least 117 hospitals and clinics where "abortion is a method of family planning," are receiving title X family planning grant moneys. They are in 33 States and the District of Columbia. Virtually every Member here is affected by this situation.

Furthermore, the Office of General council for Health Services Administration of HEW has told me that:

HEALTH SERVICES ADMINISTRATION,
Rockville, Md., September 1, 1978.

Hon. ROBERT K. DORNAN,
House of Representatives,
Cannon Office Building, Washington, D.C.:

I regret the delay in providing the requested definition of "program" as used in Section 1008 of Title X, PHS Act. Since the definition is extracted from an opinion on a case issued by the Office of the General Counsel (OGC) dated April 10, 1973, I asked that the OGC clear it since it is taken out of context.

"Section 1008 of the PHS Act provides: 'None of the funds appropriated under this title shall be used in programs where abortion is a method of family planning.' "

"We do not believe that the word 'program', as used in Section 1008, was intended to be so comprehensive as to include any and all family planning activities carried on by an applicant for Title X funds. For example, we do not believe that a hospital offering abortions for family planning purposes, consonant with State law, would be disqualified from receiving Title X funds for the operation of a separate family planning program which utilized only preventive family planning methods.

"On the other hand . . . it is recognized that in some situations, the abortion element in a program of family planning services may bulk so large and be so intimately related to all aspects of the program as to make it difficult, if not impossible to separate the eligible and non-eligible items of cost. In such a case, we think a grant for the project would be legally questionable.

"In other words, a mere technical allocation of funds, attributing Federal dollars to non-abortion activities and other dollars to abortion activities, in what is otherwise a discrete project for providing abortion services, would not, in our opinion, be a legally

supportable avoidance of the Section 1008 prohibition.

"In our opinion, the activities (abortion and non-abortion) must be so separated as to constitute separate programs (projects). As we have already indicated, our conclusion does not require separate grantees or even a separate health facility. However, neither do we think that separate booking entries alone will satisfy the spirit of the law."

Sincerely yours,

ELSIE SULLIVAN,
Assistant for Information and Education, Office for Family Planning.

As if that were not bad enough, I have a quote from Senator PACKWOOD, supplied me by Paul Marx, OSB., from Collegeville, Minn., showing how title X grantees can get around the prohibition on abortion. It is taken from Father Marx's book, "The Death Peddlers." He says:

GETTING AROUND THE TYDINGS ACT

Addressing himself to the law passed last year at the end of the congressional session, known as the Tydings Family Planning and Population Act, which had allocated $382 million for fiscal 1971–73 for family-planning services and population-research activities, Packwood proclaimed himself "abhorred" that it had excluded money for abortion. He gave detailed suggestions for bypassing that prohibition:

If a national grant were made to Chicago's Planned Parenthood, for example, they could use the money for other purposes and expenses, while using their current monies to promote abortion. This would give every Congressman a way out if challenged by a constituent: he could say he voted against abortion.

Packwood surely had done his homework:

Various health acts funnel money that can be used for abortion purposes. The Public Health Service Act likewise grants to states various monies, the purpose of which is to be decided by the states. For these various acts the federal government can grant money to the states with liberal abortion laws to be used to implement abortion programs.

So, in asking for an amendment to the title, we do nothing more than ask what Congress had already thought was the case. And that hardly is a radical move.

I urge that Members listen carefully on Monday to the debate on H.R. 12370. There are a number of rather tasteless films and booklets being promoted with public money. We are the guardians of the purse. And our constituents will hold us accountable for our actions. This is supposed to be an open society. Well, then, let us have open discussion on these controversial measures, and stand up and be counted.●

THE SEARCH FOR ALTERNATE SOURCES OF ENERGY

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. McCLOSKEY. Mr. Speaker, our reliance on foreign oil imports represents an increasing threat to our national security.

It is time Congress faced up to that threat.

Since the Arab oil embargo of late 1973, we alone of the major industrial nations have increased our reliance on Arab oil. We have been slow in developing alternative solutions of energy that will be reasonable in price and safe to use.

One possibility that could offer a major part of the solution is the extraction of oil from coal. In this regard, the respected journalist, Mr. Harlan Trott, formerly with the Christian Science Monitor, has recently written a very perceptive and challenging article. I insert that article in the RECORD for the information of our colleagues:

SURPRISE! WE CAN MAKE OIL FROM COAL CHEAPER THAN THE OIL WELLS CAN PUMP IT OUT

(By Harlan Trott)

In this time of brownouts and shortened work-weeks called the energy crisis, it may cheer you to know that we can make oil from coal cheaper than oil wells can produce it.

A Government scientist named Lewis Karrick had a lot to do with improving the basic process.

Federal energy officials have been suppressing it for 50 years. They blandly deny this, claiming only the inventor can suppress his patents.

By "suppress" we mean, according to Webster: "to keep from public knowledge—to refrain from divulging."

The Karrick process involves low-temperature carbonization (LTC) of coal. This means heating coal at from 680 to 1380 degrees F., in the absence of air to prevent combustion, so as to distill out all the oil and gas.

When you treat a ton of coal by LTC, you get back about a barrel of oil; 3,000 cubic feet of rich fuel gas; and 1,500 pounds of smokeless solid fuel. But if you harness the process to an integrated energy plant, using the off-peak steam, the same ton of coal can produce 100 kilowatt-hours of electricity besides.

The Karrick process would combine a carbonizer, a refinery, a city gas works and a central electric station so as to produce oil, gas, smokeless fuel and electricity under the same roof at the same time.

If an LTC plant produced more smokeless fuel than it and the community could consume at the moment, you could convert the surplus to water gas. And the water gas can be converted into four barrels of oil by the (Fischer) synthesis process.

Geologists tell us there are enough latent heat units (B.T.U.s) in America's coal reserves to last us for a couple of millennia, give or take a few centuries. The LPC process is all it would take to dispel the monopoly myth that we must depend on Arabian princes to regulate our thermostats until world petroleum prices have broached some unspecified hole in the sky where it would pay us to begin using it.

The energy crisis is really only an information crisis.

The cartel is blocking LTC with help from Washington and Wall Street. These three monopoly powers—Big Oil, Big Bureaucracy, Big Banking—oppose LTC because an integrated LTC energy industry would be amendable to private enterprise initiative.

Congress is doling out millions to the energy giants to experiment on variations of Frederick Bergius' coal-to-gasoline (hydrogenation) process. Standard Oil of New Jersey (now Exxon) paid $35 million for it in 1930.

The government even built a $10-million 30,000 barrel-a-day pilot plant with it. But the Secretary of the Interior scrapped it in 1953 saying it was useless to keep "trying to get more than a quart of water in a quart jar."

Exxon's Bergius process is so massive and complex it cannot be made to stand on its own financial feet. The cartel insists the taxpayers must prop it up for them with a subsidy program "comparable to the U.S. Merchant Ship Subsidy Act." This means fuel bills and taxes will go up.

Big Oil's Wall Street spokesman is H. C. Bailey, vice president at Kidder, Peabody where he is "responsible in corporate finance for petroleum." Big Banking's scheme for subsidizing oil from coal is defined in the Nov., Dec. 1973 Defense Transportation Journal.

Bailey concedes "only the largest corporations" are sophisticated or experienced enough in the promotion of massive debt to manage an open-ended pork barrel of this inflationary magnitude. Our federal energy officials endorse Bailey's concept.

Even though the Government has no viable alternative to its suppressed Karrick process, the Interior Department is calling for an "Apollo-size" oil-from-coal program.

Last September the cartel tried to ram a Ford-backed bill through the House without debate. The measure would have provided up to $4 billion in government loan guarantees to begin building synthetic-fuels plants that aren't on paper. The House voted 193 to 192 against buying something less even than a pig in a poke.

There is nothing "miraculous" about LTC nor did Karrick invent it.

Before 1860, more than 50 plants were extracting oil and gas from coal. Boston had five LTC plants producing oil and gas for heat and light; and axle grease and paraffin for candles. But in 1873, "too much" cheap petroleum had forced the last coal-oil plant to shut down.

Free enterprise made oil from coal before the rise of the Rockefeller dynasty, and it could revive the art, especially with crude oil selling around $12 a barrel. The prospect terrifies the cartel. A small rural co-op can make and distribute electricity. A big farmers co-op can refine and transport petroleum products. A New England town can make its own gas, its own electricity. This has been going on for years. Scores of them still do. So why can't a big city or a small village—or a Federal TVA—combine all these steps with LTC of coal under the same roof?

The fact that they can is backed by Karrick and his federal coworkers, and eight years of pilot grant tests at the University of Utah.

Every year we consume over a half a billion tons of coal. This means we destroy 400 million barrels of oil a year; and 1.4 trillion cubic feet of rich fuel gas, plus billions of dollars worth of coal chemicals used in making fertilizers and plastics.

Energy officials continue to shrug off this staggering waste. They are the ones who know, but aren't telling the public what LTC is all about. Meanwhile all this enormous energy wealth goes up the flue in the form of smoke, soot and sulfuric fumes—all for want of a national fuels conservation and development policy.

There isn't the slightest question about the economic feasibility of the so-called Karrick process. Our Government admits it. Listen to this colloquy between a senator and the Government's top synthetic fuels adviser.

"Senator Murdock: The statement by Mr. Karrick, I will read the statement and then see what you have to say about this: 'Therefore, these coals, where there is a market for the smokeless fuels and the gas, can produce oil cheaper on an average, cheaper than the average cost at the well of petroleum in the western part of the United States!'

"Dr. Fieldner: I think that is a fair state-

ment, if you can get a market for the solid products. That is the main product. They will obtain from this coal from 20 to 35 gallons of tar oil as a byproduct." (*Hearings*, on U.S. Senate Res. 53, Oct. 1942, p. 1546.)

Simply labeling LTC coal oil a "by-product" is all it takes to exclude it from our federal R&D program. If our energy officials ran out of gas on the desert, would they spurn a gallon of LTC gasoline because it was a "byproduct?" Would the engine balk? Germany fueled its wartime Luftwaffe on oil from coal. Japan bunkered her battleships with LTC oil from Manchuria shale. Did Hitler or Tojo object?

After commercial-scale test runs on Appalachian coal in 1947, Karrick told the Ohio Society of Professional Engineers it is feasible to produce oil from coal in the Hocking Valley for $5.00 a barrel. The going market price for the upgraded coal byproducts—gas, electricity, smokeless fuel and phenols—would let you give away the oil and still net a fair return.

Today this startling economic claim for Karrick's oil-from-coal method is being demonstrated on a commercial scale in England.

The Rexco Company is using the very process our Bureau of Mines developed with our tax dollars and then discarded. Rexco owns and runs five LTC plants producing smokeless fuel for industrial and domestic users in Britain's official clean air zones.

"It is a very efficient plant," according to Rodney Coltart, "carbonizing 1,000 tons per day, 75 per cent of which is recovered as high grade smokeless fuel for industrial and home use."

This San Francisco mechanical engineer visited Rexco's Snibston plant at Coalville in Leicestershire, England, in October 1974. He was taken on an all-day tour of the plant with John Brown, director; M. J. Platts, manager; and Robert Ingliam, chief engineer.

Coltart's written report to president C. D. Allen of the Natural Resources Corp. explains: "They have to meet rigid standards on their product set up by the Government." What Coltart didn't say was that the Government is in the smokeless fuel business, too. It's a competitor of Rexco's. Only the Government's works aren't as efficient. Perhaps that's why Rexco has to operate with one hand tied behind its back. Listen.

"The original plant contemplated six retorts in line but only five were installed since the Coal Board limits their coal allocations." In other words, Rexco is bucking a state monopoly!

The Snibston plant makes 750 tons of smokeless fuel a day. At the same time the retorts produce three million cubic feet of fuel gas, and around 650 to 700 barrels of tar oil. The Coltart report states: No smoke or odors are discernible. If the tars and phenols were processed and sold, the revenue derived would pay off the cost of the entire plant in about two years, according to the Rexco people.

"The conveying and processing part of the plant involves the services of three men and a supervisor per shift. All were easily trained from scratch. Adding a few more retorts in line would not require any additional personnel."

Secretary of Commerce Herbert Hoover (the Bureau of Mines was then in Commerce) made Karrick—not the Bureau—custodian of the Government's pioneer oil-from-coal research data. Hoover advised Karrick to file patents—as scientists in the Department of Agriculture had been doing—rendering the broadest public service with them, and give the Government full credit.

Sixteen patents were issued to Karrick outright. One was held jointly with Douglas Gould, who was destined to have an outstanding career as a petroleum chemist with a major oil company. One, covering underground distillation and gasification of coal and oil shales, was held jointly with his brother Col. Samuel N. Karrick, builder of the underground works on Corregidor. All of the Karrick patents have expired, either before or after his death in 1962.

If Karrick's process was any good, you say, Standard Oil would have bought him out! Actually, Old John D. tried.

In 1929, Standard Oil officials assisted in drawing up a charter for a subsidiary tentatively titled Oil & Gas Development Company. They tendered Karrick the position of vice president, chief engineer and one-third of the stock.

In exchange, Karrick was to turn over his patents and supporting data.

That offer followed months of talks between Karrick and a patent broker named Leo Ranney. Ranney was officed a few doors down a corridor from Col. Robert Hayes, at 26 Broadway. Hayes was Standard's chief counsel. Standard (N.J.) is now known as Exxon.

STANDARD OIL (EXXON) TRIED TO BUY KARRICK PATENTS IN 1930

In March 1930, Ranney wrote Standard Oil officials for advice on handling Karrick's three blanket patent applications on the underground gasification of coal. "As you know, your patent attorneys and technologists have investigated these processes since December," Ranney reminded them. "Mr. Howard [President of Esso (N.J.)] has called to my attention that there is a vast amount of work ahead in connection with hydrogenation and that there would be probable delay in the development of the gasification processes by Standard alone . . . He has asked whether I would feel disposed to fully protect Standard in any event (which, of course, goes without saying) . . ."

Ranney added that the inventions have been explained to the technologists of the Insull group, Cities Service, Columbia, United Gas Improvement, Allied Chemical and Consolidation Coal, "all of whom are interested and some of whom are waiting for me to tell them how large an interest they may secure and for how much. The reason for this rather hurried letter is that I have a telegram from the assistant to Mr. Insull that he and their engineers will be in New York on April second to see whether some sort of deal can be made.

"Considering that Standard and Consolidation are close together, I have talked the processes over several times with Mr. Barrington, and at the last conference he wondered whether the whole underground gasification business might not be a matter that Mr. Rockefeller himself would like to father to benefit both his coal and oil interests . . ."

The next day Karrick wrote Ranney: "I see no fault with the letter to President Clark of the Standard Oil Development Company of March 21, a draft of which you handed me yesterday, it being understood that it refers to our processes for the underground gasification of coal, as per our agreement of November 1, 1929. Also that Standard interests have no rights or equity at the present time in these processes."

The same day, Standard bid for Karrick's process, the New York Times reported. So, Jersey had purchased patent rights to Frederick Bergius' process for hydrogenation of coal directly to gasoline, from I. G. Farben in Germany. Thus the cartel was on the verge of controlling two contrasting and controversial methods of making oil from coal—hydrogenation and LTC.

One of the flimsier sophistries advanced by the Bureau of Mines is that the LTC process is a last-gap effort to reinstate the family coal shovel. The Bureau contends that to produce oil and gas in any appreciable amounts, LTC would "glut the country with mountains of char." Not so. Listen:

"Congressman Barrett: Would you produce at the same time considerable amounts of gas with your process?

"Karrick: The Rocky Mountain coals, as far north as Rock Springs, Wyoming, in Colorado and Utah, all yield from 30 to 45 gallons of oil per ton. They vary within the same seams. You get from 2,000 to 2,700 cubic feet of gas out of it, but we learned to heat only until just the last trace of oil is out. Then it can't be made to smoke under any conditions. It burns with a clear, very long, clear, blue flame. The gas yield can be varied. The more gas you drive out of this smokeless fuel, the lower the B.T.U. of the gas; so you can boost it up to 6,000 cubic feet to 800 B.T.U. gas per ton of coal processed.

"Then it was demonstrated that all of the solid smokeless fuel could be made into water gas. In that case you get about 40,000 cubic feet of 300 to 350 B.T.U. gas from a ton of processed coal. And out of that you could make four barrels of oil by the [Fischer] synthesis process.

"The thing to do is to distill the oil out of the coal, while making a smokeless fuel and high B.T.U. gas. In a national crisis you could quickly go to converting this reactive, solid smokeles fuel into oil . . . Those who have been using this smokeless fuel [i.e., industries and electric power plants] will then go to burning raw coal for the duration of the emergency. That is the way we think the national fuels economy ought to be handled." . . . (Hearings, H.R. 7330, May 12, 1950, p. 136, Emphasis added.)

As soon as Karrick and his coworkers proved they could make oil from coal cheaper than oil wells, the Government stopped work on the oil-rich coals in the Rocky Mountains. Karrick was transferred to the Bureau's Pittsburgh station where experts from the oil, steel and chemical giants, and their faculty friends at Carnegie Tech, could "assist" in the Government's work. The cartel's assistance has been largely of a mortuarial nature ever since.

A storm broke out in the early 1950s over the relative merits of the Bergius and Karrick techniques. The Bureau put out so much wrong information about both processes that Dr. Eugene Ayres was brought into the Government arena to untangle the information mishmash in private. Ayres was Director of Research at Gulf Oil, the ablest fuels economist on the cartel's prestigious Paley Commission. Ayres left the Bureau's "30 coal experts" with these blunt conclusions:

Bergius is too costly in terms of dollars and coal.

About half the thermal value of coal is destroyed.

The process requires much precious water.

Bergius Hydrogenation need not be used to any large extent in the future because:

Simple, continuous LTC techniques exist, such as the Bureau of Mines developed, in which moderate yields of oil are accompanied by major yields of smokeless fuel.

The oil can be converted to liquid fuels while the smokeless fuel is an excellent fuel for steam boilers.

The Karrick method—including the conversion of the oil to motor fuel—destroys only 25 per cent of the thermal value—half as much as Bergius method.

LTC is an interesting process because of the ratio of national demands for liquid fuels for electric power and other essential coal uses is not very far away now [1952] from the ratio of yields from LTC, and is expected to balance before 1980 because demand for electric power is growing faster than demand for liquid fuel.

Welding together the petroleum, gas, coal and electric power industries to form an

integrated energy industry is plausible for several reasons.

The cheapest liquid fuel from coal will come when coal is processed by LTC for both liquid fuel and electric power.

This should also give the cheapest electricity.

The private sector can handle the job without subsidy, but not in competition with those who skim off the oil from coal and sell the residual smokeless fuel to power plants.

Federal antitrust lawyers advised Karrick not to sign up with Standard Oil, believing the cartel intended to bury him until (a) his patents covering the underground distillation and gasification of coal had all expired; (b) the country had run out of natural gas, at which time pipelines crossing the country's big coal fields would all have been paid for; and (c) the cartel would then be ready to pump gas from Karrick's underground gasification process into the hungry gas lines.

Instead, Karrick was advised to go back to Utah and teach students at the university how to produce four clean energy products from coal at the same time under the same roof; and show the people of Salt Lake City how their city-owned LTC multienergy plant could erase the state capital's bad name as the smoky "Pittsburgh of the Rockies."

A Karrick plant was built at the university large enough to be classed as a pilot plant. Here are some of the findings combed from these submitted by candidates for bachelor's and master's degrees in arts and sciences during Karrick's eight-year tenure as director of coal products research:

The gasoline obtained from Utah coal is equal in quality to any of the tetraethyl gasolines.

Yields by volume of about 25 percent of gasoline, 19 percent kerosene and 20 percent good quality fuel oil may be obtained from coal.

The smokeless fuel when burned in an open grate or in boilers delivers 20 to 25 percent more heat than the raw coal.

As a complementary product in the process of distilling coal, electrical energy can be produced at a minimum cost.

In a Karrick plant with 1,000 tons of daily coal capacity there would be sufficient steam generated to develop 100,000 kilowatt-hours of electrical power with no extra cost (except for capital investment of electrical equipment) other than the loss of temperatures of the steam passing through the turbines.

Marketing of these products in most cases will be competitive with other products of coal and petroleum, according to Clarence Schmutz, candidate for master of arts.

This coal gas should deliver more heat than natural gas, per heat unit contained, because of the greater amount of combined carbon and less dilution of the combustion gases with water vapor.

The gasoline, fuel oil and other oil products would be a small part of the volume of petroleum products now imported into the State, and therefore, should find a ready and enthusiastic market.

A 30-ton plant and oil refinery will show a profit over and above all operating and capital costs. And the products will sell at present prices for like products.

A large commercial plant treating 1,000 tons of coal per day or more will be able to effect many economies in investment and operating costs.

The process steam cost would be very low since this steam would be derived from the offpeak boiler capacity, or steam bled from turbines, in central electric stations. Fuel for raising steam and superheating would likewise be reduced in cost.

The chief criticisms voiced are: (1) that a commercial-sized plant based on the principles worked out by Mr. L. C. Karrick and his associates in the Government service will not succeed because of mechanical troubles, reference of a plausible nature having been made to failures of other plants that treated other coals with other processes under other conditions; and (2) that the markets for the coal products described in this thesis are limited, and therefore, such a venture is economically unsound.

No difficulties whatsoever were encountered with the successful mechanical operation of the plant used for this investigation. No changes in the design of the plant were necessary for it to work smoothly.

A commercial-sized plant of a few units should be built and operated as a "ward" of a public-spirited body in Utah. The Utah Research Foundation was initiated by Mr. Karrick for the endowment of the University of Utah and to bring other public benefits.

This should be the logical organization to father this movement.

When such a plant has operated for a reasonable period it will then be time for those who oppose such development to present facts and figures, if any, in support of the claim that such enterprise is not economically feasible, according to George Carter, candidate for master of science, and S. Clark Jacobsen, coworker and coinvestigator in the engineering research contained in this thesis.

Jacobsen won the Mechanical Engineering Honor for the "best undergraduate thesis of the year" awarded by the American Society of Mechanical Engineers, Utah Chapter. The Carter-Jacobsen thesis was summarized in a number of scientific and industrial journals.

Carter's point—about suspending criticism until a process has been fairly tested under commercial conditions—is well taken.

The Rexco plant in Leicestershire, England, is such a plant.

Karrick was a prime mover in the early development of Rexco's basic N.T.U. retorts. More recent proof that LTC is a powerful engine for the creation of wealth is found in the fact Rexco has completed drawings of a plant that will process 1,000,000 tons of coal a year. The blueprints were ordered by a client in Denmark intending to import coal from Poland to process into smokeless fuel for markets in Sweden.●

ASSISTANCE FOR AMATEUR ATHLETES

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. KASTENMEIER. Mr. Speaker, this body will soon be considering legislation which will mean more to amateur athletes in this country and to this Nation's participation in future games than any action taken by Congress in recent history. The Amateur Sports Act of 1978 (S. 2727), which passed the other body without a dissenting vote in May, was favorably reported to the House by the Judiciary Committee this week. With the passage of this act, every amateur athlete—from world class competitors to the weekend jogger—can look forward to better organized and more developed sports programs in this country.

This act presents the best opportunity which has existed in over 50 years to effectively reorganize our amateur sports programs. As a longtime observer of the amateur sports scene and an enthusiastic supporter of this legislation. I know that this is an encouraging prospect for all of America's athletes. This has been confirmed by conversations I have had with several outstanding amateur athletes from my home State.

Over the years, Wisconsin has been fortunate to have several of its amateur athletes represent the United States at the Olympic games and other international athletic competitions. One of these is Dan Immerfall, an Olympic medal winner in speedskating in 1976, who, in a conversation with me, underscored the importance athletes place in the passage of the Amateur Sports Act.

As we all know, the privilege to represent our country in the Olympic games requires a proficiency of skill which can be only acquired after long and grueling training, often at considerable personal expense to the athlete and his or her family. In some cases, the financial hardship is enormous.

An important means of providing some financial relief to our athletes is to make available adequate training facilities which are geographically near and financially affordable. The financial assistance provided in the Amateur Sports Act will help provide this opportunity for more amateur athletes.

At the present time, the U.S. Olympic Committee is underwriting the full cost of operation and maintenance of two regional training centers—one in Squaw Valley, Calif., and another in Colorado Springs, Colo. Within the past 14 months, over 9,000 young athletes have used these facilities. The USOC envisions the establishment of several of these centers across the geographical limits of the United States, as well as establishing supplementary training programs at selected educational institutions where facilities and coaching expertise exist.

Since a large part of the financial hardships to amateur athletes comes from the cost of travel to athletic training facilities which often are hundreds of miles from their home, the advantage of several regional training centers which provide room and board to the athlete upon arrival is obvious. The operational cost of these training centers requires a substantial financial commitment by the U.S. Olympic Committee. Without the Federal financial assistance provided for in the Amateur Sports Act, the USOC has indicated it is questionable that it can continue to make this opportunity available to the athletic youth of this Nation.

It should be noted, however, that the USOC intends to use these funds to administer and operate these training facilities, not for construction. Construction of a training center is a multimillion-dollar venture and is currently financed by private donations. It is anticipated that once the concept of training centers becomes better known, private funds can be developed for future operational costs.

This is only one example of how the Amateur Sports Act will benefit our Nation's youth. The programs which this bill will mandate will provide many more opportunities for amateur athletes to develop their skills and fulfill the dream many of them have of representing our country in the Olympic games.

As the views of Wisconsin's Dan Immerfall are representative of many of the amateur athletes who support this

bill, I submit an interview with Mr. Immerfall published in the Wisconsin State Journal on September 9, 1978, be printed in the RECORD at this point:

[From the Wisconsin State Journal, Sept. 9, 1978]

OPPORTUNITY TO HELP FINANCE U.S. OLYMPIANS IS NOW

Madison's Dan Immerfall is a most dedicated athlete, whose exploits have become known world-wide.

The thrill of his lifetime came in winning a speedskating medal at the Winter Olympic Games in 1976, and he has hopes of doing well in the 1980 Games at Lake Placid, N.Y.

Now, the University of Wisconsin music major is supporting a cause that would keep that opportunity flourishing for other potential Olympians.

Immerfall estimates that it takes approximately $8,000 to $10,000 a year of his own money to participate in speedskating competition in this country and around the world.

Speedskaters have to travel almost daily between homes and the olympic-sized West Allis rink to practice. Doing a great deal of traveling seems to be the case with so many amateur athletes. And they generally pay travel expenses out of their own pockets. It's a decision to either personally finance their goals, or give up.

So, when assistance is proposed by both houses of Congress, which coincides with the strict rules of amateur status, it looms as a golden opportunity to athletes.

"Athletes of all sports need something like this," said Immerfall. "It is so important to the development of our Olympic potential."

It is surprising that the United States has done so well in Olympic competition. So many other countries are subsidized by their governments in varying degrees, but U.S. participation has existed virtually through contributions alone.

That's why Immerfall and his fellow Olympians were so enthused over proposed legislation in May.

The bill (H.R. 12626) not only would eventually lead to an athletes' bill of rights for future settlement of disputes between sports organizations, but would call for a one-time federal authorization of $30 million to the United States Olympic Committee (USOC). Those funds would be disbursed over a four-year period to help promote a well-developed sports program and to develop new and additional training programs in support of the Olympic effort.

Part of the appropriation was to be used for expansion of programs in sports medicine and testing at the regional training centers at Squaw Valley and Colorado Springs, but not for development of training centers, which generate funds separately.

Immerfall claims the nation's amateur sports programs may now be in danger of losing that authorization.

A companion bill to the current House of Representatives bill was enacted by the Senate in May without a single dissenting vote. But on Aug. 16 the Subcommittee on Administrative Law and Governmental Relations of the House Judiciary Committee delegated authority for federal financing of the $30 million.

The Judiciary Committee is soon to consider the subcommittee report.

The USOC claims that "in removing the authority it was apparent that subcommittee members did not realize that funding was essential to implemention of other provisions of the legislation."

"I believe, as the USOC does, that the action does not reflect sentiments of people concerned with amateur sports," said Immerfall.

To reinstate that funding, Immerfall said, "you must make your feelings known to your congressman.

"Every athlete with Olympic potential may lose a golden opportunity to obtain what is within our grasp if we can muster public support," Immerfall said.

He feels that if amateur sports are to continue to flourish it is vital that legislation to keep that $30 million in the bill be enacted during the current session of Congress which adjourns in October.

If legislation is not enacted it will then become open for debate and the whole process must begin again with the new Congress, and that could result in years of lost time with no guarantee that re-introduced legislation will ever see the light of day.

Perhaps not everyone, even followers of Olympic sports, feels as strong about this "lost opportunity," but Immerfall does, and he urges action.●

NEED TO CONSOLIDATE GRANT PROGRAMS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. LAGOMARSINO. Mr. Speaker, on August 17 my colleague, DON CLAUSEN, and I introduced a resolution calling for a study of the Federal categorical grants system with an eye toward consolidation. This legislation grew out of our service on the California delegation task force on proposition 13, when it became clear to us that the numerous restrictions and matching requirements of Federal grant programs are hindering the rational allocation of local funds following the passage of proposition 13.

At our request, the General Accounting Office provided a report on the effect of these requirements, in which the GAO agreed that consolidation of grant programs would lead to more effective and efficient programs and lessen the distortion of local priorities which occurs under the present system.

At the risk of embarrassing my colleague, I would like to insert in the RECORD an editorial from the Santa Rosa, Calif., Press Democrat, a paper in his district, commenting on this issue. The editorial reads as follows:

[From the Press Democrat, Sept. 20, 1978]

CUTTING DOWN ON PAPERWORK

One of the disturbing trends in government in recent years has been the growth of federal grant programs.

Today more than 52 federal agencies administer 975 federal grant programs. These grants go to state and local governments. With each grant comes "strings"—rules set up by the federal government regarding the use of grant funds. Naturally, this leads to more paperwork and an expenditure of public tax monies for administration of each funded program.

Now two California Congressmen, Don Clausen of the Redwood Empire and Bob Lagomarsino of Ojia, have introduced legislation which would provide for consolidation of grant programs to save money, reduce paperwork, and give local government agencies more control of the tax dollars.

The two Californians asked the U.S. General Accounting Office for its opinion on consolidation of the grant programs. The GAO said that millions of dollars could be saved if the grants programs would be consolidated into four or five general areas. This would give local governments more decision-making power over the grant money.

The GAO also pointed out another obvious fault of the federal grant programs as now operated. That is that the federal government, by waving the carrot of grant money for specified programs, induces state and local governments to take up "programmatic ventures they otherwise might not have funded."

That has been one of our biggest gripes about the federal (and sometimes state) grant programs. They induce, nay, almost compel, local governments to take up certain programs, and then gradually reduce the funding. This leaves local governments stuck with federal programs while their revenue base is being reduced. This is especially true since the passage of Proposition 13.

The passage of Proposition 13 is what caused Congressman Clausen to ask GAO advice on the grant programs. He is a member of a special task force from the California Congressional delegation assigned the duty to determine the impact of Proposition 13 and its "message" to legislators.

We commend Congressman Clausen for sponsoring legislation to consolidate federal grants, and urge Congress to approve such legislation in the interest of getting the federal government off the backs and out of the pocketbooks of U.S. taxpayers.●

TRIBUTE TO CONGRESSMAN MO UDALL'S LEADERSHIP

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. LEHMAN. Mr. Speaker, as a member of the Post Office and Civil Service Committee, it was my privilege to follow the genuinely unself-serving legislative leadership of Congressman MO UDALL as he guided the civil service reform bill to final passage.

This was a delicate and often agonizing process. MO UDALL used his considerable prestige and unique legislative skills to work through and around the roadblocks of special interest and pressure groups to produce legislation that will benefit the common good.

The following is an article from the Washington Post of September 20. It describes in greater detail the many obstacles met and overcome by MO UDALL as he led the battle for civil service reform.

UDALL'S DELICATE COALITION PUSHED THROUGH CIVIL SERVICE BILL

(By Kathy Sawyer)

In the double glow of television lights and victory last Wednesday, just after the House had given overwhelming approval to President Carter's landmark civil service overhaul legislation, Rep. Morris K. Udall spoke briefly on the phone with the President at Camp David.

As the lanky Arizonan listened, his face crinkled in a tired smile. The President had said "something about who might have been elected president in 1976," Udall said later.

It was Carter's acknowledgement of the irony that the man who had made this widely heralded triumph possible was his former adversary in the '76 campaign, who had only reluctantly bowed to the president's personal request last spring that he take charge of this bill, a top domestic priority for Carter.

If Udall had declined that dubious honor,

parties on all sides agree, the Civil Service Reform Act of 1978 would now be in the dusty grave so many had predicted for it all along. Instead it is in the hands of House-Senate conferees, meeting today and next week to resolve the conflicts between the two versions, before what is expected to be smooth final passage.

"The single most important factor in that bill's success has been Mo Udall's unbelievable integrity, and the fact that he kept on pushing," said one lobyist, summing up the sentiments expressed by many.

Udall had himself taken up interest in the issue of government reform. Also, more importantly, the Arizonan was viewed as the only member of the Post Office and Civil Service Committee, which had jurisdiction over the bill, who could serve as a trusted mediator among the disparate elements that had threatened to sink the bill.

Udall is credited, among other things, with putting together, through arduous negotiation, the crucial compromise on a labor-management section of the bill—the issue that more than any other had threatened to kill the bill.

The "unsung hero" in this saga, Udall said, is Rep. William Ford (D-Mich.) who played a "quiet but critically important role" in that particular struggle.

It was Ford, a staunch supporter of labor, who fought from the beginning against a labor package, favored by the administration, that would satisfy the Republicans but would divide Democrats and would have the administration "running over" the federal employee unions, Udall said.

It was Ford's eventual approval of a compromise on the scope of bargaining to be given federal employee unions, plus his efforts to persuade other labor supporters to join him, that led to what Udall termed "that remarkable spectacle" last week of conservative Republicans, led by Rep. John Erlenborn (R-Ill.), and liberal Democrats, led by Ford and Rep. William Clay (D-Mo.), joining in a 380-to-0 House approval of the labor package.

"The bill would have sunk if Ford and Clay and organized labor had decided to go after it," Udall said. "As it is, they (labor) are coming out with substantial gains."

Ford called his feat "nothing fancy. It's the way the system is supposed to work around here."

He criticized the administration for some early misjudgments, such as not consulting properly with unions and their allies, baiting federal workers by emphasizing the need to get rid of incompetents, and the like. He said he foresaw a resulting backlash "which would make it difficult for members to support the bill, especially Democrats."

"We urged that the new powers the bill would give to managers be balanced off with fair play for employees," he said. "But it took some time to convince the administration that we were serious, and not just trying to spoil the president's bill."

Some other sources on the committee still grumble about "bumbling" and a lack of political savvy in White House dealings with them. Last spring, for instance, just as Carter was gearing up to woo the committee on this bill, a top administration official went campaigning for the opponent of the committee chairman, Robert N. C. Nix, who was subsequently defeated.

Even Udall, who has praised administration efforts, this week went so far as to say "there was a certain naivete in the beginning" on the part of the Carter team.

However, he said that Civil Service Commission Chairman Alan K. Campbell "is extremely bright and learned quickly." Campbell has led a White House task force in pushing the president's plan on all fronts, including a massive nationwide public relations effort.

"I was naive," Campbell said yesterday, "but I got over it."

In the area of labor-management issues, he said the administration's early recommendations were the result of an intense dispute within the administration on how much to give the unions. This left the Carter forces "little room for bargaining and maneuvering."

As the bill progressed through one crisis after another, Udall said, the president kept in close touch with him. "But he also told me 'you're the quarterback' and gave me rather compelte authority" to make decisions, including some not so pleasing to the administration.

For example, with time running short on the congressional calendar Udal made a "battlefield decision not to fight an amendment offered in committee by Rep. Gladys Noon Spellman (D-Md.) that had been vigorously opposed by the administration. The amendment limited Carter's new Senior Executive Service, a key part of his plan, to an initial experimental phase before it can expand throughout the government. That change is one of the major differences to be reconciled in conference.

It was partly because of what Udall called the "vicious crosscurrents in the committee" that he resisted the president's urging last spring that he become the bill's shepherd. Not only was he busy with major projects of his own, but he had "considerable doubts at the time that we could pull it off at all," Udall said this week.

But the president had appealed "to my patriotism and my friendship," Udall said. "I'm an old Hubert Humphrey Democrat—a sucker for that kind of appeal."●

MORE STUDY NEEDED

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. SKELTON. Mr. Speaker, Missouri pork producers are deeply concerned about the possible Federal response to a recent study by the Massachusetts Institute of Technology which "suggests" that nitrites cause cancer in laboratory animals. As a resident of the leading pork producing county in Missouri, I fully understand this concern. These pork producers see this as another in a long list of actions coming out of Washington which have brought confusion and uncertainty to their industry, and seriously threatened its future stability.

Mr. Speaker, if ever a situation called for a risk-benefit approach to Federal regulation, this is it. In the MIT study, a cancer-prone rat species, fed a high dose of sodium nitrite, showed a slightly higher incident of lymphomas—cancer—than when not fed sodium nitrite. The author of the MIT study has summarized his own results as "somewhat less than convincing," and has called for more studies in other species of test animals. Moreover, an examination of the MIT study by the highly respected College of Agriculture of Iowa State University concluded that because of inappropriate statistical methods used and the lack of important data, the MIT report does not clearly establish carcinogenic activity by nitrite itself.

Balanced against this, Mr. Speaker, is the well documented evidence of the benefits of nitrites. Nitrites have been used in meat products for hundreds of years. They are essential in preventing the development of the deadly botulinum toxin and other food poisons. They retard spoilage and impart flavor and color to cured meat products. Nitrite preservatives are used in 66 percent of the total pork produced in the United States. The pork producing industry would suffer disastrous economic consequences if nitrites could no longer be used. In addition, consumers would suffer increased prices because of the high cost of currently available alternative preservation systems.

Mr. Speaker, any action to ban or phase out nitrites at this time would be precipitous. Regulatory agencies must base their decisions on unequivocal, sound, repeatable scientific information. We do not have this kind of information on nitrites at this time. When it becomes available, then the benefits of nitrite usage must be balanced against whatever risks are determined to be present.

This is why, Mr. Speaker, that I am cosponsoring legislation which would prohibit a ban on the use of nitrites as a food preservative unless there is evidence which proves beyond a reasonable doubt that nitrites as a food preservative have a significant carcinogenic effect on humans, or unless an economically feasible substitute preservative which will protect the public against botulism and other food poisoning becomes available. This is the reasonable way to proceed, Mr. Speaker, and I urge all my colleagues in the House to join in support of this approach.●

SUPPORT FOR WIRETAP BILL

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. MAZZOLI. Mr. Speaker, today, the House Judiciary Committee authorized the appointment of conferees on the H.R. 7308, Foreign Intelligence Surveillance Act of 1978. This step now clears this important bill for conference, and I hope, swift passage into law.

As the following September 21, 1978, editorial from the Louisville Courier Journal points out, H.R. 7308 is a carefully balanced measure.

In committee markup and on the floor last week, every effort was made to reconcile the competing interests of national security and individual privacy. I believe that we were largely successful in our efforts.

I hope that my colleagues will take a moment to read this thoughtful editorial.

CONGRESSIONAL GOOD SENSE ON WIRETAPPING

Congress is near the end of a long search for the right sort of controls on government wiretaps in the foreign intelligence field. That's tribute to Capital Hill persistence in the face of the unusual coalition that emerged during House debate.

The House, like the Senate last April, voted this month to extend to "foreign" wiretaps the requirement already imposed on the domestic variety—that agents first obtain

federal court warrants. The leading foes of this change were former federal agents who repeatedly waved the "national security" banner.

Admittedly, this view was tempered by a wish to clarify the legal status of intelligence agents, a situation clouded by such events as the indictment of a New York City FBI supervisor in an illegal mail-opening campaign. But mostly the ex-agents argued that the necessity of first obtaining warrants before tapping the conversations of suspected spies, saboteurs and terrorists would delay critical investigations. They said it would be better to rely on implied presidential powers, asserted by successive administrations and recognized in court, to order wiretaps in the national interest.

Also opposing the House and Senate bill during the three-year legislative struggle were many liberals who believe any wiretapping to be an encroachment on the precious right of privacy. But a majority took a view between these two extremes. It concluded that more had to be done to curb intelligence abuses, such as those unearthed during Watergate. Probes turned up evidence of such abuses as taps on the phones of White House aides, harassment of opposition candidates (under both Lyndon Johnson and Richard Nixon), and the use of wiretap information to divide legitimate dissent organizations.

Among those leading this centrist coalition in the House were Morgan Murphy of Illinois and Romano Mazzoli of Kentucky. Their opposition largely came from Republicans and Southern Democrats who tried to gut the bill by asserting that existing executive orders on wiretaps would assure sufficient restraint.

The reply to this argument, as Representative Mazzoli observed, is that the absence of a law would give a future president the opportunity to discard the present administrative restrictions on eavesdropping. Thus, the best safeguard for citizens' rights would be passage of checks and balances that not even a future Richard Nixon could alter.

Similarly, in rebutting the argument that the mill would hamper investigations, its sponsors noted that emergency wiretaps would be allowed, so long as judicial approval was obtained within 24 hours.

The sponsors also accepted the suggestion of Robert McClory of Illinois, leader of the opposition, that agencies be exempted from obtaining warrants to intercept communications between two parties who were not U.S. citizens or resident aliens.

Another important provision of the bill is a requirement that the judge issuing a warrant for foreign-intelligence wiretapping be shown evidence of criminal activities, not merely suspicions that might mask political motivation. This, too, was opposed by Representative McClory. He contended that judges are not competent to properly assess intelligence-gathering needs. But the House, in a 429–128 vote, rightly rejected this argument.

The McClory coalition did manage to eliminate a proposal, approved earlier by the Senate, that the Chief Justice name special judges to hear warrant requests and monitor legal wiretaps. The Senate-House conference should restore this special panel, whose members would have time to develop expertise. Their knowledge would be an additional safeguard against promiscuous issuance of warrants.

As Congress heads down the home stretch, this delicate compromise should win a place high on the priority lists of the Carter administration and Capitol Hill leadership. The political abuses of the past could be a problem in the future unless a well-balanced wiretap act is adopted.●

THE DANGEROUS ARMS RACE

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. EDWARDS of California. Mr. Speaker, I want to comment to my colleagues the recent comments of Mr. Tokuma Utsunomiya, a member of the House of Representatives in Japan, regarding an issue of great importance to our country and the international community—the defense needs of Japan. Mr. Utsunomiya is a valued friend with great foresight. I think his unique perspective on this issue will be of great benefit to the Members and the American public in assessing our future policies toward our ally, Japan:

[From the June 6, 1978, issue of the Economist, Japan]

THE DANGEROUS ARMS RACE

(By Tokuma Utsunomiya)

I cannot but feel deep anguish when I think of the future of Japan to see the recent rampancy of unthinking expressions of hawkish ideas and statements around us. There is the danger of Japanese politics being swept along in one direction before the people of Japan can engage in adequate discussion. I have written the following article in order to resist and block this trend.

I do not believe that Japan has abandoned its right to individual self-defence in its Constitution and I believe it would be better if Japan's self-defence capabilities were made more disciplined, stronger and more effective under the ultimate control of the National Diet.

However, I feel that the arguments in favor of strengthening Japan's self-defence and rearming Japan, which have been voiced in the past and are being voiced today, contain certain dangers. These arguments are based on the excessive trust in armed might that prevailed in pre-war Japan and on a subservience to the Cold War policies of the United States. Moreover, those who put forth these arguments are persons who have not been able to rid themselves of the habit of placing military affairs and administrative processes before politics.

As a matter of fact, the Japanese politics, which permitted the great destruction of Japan's natural environment evident around us today for the sake of economic growth, are capable of seeking the expansion of Japan's self-defence capabilities not for the sake of the Japanese people but for the benefit of corporations and as a means of stimulating the economy. Indeed, we cannot deny the fact that just such extremely dangerous trends are evident in the arguments calling for Japan to lift its ban on the export of arms and in expressions of hopes of a war breaking out in the near future.

However, this does not mean I am denying Japan's right to expand its self-defence capabilities in keeping with needs and for the sake of the Japanese people, provided this expansion is carried out under proper political control. Japan's "peace" Constitution and its three non-nuclear principles (not to possess, produce and import nuclear arms) are the products of the wisdom of Japan's post-war politics. To indiscriminately abandon or overthrow our "peace" Constitution and the three non-nuclear principles is tantamount to permitting ultra-rightist totalitarianism, in all its stupidity, to destroy Japan once again.

Japanese politics should hold high Japan's "peace" Constitution and its three non-nuclear principles, not as a sop to Japan's pacifist opposition parties or to domestic public opinion, but to all countries of the world and should strongly advocate in the United Nations and in other international forums the abolition of nuclear arms and large-scale disarmament.

To do so would be to provide a grand vision to the Japanese people and, at the same time, would be in keeping with Japan's vital national interests. Japan, with its dense population crammed into a small space and with its advanced industrialization, is extremely vulnerable to destructive nuclear weapons from both the air and the sea.

The range of today's nuclear weapons is very great. They can be aimed from anywhere at a given target with great accuracy. Of all parts of the world, the areas in which a single nuclear missile can wreck the greatest destruction possible are the Tokyo-Yokohama, the Osaka-Kobe and the North Kyushu districts in Japan. Further, Japan's economy depends on marine transportation and, in the case of oil alone, Japan imports close to 300 million tons from abroad in tankers. If a large-scale attack were launched against Japan's commercial sea lanes, we must expect immediate paralysis of Japan's economy and its national livelihood. Even if the Japanese people may not be aware of this fact, foreign military experts know this all too well.

Japan, by its very geophysical structure, does not have today the ability to wage a war. It can only repel small-scale armed attacks.

If Japanese politics were foolish enough to drag Japan a large-scale war, the first and probably the last fight the Japanese people can engage in would be the struggle of doctors and nurses to accommodate and care for countless young and old and male and female non-combattants. For this reason, "hawkish" patriots should not exist in Japan in the first place. If any such patriots are to be found, they would either be mad men or the mouthpieces of foreign countries.

Peace is as necessary as the sun for Japan. For this reason, Japan must work to create internationally an atmosphere of peace and to make the peace-keeping structure of the United Nations into a powerful organ. For this, it would be in Japan's greatest national interest to call actively for the abolition of nuclear arms and for general disarmament.

However, the world reality today is one in which the arms buildup and the play at soldiery have spread to such an extent that arguments for disarmament and peace seem only a conceptual game.

Both in the USSR and in the United States the military technocracy has become extremely strong and, although the defeat of the United States in the Vietnam War appeared to have set back the industrial-military complex, it has already staged a come-back. In the midst of the opposition to President Carter's Panama Canal agreement and his plans to withdraw troops from South Korea, there has become noticeable a joining together of the forces of the industrial-military complex and right-wing organizations.

The world-wide struggle for hegemony between the two superpowers, the United States and the USSR, has become critical and both nations now possess nuclear arms in quantities several times greater than that needed to completely destroy all living things on the face of this earth. An arms race between the two nations still continues—an arms race centered on nuclear weapons and fraught with the danger of the product of the highest wisdom of human civilization being used in the most foolish manner.

The military budget of the USSR in fiscal 1977 was $127,000 million, according to figures announced by China. This added to the military budget of the United States means that close to $300,000 million was spent during the past fiscal year for military purposes. Ths U.S. budget for fiscal 1977 lists military expenditures of $101,500 million. This represents an increase of $11,000 million over fiscal 1976. Besides military expenditures, there are disbursements for pensions to military personnel, space development and foreign intelligence activities. This forms the basis for the estimate of the close to $300,000 million in military and military-related spending of the United States and the USSR in fiscal 1977.

This enormous sum is one-third of the total value of world trade and three times the total value of U.S. trade in 1975. It means that vast economic energies are being kept out of economic circulation and prevented from enriching human lives.

In the case of Socialist societies, it is clear that a 20 percent increase in military expenditures means a 20 percent decrease in the real incomes of their peoples. However, in capitalist societies, it is said that increases in military expenditures stimulate the economy and result in an increase in real incomes.

It is certain that in present-day Japan, at a time when one-third of the nation's steel production capacity and over 50 per cent of Japan's shipbuilding capacity remain idle, orders for arms would save the plight of iron and steel and shipbuilding companies and would enable them to return profits. However, for the people as a whole, it would mean an increase in their tax burden and a drop in their real incomes.

Generally speaking, if we lived in an age today in which we did not have to worry about the finite nature of resources and industrial sites, arms orders, incapable of contributing on their own to the improvement of the lives of the people, would, nonetheless, stimulate the expansion of production facilities, would have so-called "spinoff effects", would trigger a business boom and would have the effect of increasing the real incomes of the people.

However, at present, the military spending and arms exports of both the USSR and the United States and the vast military expenditures of other countries in the world are sucking the life-blood of the world's economy and the expansion of production aimed at supplementing this loss of economic blood is being limited by shortages of resources and industrial sites and is not contributing to the improvement of economic conditions and to the increasing of real incomes.

Rather, military spending brings about stagflation, or recession accompanied by high commodity prices, and brings about a weakening of the economies and an impoverishment of the lives of the people of the countries involved.

In short, the reason why so-called modern economic sciences appear impotent is because they cannot clearly point out the fact that under the present arms race economic growth brings in its train severe pollution and the wasteful dissipation of resources and the fact economic growth under these conditions cannot contribute to the welfare of mankind.

BALANCE(S) OF POWER SERIES

HON. JOHN B. BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. BRECKINRIDGE. Mr. Speaker, the Intentions Series now focuses upon the role which managerial power in the Soviet defense sector plays in various policy decisions affecting U.S./Soviet relations. In "Defense Industrialists in the U.S.S.R.," Karl F. Spielmann describes the functions of the defense industrialists in Soviet society and analyzes their potential influence in defense and foreign policies of the Soviet Union. The author emphasizes two key areas in which they are most likely to play an important role: the Strategic Arms Limitation Talks (SALT) and the effort to improve the Soviet economy through the acquisition of Western technology.

"Defense Industrialists in the U.S.S.R." first appeared in Problems of Communism, September–October 1976.

The first part of Mr. Spielmann's article follows:

DEFENSE INDUSTRIALISTS IN THE USSR

(By Karl F. Spielmann)

At this stage in the evolution of Soviet society, the defense industrialists of the USSR have considerable stakes in the decisions which that country's leaders have to make in two major areas. As managers of traditionally the most privileged segment of the Soviet economy, the defense industrialists cannot help but be concerned with the decisions confronting the leadership how best to cope with the ills of the flagging civilian economy. As the armors of the Soviet State, they also have an obviously large stake in the leadership's decisions on how best to build upon the Soviet Union's newly acquired status as a strategic equal of the United States.

The defense industrialists have reason to sense both opportunities and challenges in these not unrelated sets of decisions. New vigor for the economy as a whole would obviously be welcomed by them. However, as the regime casts about for economic cures, they are doubtless attentive to the potential threat of encroachments on their longstanding privileges. Similarly, the defense industrialists have reason to anticipate a rich and varied menu of defense programs from a regime appreciative of their recent achievements and tempted to exploit the USSR's new strategic status for foreign-policy gains. Yet, at this point in the arms "race," some of the dishes on this menu might not be too appealing. If the Soviet Union should have to place increasing emphasis on technologically adventurous weapons systems to keep pace with (or try to outpace) the United States, the defense industrialists could find themselves subject to disturbing pressures to modify tried and true organizational arrangements and practices in their sector.

It follows from the preceding statements that the defense industrialists are vitally concerned with decisions affecting the future course of the Soviet regime's current policy of détente toward the West. The regime's decisions regarding the strategic arms limitations talks (SALT) and its effort to secure doses of Western technology to nurse the Soviet economy are most prominently involved. It is thus a matter of more than passing interest to Western policymakers trying to divine the nature and depth of the USSR's commitment to détente whether the defense industrialists are in a position to translate these concerns into an impact on policy and what this impact might be.

SOVIET MILITARY-INDUSTRIAL COMPLEXITIES

To suggest that the question of managerial power in the Soviet defense section—i.e., of the degree to which managers and administrators in this sector can or do influence national policy—may now have a particular relevance to pressing policy decisions affecting Soviet-US relations does not mean that one should have high hopes of satisfactorily resolving it. Over the years, the Soviet defense industrialists have received much less scholarly attention in the West than either their military customers or their managerial counterparts in the Soviet civilian economy. The reason for this lies in the extraordinary dearth of available information on the operations of the Soviet defense industries, which has caused Western scholars, by and large, to heed the counsels of prudence and adopt a policy of benign neglect toward the defense industrialists. Such an attitude, however, carries certain risks of its own. For one may then be tempted to make judgments about the defense industrialists on the basis of one of two alternative assumptions: either (1) that the attitudes and interests of the defense industrials, as managers, coincide with those of Soviet industrial managers in general; or (2) that the defense industrialists, who are simultaneously members of the Soviet military establishment, fully share the interests and attitudes of the professional military. Neither of these assumptions, however, has been definitely established. As a consequence, the scholar faces a difficult choice: either he can go ahead and focus specifically on the defense industrialists as a particular group, in the face of admittedly incomplete evidence; or he can continue to make inferences about their attitudes and policy impact on the basis of the unproven assumptions just described. In the author's view, there are good grounds for choosing the former course.

For while the territory of the defense industrialists may be difficult to chart, it is not to be regarded as totally alien. Without succumbing to the illusion that methodological niceties can somehow make up for a lack of evidence, one can draw some useful guidance from other analytical settings in broaching the issue of managerial power in the Soviet defense sector. Since this article represents only a first step in trying to focus attention on the defense industrialists, it will not attempt a detailed discussion of the utility and disutility of applying concepts from related analyses. However, where particularly appropriate in the discussion, the apparent relevance of various approaches which have been utilized in other areas will be noted. The three principal sources that might be tapped to shed light on the defense industrialists' situation—provided that in doing so one does not lose sight of the peculiarities of these industrialists—are: (1) recent evaluations of US foreign-policy and weapons-system decision-making; [1] (2) studies of industrial decision-making in the Soviet civilian sector; [2] and (3) analyses of the Soviet defense research and development (R&D) process.[3]

THE WORLD OF THE DEFENSE INDUSTRIALISTS

The limited nature of the evidence available on the question of managerial power in the defense sector is readily apparent from a survey of the most significant published information on the defense industrialists' domain. As analysts who have grappled with the problem are painfully aware, it is difficult to calculate the magnitude of the overall annual Soviet defense budget,[4] much less arrive at a reliable estimate of the budget share for each of the Soviet defense-industrial ministries. It is generally agreed, however, that the defense-industrial ministries are privileged in respect of both the volume and quality of their share in certain key resources, such as R&D inputs (both manpower and equipment), and that, also in contrast to the civilian economy, they tend to utilize these resources more efficiently.[5] Finally, while there is very little direct information on enterprise-level operations in the defense-industrial bailiwick, one can at least tentatively derive some inferences about the

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attitudes, roles, and relations of personnel at this level from what is known about: (a) the R&D process and its relations to production; (b) enterprise-level activities of the military customer; and, most important, (c) the basic structure and responsibilities of the defense-industrial ministries.

The most important defense industrialists are the heads of the individual defense-industrial ministries. There are currently eight defense-industrial ministries as well as at least four "quasi"-defense-industrial ministries (contributing to Soviet defense production) that have been identified. The ministries in the former category, together with their current ministers (in parentheses) and basic production responsibilities, are as follows:

Ministry of the Defense Industry (S. A. Zverev)— artillery, tanks, armored vehicles, small arms, fuses, primers, propellants, explosives, and possibly tactical guided missiles;

Ministry of the Aviation Industry (P. V. Dement'yev)—aircraft, aircraft parts, and probably aerodynamic missiles;

Ministry of the Shipbuilding Industry (B. Ye. Butoma*)—naval vessels of all sorts;

Ministry of the Electronics Industry (A. I. Shokin)—electronic components and parts (subassemblies rather than finished electronic equipment);

Ministry of the Radio Industry (P. S. Pleshakov)—electronic systems, including radio and communications equipment, navigation aids, radars and computers;

Ministry of General Machine-building (S. A. Afanas'yev)—strategic ballistic missiles and space vehicles;

Ministry of Medium Machine-building (Ye. P. Slavskiy)—nuclear devices and warheads;

Ministry of Machine-building (V. V. Bakhirev)—possibly some portions of ballistic missiles and space vehicles or a portion of the Ministry of the Defense Industry's responsibilities.[6]

The category of "quasi"-defense-industrial ministries includes those of Tractor and Agricultural Machine-building; the Chemical Industry; the Automobile Industry; and Instrument-making, Automation and Control Systems.[7]

A notable feature of the defense-industrial sector is the durability of its administrators. All of the current defense-industrial ministers have spent long years in this field of work in various capacities, rising typically from enterprise-management posts to deputy minister and then minister. Moreover, most have long tenure in their ministerial posts. Apart from P. S. Pleshakov, who only assumed the post of Minister of the Radio Industry in 1974 upon the demise of V. D. Kalmykov, V. V. Bakhirev is the most "junior" minister, with 8 years of experience as head of the Ministry of Machine-building (*i.e.*, ever since its creation). S. A. Afanas'yev has been a minister for 11 years, and S. A. Zverev for 13 years. Among the "senior" ministers, P. V. Dement'yev has headed the Ministry of the Aviation Industry for 23 years; B. Ye Butoma* and Ye. P. Slavskiy have led their ministries for almost 19 years; and A. I. Shokin has headed the Ministry of the Electronics Industry since its founding 15 years ago. V. D. Kalmykov, had been minister of the Radio Industry for over 20 years at the time of his death in 1974.

The basic lack of turnover in the ranks of the top defense industrialists probably attests at least in part to the Soviet political leadership's general confidence in their capabilities as administrators. Since several of them have weathered two successive leaderships, the top defense industrialists' grip on their posts may also testify to considerable political acumen on their parts—either in picking the winning side on key issues that have divided the leadership over the years or in wisely maintaining a low profile when it was politically expedient to do so. Except for P. S. Pleshakov, all of the current defense-industrial ministers are full members of the party Central Committee,[8] but none has gained entry to the Politburo. This contrasts with the situation in the early 1950's, for example, when defense-industry ministerial posts were occupied by Politburo members M. G. Pervukhin and M. Z. Saburov. (Since then, only D. F. Ustinov, whose unique role we shall consider presently, has risen from the ranks of top defense-industrial administrators to membership on the Politburo).

Not only has the durability in office of the top defense industrialists provided an important element of continuity in this vital sector; it has also apparently helped to sustain a network of personal relationships that may be significant in reinforcing a community of defense-industrial "interests."[9] These relationships are not limited to long-term personal contacts among the defense-industrial ministers themselves but also extend to the ministers' working relationships with the principal overseers of the sector. D. F. Ustinov, who was the party's chief watchdog over defense industry until his recent promotion to the post of Minister of Defense, and L. V. Smirnov, the Chairman of the Military-Industrial Commission (*Voyenno-Promyshlennaya Kommissiya*—VPK),[10] both previously served as Minister of the Defense Industry and no doubt have had a longstanding personal acquaintance with the current defense-industrial ministers as well as with one another.

Notwithstanding the long tenure of the key defense-industrial administrators, there have been several organizational changes within the sector since it first attained separate existence almost 40 years ago.[11] While some of these changes no doubt have been reflections of broader organizational shake-ups in the Soviet bureaucratic structure,[12] some changes probably also have taken place to meet specific needs arising out of the exploitation of new areas of military technology. The creation in 1961 of the State Committee for Electronics Technology (which in 1965 became the Ministry of the Electronics Industry) probably falls into this category. The establishment of the Ministry of General Machine-building in 1965 presumably was also prompted by evolving military requirements. (It is curious, however, that creation of this separate ministry to administer missile R&D and production came only some five years after the Soviets saw fit, in late 1959, to create a separate service in the military to accommodate the ICBM—the Strategic Rocket Forces.) Since the establishment of the Ministry of General Machine-building, only one new ministry has been added—i.e., the Ministry of Machine-building (in 1968).

In addition to these organizational accommodations to technological change, the defense sector in general has apparently benefited from other practices to keep the gap between R&D and production—which has been a source of particular concern in the civilian sector in recent years[13]—from yawning wide. Besides special supervisory efforts by the top leadership directed to this end, this seems to be basically a consequence of efforts by the individual ministries to attain and retain under their own authority the necessary R&D and production resources to turn out weapons systems; the clout given to individual designers in both the R&D and production processes; and the attention given to special experimental plants which construct weapons-systems prototypes.[14] It is noteworthy, however, that the defense-industrial ministries were apparently among the first to adopt the new system of economic accountability called for under the 1965 economic reform.[15] (Indeed, in 1964, S. A. Afanas'yev—soon to become Minister of General Machine-building—explicitly endorsed the need for economic reform based on the Liberman proposals.[16]) That the leadership saw fit to extend the reform to the defense sector suggests that the sector may not be altogether free of the ills besetting the civilian economy—which the reform in part was supposed to help remedy. If the presumed goals of the regime as evidenced on the civilian side are any guide, the intent would have been, among others, to improve production efficiency in the defense sector and in particular to encourage the defense managers to be more receptive to technological innovation.[17]

A final aspect of the defense-industrial setup that bears mention also illustrates that the dividing line between civilian and defense industries may not be as sharp as it at first appears. While it is impossible to arrive at any trustworthy calculation, the civilian production commitments of the defense-industrial ministries seem to be considerable. This is quite evident if one takes into account, for example, that the production of all civilian aircraft in the USSR falls under the Ministry of the Aviation Industry in the defense-industrial sector. Brezhnev himself told the 24th CPSU Congress in March 1971 that 42 percent of the defense-industrial ministries' efforts went into production for the civilian sector.[18] Soon thereafter, P. V. Dement'yev, Minister of Aviation Industry and, S. A. Zverev, Minister of Defense Industry, both published articles bolstering Brezhnev's claim.[19] The latter cited an impressive array of civilian products produced by defense-industrial plants—ranging from oil-drilling equipment to the Moskvich automobile.

DEFENSE PRODUCERS AND THE MILITARY

The foregoing survey of various aspects of the Soviet defense-industrial establishment provides only a rough starting point for assessing managerial power in this sector. It is necessary to fit these elements into a more sharply-focused picture of the defense industrialists' relationship with their military customers as well as with the Soviet political leadership.

While the nature and impact of managerial power in the Soviet defense-industrial sector must ultimately hinge on the relationship between the defense industrialists and the political leadership, these matters cannot be properly evaluated without first taking a look at the relationship between the industrialists and their most important customers, the Soviet military. In broad terms, one might reasonably take for granted a basic commonality of interests between those who produce Soviet weapons systems and those who use them. To the extent it could be shown that such a commonality of interests exists and can be translated into pressure on the Soviet leadership to pursue defense (and foreign) policies which it would not otherwise adopt, one would have a classical example of the operation of a military-industrial complex in the Soviet setting. There are, however, significant nuances and distinctions in the Soviet case that may limit the validity of this military-industrial "model" in analyzing the policymaking process in the USSR.

First, the model oversimplifies matters for the reason that, notwithstanding the aggregative role which the Ministry of Defense may play for the military, in reality the defense-industrial/military relationship is one between a collection of producers on one side and a collection of customers on the other. The eight defense-industrial ministers turn out weapons systems for five different military services. Accordingly the Ministry of General Machine-buidling, for example, can be expected in the main to have a greater interest in the fate of weapons systems for the Strategic Rocket Forces than in those desired, say, by the Ground Forces. Similarly, the Ministry of Shipbuilding would obviously have a

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greater stake in the Navy's programs than in the programs of the other services. Consequently, just as there may be categories of decisions which find the defense-industrialists as a whole and the military as a whole in agreement, so there may also be categories of decisions in which certain military services and certain defense-industrial ministries "ally" themselves against other services and defense-industrial ministries.

It is necessary to go beyond even these distinctions. While particular defense-industrial ministries may have service customers that are basically more important for them than other service customers, the range of production responsibilities of these ministries indicates that their ties with their principal customers are by no means exclusive. For example, the Ministry of the Radio Industry would doubtless have a high stake in supplying the radar systems which the Air Defense Forces (Protivo-Vozdushnaya Oborona—PVO) desire but it would also have an obvious stake in the production of radars for the Air Force and Navy. Likewise, the Ministry of the Aviation Industry would presumably have a major interest in production for the Air Forces, but it would also have a stake in meeting the needs of Naval Aviation and the PVO.

As a consequence of the breadth of the defense-industrial ministries' production responsibilities, identification of basic alliances between services and specific defense industries can on occasion prove difficult. To take a hypothetical case, the Long-Range Air Force (LRA) plumps for a new bomber which top officials in the Ministry of Defense (or in the Politburo) view as feasible only if plans for a new fighter-interceptor desired by the PVO are scrubbed. In this situation, can the Minister of the Aviation Industry, P.V. Dement'yev, be reliably identified as a backer of the LRA case? Or should he be regarded as a PVO ally?

In this context, it is also worth noting that the various armed services under the Ministry of Defense cannot do much shopping around to get their desired weapons systems produced. While it is undoubtedly true that on the whole the Ministry of Defense enjoys considerable market power as the only substantial customer for new weapons in the USSR,[20] the bargaining leverage of the defense-industrial ministries is hardly inconsequential. The PVO after all *has* to deal with the Ministry of the Radio Industry to get the radars it wants; the Air Forces *have* to deal with the Ministry of the Aviation Industry to secure aircraft, and so on. This sort of dependency does not, of course, justify the conclusion that these defense-industrial ministries would be likely to affront a major service customer. It does suggest, however, that even when a defense-industrial ministry does not have to choose between competing proposals of two different services as in the case described above, it may still be less committed to a new weapons system than the particular service which is promoting it.

In light of these considerations, it would appear to be among personnel operating *below* the ministerial level in the defense-industrial ministries that one is likely to find the greatest congruence of interests with those of service proponents of particular weapons systems.[21] Here the role and attitudes of weapons-system designers are probably of key importance in the Soviet military-industrial equation. Memoir material [22] and recent analyses based on that material indicate that on occasion weapons-system designers themselves have taken the initiative in proposing new weapons systems (sometimes seeking the backing of top political leaders) to the military customers. Such indications, plus the fact that extensive competition may occur among design shops before a choice of weapons system for production is made,[23] would suggest that individual designers may have considerably higher stakes in particular weapons decisions than do the top defense industrialists. In a design competition for a new aircraft for the PVO, for example, what would be a loss to a designer would not be a comparable loss to his minister—since the winning design would be produced in the ministry in any event.[24]

Besides these incentive considerations, intensity of interest in decisions on particular weapons systems may also be affected by the quality of communications between service proponents of the systems concerned and the design shops in the defense-industrial ministries which would develop these systems. Memoir material indicates that these contacts may be highly developed and effective. Evidently, personnel with appropriate technical qualifications are assigned by the military services to monitor weapons efforts in the defense-industrial ministries.[25] One might infer from the technical expertise required of these military monitors to perform competently, as well as from their basic responsibilities,[26] that they are likely to be quite specialized and, in consequence, to be associated with technical organizations located in particular services.[27] If this is the case, they would seem well suited to act as a channel for transmitting particular weapons-system ideas from their respective military services to individual designers, as well as conveying the designers' ideas to their service superiors.[28]

To what extent such opportunities for the development and communication of common weapons-system "interests" at the lower levels of the defense-industrial ministries and in the services affect managerial authority in the defense sector is difficult to say. It seems likely that the monitoring activities of the military personnel and the clout that has been ascribed to designers in the production process would, at the very least, heavily impinge on the authority of managers at the enterprise level.

At the upper levels of the managerial hierachy—*i.e.*, among the defense-industrial ministers and deputy ministers—the situation may be much more complicated. These individuals may be in a position to block ideas for new weapons systems put forward by the most concerned individuals in their respective spheres, or alternatively to advance them further—*e.g.*, to a hearing by political and military decision-makers at the highest levels.[29] The receptivity of the defense-industrial ministers (and deputy ministers) to such new ideas is likely to depend in part on the sorts of distinctions between military and defense-industrial "interests" adduced earlier. In addition, much might depend on the top defense industrials' view of the degree of technological adventurism involved in a proposed weapons system.

Without ascribing to military personnel and designers unbridled enthusiasm for forcing the pace of military technology, there are reasons for believing that they would be more inclined to promote technologically adventurous ideas than would the top defense industrialists. To be sure, analyses which have underscored the large role of designers in the Soviet weapons-acquisition process have stressed the basically conservative approach of the designers over the years—which has resulted in the relatively simple but reliable weapons systems said to have characterized much of the Soviet arsenal in the past.[30] However, even if we grant this to be an accurate description of the situation in Soviet weapons development in the past,[31] the designers may be less conservative today, even if not as inclined as military service personnel to see technologically adventurous weapons systems developed and produced. The element of competition is likely to continue to induce a relatively greater cautiousness on the part of designers, but in light of the considerable personal stake a designer may have in weapons "contracts" with a particular service, he may not be in the best position to fend off technologically adventurous proposals advanced by that service (especially if the service insists that keeping pace with U.S. weapons programs requires that such proposals be carried out). It is also possible that an increase in the predisposition of the Soviet military services to accept technologically adventurous ideas might tend to induce individual designers to push similar ideas of their own.

On the other hand, such ideas may well encounter their least enthusiastic reception among the top defense industrialists. This perspective does not necessarily reflect a conservatism resulting from old age and long tenure in the same posts. (Resort to actuarial tables to identify who stands where on Soviet policy matters is, in any event, a questionable analytical device.[32]) A far more important reason for the top defense industrialists' wary attitude is their concern that pushing the pace of military technology might lead to infringements on their individual domains and/or complication of their management responsibilities. They have before them a number of examples of organizational changes in the not too distant past which were certainly prompted in part by the need to keep pace with advancing military technology and which resulted in losses of resources by older ministries to newly-created ones. The Ministries of the Electronics Industry, General Machine-building, and Machine-building, which were established in the 1960's, were after all hardly created out of whole cloth.[33]

The top defense industrialists may also be uneasy that acceptance of technologically adventurous weapons systems may entangle them in new dependencies, even if they manage to avoid large-scale reorganizations. An increasing need to turn to the Academy of Sciences, for example, rather than to rely heavily on in-house R&D resources would seem to be a likely prospect. A greater dependence on other defense-industrial ministries for subsystems and components for ever more complicated and advanced weapons systems is another possibility that might add to the individual management burdens of the top defense industrialists. A final prospect that might also be less than welcome is the possible assumption by the political leadership of a greater and more direct role in managing operations in the defense-industrial sector. This role is already considerable, but the increased problems of coordination among the defense-industrial ministries and between them and outside institutions (such as the Academy of Sciences) that would result from commitment to a more technologically adventurous policy of weapons development could make the hand of the political leadership weigh even more heavily on the defense-industrial managers.

None of this is to suggest, of course, that the top defense industrialists are predisposed to treat every indication of determined technological advance in weapons systems like the plague. Nor is it to suggest that they would necessarily have the power, even if they had the desire, to block those who wished to push the pace. After all, reorganizations have been successfully imposed on the defense-industrial sector in the past; and there are indications that, even in a simpler age, top weapons designers like A. S. Yakovlev and S. P. Korolëv were able to gain access to the top leadership to push through their ideas, whatever the wishes of their immediate superiors. Rather it is to emphasize that, although the Soviet military and the defense industrialists are in many respects natural allies, it is also necessary to appreciate the elements of heterogeneity that enter into the relations between them—elements that could make for a less than solid military-industrial front as particular policy decisions arise for the Soviet political leadership to consider.

Footnotes at end of article.

As indicated earlier, the priority status which the Soviet leadership, as a whole, has accorded to the defense effort over the years has probably accounted for the relatively greater economic privileges the defense industrialists have enjoyed in comparison to their counterparts in the civilian sector. This status has also brought a heavy measure of direct involvement in, and close scrutiny of, weapons development and production efforts by the top political leadership. This applies not only to special crash defense (and space) programs that may have been undertaken from time to time, but also to the "normal" operations of the defense-industrial sector. Let us therefore look at the relationship between this sector and its political overseers.

FOOTNOTES

* After this article went to press, the author learned that Butoma had died on July 11, 1976. He was replaced by M. Yegorov, his principal deputy since 1958. Yegorov is neither a candidate nor a full member of the Central Committee.—Eds.

[1] See, for example, Graham Allison, "Conceptual Models and the Cuban Missile Crisis," in Morton H. Halperin and Arnold Kanter, Eds., *Readings in American Foreign Policy: A Bureaucratic Perspective,* Boston, Little, Brown and Co., 1973; James R. Kurth, "Aerospace Production Lines and American Defense Spending," in Steven Rosen, Ed., *Testing the Theory of the Military-Industrial Complex,* Lexington, Mass., Lexington Books, 1973; and Merton J. Peck and Frederic M. Sherer, *The Weapons Acquisition Process: An Economic Analysis,* Cambridge, Mass., Harvard University Press, 1962.

[2] The following excellent efforts deserve particular mention: Jerry F. Hough, *The Soviet Prefects: The Local Party Organs in Industrial Decision-Making,* Cambridge, Mass., Harvard University Press, 1969; David Granick, *Soviet Metal-Fabricating and Economic Development,* Madison University of Wisconsin Press, 1967; Barry M. Richman, *Soviet Management With Significant American Comparisons,* Englewood Cliffs, NJ, Prentice-Hall, 1965; Joseph Berliner, *Factory and Manager in the USSR,* Cambridge, Mass., Harvard University Press, 1957, and *The Innovation Decision in Soviet Industry,* Cambridge, Mass., MIT Press, 1976; and Jeremy R. Azrael, *Managerial Power and Soviet Politics,* Cambridge, Mass., Harvard University Press, 1966.

[3] See, for example, Arthur Alexander, *R & D in Soviet Aviation,* Santa Monica, Calif., The Rand Corporation, 1970, and *Weapons Acquisition in the Soviet Union, the United States, and France,* Santa Monica, Calif., The Rand Corporation, 1973; also Nancy Nimitz, *The Structure of Soviet Outlays on R&D in 1960 and 1968,* Santa Monica, Calif., The Rand Corporation, 1974.

[4] See the useful discussion of this problem in Herbert Block, "Value and Burden of Soviet Defense," in US Congress, Joint Economic Committee, *Soviet Economic Prospects for the Seventies,* Washington, DC, US Government Printing Office, 1973, pp. 175–204.

[5] See, for example, Organization for Economic Cooperation and Development (OECD), *Science Policy in the USSR,* Paris, 1969, p. 435. For a persuasive dissent from the general view that the defense sector received the lion's share of total Soviet R&D outlays in the 1960's, see Nimitz, *op. cit.* in seeking to explain the superior performance of the sector in contrast to the civilian economy, Nimitz emphasizes the efficiency factor.

[6] Unless otherwise indicated, the description of these ministries and their ministers are drawn from: Andrew Sheran, "Structure and Organization of Defense-Related Industries," in Congress, Joint Economic Committee, *Economic Performance and the Military Burden in the Soviet Union,* Washington, DC, US Government Printing Office, 1970; Institute for the Study of the USSR, *Prominent Personalities in the USSR,* Metuchen, NJ, Scarecrow Press, 1968; Institute for the Study of the USSR, *Officials of the Soviet Union, 1917–1967,* Metuchen, NJ, Scarecrow Press, 1967; CIA Reference Aid, *Directory of Soviet Officials, Vol. 1: National Organizations,* Washington, DC, November 1973; and CIA Research Aid, *Evolution of the Central Administrative Structure of the USSR, 1917–1972,* Washington, DC, August 1972.

[7] See Vernon V. Aspaturian, "The Soviet Military-Industrial Complex: Does It Exist?" in Rosen, *op. cit.,* p. 217.

[8] Pleshakov only attained the rank of candidate member of the CC at the recent 25th CPSU Congress. [The new Minister of Shipbuilding has no Central Committee status at present—see editors' note above.]

[9] Graham Allison's analyses of US decision-making (see, *e.g., loc cit.*) suggest the importance of the personality factor in a bureaucratic setting. Emphasizing the significance of personal ties, personal bargaining skills, etc., Allison differentiates a bureaucratic-politics model of decision-making from the organizational-process model. Whereas the latter relies on organization charts and standard operating procedures of organizations to establish pertinent policy differences and pressures, the former is based on the premise that the personality factor is likely to modify such conclusions because people heading organizations may, for example, have stronger or weaker ties to particularly powerful individuals and have different bargaining skills. Given the long tenures of the Soviet defense-industrial ministers, it seems likely that the latter considerations would have an impact on managerial power in the Soviet defense sector.

[10] Smirnov was identified in this post by Raymond Garthoff in "SALT and the Soviet Military," *Problems of Communism* (Washington, DC), January-February 1975, p. 29. The likely role of the Commission is discussed below.

[11] The early years of this evolution are described in Marshal M. V. Zakharov, "On the Eve of World War II; May 1938-September 1939," *Novaya i noveyshaya istoriya,* (Moscow), No. 5, October 1970.

[12] For an illuminating analysis of the defense industries' relations with the Soviet economy as a whole, and particularly of their reflection of the evolution of that economy over the years, see David Holloway, "Technology and Political Decision in Soviet Armaments Policy," *Journal of Peace Research* (Boston), No. 4, 1974, pp. 257–79.

[13] Of the many Western discussions of Soviet efforts to come to grips with the problem, the most comprehensive is Joseph Berliner's recent *The Innovation Decision . . .,* cited in fn. 2.

[14] See Alexander, *Weapons Acquisition . . .,* pp. 4–5. Other analyses have argued, explicitly or implicitly, that superior performance of the Soviet defense sector has been due in part to the use of modern management techniques—e.g., Soviet versions of program evaluation and review techniques (PERT) and critical-path methods (CPM). Since, on the basis of Western experience, we know these techniques to be particularly suited to weapons efforts and since the Soviets show signs of trying to "transfer" such techniques to the civilian sector, it is tempting to assume that they have been widely and effectively used in the Soviet defense sector in the past. Available evidence would seem to warrant the conclusion that these techniques have at least been used selectively or on a trial basis in the defense industries. However, the extent of use and the degree to which it has positively affected performance remain very much open questions.

For discussion of the Soviet effort to transfer defense management practices to the civilian sector, see Robert W. Campbell, "Management Spillovers from the Soviet Space and Military Programmes," *Soviet Studies* (Glasgow), April 1972, and Paul Cocks, "Science Policy and Soviet Decision-Making: PPB Comes to the Kremlin," a paper prepared for the 1975 annual meeting of the American Political Science Association.

[15] David Holloway, *Technology, Management, and the Soviet Military Establishment,* Adelphi Paper No. 76, London, International Institute for Strategic Studies, 1971, p. 6. Holloway argues that the defense industries may have been encouraged by the profitability performance criterion (inherent in the reform) in a manner not originally intended by the reformers—i.e., to try to resist innovation. While there is scant firm evidence to this effect, K. N. Rudnev, Minister of Instrument-making, Automation, and Control Systems recently gave a strong hint that the primary interest at least of the top defense industrialists in the new principles of economic accountability may be basically to preserve or enhance their prerogatives (e.g., vis-a-vis the central economic authorities), with questions of production efficiency and innovation taking second place. As he put it, "Why aren't these principles being extended to other branches? Aren't our economic agencies being overly cautious here where the relevant concern is to increase the economic rights of the (branch) ministries?" See Izvestiya (Moscow), Dec. 10, 1975.

[16] See *Sheren, loc. cit.,* p. 130.

[17] Holloway, "Technology and Political Decision . . .," p. 268.

[18] Foreign Broadcast Information Service (hereafter—FBIC), *Daily Report: Soviet Union* (Washington, D.C.), No. 62, Supplement 17, March 31, 1971, p. 3.

[19] *Izvestiya,* May 22 and July 1, 1971, respectively.

[20] See, for example, Nimitz, *op. cit.,* pp. 43–45.

[21] This is not to assume that a particular service would necessarily have a monolithic weapons "interest." Indeed, differences among branches of a service may be on occasion quite virulent with respect to weapons-system priorities—such as between artillery and armor partisans in the Ground Forces; Frontal Aviation and LRA advocates in the Air Forces; and fighter-interceptor and SAM proponents in the PVO.

[22] See, for example, A. S. Yakovlev, *Tsel' zhizni: zapiski aviakonstruktora* (The Goal of Life: Notes of an Aircraft Designer), Moscow, Politizdat, 1966.

[23] According to Alexander, success or failure in such competition means state prizes and awards for the winner and, in extreme cases perhaps, dissolution of the design bureau headed by the loser. See *Weapons Acquisition . . .,* p. 10

[24] As noted above, there is another kind of competition in which designers might also have more direct stakes than the head of their ministry, e.g., in a decision whether to build a new bomber or a new fighter-interceptor. Such a "competition" would put design shops within the Ministry of the Aviation Industry (as well as the two services involved) at loggerheads. Which designer the minister would be likely to back is no more clear than which service interest he would promote. Similarly, to refine the analysis further, there could also be instances in which weapons-system choices involve branches of the same service and a single defense-industrial ministry. A choice between a new tank and a new artillery piece, for example would find design shops within the Ministry of the Defense Industry at odds as well as artillery and armor partisans in the Ground Forces. Which system Minister Zverev would back would be an open question, but his commitment to one or the other options would seem likely to be less intense than that of any other of the above-named principals.

[25] See, for example, B. L. Vennikov, "From the Notes of People's Commissar for Armaments," *Voyenno-istoricheskiy zhurnal* (Moscow), No. 2, 1962, pp. 79–86, and Sheren, *loc. cit.*, p. 126.

[26] Sheren asserts that "a major function of the team (of military monitors) is to maintain quality control at each step in the production process and to insure that the product meets prescribed specifications." *Loc. cit.*

[27] The existence of such technical organizations has been noted, for example, in the case of the Air Forces and Ground Forces. See Raymond Garthoff, "Soviet Air Power: Organization and Staff Work," in Asher, Lee, Ed., *The Soviet Air and Rocket Forces*, New York, Praeger, 1959, p. 181, and John Milsom, *Russian Tanks*, 1900–1970, Harrisburg, Pa., Stackpole, 1971, p. 80.

[28] The production responsibilities of the military monitors and the involvement of the designers in monitoring the production process (see Alexander, *Weapons Acquisition* . . ., p. 4) would at the least give military monitors and designers a basis for sustained contact.

[29] As will be noted below, there are a number of formal bodies that bring top military, defense-industrial, and political leaders together. Within the military domain *per se*, service backers of new weapons ideas would no doubt have to contend with ministry-level organs and personalities concerned with defense R&D and production. General N. V. Ogarkov, First Deputy Chief of the General Staff, General-Colonel N. N. Alekseyev of the Engineering-Technical Service, and General-Lieutenant K. A. Trusov (all of whom have "represented" the Soviet military at SALT) are probably among the key officials to be dealt with at this level. If top defense industrialists should try to block new programs proposed by designers, the "channel" from service backers of the programs to top Ministry of Defense officials such as these may afford the proponents a means to try to overcome such resistance. However, support at the top level of the Ministry of Defense for ideas that had won the backing of a particular service would not necessarily be automatic either. See Garthoff, "Salt and the Soviet Military," *loc. cit.*, pp. 28–29.

[30] See Alexander, *Weapons Acquisition* . . ., pp. 8–11.

[31] There is already some questioning of this image of past Soviet weapons programs and of the consequent burden they have represented for the Soviet economy. Since roughly the mid-1960's, this image may have been appropriate for much, but certainly not all, of the Soviet arsenal. As one analyst has written, "This presumption of relatively unsophisticated weaponry may no longer be justified. Recent analyses indicate that the major Soviet land armaments and tactical aircraft introduced since 1965 are substantially more complex than the weapons they have replaced. There are some cases in which the increased complexity and associated increase in capability entail lower dollar costs. But in most cases the unit-production costs for the present generation of Soviet land arms are substantially higher than for older equipment performing similar missions." See Andrew W. Marshall, "Estimating Soviet Defense Spending," *Survival* (London), March–April 1966, p. 77.

[32] Moreover, some of the defense-industrial ministers are not that old—Afanas'yev, for example is only in his late 50's.

[33] It is possible that deputy ministers in existing ministries could have a different perspective on the matter. Judging from past practice, the creation of new ministries could increase their chances of attaining ministerial rank. Shokin, for example, was First Deputy Chairman of the State Committee of the Radio Industry before becoming Chairman of the new State Committee for Electronics Technology in 1961. (This body became the Ministry of the Electronics Industry, with Shokin as Minister, in 1965.) *Prominent Personalities in the USSR*, p. 569. Similarly Bakhirev was Deputy Minister of the Defense industry before moving to head up the new Ministry of Machine-building in 1968. Sheren, *loc. cit.*, p. 131.

[34] The Academy would seem to be a natural source of new expertise. However, the extent of its past contribution to the defense effort is difficult to assess. It may be noted that Alexander's analyses (see fn. 3) stress reliance on in-house ministerial resources as a factor that has facilitated efficient weapons development and production. As a further corrective to the tempting assumption that the Academy's contribution in the past has been extensive, we have the observation that "in 1942, the . . . Academy was able to accept only 22 of the 175 research projects proposed to it by the People's Commissariat of Defense." See OECD, *op. cit.*, p. 198.

[35] Since some of the defense-industrial ministries appear to be mainly subsystems producers (e.g., the Ministry of the Electronics Industry), there is clearly some interdependence in the production of particular weapons systems, even if the effort has apparently been to minimize it. Alexander has noted, for example, that "of the thousands of components going into aircraft, 90 to 95 percent are produced in the aviation ministry itself." *Weapons Acquisition* . . ., p. 2.

[36] This list of concerns is not meant to exhaust the factors that would affect the perspectives of the defense industrialists. These concerns may be reinforced for, alternatively, mitigated to some extent) by pricing policies and other economic measures that might be adopted concurrently with an effort to push technologically adventurous weapons programs. For a discussion of the relevance of such economic incentive considerations to technological innovation in the defense sector, see Holloway, "Technology and Political Decision . . .," *loc. cit.*

[37] See Yakovlev, *op. cit.*, and L. Vladimirov, *The Russian Space Bluff*, New York, Dial Press, 1973, p. 56.●

LEGISLATION TO ABOLISH COMPULSORY OVERTIME AND SHORTEN THE STANDARD WORKWEEK

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. CONYERS. Mr. Speaker, a great many different approaches to solving unemployment will have to be tried in the future. Structural unemployment requires a focused and targeted response—vocational education and job training; further removal of barriers to equal employment opportunity; the industrial and commercial redevelopment of inner-city communities. Cyclical unemployment will require innovative programs of job sharing and spreading existing work among the greatest number of workers. Legislation I introduced last March 22—H.R. 11784, that amends the Fair Labor Standards Act—mainly addresses the issue of spreading work.

The provisions of the fair labor standards amendments (H.R. 11784) are the following:

Raises the statutory premium for work in excess of 40 hours from time and a half to double the regular hourly rate;

Requires employers to obtain the consent of employees for overtime;

Reduces in stages the standard workweek from 40 to 37½ hours after 2 years of enactment and to 35 hours after 4 years;

Keeps in force for their duration existing collective-bargaining agreements.

This legislation will be reintroduced in the 96th Congress and I am hopeful that hearings on it will be held.

Last April 11 I had the honor of participating in the First National All-Unions' Conference To Shorten the Work Week, which was held in Dearborn, Mich.; 700 labor leaders represeting more than 800,000 workers in 25 international unions attended. That conference resolved overwhelmingly to launch a national campaign to abolish compulsory overtime and reduce the workweek. Since then, the All Unions Committee To Shorten the Work Week has established an impressive nationwide public education campaign, collected tens of thousands of signatures in support of the legislation, and won endorsements from a number of leading local and State labor coalitions. Among the labor groups that have endorsed the legislation I introduced are:

New York Central Labor Council; Alameda County, Calif., Labor Council; Iowa State Federal of Labor (AFL–CIO); Indiana State Federation of Labor (AFL–CIO); Illinois State Federation of Labor (AFL–CIO); New York State Federation of Labor (AFL–CIO); United Electrical Workers; International Typographical Union; Graphic Arts International Union; Retail Clerks International Union; United Furniture Workers; District 31 Labor Council of the Steelworkers Union; District 12 of the Amalgamated Meatcutters Union; and the Communications Workers of America who have endorsed the ban on compulsory overtime.

The All-Unions Committee to Shorten the Work Week has also set up active regional committees in Chicago, Cleveland, San Francisco/Oakland, Pittsburgh, and Birmingham, Ala.

A recent pamphlet published by the All-Unions Committee explains the background of, and reasons for, shorter workweek legislation, and I commend it to the attention of my colleagues.

The pamphlet on abolishing compulsory overtime and reducing the workweek follows:

ENACT H.R. 11784: SHORTER HOURS CREATE MORE JOBS

At the end of World War II the official rate of unemployment was somewhere in the neighborhood of two percent. In the years since, it has wavered up and down until it stood at six percent in April 1978.

When April's six percent rate of unemployment is transferred into human terms, it means that approximately 5½ million people were out of work.

Actual unemployment was much higher than that. If those who have been dropped from the unemployment rolls because they have given up looking for work and those who are forced to work part time because they can't find full time jobs were added in, nearly 7½ million workers were without

jobs in April and the actual unemployment rate was about 8.2 percent.

An eight percent unemployment rate means that one out of every twelve workers in the United States is without a job. But, bad as that is, things are even worse for women, Black and young workers.

Thus, the labor movement faces a new challenge: To create jobs at union wages and conditions for all who need and want them.

Jobs must be created for those who are presently out of work. More jobs are required for those young workers who enter the workforce every year. And even more jobs must be found each year for those workers who will be displaced by new technology. To provide these jobs—to meet this challenge—will require the creation of more than 110,000 jobs every week.

Historically, organized labor has fought for shorter hours as the best means of creating jobs and reducing unemployment. Our labor movement was born in the battle for shorter hours. It grew to maturity in the campaigns that reduced the work week by 35 percent in the first 40 years of the twentieth century.

THE HIDDEN COSTS OF UNEMPLOYMENT

The social costs of unemployment were revealed by the Joint Economic Committee of the U.S. Congress. It found that between 1970 and 1975 every one percent increase in the official rate of unemployment resulted in even larger increases in mental illness, alcoholism, suicide, murder and crime.

4.1 percent more suicides.

3.4 percent more admissions to state prisons.

5.7 percent more admissions to mental hospitals.

5.7 percent more homicides.

2.0 percent more deaths from cirrhosis of the liver.

But, for all intents and purposes, the movement for shorter hours has lain dormant for the last 40 years. Despite paid holidays, paid vacations and early retirement programs, neither the work week nor the number of unemployed have been reduced. And worse yet, the eight-hour day, 40-hour week is being undermined by a concerted campaign of forced overtime.

In April, U.S. Labor Department figures showed that just over 36 million workers were working 40 hours a week and slightly more than 22 million workers worked longer than that.

If the work week of these 58 million-plus workers was reduced by one hour, that alone would create jobs for about 1,500,000 workers working a 39-hour week. If the work week were cut to 35 hours for everybody, then there would be 8,750,000 jobs.

Needed: 5,800,000 new jobs per year.—None of the existing government proposals will come close to meeting these needs.

1,800,000 number of young workers entering workforce each year.

2,400,000 number of workers displaced by new technology each year.

1,600,000 number of new jobs needed each year to re-employ those presently unemployed within 4 years.

5,800,000 total number of new jobs needed each year to provide jobs for all who need and want them within 4 years or 110,000 jobs per week.

WHAT IS TO BE DONE

A national campaign to enact H.R. 11784 with its provisions for a 35-hour week, double time for overtime and a ban on forced overtime, is a place to begin. The All Unions Committee to Shorten the Work Week calls upon every union member and every labor leader, without regard to craft, industry or affiliation, to join this effort.

The All Unions Committee to Shorten the Work Week worked very closely with Mr. Conyers in preparing H.R. 11784. Its basic provisions were endorsed by the 1977 AFL–CIO Convention. Now the Committee is working to organize a national campaign to win enactment of this legislation.

But, as we have learned from the struggle to get Congress to pass the Hawkins-Humphrey Bill, it's a long way between the introduction of a bill and enactment of a law. In the final analysis, it all boils down to who has the ability to put the most pressure on Congress. You can help in this effort by:

(1) Getting your local and international union to endorse H.R. 11784.

(2) Getting your local union and central labor body to participate in a petition campaign in support of H.R. 11784. (Petitions may be ordered from the All Unions Committee to Shorten the Work Week, 4300 Michigan Avenue, Detroit, MI 48210.)

(3) Organizing delegations of union leaders and members to meet with Members of Congress in order to get additional sponsors of H.R. 11784. (Congress will be in recess during the first two weeks of July and again during the last two weeks of August. That's a good time to arrange these meetings.)

"Our's is a program of positive action and this organization is working to bring together all unions without regard to industry, craft or union affiliation. It is not our intention to tell any union how they should work to reduce the hours of labor for their members nor is it our intention for this organization to become involved in inner-union politics." Frank Runnels, Key Note Address, First National All Unions Committee to Shorten the Work Week, Dearborn, Michigan, April 11, 1978.

For further information, call or write:

All Unions Committee to Shorten the Work Week, 4300 Michigan Avenue, Detroit, Michigan 48210, Frank Runnels, President (313) 897–8850.●

CALIFORNIA'S FESTIVAL OF THE ARTS

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. BOB WILSON. Mr. Speaker, for the past few years my wife Shirley and I have been privileged to attend the annual festival of the arts in Laguna Beach, Calif.

This is one of the most unique pageants in the world and deserves the attention of my colleagues and others.

I ask unanimous consent to include as a portion of my remarks an article by Douglas Reeve "From Fence-Board to Fame: The Story of Southern California's Festival of Arts."

The article follows:

FROM FENCE-BOARD TO FAME: THE STORY OF SOUTHERN CALIFORNIA'S FESTIVAL OF ARTS

(By Douglas Reeve)

We'll never know for sure, of course, but if the United States had not experienced the economic depression of the 30's the little seaside community of Laguna Beach, California might not have become the setting for its uniquely famous and firmly established Festival of Arts, to which people annually beat a path in their hundreds of thousands.

At any rate, conditions were as bleak in Laguna as anywhere else back in 1932, and the residents of the tiny colony were acutely aware of the fact that a near-perfect climate and an unusually beautiful coastline were simply not enough to make life complete. Painfully lacking was something rather more down-to-earth; specifically the wherewithal to pay for such things as food and rent.

Happily, someone came up with an idea: to hold an outdoor exhibit of the artists' work in some conspicuous spot that would assure maximum exposure and thus maximize the likelihood of stimulating sales, even at giveaway prices. Someone else came up with a title: Festival of Arts.

On El Paseo Street, an area was roped off with canvas and boards and the beginning of a now great cultural institution of California took its first breath of life—and hope. The festive spirit that entered into the open-air affair helped dispel thoughts of the dire and dismal economic conditions of the times.

It was a colorful celebration. Entertainment (including music and dancing) was sometimes planned, but often was spontaneous. Mainly, of course, there were the paintings. They hung from the limbs and trunks of eucalyptus trees; they were nailed to, or propped up against, fences; they were supported by makeshift easels. Anything and everything was done to create a gala atmosphere.

Somewhat to the surprise of the exhibitors and others, the event was a slambang success. People not only paused to look; they also bought. They did even more than that: they spread the word, and out-of-towners soon began pouring into Laguna to see the art display. Many headed for home with paintings they had liked enough to buy.

Clearly, the Festival was worth repeating; so the following year, 1933, Laguna's artists again staged a public display of their work—with one or two changes: for example, they set up booths and gave the event a touch of elegant atmosphere by charging 10 cents admission.

Success again crowned the occasion. It looked, in fact, as though something had begun that might develop into a really big annual event. Little did the organizers realize how big!

Also in that second year, something special was added: the presentation of living pictures—recreations of great works of art with living models and called "The Spirit of the Masters Pageant." The show was unique; still is, in fact, because, according to ...ary globetrotting visitors from foreign countries, there is nothing to equal Laguna's famous pageant, which in 1935 was given its present more streamlined name, "Pageant of the Masters."

The early Thirties certainly marked the beginning of what is now Laguna's biggest and brightest annual event: the Festival of Arts and Pageant of the Masters, nowadays presented for seven weeks each summer on some six acres of land acquired by the City in 1941.

On display are paintings, sculptures, ceramics, jewelry and many other creations by artists and craftsmen of the area. A marionette show has become a traditional part of the Festival as has a junior art gallery which features 150 works by Orange County schoolchildren (kindergarten through high school) selected from some 3000 submitted.

The many display panels and booths on the grounds are by no means static; many are manned by the artists concerned—and those artists are often to be seen working on new creations, discussing their work with visitors and doing what their predecessors did back in 1932: exchanging their products for what it takes to buy food and pay rent.

Nightly at 8:30, the center of gravity shifts to the adjacent 2662-seat Irvine Bowl, where the Pageant of the Masters is presented to capacity audiences. In addition to the recreation of paintings, living-model reproduction of sculptures and other artifacts are featured not only on the stage, but also on the dramatic wooded hillsides that flank it.

A theatrical phenomenon, the Pageant is always completely sold out for its entire season months before it opens.

Statistics rarely fail to impress those who inquire about the Festival. Literally hundreds of persons are needed to pose for the various works in the Pageant, and hundreds are miraculously available—strictly on a volunteer basis.

In addition to cast members, many backstage workers are needed to help with costumes, makeup, "props" and countless other details that have to click. Most of them, too, are volunteers.

Since that trees-and-fences beginning, Laguna's Festival has missed only four years: those during World War II. Now a non-profit corporation with about 3600 members, it is headed by a nine-person board of directors and staffed by a few paid professionals.

Among the 300,000 visitors who converge on the Festival annually are State Department guests, who are routed through Laguna to attend the one-of-a-kind event; also senators, congressmen, famous movie and television personalities—VIP's from all walks of life, in fact so magnetic is the show.

On Sunday afternoons, Festivalgoers enjoy a sparkling free extra: dancing on the green by members of Laguna's noted Ballet Pacifica. A daily attraction is the first rate marionette show by Tony Urbano housed in a cozy 232-seat theatre.

In the past ten years, the organization has paid the City over one and a quarter million dollars in rent; and spent some $800,000 in capital improvements that became the property of the City. Cultural contributions have amounted to over $300,000 and another $208,000 has been distributed in the form of scholarship awards to young people to help further their education in their chosen fields.

Altogether, the Festival of Arts has helped support the community, culturally and artistically, to the tune of two and a half million dollars in just the past decade alone.

However, money isn't really the name of the game—important though it is to the exhibitors individually and the Festival as an organization. Instead, what really counts is the good it does to many, and in so many ways.

As an "immediate experience," it provides wholesome, varied, thoroughly enjoyable hours in a beautiful setting. It stimulates interest in art, crafts and the performing arts. It provides a colorful breathing spell in a glorious park—and perhaps that sums up the over-all delight of Laguna's big annual event, constituting as it does a sort of spiritual oasis that everyone who attends quickly recognizes as just what we all need: a change from the everyday world, and a chance to see and enjoy people and things at their very best.●

MICHAEL HARRINGTON PATHFINDER

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. STARK. Mr. Speaker, yesterday's Wall Street Journal had a fine portrait on a rare and courageous colleague, I commend it to the attention of the whole House.

The article on MIKE HARRINGTON entitled "A Congressman Takes His Leave" describes well the emptiness, the frustration, even the bitterness, that many of us, regardless of party, all too often feel as "politicians" within the House of Representatives.

Some of us, I for one, are sticking it out a little longer. MIKE's departure will make the House yet a lonelier place in the next year and the years afterward. We will miss his honesty, his integrity, his indignation. We wish him well.

The article follows:

[From the Wall Street Journal, Sept. 21, 1978]

A CONGRESSMAN TAKES HIS LEAVE

(By Dennis Farney)

WASHINGTON.—In his own words, Mike Harrington ran for the House of Representatives in 1969 already suspecting the "irrelevance" of that proud institution—and is leaving the House in 1978 "confirmed in that belief."

Right off, this should tell you something about Rep. Michael J. Harrington, a 42-year-old Massachusetts Democrat who represents the North Shore above Boston. He's a maverick, an iconoclast. (Not to be confused with another maverick of the same name who is leader of the U.S. Socialist Party). Congressman Harrington is also wary, brooding, hot-tempered and thoughtful. And although his voting record is certified 100 percent liberal by the Americans for Democratic Action, he's neither a conventional liberal nor a conventional member of the House.

This is what makes Mike Harrington's thoughts upon retirement, his deep misgivings about current trends in liberal thought and what he sees as built-in pressures toward timidity and mediocrity in Congress, so provocative.

He thinks, for example, that history will be far kinder to Richard Nixon than are most observers today. "Look, I never liked the guy," he says, "but at least his policies took chances, tried to alter things fundamentally." He thinks the government needs more, not fewer, men like Bert Lance—"agreeable villains" who, for all their ethical blemishes, have vigor and drive and try to get things done. He thinks liberals have run out of ideas and are offering "warmed-over New Dealism."

But most of all, he thinks Congress may be fundamentally flawed, fundamentally incapable of making broad policy decisions or of shaping any vision for the nation. He thinks the 535 members of Congress practice "collective avoidance"—immersing themselves in trivia and routine, while ducking the truly important questions.

"I'm not sure we really want to participate," he says.

HIS VIEWS MERIT ATTENTION

Mike Harrington's views are so at odds with the usual flood of self-congratulatory rhetoric coming out of Congress—and out of such high-minded organizations as Common Cause, the self-styled citizens lobby—that they merit attention, if only as a kind of dissenting opinion to the conventional wisdom of the day. We are living, after all, in a period of "congressional government" and White House eclipse; and in a period, too, when post-watergate "reforms" have changed not only the way that Congress does business but the very type of individual likely to be elected to Congress.

Mike Harrington suspects that, in each case, the pendulum has swung over too far.

This reporter talked with Representative Harrington on one moderately hectic weekday recently—the kind of day, filled with many votes and much debate on essentially minor issues, that lends support to his contention that Congress, for all its frenetic activity, is essentially adrift and ducking the truly important questions.

"I'm optimistic by nature," he began. "I believe problems can be solved. But I'm not sanguine at this point that we even know what the problems are.

"We've got a lot of guys in Congress now who have mastered those techniques that will keep them in office. But how many can offer you a coherent sense of the whole? How many would even try? I'd like you to give me five names."

A new kind of Representative is rising to power in the House today, and the new breed bothers Rep. Harrington. These Representatives, particularly the "Watergate Class" of 1974, seem more concerned about means than about ends. They're more interested in cleaning up "the process" than with the actual decisions the process is supposed to reach. They're clean and they're open, but they're also gray and uninspired—"managers," not innovators.

To Mike Harrington, the rise of this new breed is bound up with the rise of Common Cause, itself preoccupied with reforming "the process." He suspects the result is to deprive government of the sprinkling of "agreeable villains" it needs.

"Take Bert Lance, for example," he says. "I would bet you that the citizens of Calhoun, Ga., would say that Bert Lance and his bank have enriched their lives, made them better—regardless of whether or not he's also done things that outrage the Securities and Exchange Commission, the press and other commentators on the mores of the times.

"Now, would I ideally like to have a Bert Lance who'd met every test of probity along the way? Sure. But I'll take a Bert Lance, with all his imperfections, to the pale naysayers we abound in."

A buzzer sounds in the Congressman's office, summoning him to another rollcall vote. The House has had about 700 rollcall votes so far this year—a few of them truly important, most of them forgettable, many of them demanded by what he says are "eight or 10 guys who want to rollcall everything in sight."

He walks down a dim, echoing passageway, merging with a stream of other Congressmen also on their way to the House chamber. The question before them is whether to designate 927,550 acres in Montana's Glacier National Park as "wilderness."

Few of the hurrying lawmakers have actually followed the debate on the question. So, as they file into the House chamber, the principal proponents and opponents of the measure are waiting at the door, flashing thumbs-up and thumbs-down signals, slapping backs and whispering hurried exhortations. The arriving Representatives then make their choices, which are instantly registered on a big electronic scoreboard overhead.

The whole process, with its hectic almost mechanistic quality, rather resembles an assembly line in Detroit.

This isn't what Mike Harrington had in mind when he first ran for Congress in a special election in 1969. He believes Congressmen should be thoughtful "pathfinders," addressing and shaping the great issues that determine the nation's course. He ran as an antiwar candidate, and as a reformer who would challenge the House's then-autocratic ways of doing business.

Named to the hawkish Armed Services Committee, he had so many shouting matches with committee members that, in 1973, he switched to the Foreign Affairs Committee. There, outraged by U.S. support for a repressive dictatorship in Chile—and by misleading testimony on that support by Henry Kissinger and others—he leaked classified information on the Chilean situation to The New York Times. A colleague then moved to have him censured. Mr. Harrington never denied leaking the information—indeed, he regards calling attention to Chile as his proudest congressional accomplishment—but the censure motion was finally dismissed on a technicality.

Today, while Mike Harrington remains as fiercely opposed as ever to propping up dictatorships abroad, his views have changed subtly in some other areas. There are ironies in these changes and, with the Glacier park vote behind him, he explores them over the background clink of silverware in the House restaurant.

He now feels that moves to democratize the legislative process haven't noticeably improved the quality of legislation. What's more important, he says, is getting good legislators—thoughtful individuals, visionaries, risk-takers. This leads him to a certain grudging nostalgia for his old foe, Henry Kissinger.

"I thought it was fun to match wits with Mel Laird or Henry Kissinger, to watch those guys scheme and plot," he says. "At least they came in with initiatives, ideas you could quarrel with.

A VIEW OF RICHARD NIXON

"Nixon's initiative to China, for example. I think Nixon is going to be much more warmly evaluated historically than he is now. Look, I never liked the guy. But put him alongside the guys in government now—where are the guys willing to make a decision, take a chance, try to alter things fundamentally?

"We can respond to Proposition 13, for example, by finessing it—offering 40,000 amendments and 5% across-the-board cuts. But the Proposition 13 raises fundamental questions; it indicates hostility toward the political process and its relevance. I don't see us responding to those kinds of questions.

"I've always said Jerry Ford was brighter before he came to Congress than he was by the time he got to the White House in 1974—only because the mindset required to survive in Congress is debilitating. It says, 'Let somebody else take the risks, let somebody else initiate things, just react.' Ford's congressional experience debilitated him."

Last June, in the midst of a tough primary race for reelection, Mike Harrington decided to get out. He could have won that race, he says; the real reason for his decision, he explained at the time, was something else: "A widening gap between my sense of what is important about being in Congress, and what the public and press seem to think is important."

"I did what I said I'd do, which was to try to be a pathfinder," the Congressman says of his career. Shortly afterward the harsh buzzer sounds again, and Mike Harrington leaves the restaurant for another rollcall vote.

The issue this time is whether to add 4,400 acres to the Hells Canyon National Recreation Area. At the door to the House chamber, the proponents and opponents are waiting for him, flashing their thumbs-up and thumbs-down.●

IRANIAN TERRORISTS IN THE UNITED STATES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. McDONALD. Mr. Speaker, even as a loose federation of Marxist revolutionary and Islamic extremist terrorist groups continue to spearhead a drive to overthrow the Government of Iran and its leader, Shah Mohammed Reza Pahlavi, their support groups in this country have been carrying out a multifaceted attack, attempting to isolate Iran from the United States. The tactics include virulent anti-Shah propaganda, economic warfare, and terroristic street violence. New evidence indicates that members of certain internationally active Iranian terrorist groups with ties to the West German Baader-Meinhof gang are residing in the United States, and that international terrorist acts may be planned.

An anti-Iran "people's hearing" propaganda circus is planned for Raleigh, N.C., on September 30, 1978. The event is being organized by the American Friends Service Committee (AFSC), an organization that calls for "thorough going revolution" in this country while upholding the use of terrorist violence by Soviet-supported terrorist organizations—the Vietcong, Pathet Lao, and Palestine Liberation Organization, for example. AFSC intends to put pressure on the North Carolina Ports Authority, which administers the State-owned Port of Wilmington through which arms are exported to Iran, not to renew its Iranian contract that expires on October 31.

The AFSC has announced two principal speakers at its anti-Iran affair, Michael Klare and Reza Baraheni. Baraheni, a writer, is most active as cochairman of a Trotskyite Communist front called the Committee for Artistic and Intellectual Freedom in Iran (CAIFI).

My colleagues will recall my October 1, 1976, report documenting CAIFI's origins as a front set up by the Socialist Workers Party (SWP), the U.S. section of the Fourth International that is engaged in terrorism in Europe, Latin America, and the Middle East. CAIFI was formed from a SWP effort during 1972–73 to prevent the deportation of Babak Zahraie, an Iranian citizen and SWP member who led at that time a small faction in the Iranian Students Association, U.S.A., the American branch of an internationally active revolutionary student organization. Zahraie was not deported, because he had married a U.S. citizen, also a member of the SWP, while attending the University of Washington.

The Zahraie effort led to formation of CAIFI, whose first campaign was for the release of Baraheni, who was jailed by Iranian authorities for 3 months in the fall of 1973.

The SWP has used CAIFI, whose offices in room 414, 853 Broadway, New York, N.Y. 10003, form part of the suite occupied by the SWP's New York City headquarters, to organize the Sattar League, the Iranian section of the Fourth International. With Baraheni and Zahraie among its leaders, the Sattar League remains primarily an overseas student movement organizing support for revolutionaries inside Iran.

CAIFI held a press conference on Capitol Hill on September 13, 1978, that was reported as follows in the SWP newspaper, the Militant:

> Speakers at the press conference demanded an end to martial law in Iran, freedom for all those arrested in the recent upsurge, and safety for * * * Iranian dissidents being hunted down by the shah.
>
> Speaking along with Baraheni were Babak Zahraie, CAIFI national field secretary; former U.S. Attorney General Ramsey Clark; and U.S. Representatives Fortney Stark and Tom Harkin.
>
> Zahraie described the casualties in the shah's bloodbath grim facts grossly misreported by the American press. In Teheran alone, Zahraie reported, one cemetery received 3,897 bodies on the second day after martial law was decreed.

Since the U.S. press has tended to overreport casualty figures during the rioting in Iran, Zahraie's claims to such amazing precision about the numbers of burials at one cemetery, numbers patently erroneous, indicate that the ancient "big lie" technique is being used. This was confirmed when Zahraie asserted that those involved in the rioting and terrorism "are clamoring for freedom and democracy." The Marxists are trying to impose the customary Communist dictatorship and their Islamic Savonarola allies want to impose a repressive therocracy.

The second principal speaker at the AFSC's planned anti-Iran event in Raleigh, is Michael T. Klare, a "red-diaper baby" and "counter-counterinsurgency" research specialist for the Castroite left, has long been associated with the North American Congress on Latin America (NACLA), which not only collects all available public information on defense contractors and the U.S. military and police; multinational corporations; U.S. industry and business and political leaders, but which also operates a network of clandestine radical contacts within the U.S. Government. Klare has also worked with a similar group run by the AFSC, National Action/Research on the Military-Industrial Complex (NARMIC).

Klare has had intimate associations with the subversive organs of Cuba and the Soviet Union. For example, he has been published by Tricontinental magazine, the publication of the Cuban front for exportation of revolution, the Organization of Solidarity with the Peoples of Africa Asia and Latin America (OSPAAL); and he has played a prominent role in conferences of the Soviet-controlled World Peace Council that operates under the direction of the KGB and the Soviet Communist Party Central Committee's International Department.

Klare has been a frequent traveler to Cuba where he is reported to lecture to some rather select seminars at the University of Havana on topics such as U.S. arms sales policies and the "hardware" of U.S. counterinsurgency planning. Klare, who left a post at Princeton in order to work full time as director of the Institute for Policy Studies/Transnational Institute (IPS/TNI) Project on Militarism and Disarmament with a salary of $18,000 underwritten by the Field Foundation, appears to do some of his "research" in Havana, somewhat in the manner of Philip Agee. For example, late last fall, Klare went to Cuba for an extended period. Within days of his return, he had a lengthy, highly detailed article published in U.S. newspapers on the overseas financial operations of a U.S.-owned company that manufactures the sort of light aircraft flown by private citizens, but which in an emergency could be used for observation purposes against terrorist insurgents in rural areas. Klare's article contained various information not available from public sources.

The Institute for Policy Studies and its foreign affairs project, the Transnational Institute (TNI), of which Chilean KGB

agent, Orlando Letelier, was a leader, is also involved in coordinating anti-Iran compaigns in Western Europe. Klare's British counterpart, IPS/TNI fellow Fred Halliday, delivered an analysis of Iran's economy and its areas of vulnerability to organized pressure tactics at an International Symposium on Iran held in Brussels, Belgium, May 6–7, 1978.

IPS/TNI, which also has on its staff leaders of the Trotskyite terrorist Fourth International that is headquartered in Brussels, was joined in the meeting by representatives from the Communist Party of France, Communist Party of Belgium, the British Labour Party, the British Tobacco Workers Union, the Committee Against Repression in Iran of London (CARI), the French Association for Friendship and Solidarity with the People of Iran (AFASPI) of Paris, the West German Iran Committee, and two Belgian solidarity groups.

The groups decided that the anti-Iran campaign in Western Europe should concentrate on generating propaganda publicizing allegations of human rights violations and on trying to stop the export of weapons to Iran by organizing a boycott by trade unions involved in the exporting process.

The close parallels between the United States and European anti-Iran campaigns are obvious.

UNITED STATES-IRAN TERROR LINK

On July 16, 1978, U.S. customs officials detained Kristina Katharina Berster, 27, a fugitive suspected member of a West German Marxist terrorist network, when she entered the United States using a stolen Iranian passport. Berster, accompanied by two men and a woman, entered the United States near Burlington, Vt. Berster's companians were Iranians resident in the United States who were using their own genuine documents to reenter this country. Press reports of an FBI investigation note that it is believed that members of the Organization of People's Fedayee Guerrillas (OIPEG), an Iranian Marxist terrorist group with close ties to Cuba and the Palestine Liberation Organization, helped Berster enter this country.

Berster is known to have been a member of the Socialist Patients Collective in Heidelberg, a group which dissolved into the Red Army Fraction or Baader-Meinhof gang. In 1971, Berster was detained for 7 months in "investigative custody" as a suspect in a terrorist bombing conspiracy before being released. She has been a fugitive since 1973 when she was indicted for bombing conspiracy, involvement in counterfeiting identity documents, and membership in a criminal organization.

On July 27, Berster was indicted by a Federal grand jury on seven counts and held on $500,000 bail. Her defense team is headed by William Kunstler, a member of the National Lawyers Guild (NLG) and attorney with the Center for Constitutional Rights. The NLG, which is the U.S. section of the Soviet front for lawyers, the International Association of Democratic Lawyers, had two observers present at the trials of Baader-Meinhof gang members, some of whom were lawyers, in 1977. Those two observers, William Schaap and Ellen Ray, recently took prominent roles in the denunciation of the CIA staged by the Cuban DGI in Havana during the 10th World Youth Festival and are working closely with Philip Agee in coordinating attacks on the U.S. intelligence community. It will further be recalled that William Kunstler, William Schaap, Peter Weiss, and former U.S. Attorney General Ramsey Clark, a CCR cooperating attorney, attempted to join the Baader-Meinhof defense team, but were denied permission by West Germain authorities.

Berster was using a passport belonging to Shahrzad S. Nobari that was one of several passports stolen from the Iranian consulate in Geneva in June 1976, during a sit-in by members of the Iranian Students Association (ISA) which has its international headquarters in West Germany. Significantly, Berster was able to provide U.S. customs officials with details about Miss Nobari's family and life, such as the fact that her father owned an export company in Hamburg, during the time she was trying to convince them her passport was genuine.

Particularly significant is the fact that another Iranian passport stolen during the same Geneva demonstration by the ISA was being used by Baader-Meinhof terrorist Brigette Folkerts when she was arrested in May of this year at Orly Airport in Paris. Folkerts arrest led to the arrests in Yugoslavia of four top Baader-Meinhof terrorists intimately connected with the Carlos Group. Apparently the international network of Palestinian and West German terrorists has been using Communist Yugoslavia as a secure safety zone. The Yugoslavian Communist regime, which under Tito has some independence from Moscow in its internal policies, has backed the U.S.S.R.'s policy regarding terrorist national liberation movements consistently. Tito has not permitted the four terrorists to be extradited by West Germany, and is demanding that various anti-Tito Croatians be exchanged for the Baader-Meinhof fugitives.

A number of investigators believe that the arrest of Kristina Berster and the Federal investigation into her OIPFG comrades in this country may have forestalled a terrorist attack that would have coincided with the 25th anniversary of the Shah's overthrow of the pro-Soviet Mossadegh regime.

Published press reports of the investigation also state that the leaders of the several factions of the Iranian Student Association are under investigation to determine the extent of infiltration by terrorists from the OIPFG, Maoist Revolutionary Organization of Tudeh (ROT), and the Organization of the Mojahedin of the Peoples of Iran (OMPI), which its supporters say has "tried to combine the Islamic revolutionary spirit with the Marxist method of analysis and class outlook."

ISA RIOT IN LOS ANGELES

Whether or not plans for international terrorism in the United States have been disrupted by Federal investigation, the Iranian revolutionaries in this country have continued their established record for mass violence in the streets of American cities.

Continuing to use tactics exhibited during rioting in November 1977 here in Washington, D.C., and in early 1978, in Chicago, members of the Iranian Students Association (ISA) climaxed a week of small demonstrations outside the offices of the Los Angeles Times with a march by more than 500 masked militants that erupted into a club-swinging melee with police that ended in the arrest of nearly 200 demonstrators and injuries to 9 police officers and nearly 40 rioters.

Using leaked press accounts of Presidential Review Memorandum No. 10 to indicate why Iran is the priority target for revolutionary destabilization in the Middle East at present, the ISA in the United States (ISAUS), a member of the Confederation of Iranian Students (National Union) (CIANU), said in its newsletter, Resistance, published from P.O. Box A3575, Chicago, Ill. 60690, that a special 100,000-member U.S. rapid reaction strike force specialized in desert fighting was being trained.

According to the ISA, in the event of "limited contingencies" or "local war," with U.S. support Iran might act as a regional surrogate against:

> All liberation movements, all democratic and revolutionary struggles of the peoples of the Persian Gulf region * * * where the economic investments of U.S. corporations and/or the strategic war plans of the imperialists are being directly challenged by struggles of the people in that area for their freedom and independence.

With one of the chief stated aims of the ISA being to forestall any possibility of U.S. intervention in support of the Government of Iran, some 500 ISA militants gathered on September 1, 1978, at noon outside the Federal Building in Los Angeles to protest claimed "impending military intervention of the United States in Iran."

Marching without a permit and led by organizers using bullhorns, the masked militants, accompanied by small contingents of supporters from U.S. revolutionary groups including the Trotskyite Revolutionary Socialist League (RSL) and Revolutionary Communist Party (RCP), became increasingly disorderly as they marched through streets and sidewalks to Times-Herald Square. Traffic was blocked and pedestrians were pushed into the street.

Three of the demonstrators set effigies of the Shah and Hitler afire on the sidewalk outside the Times building.

The ISA had been picketing the Los Angeles Times for a week complaining of "falsification" of reports in disturbances in Iran, particularly of reports on the movie theater fire in the oil port city of Abadan that killed more than 375 men. During the weeks of violence preceding the burning of the movie theater, Islamic extremists following a radical Iranian religious leader, Khomeini, exiled in Soviet-alined Iraq, had burned 29 movie theaters and dozens of restaurants and other entertainment facilities. Khomeini, who has circulated cassette tape recordings to his Iranian followers urging them

to use terrorism and violence to topple the Shah's government, has refused to condemn the Abadan theater massacre. His ISA supporters in Los Angeles said their demonstration against the Los Angeles Times was to deny the fire was set by Islamic extremists and to publicize their wild claim that the Shah of Iran himself had had the Abadan theater burned.

With few police officers in evidence so far on their march, the ISA leaders clearly expected to be able to continue to march at will, masked and using sound equipment, through the streets of Los Angeles, disrupting traffic, and intimidating peaceful citizens.

At this point Lt. Larry Welch ordered a police line of some 50 helmeted officers set up across the street to block the march. An arrest team was sent to make selected arrests of individuals who had been observed violating a wide range of laws and ordinances by blocking traffic, burning effigies, and using sound equipment without a permit. In response, the Iranian militant group, still numbering over 350 persons, began to throw bolts and other hardware and to shout, spit, and brandish their clubs at police.

As the arrest team moved to make its sixth arrest, a group of 30 ISA members attacked police with sticks, fists, and kicks. To facilitate these arrests, the police line separated the two groups and concentrated attention on the 30 cadre fighters. However, the larger ISA group was led in chanting by a militant carrying a camera who proceeded to give a distinctive signal to the group, motioning downwards with his hands five times. There was a second of silence, and then the larger group charged forward into the police line.

Although the ISA members used clubs and sticks 4 feet and longer, the well-trained Los Angeles police, using their clubs alone, were able to subdue the rioters within 5 minutes, and have 171 rioters lying face down in orderly rows in the street, their hands secured behind their backs with plastic handcuffs.

A mobile booking station, designed for mass arrest situations, was set up on the sidewalk where those arrested could be fingerprinted and photographed. Charges ranged from riot and inciting to riot, assault with a deadly weapon on a police officer, and arson to blocking sidewalks and noise.

As could be expected, after the arrests lawyers Richard "Dick" Eiden and John Michael Lee of the Los Angeles chapter of the National Lawyers Guild which took up the defense of the ISA rioters made assorted allegations of "brutality" against the Los Angeles police. One of the Los Angeles City Councilmen, Zev Yaroslavsky, also complained of what he viewed as use of "excessive force" by police, but he did not gain the support of other city officials. The week after the riot, the Los Angeles City Council passed a new resolution outlawing the use of heavy wooden sticks for posters and banners in parades. The new law was signed by Mayor Bradley immediately.

Since the September 1 riot and mass arrest situation, the ISA has held a number of small demonstrations in Los Angeles in which they, and their U.S. supporters, have brought small children to carry banners and act as shields between the militants and the police.

The "peaceful" tactics will continue only as long as the police authorities demonstrate by a sufficient show of strength on the street that violations of human and civil rights of Americans will not be tolerated. The ISA's violent proclivities have attracted a number of U.S. groups who would like to pick up on revolutionary street fighting, a tactic that the Weathermen used in preparing their group to become underground urban terrorists.

The Maoist Revolutionary Communist Party (RCP), although weakened by a split, works with ISA chapters in a number of cities. The more orthodox, pro-Peking Communist Party, Marxist-Leninist (CPML) is on good terms with the ISA factions that support the Revolutionary Organization of Tudeh terrorists. And the Revolutionary Socialist League (RSL), which although Trotskyite in ideology has been cooperating in street riots against KKK and Nazi groups with the Progressive Labor Party (PLP), distributed the following statement at the September 1 ISA riot. Under the slogan, "To Stop the Cops—Organize Self-Defense," RSL said:

> To defeat police terror once and for all, workers and other oppressed people must be organized, armed, and prepared to fight back. The Watts Rebellion of 1965 and the Chicano Moratorium Rebellion of 1970 showed the need for armed workers defense groups to resist cop attacks.
>
> In addition, we need a revolutionary party based in the working class to give leadership to the overall struggle. The Revolutionary Socialist League is trying to build this kind of workers' party to fight both the capitalist bosses and their police goons.
>
> We are fighting for a government of revolutionary workers, which will wipe out groups like the LAPD, and replace them with an armed workers' militia—a powerful army of all the oppressed. The capitalist police cannot be made less brutal." They must be smashed, and never allowed to rise again.

TERRORIST INVOLVEMENT IN THE ISA

The involvement of the Iranian Student Association's factions in terrorism both in Iran and elsewhere is open and easily documented from ISA publications. For example, early in 1977, the ISA of New York City, operating from P.O. Box 1639, New York, N.Y. 10001, issued a pamphlet. Iran, which provided biographical data on ISA members who had been killed or arrested while leading terrorist groups in Iran. Recent leaflets and pamphlets, such as a December 1977 leaflet by the ISAUS chapters in Los Angeles and College Park, Md., state their support for the "anti-imperialist, democratic struggle": That been given "new momentum by the beginning of armed struggle in Iran waged by the Organization of Iranian People's Fedayee Guerrillas (OIPEG) and the Organization of Mojahedin of the People of Iran (OMPI)."

Another faction, the Union of Iranian Students in the U.S. (UISUS), with headquarters at P.O. Box 744, Berkeley, Calif. 94701, wrote in its June 1978 newsletter, "Iran in Struggle," that—

> O.M.P.I. is the best reflection of the revolutionary camp for its uncompromising struggle against any liberal and conciliatory demands.

UISUS opposes the "united front" call for restoration of the old Iranian constitution supported by the pro-Soviet Communist Tudeh ("masses") Party, and the National Front factions descended from Mossadeq's movement. UISUS states:

> * * * the Union of Iranian Students in the United States, in its second nationwide conference (January 1978), decided to direct all its energy and forces to serve the democratic program of the Organization of Mojahedin of the People of Iran (O.M.P.I.), and decided to propagate the democratic tasks of the O.M.P.I. in the student movement abroad.
>
> The democratic program of O.M.P.I. (which centers around (1) defining the revolutionary classes * * *; (2) calling for the overthrow of the Shah's fascist regime, the puppet of U.S. imperialism, through the organized violence of the masses; and (3) the need for the establishment of (a) People's Revolutionary Democratic Republic which will represent the interests of the revolutionary classes) is presently the political platform of U.I.S.U.S.

In demonstrations in this country, the Organization of Iranian Moslem Students (OIMS) and Young Muslims Organization (YMO) have both marched behind banners calling for terrorist "armed struggle" in Iran and bearing placards praising various terrorists and revolutionaries. The main ISA grouping, ISAUS, P.O. Box 4002, Berkeley, Calif. 94704, describes itself as "an open, democratic and anti-imperialist organization." ISAUS says it "works to mobilize international public opinion in support of the just stuggle of the Iranian people for liberation."

ISAUS demonstrations have featured large banners bearing the distinctive globe and AK–47 logo of the OIPFG terrorists. These banners were carried during the Los Angeles riot, as was a banner proclaiming, "Victory to the Armed Struggle In Iran." It is noted that one segment of the OIPFG terrorists has joined with the pro-Soviet Communist Tudeh Party. In a 1977 pamphlet, "Iran: The Struggle Within," published by the Support Committee for the Iranian People's Struggle, P.O. Box 671, New York, N.Y. 10011, which has an introduction by Palestinian terrorist leader George Habash, the preface states that the OIPFG's first "armed action" took place on February 8, 1971, at Siahkal, a village in the woods of northern Iran. OIPFG has concentrated on urban terrorist actions. The Support Committee's preface continues:

> Contrary to similar warfare in Latin America and elsewhere, *the movement in Iran started on a strictly ideological basis, from the beginnning aiming toward the formation of a communist party*, OIPFG has been and continues to be a Marxist organization and considers itself the nucleus of a communist party in Iran. (Emphasis in the original)

The pro-Soviet Tudeh Party and its youth arm, the Organization of Democratic Youth and Students in Iran (ODYSI) have their main strength in Western Europe, not in Iran. However,

during 1977, radical sources report that Tudeh Party members began publishing a newspaper in Tehran called Nuyid, and that it is continuing its efforts to subvert Iranian unions by having its members and sympathizers gain positions of leadership and influence. Tudeh is reportedly working with the Union of National Front Forces composed of nonreligious former followers of Mossadeq, a group that is viewed in some U.S. circles as the Iranian "Third Force."

In the United States, the members and supporters of the Tudeh Party and ODYSI are working with the Communist Party, U.S.A. (CPUSA) and its youth group, the Young Workers Liberation League (YWLL), particularly around the YWLL's "front" newspaper, The People's Herald, and the U.S. section of the World Peace Council.

The intimate relationships between the Iranian Student Association factions and the Palestinian terrorist organizations, particularly with the PFLP and the "Carlos group," have become even more ominous this week with statements from both official PLO spokesmen and from George Habash that the United States will now be the main target for their terrorist attacks in retaliation for the Middle East summit peace agreements between Egypt and Israel.

Abd al-Muhsin Abu Mayzar, the official spokesman for the PLO Executive Committee, released a statement on Wednesday, September 20, threatened:

> The continuation of the conspiratorial U.S. policy against the Palestinian people and the Arab nation will undoubtedly cost the United States and those who participate in its policy dearly. * * *

He continued:

> The Palestine revolution, which has many weapons, some of which have not been used so far, reaffirms its determination to use all weapons capable of foiling any conspiracy against the Arab cause. * * *

Following a meeting in Damascus, also on September 20, of the leaders of the "Front of Steadfastness and Confrontation" composed of both the main PLO grouping under Yassir Arafat and the Rejectionist Front led by George Habash. Habash told U.S. television interviewers that the terrorists "will do all we can to make America's present leadership pay the price for what it is doing" in the Middle East.

Activation of its Iranian terrorist allies in the United States to carry out a campaign of violence and assassination is a real possibility. Deportation of militants who have been involved in violence in this country would be a help in preventing such violence.

ARREST LIST OF IRANIAN RIOTERS IN LOS ANGELES

When considering the activities of an active terrorist support organization like the ISA, it is important to determine who its leaders and activist members are. Those so committed to revolution that they are willing to battle police should not be permitted to remain in this country. I am suggesting to the Director of the Immigration and Naturalization Service that appropriate deportation procedures be taken in these cases.

The list follows:

NAME AND DATE OF BIRTH

Ryan, Mayme, June 6, 1958.
Moeeni, Ebrahim, May 20, 1948.
Majd, Jamshid, March 2, 1954.
Manoo, Yassamane, July 3, 1954.
Hossian, Nhie, May 20, 1953.
Gholanhossien, Habibzader, August 2, 1959.
Jaffari, Ali, October 21, 1940.
Fayazmanesh, Sasan, May 10, 1950.
Jalali, Seyed, September 31, 1958.
Sabbagh, Ali, May 17, 1942.
Kavousi, Mohammad, December 14, 1950.
Akbar, Jamalizade, August 28, 1959.
Akhlaghi, Mohamed, January 25, 1947.
Darhrabadi, Majid I., March 19, 1960.
Saadatian, Mahmood M., January 17, 1948.
Heshmati, Behzad, March 21, 1960.
Jamnesaau, Mhra, December 12, 1954.
Vazi, Flora, February 20, 1958.
Kageibi, Sholeu, March 5, 1958.
Ghods, Hahra, November 5, 1951.
Khossqussi, Gita, July 20, 1959.
Afatialab, Khdejih, February 2, 1953.
Mohal, Miho, February 26, 1959.
Lala, Opooram, January 21, 1952.
Magide, Ashia, September 23, 1951.
Jonaear, Eitty, April 25, 1956.
Honeile, Noosa, September 18, 1959.
Rahbar, Narces, January 9, 1942.
Shlian, Mouilla, June 1, 1965.
Moosavi, Sadichen, December 7, 1958.
Barati, Mina, July 31, 1959.
Voustan, Kereshte, December 18, 1955.
Kashachi, Pary, January 9, 1955.
Mahmoudi, Mihoo, March 22, 1960.
Hezar, Massriem, September 27, 1949.
Biganpaur, Hooriyen, January 1, 1960.
Bazzal, Mitra, January 7, 1958.
Zangeneh, Zohiceh, Age 20.
Sangera, Martha, May 5, 1925.
Saidian, Shahin, Age 24.
Hamedany, Zohreh, Age 20.
Thrani, Lodan, 1955, Age 23.
Mirkhani, Majid, December 24, 1953.
Asmon, Alimohmed, June 5, 1951.
Cepahri, Mohammed, January 24, 1955.
Orad, Ali, 51, Age 27.
Omidvar, Ahad, October 24, 1948.
Afshar, Bijan, January 10, 1953.
Hamidi, Vahid, March 8, 1956.
Sadaghiani, Aipal, 48, Age 30.
Asgari, Afsin, August 28, 1955.
Omrani, Gholam Rela.
Faham, Zia.
Tirani, Sepa, January 18, 1948.
Behroozi, Farhad, May 15, 1953.
Sadeghizaden, Mehrdad, July 10, 1956.
Kardevani, Hashem, February 10, 1947.
Royan, Amir, January 11, 1951.
Rezai, Reza, July 2, 1956.
Sattari, Rasule, March 27, 1957.
Vioghadden, Kaivan Kanany, September 6, 1959.
Bathi, Fried, December 5, 1951.
Alavi, Seyed Hossein, March 21, 1956.
Ravanshid, Ejmail Farhang, November 10, 1946
Mehrtak, Mohamad, October 20, 1945.
Bahadori, Majid, March 21, 1959.
Mehrasa, Abbas, December 18, 1956.
Mahmoody, Nhood, April 11, 1952.
Ahmadi, Mohammad Reza, October 23, 1949.
Eftekhari, Mohammad, March 5, 1953.
Moradi, Mehrdad Haji, January 1, 1960.
Barati, Ismail, September 15, 1953.
Safaei, Abdali, March 22, 1949.
Mojadeh, Chericv, June 2, 1951.
Omrani, Heidar Ali, December 13, 1954.
Mojadeh, Ali, March 20, 1952.
Gholmai, Nassar, September 15, 1954.
Arjmandi, Manouchehr, April 25, 1948.
Monazsam, Jafar M., February 9, 1954.
Rad, Farzin, January 2, 1955.
Bazzal, Iraj, February 3, 1956.
Gharaghani, Manouchehr, February 24, 1954.
Darashti, Saeed, July 25, 1951.
Shafaei, Mostafa, February 22, 1958.
Ghader, Changiz R., November 1, 1957.
Siegt, Kharazi, December 30, 1950.
Hamidi, Farid, December 19, 1958.
Mobarz, Kam, January 21, 1955.
Bakhtiariha, Mostara, March 30, 1942.
Soltani, Abolfazl, March 9, 1951.
Bazargon, Mohammad, December 26, 1952.
Tehraui, Au Bavafayle, April 18, 1954.
Marnani, Ali, May 11, 1953.
Irani, Taher, April 6, 1957.
Baba-Ahmadi, Atta M., January 21, 1951.
Rahimi, Reza, September 9, 1951.
Balali, Mehrdad, October 5, 1955.
Yanzaden, Morteza K., April 1, 1955.
Almasi, Asmail, December 9, 1955.
Balali, Mahmood, August 6, 1958.
Tavakoli, Asguar, December 5, 1958.
Mohtashemi, Mehdi, October 11, 1959.
Kazemi, Samad.
Moshen, Abbasi, July 11, 1951.
Ve'szadeh, Massoud, December 3, 1949.
Massoom, Rasoul, Sherlat, December 5, 1947.
Fakhimi, Mahmood Reza, November 25, 1955.
Lavassaui, Kavian, July 10, 1952.
Karimi, Farzad, June 3, 1960.
Nadershahi, Shereh, October 8, 1952.
Rimeznzadeih, Mahammod, February 20, 1948.
Tehrani, Siavash Fallah, December 7, 1947.
Molavi, Mohamad Reza, June 15, 1956.
Mashouri, Abbas, September 2, 1953.
Fathi, Behrooz, 1953.
Majd, Homayoon, February 9, 1953.
Madgmoli, Jaddavd, March 20, 1953.
Abdoulani, Abdolriza F., March 21, 1953.
Hooshye, Yousei N., December 27, 1957.
Kouchehbagh, Hassan, March, 1959.
Borzeshi, Mohamad Zare, May 20, 1950.
Vanky, Abbas, January 14, 1952.
Phadhi, Ahmer, August 27, 1957.
Nematollah, Au Mohmmad, July 10, 1946.
Samu, Saled Rahamat, March 14, 1946.
Haery, Hossein, April 28, 1952.
Khon, Abollas, February 25, 1951.
Najafabadi, Davood J., September 3, 1957.
Kashavarz, Mohammed Nabi, February 15, 1946.
Saabet, Ahmad, June 20, 1950.
Mambar, Prasad, December 29, 1951.
Muhammad, Farnad Malek, April 3, 1959.
Rezale, Bahram, January 20, 1952.
Naeinyi, Manouchehr, April 10, 1952.
Azizi, Omid, May 21, 1948.
Mahmoudi, Mehran, May 10, 1950.
Techrani, Parvin, January 7, 1946.
Vaziri, Kamran, July 30, 1956.
Sohola, Sarch, January 1, 1960.
Seyfollan, Naghani, September 14, 1952.
Jalian, Farkhondeh, December 22, 1952.
Matin, Asgari Afsaneh, December 12, 1956.
Afainesh, Hossen, March 26, 1942.
Reza, Mohammad, October 8, 1961.
Hosseinzaden, Farnaz, December 6, 1961.
Noozan, Ali, January 24, 1961.
(AKA Nowrorzian, Faribarg)
Baratimarnani, Masout, March 8, 1962.
Pechrakmanesh, Pirouz, February 18, 1961.
Djafari, Shahin, October 13, 1960.
Mahmodi, Mahmood, September 16, 1962.
Mehdi, Jafari-Najafabad, October 6, 1960.
Ahamedi, Zahra.
(AKA Heshnati, Ghareh)
Kak, Vand J., July 30, 1953.
(AKA Aham, Bakhsh)
Monazzan, Safei, age 43.
Serajha, Mina, May 4, 1961.
Rahbari, Bizhan, December 25, 1962.
Soufi, Baram Samil, May 17, 1948.
Shakery, Ali Mohammad, March 21, 1948.
Smalia, Zidia, June 18, 1946.
Najafi, Nader T., November 20, 1947.
Jammessam, Siavosh, May 21, 1959.
Firooz, Afiattalab, May 26, 1949.
Tagharobi, Khosrow, March 11, 1952.
Kharazmi, Davood, September 27, 1952.
Saderi, Hosein, December, 1949.
Zia, Abdemanati, December 22, 1941.
Nikhbaht-Hanadani, Fayar, July 13, 1953.
Afshar, Hani, July 9, 1948.

Foroohar, Manzar, May 15, 1948.
Fajhar, Mehdi, January 7, 1943.
Fardi, Mohammed, December 25, 1950.●

NEW HOPE FOR PEACE IN THE MIDDLE EAST

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. BONKER. Mr. Speaker, the recent Camp David agreement offers renewed hope for resolving the many issues that divide Israel and her Arab neighbors in the Middle East. Whether the time has arrived when a peaceful settlement is acceptable to all parties, only time and events can tell.

Occasionally, I write a column on foreign policy for the Washington State Teamsters and would like to have this latest piece printed in the CONGRESSIONAL RECORD.

NEW HOPE FOR PEACE IN THE MIDDLE EAST

It was an historic moment.

Indeed it was a rare moment as Congress convened in joint session to receive the President who had just concluded the peace agreement between Egypt and Israel.

Joint sessions are not uncommon. Usually it is a state of the union message, or there are emergency sessions, such as the times when Lyndon Johnson and Gerald Ford unexpectedly assumed the Presidency, and on occasion the President will use a joint session to address an issue like the energy crisis. These sessions are generally partisan and the topics are rarely pleasant.

But this was different. There was high expectation, even euphoria. Perhaps even relief. Speaker O'Neill said that not since Winston Churchill appeared had there been such enthusiasm.

We in Congress know the most persistent, insoluable problem in the world is the Middle East. Nothing compares with it. Every President in three decades and countless world leaders have wrestled with it. Kissinger devoted his diplomatic skills and billions of U.S. dollars to the cause without success. Now, suddenly there is an electrifying feeling in official Washington that if it can establish peace in that beleaguered area, anything is possible.

At one time the Middle East was a clear-cut issue for U.S. policy makers. Our fervent support of Israel was unquestioned. Having the Russians in Egypt also made it a convenient East-West issue. That is no longer the case. Anwar Sadat replaced Nasser's pro-Communist policies, and has since gained respect and commendable support in the United States. The 1973 war brought an oil embargo which dramatized our heavy dependence on Arab oil. Recently we sold sophisticated weaponry to Egypt and Saudi Arabia for the first time, placing the United States in the awkward position of giving arms to all sides in that hostile area.

All of a sudden, the Middle East seemed hopelessly complicated. Jimmy Carter has been carrying this awesome burden ever since he entered the White House. Now, after twelve intense days at Camp David, he proudly announced to Congress and the world that after thirty years of bitter conflict, peace has finally come to Egypt and Israel.

This week new hope emerged in the closing hours of the Camp David meeting. The three leaders held a dramatic press conference at the White House. Then a briefing of congressional leaders the following morning, and that evening the President addressed Congress and the diplomatic corps. The next day, our committee on International Relations met separately with Sadat and Begin. These two courageous leaders then returned home to report to their own public.

Is it really possible that peace has finally come for two peoples whose common history is one of hatred and hostility? Is it possible that two leaders whose earlier careers were marked with intense radicalism can now accept and trust one another?

Some might also ask whether an American-sponsored settlement that does not include new or higher levels of assistance to all sides is possible? (Indeed, Carter said the only U.S. commitment was his personal pledge to visit Egypt and Israel sometime soon).

There are also the imponderable pitfalls. What will happen if moderate Arab states like Jordan and Saudi Arabia refuse to go along? What if the Israeli Knesset fails to ratify the portion that deals with settlements in the Sinai? Certainly the PLO and radical Arab states will be violently opposed—one wonders what action they will contemplate to destroy the agreement? Much rests with these two great leaders themselves, both of whom are vulnerable—Begin because of failing health and Sadat because he is a walking target for Palestinian terrorists.

Indeed, it is something of a miracle we even have a "framework" for peace. Anyone close to events in the Middle East appreciates the delicacy of the agreement and can quickly predict the threats and challenges that lie ahead. But instead there is a mood of optimism. The agreement must succeed for the alternative is unthinkable.

Fortunately, the leaders involved are all strong and courageous men. They are not mere politicians playing to the emotions of their constituencies or jockeying around for power and prestige. They are devout men who are genuinely committed to peace. They all have a vital stake in the outcome of Camp David.●

BALANCE(S) OF POWER SERIES

HON. JOHN B. BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. BRECKINRIDGE. Mr. Speaker, since the manner in which foreign relations are conducted by a given country has effect on the success or failure of its foreign policies, a significant element in the strategic balance, as is being elaborated in this series, the quality of the diplomacy used by the United States and the Soviet Union.

In the past, superior authority and professionalism of American diplomacy has been considered to result in greater effectiveness than the stereo-typical brusque and single-minded efforts by the Soviets. As the following article by Helmut Sonnenfeldt suggests, however, the Soviet Union is emerging from its previous isolation to compete squarely with the United States in the use of its economic and military resources to strengthen its diplomatic effectiveness. Entitled "Russia, America and Détente," the following article shows that although the United States is attempting to draw the Soviet Union more into the constraints of the international system, the development of Soviet diplomacy will challenge the United States as an increasingly effective instrument of Soviet goals.

This article first appeared in Foreign Affairs, January 1978 and is partially reproduced below:

Possession of military power does not necessarily determine how, and how effectively, that power is used. External powers, notably the United States, have had little ability to influence the growth of Soviet military power. Nor are they likely to have anything but a modest direct influence in this respect in the future. But they must and can be concerned with the uses to which that power is put. For the United States, broadly speaking, the purposes of policy toward the Soviet Union must be, on the one hand, to prevent injury to American interests and, on the other, to avoid open warfare. Policy must operate within these limits.

The question with which American statecraft must cope is how to maximize the restraints upon the uses of Soviet power. Part of the answer, as already indicated, is to seek to maintain a military balance, where possible in direct or indirect association with others who share our interest in restraining the uses of Soviet power and the potentially detrimental effects of its existence. This raises complex problems in addition to those alluded to earlier about the size and types of forces we must maintain and acquire over the rest of the century and beyond. Without addressing details here, the general point should be made that military deterrence requires forces that are generally thought to be usable for defined ends should fighting break out with the U.S.S.R. or its clients. To the extent this can be done, it is likely to place restraints on direct and indirect Soviet use of force, because it serves to impose upon Soviet decision-makers substantial uncertainties regarding the outcome.

But the problem does not end or begin with military measures alone. The Soviet Union, both as a polity and as an actor on the world stage, has developed unevently. The international environment in which its power has developed and can be used is itself in a state of dynamic evolution. Military power does not translate automatically into influence and even less into control. Even in regions where Soviet military power goes essentially unchallenged, such as Eastern Europe, the Soviet Union has not been able to control or prevent developments which sap Soviet hegemony or, at any rate, undermine the kind of uniformity which Soviet rulers used to consider essential to their own well-being and security.

Elsewhere, in more distant areas, where the projection of Soviet power at one time appeared to confer upon Russia a potentially dominant influence, indigenous and external factors have diluted it or, in some instances, even reduced it to the vanishing point. This is not a law of nature and cannot be relied on to work automatically, specially if the United States itself is uncertain about the Soviet role it prefers to see in these regions. But the history of the last 20 years or so of Soviet "imperial" penetration into distant regions does provide a useful corrective to earlier fears—and Soviet expectations—that Soviet influence once established will become dominant and can only rise.

Among the reasons for the spotty Soviet record is that the Soviet mentality does not adapt easily to the nationalism and peculiarities of other peoples; Soviet ideology and institutions have not proved to be readily applicable or even appealing in other places and societies; Soviet political support is equivocal and frequently self-serving; and Soviet contributions to social and economic development are often inept, inappropriate and irrational, reflecting, as they do, Soviet society itself. For all the Soviet efforts during the last 20 or more years, it is the Western industrial-

ized nations, and the international institutions they have been instrumental in erecting, which have played the greater external role in the development of the new nations around the world. All these factors have limited or even counteracted the effects of Soviet military power in advancing Soviet influence.

One is tempted to conclude from the history of the postwar period, which includes also the increasing diversity within the international communist movement itself, that socialism—Soviet-style—in one country, once a temporary expedient, has in fact become a hallmark of our era. Whether it will remain so will depend, in part, on the evolution of Soviet society itself, on the people who run it after the present generation leaves the scene, and on whether Soviet military power will continue to be balanced so that it cannot become so overwhelming in some place or region as to enable the U.S.S.R. to determine the course of events there for a substantial period of time.

IV

Meanwhile, the steady though uneven expansion of Soviet external influence has been accompanied by, and has indeed contributed to, the gradual emergence of the U.S.S.R. from its isolation. This is most notably the case in the area of economics. Burdened as it is with enormous and constantly rising military expenditures as well as by ponderous and over-centralized bureaucratic controls and a rigid social structure, the Soviet economy has been unable with its own resources to provide for the broad modernization of Soviet life. While impressive, by the indices of the 1950s, the Soviet economy lags well behind other industrial countries in technical sophistication and productivity. Trade with the outside world has long been used to fill gaps that the Soviet economy itself could not fill. But the volume and diversity of this trade have steadily increased in recent years; the methods have evolved from barter or straight cash deals to more complex commercial arrangements, including considerable reliance on foreign credits. These latter have now risen to some $40 billion for the Soviet block COMECON countries as a whole; Soviet hard-currency indebtedness is in the neighborhood of ten billion dollars. A substantial volume of economic activity in the U.S.S.R. and other Eastern countries must now be devoted to earning hard currency to finance imports and to service mounting indebtedness.

Brezhnev and other Soviet leaders have affirmed Soviet interest in an international division of labor, though they certainly have not meant by this any total Soviet reliance on certain external sources of supply. Indeed, in their foreign economic policies the Soviets have sought to minimize extended foreign reliance by trying to get foreigners to build up within the U.S.S.R. economic and technical capabilities which the Soviet Union is unable or unwilling to create with its own resources and skills. The Soviets no doubt continue to hanker for some form of autarky even if, for a time, they are prepared to accept something called a division of labor. But there is no reason why the external world needs to accept this Soviet preference. It is true that a systematic long-term policy by the industrialized nations to maximize Soviet economic reliance on the outside world would encounter formidable difficulties. In particular, Western political and economic systems do not readily lend themselves to long-term economic policy-making of any sort, but this is especially so since the long-term management of economic relations with the U.S.S.R. would require large-scale and sustained government involvement. The difficulties in coordinating the policies of several of the principal industrial countries are even greater, despite the fact that these nations should have the incentive to do so since they are linked to each other by security alliances and numerous other institutional arrangements as well as common interests and broad values.

Despite the difficulties, there is scope for an economic strategy that uses Soviet needs to draw the U.S.S.R. into the disciplines of international economic life. The United States, for example, although unable to use periodic Soviet need for grain for specific political purposes, e.g., to affect Soviet conduct in a crisis, did prove able to negotiate an agreement that imposes more orderly practices on Soviet behavior in this field. The 1975 grain agreement requires the Soviets to consult the U.S. government before it can purchase agricultural products above eight million tons a year,[2] it requires the Soviets to purchase a minimum quantity of six million tons of certain specified products from the United States each year even when they would not otherwise do so because of a satisfactory harvest; and it places upon the U.S.S.R. obligations to permit U.S. vessels to ship the products Russia buys.

In the future, it should not be impossible to reinstitute Soviet eligibility for U.S. government export-financing facilities and thereby to influence the flow of credits and the degree to which the Soviet Union balances the reliance on credits with the use of exports to finance its imports. In general, it would be desirable to encourage the U.S.S.R. to pay for more of its imports with exports and to reduce the share of credits in financing imports. If the issue of tariff discrimination were at some point separated by the United States from issues of Soviet emigration policy, to which it is now linked, the Soviet Union might have incentives to devote more high quality resources to exports. Soviet economic planning and priorities could thus become somewhat more susceptible to external demands. Moreover, it would be both desirable and feasible for Western nations to evolve harmonized concepts in these respects, with the goal of reducing the autarkic nature of Soviet economic decision-making and complicating Soviet resource choices.

Soviet economic connections with the outside world seem, in any case, destined to become more extensive and complex. Already, the Soviets are not immune to currency fluctuations and inflationary trends beyond their own borders. Their planners and hard-currency managers must take account of them, and Soviet economic officials have an obvious stake in operating in foreign markets to minimize injury to Soviet financial interests. Western governments should consult and work with one another to ensure that the U.S.S.R. operates responsibly in the international financial community and that individual Western lending institutions do not become excessively exposed vis-à-vis the East.

Over the somewhat longer run, the Soviets may get caught up in international energy shortages and price rises. Russia's own resources, while large, will evidently become increasingly expensive to recover, and international dealings in the energy field on a growing scale may well become part of Soviet economic life. Planning should be undertaken sooner rather than later for the time when the Soviets may become large-scale petroleum buyers in international markets. There may be similar needs and opportunities with respect to other commodities. The needs of Moscow's East European allies in these areas may provide useful leverage to help induce Soviet interest in more orderly international arrangements.

Many other fields of actual or potential Soviet involvement in the international system can be cited.

For some years now, the Soviets have sensed the need to participate in international efforts to curb the spread of nuclear weapon manufacturing capacities around the world. Indeed, because most potential nuclear weapons states are not friends of the U.S.S.R., Moscow seems to have sensed the need for restrictive actions even before some Western nations. So far, the Soviets seem to have imposed fewer limitations on their domestic nuclear power development than the United States. The future of the breeder reactor and the "plutonium economy" is uncertain as the United States debates its merits, and other Western nations experience domestic opposition toward these and other kinds of nuclear power facilities which may make the pursuit of coherent nuclear energy policies difficult if not impossible for some years to come. It remains to be seen to what extent these problems, including that of waste disposal, spill over into the U.S.S.R. At any rate, however, Soviet export policies are becoming part of an international regime in this area, and the utility of Soviet nuclear exports for political purposes, by "underselling" Western suppliers, is now probably minimal.

The regime of the world's oceans is another area where the Soviet Union is compelled to participate in international discipline if it does not wish to deny itself the benefits of the available resources. Similarly, the U.S.S.R. should not expect to be able to operate in outer space without submitting to legal and other constraints developed by the international community. Incentives also exist for Soviet participation in international arrangements to curb environmental pollution. The international civil aviation regime is still another example.

V

In these and other ways, the Soviet Union has slowly and often grudgingly accepted foreign constraints on its freedom of action. Will these constraints also affect the way in which the U.S.S.R. pursues its geopolitical interests and ideological ambitions through the use of its military power? The answer depends in part on the extent to which external powers see international politics as composed of interrelated parts. But there can be no definitive answer because the processes whereby the U.S.S.R. is becoming more involved in the international system are frequently only in an early stage and far from fully understood. And even when adequately appreciated, it is not always simple to utilize them for broader political purposes; nor is it obvious how to do so. Moreover, the cost of depriving the Soviet Union of some of the benefits of international interaction may fall not only upon the Soviets. We have, for example, seen how American farmers were opposed to our own government's using possible embargoes on grain exports in order to exert political pressures on the U.S.S.R. Western bankers may well fear the effects of massive defaults by their Eastern clients if economic relationships become hostage to political vicissitudes.

Yet these are issues that have to be faced. The growing needs of the Soviet Union for access to the assets and products of the West should be satisfied to the extent that Moscow conducts itself with restraint internationally. It is probably not workable to deny a particular benefit or break a specific contract in an effort to affect Soviet conduct in a crisis. But given the interactions that have already evolved, a strategy should be possible whereby these evolving mutual reliances can over time moderate any disposition to let competition drift into crises of such intensity that they will inevitably tear the fabric of interconnections. But, to re-

[2] According to press reports, the Soviets may have found a way to circumvent this consulting requirement in signing contracts to buy grain to make up shortfalls in the 1977 harvest. While the purchases involved will apparently be from American sources and thus benefit American farmers in a surplus period, it would be desirable to correct any loophole in the 1975 agreement.

peat, such a strategy can work only if the military risks for particular Soviet geopolitical excursions continue to be kept high.

VI

There is a further and perhaps even more controversial and contingent set of factors that needs to be put in the balance. Inflation, environmental pollution and the other issues alluded to above are not the only external forces that fail to respect national or ideological boundaries. Soviet society, in part because of the broadening and intensification of Soviet external relations in the 1970s, is no longer hermetically sealed off from the outside. Blue jeans, rock music, literature and pop art are but a few, and probably the least significant, of the foreign habits and activities that have begun to affect Soviet life.

More significant, there probably would never have been major Jewish emigration pressures in 1971–72 if there had been no leap forward in the Soviet Union's relationship with the United States. There probably never would have been any Soviet response—however reluctant and sporadic—to the demands of foreign constituencies of some sections of Soviet society leaders had not begun—however hesitatingly—to calculate their interests in terms of their reputation abroad. It is worth noting that even after the Jackson Amendment was enacted and the Soviets angrily rejected their trade agreement with the United States, Jewish emigration continued at over 12,000 a year and individual "hard-core" cases continued to be acted on favorably. As we have learned this past year, Soviet toleration of these kinds of external intrusion is not unlimited, and foreign powers, to be effective in influencing Soviet practices, must calibrate their strategies and tactics with some care. But the principle has been clearly established that the state of human rights within a country is now a matter of legitimate international concern.

The Jewish population is not the only minority in a state composed of minorities. Thus, in the case of ethnic Germans wishing to leave, the Soviets have also been prepared to respond to outside pressures and inducements. Who is to say how foreign constituencies may someday manifest their interest in the condition of the Soviet Union's large and growing Muslim population? And who is to say how the long-suffering Soviet consumer may some day find his frustrations adopted as a cause abroad? Will Soviet youth be forever kept on an intellectual starvation diet compared to their counterparts in other industrial societies?

These lines of speculation should not be pushed too far. The Soviet system is traditionally repressive. Its aristocracy has a vigorous sense of survival in the face of real or imagined threats to its monopolistic hold on power. It possesses a vast panoply of instruments of power to contain unwanted intrusions.

Yet, the Soviet Union can never return to the isolation cell to which Stalin condemned it to make his brand of socialism in one country a reality at home and virtual impossibility abroad. That isolation is now past history, though there is probably little the Soviets can do for years to come to make themselves "beautiful Russians" around the world. By the same token, the costs and risks of using power for political ends, and the impediments to doing so, are amply present in the world at large. And the world at large, in all its variety, increasingly stretches its influences into domains hitherto controlled by the Soviet rulers.

VII

We have thus entered an era in which the United States and the external world generally can seek increasingly to draw the Soviet Union into the constraints and disciplines but also the advantages of the international system. To do so requires conscious strategies and policies. Passive reliance on historical trends will not suffice. Much progress was made during the 1970s, building on some progress before that, to devise "rules of conduct" for the restrained uses of power. The American-Soviet understandings arrived at during the three summit conferences of the early 1970s, the Helsinki Final Act, and numerous similar understandings between the U.S.S.R. and various Western nations such as France and Germany, have probably gone as far as negotiated documents can go in laying down ground rules for competition. None of these understandings are, however, self-enforcing in the sense that they will be adhered to simply because they have been put on paper. Nor can they be instantly or systematically implemented except where very precise obligations are involved, as in arms control agreements. Many of the understandings, such as the Joint Statement of Principles of 1972, the Agreement on Prevention of Nuclear War of 1973 and the Helsinki Final Act provide standards and goals rather than enforceable commitments to specific, unambiguous modes of behavior.

The Soviets have undoubtedly contravened some of the principles, and they probably consider that we and others have also contravened them. Notions about eschewing efforts at obtaining "unilateral advantage," in particular, are difficult to nail down in the shifting sands of international alignments and in circumstances where the successor states of the old colonial empires continue to be embroiled in territorial and other conflicts and seek external support for their causes. The effects of Soviet, or American, efforts to gain "unilateral advantage" are often unpredictable. The United States has not resisted, and sometimes has sought, opportunities to diminish Soviet influence in places where it had previously flourished—for example, in the Middle East—though this has not always resulted in corresponding American gains.

The Soviets for their part were quite prepared to seek a new role for themselves in southern Africa when the decisions of the U.S. Congress made the risks of doing so seem manageable while the benefits of not doing so were not evident. Their use of Cuban proxy troops—though in fact the Cubans probably pursued objectives of their own as well—opened disturbing vistas of new forms of Soviet expansion.

But it also drew the United States and other Western powers more actively into the affairs of southern Africa. The Soviets were not uninvolved in the outbreak of the 1973 October War and the oil embargo, though their role was less active and direct than critics of the policies of the last Administration would have had us believe. But whatever the precise Soviet role, the outcome did nothing to impede, and actually speeded up, the decline of Soviet influence in parts of the Middle East.

Rules of conduct and other formal arrangements to limit the intensity and dangers of competition must thus be buttressed by other policies, furthering the trends discussed above, to reduce over time incentives to adventurism and to strengthen the incentives for restraint and greater interrelatedness.

This necessarily involves arrangements from which the U.S.S.R. can draw benefits, be it in the form of economic relationships or in its ambition to be accepted as a power with global interests. For Americans, this side of the equation has been a difficult one to accept and has given rise to the notion of détente as being a "one-way street." But it is almost certain that disappointments about expected benefits from détente have also led the Soviet Union to question whether or not the costs—in terms of external intrusion, limitations on Soviet freedom of action, reductions in hard-won foreign influence, restiveness in Eastern Europe, diversity among communist parties, continued high levels of American military preparedness, the unpredictability of American conduct and many other equivocal trends from the Soviet standpoint—are worth paying.

Many observers have stressed that U.S.-Soviet relations can no longer be seen as operating independently of other major trends in international politics, even if in military terms the relationship remains largely bipolar. As noted at the outset, it is often suggested that we should rid ourselves of our fixation with the Soviet Union. The time has come, says one commentator, when "at least for a while, the best way to conduct U.S.-Soviet relations may be to reduce the intensity of the relationship, to cool it." [3] The new Administration, like virtually all its predecessors, entered office with the hope that it could reduce the preoccupation with the Soviet relationship in order to concentrate on "world order politics" and global "architecture."

Yet Soviet military power continues to grow and Soviet involvements in world affairs, whatever the fluctuations, remain on the rise. World order politics which fail to envisage the inclusion of the U.S.S.R. in the disciplines, constraints, and advantages of the international system would hardly be consonant with the facts of the age. Despite its hopes, the new Administration has found itself heavily engaged with the U.S.S.R. and seems to devote as much energy to that relationship as to any other, if not more. It may be that, as President Carter said at Notre Dame, "* * * the threat of conflict with the U.S.S.R. has become less intensive even though the competition has become more extensive." But the distinctions are not always obvious. And there can be no assurance that an intensification of conflict could not rapidly return.

Thus, given the pervasiveness of U.S.-Soviet interactions, geographically and functionally, our policies toward the U.S.S.R. are likely to remain the most active and far-flung among our external policies. Certainly, because of the military aspect, they will continue to place the largest single external demand upon our resources and the federal budget. And however much we may seek to "de-link" issues in given instances, we will not be able to avoid the essential interrelationship between them. Nor should we. Efforts to regulate military competition by negotiation and agreement will not stand alone as an island in a sea of crises or virulent antagonisms. On the contrary, though it is likely to be limited in impact on military programs, the effectiveness of SALT and other negotiations will depend heavily on the rest of the relationship. Similar points can be made about virtually every major facet of U.S.-Soviet negotiations. Above all, it is unlikely that the incidence and intensity of crises, whatever our diplomatic skill and other restraints, can long be held to moderate levels unless there is in operation a whole range of constraints and incentives that give each side a stake in restraint.

What is involved is, of course, a long-term evolution which requires constant attention and effort and which will see many occasions that will defy clear characterization as to whether they represent progress, retrogression, success, failure or "irreversibility." There is no joy in ambiguity, especially for Americans. But that is precisely what will mark our relations with the Soviet Union for a long time to come. We will probably never stop arguing over whether we actually have a détente that, in the President's words, constitutes "progress toward peace." That will have to be a judgment of history.●

[3] Seyom Brown, "A Cooling-Off Period for U.S.-Soviet Relations." *Foreign Policy*, Fall, 1977, p. 21.

EAST ROCKAWAY, N.Y.—HOST OF LONG ISLAND'S NAUTICAL FESTIVAL

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 22, 1978

● Mr. LENT. Mr. Speaker, I would like to bring to the attention of my colleagues the fact that the month of September 1978 has been proclaimed by New York's Governor as "Long Island Nautical Festival Month." This is a most important and historic event. It is a celebration of the pride and glory of industrious Long Island and our marvelous maritime heritage. The focal point of this year's inaugural festival is the *Unicorn*, one of the most beautiful sailing ships in the world, which is scheduling a series of port calls on Long Island's north and south shores during this month.

During the period of September 26–October 1, 1978, the *Unicorn* will make a port of call at East Rockaway on the south shore of Long Island, my home village. The East Rockaway Cultural Arts Council is the sponsoring organization, and our theme is "East Rockaway, a cultural expression of the Long Island Nautical Festival."

When the *Unicorn*, a two-masted brig, 136 feet in length, 81 feet high, and carrying 5,000 square-feet of sail, arrives at the port of East Rockaway, with Capt. Samuel Gehring at the helm, it will be welcomed to Bay County Park dock by East Rockaway's mayor, Ted Reinhard and the village's board of trustees, together with officials of the Cultural Arts Council led by cochairmen Mrs. Rosalie Monaco and Mrs. Emma Tolmach, and the chairman of the East Rockaway Grist Mill Museum Committee, Mrs. Mildred Roemer.

The *Unicorn*, called the most beautiful sailing ship in the world, was a star of OP SAIL '76, and was seen on television as the slave ships in the series "Roots." It will be open to the public for inspection and photography during its stay at Bay County Park. Music, entertainment, lectures and a photo contest are planned for this great nautical event. School groups are encouraged and welcome to visit the *Unicorn*.

The visit of the great ship *Unicorn* will provide not only a spectacle of beauty and excitement, but also an unforgettable learning experience. The *Unicorn* is an authentic handcrafted brig, a two-masted ship with square sails on both masts. This was the most popular rig in the presteamship era. The brig *Unicorn* sailed as the last square-rigged vessel to carry cargo in the Western Hemisphere. It is hoped that the *Unicorn* will visit Long Island each September as the exciting focal point of the monthlong celebration of the marvelous maritime and waterfront opportunities and benefits Long Island offers its residents and its visitors.

As the star of the Long Island Nautical Festival, the *Unicorn* serves as a sea-born time machine, taking us back to the days of our forefathers who lived much closer to nature than we. In beautiful ships of wood and sail—like the *Unicorn*—they braved the vast and mighty oceans where unpredictable wave, wind, and storm brought constant challenge, and required constant study of the natural forces arrayed against the sailor. In those days, East Rockaway was an important port of call for the sailing vessels. And East Rockaway villagers contributed much to the early vitality of Long Island, and knew the excitement of the hustle and bustle of a busy seaport. Thus the *Unicorn* serves as a reminder of our generation of the spirit and atmosphere which prevailed through much of Long Island's and East Rockaway's history.

That is why, Mr. Speaker, I am proud, indeed, that my own village is playing such a vital part in this nautical festival. During the 6 days the *Unicorn* will be docked at Bay County Park, the village is planning a number of special events, including a concert by the Hofstra University Jazz Repertory Company, a performance by the Hempstead Colonial Dancers; special nautical exhibits at the East Rockaway Public Library; special hours at the Grist Mill Museum, and a number of receptions honoring Luis E. Bejarano, Lynbrook, and Frank O. Braynard, Sea Cliff—founders of the Long Island Nautical Festival.

I would like to offer my heartiest congratulations to all those who have assisted in making this exciting festival possible, especially Mayor Ted Reinhard; the village board of trustees; village clerk Bill Overs; the East Rockaway Cultural Arts Council and its cochairmen, Mrs. Rosalie Monaco and Mrs. Emma Tolmach; the East Rockaway Grist Mill Museum Committee, and its chairman, Mrs. Mildred Roemer; the Hewlett Point Yacht Club; the Woodmere Bay Yacht Club; and the many volunteers who have contributed so much of their time to this worthwhile project.

And, of course, a special salute to the founders of the Long Island Nautical Festival, Luis Bejarano, Lynbrook, and Frank O. Braynard, Sea Cliff. Their vision, dedication, and just plain hard work turned a magnificent dream into a brilliant reality. The Long Island Nautical Festival demonstrates to the entire Nation the magnificent attractions of our favored land. We Long Islanders know and appreciate the benefits of our rich and verdant land, our beautiful beaches, and some of the greatest fishing and sailing waters to be found anywhere in the world. Now, through the Long Island Nautical Festival, others have an opportunity to experience these bountiful blessings which have been afforded us.

Mr. Speaker, I wish all of my colleagues to join us on Long Island in this monthlong nautical salute to the maritime wonders to be found on Long Island. As a lifelong resident of this fortunate island, I can tell you in all earnestness, it is a most wondrous land.●

HOUSE OF REPRESENTATIVES—*Monday, September 25, 1978*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. WRIGHT) laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
September 25, 1978.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore for today.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Reverend James David Ford, Chaplain, U.S. Military Academy, West Point, N.Y., offered the following prayer:

Let us pray:

Almighty God, Creator and Sustainer of the world, how excellent is Thy name in all the Earth.

We give Thee praise for the abundant mercies that Thou hast shown to Thy people in days past, and for the promise of hope for the days ahead. We thank Thee that when we have fallen, Thou hast lifted us up, when we have been weary, we have been given strength, when we have been afraid, we have received courage, when the concerns of life have seemed to overwhelm, we have received faith in the promise of a new and better day.

Bless us now as we face our tasks and cause us to be responsible stewards in service to Thee and to our country. In the name of the Lord, we pray. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 8812. An act to name a certain Federal building in Jonesboro, Arkansas, the "E. C. 'Took' Gathings Building"; and

H.R. 9071. An act to confer jurisdiction upon the United States Court of Claims to hear, determine, and render judgment upon the claim of John T. Knight.